

NORMAL BUSINESS RESTORED: REVIVING THE BORDER REGION ECONOMY IN A NEW ERA OF PEACE AND DEVOLVED GOVERNMENT

INICCO PROGRESS REPORT

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There were four tenders to carry out this research project in response to an advertisement in the Northern Ireland press and the Irish Government's etenders.ie website. In mid-September 2009 the work was offered to a team led by Dr John Bradley (Economic Modelling and Development Systems, Dublin), along with Professor Michael Best of University of Massachusetts and University of Cambridge, Ms Joanne McLaughlin and the Wroclaw Regional Development Agency, Poland.

There was some initial delay in starting the project while Dr Bradley investigated the VAT payment implications of a four-jurisdiction application to carry out a research project in Northern Ireland. The draft Project Initiation Document was completed at the end of October and the PID meeting was held on 4 December in Dublin between Dr Bradley, Andy Pollak of CCBS and Eoin Magennis of InterTradeIreland. Dr Bradley began work on the 'framing' peripherality study in December, and the first team meeting of the Irish, British, American and Polish researchers will take place in the first week of January 2010.

This study (Topic 1) will examine the pervasive notion of peripherality as a major factor that appears to be constraining border region economic development even in the present era of peace, devolved government and North-South (island of Ireland) and East-West (UK-Irish as well as UK-Irish-EU) policy cooperation and harmonization. It will also examine the role that global recession is playing in further exacerbating cross-border development challenges, and compare the Irish border region to a similar cross-border region between Poland and Germany (Lower Silesia and Saxony/Brandenburg). This study will combine 'top down' analysis (i.e. moving from the national situation in the RoI and the regional situation in NI to the specific characteristics of the border sub-region) with 'bottom up' analysis, based on detailed analysis of individual communities and individual enterprises in the region. It will provide the organizing and encompassing framework for the whole Border Region Economy research project, will be led by Dr Bradley and will be completed by April 2010.

Topic 2 will explore how more consumer-friendly approaches by retailers and wholesalers could increase the potential of cross-border shopping in regions on both sides of the border in the longer term. It will seek to demonstrate that the recent upsurge in cross-border shopping has almost nothing to do with economic characteristics internal to the border economy, but is driven by the dramatic weakening of sterling against the euro, exacerbated in the case of the RoI by a serious deterioration in cost competitiveness. It will hypothesise that a more important longer-term factor is the weak state of consumer markets in the border region, reflecting the relatively low income levels in the region in turn reflecting the weak state of its productive sector. It will seek to focus on the longer-term goal of 'deepening' those consumer markets by enlarging the region's productive potential. There will also be a Polish-German region comparator. The two researchers involved in the bulk of the work on this study

will be Dr Bradley and Ms McLaughlin, a former NI Economic Council economist now living in County L'Derry, and it will run from April 2010 to March 2011.

Topic 3 - Producer Behaviour in the Cross-Border Region – will run in parallel with Topic 2. This will explore the role of 'micro-enterprises' (under 10 employees) in the low population density Irish border region, and how these enterprises might expand in the post-conflict era. The approach will be executed using the analytical insights of the most up-to-date research of industrial economics, on which Professor Best is an international authority (e.g. *The New Competition: Institutions of Industrial Restructuring* and *The New Competitive Advantage: The Renewal of American Industry*). There will be a particular emphasis on how micro-businesses in the region might expand by exploiting increased access to larger cross-border markets on their doorstep. The study will also examine clusters of larger firms, particularly in the Derry and Dundalk areas, and the phenomenon of the "one industry town" where one firm dominates a local economy. The research methodology for this study will be based heavily on field work and oriented towards qualitative techniques. The lead researcher on this topic will be Professor Best and most of the fieldwork will be carried out by Ms McLaughlin. Again there will be a Polish-German border region comparator, and this study will run from April 2010 to March 2011.

Topic 4 will be on Tourism in the Cross-Border Region. This will explore how border region tourism appears to be continuing to operate as two effectively separate markets, competing for the same pool of visitors, and how the marketing effort seems to be fragmented, with every town putting resources into isolated local initiatives. It will begin with a scoping study to examine how border region organizations and initiatives are developing the tourism sector from its previous under-performance, and move on to identify particular initiatives that are working successfully to attract increased tourist numbers through community actions. Other 'good performing' localities elsewhere in Ireland will also be studied and there will be a Polish-German border region comparator. John Bradley and Joanne McLaughlin will lead this research and it will run from April 2011 to September 2011.

As an aid to planning, implementing and monitoring this project, the researchers have set up an online spreadsheet planner that contains a checklist of activities and tasks. This is intended to provide a means of monitoring progress on the research and as a means of communication between the consortium researchers and team leader Dr Bradley, the CCBS, and the Project Steering Committee.

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