The EU Referendum: the Northern Ireland perspective

While a number of factors will influence how people vote in the EU referendum on 23rd June, the implications for the Northern Ireland’s prosperity and economy will be one of the most important. A majority of CBI members have been clear that remaining in the EU is better for business and the economy as a whole. Northern Ireland is relatively more vulnerable to an UK exit from the EU in comparison with the rest of the UK. In summary:

- Independent economic analysis confirms that N Ireland will be worse off, with less investment, lower exports, fewer jobs and lower living standards if the UK leaves the EU
- Northern Ireland is a net financial beneficiary from EU membership
- Families benefit from being in the EU by between £2,700 and £3,300 per annum
- Access to the EU Single Market is vital for businesses and the jobs supported by exports
- EU membership helps attract investment and high quality jobs to Northern Ireland

The NI Executive’s commissioned Oxford Economics assessment found that leaving the EU would have a negative impact on the Northern Ireland economy, impacting on investment, exports and jobs

- All nine economic scenarios resulted in negative impacts on the Northern Ireland economy – the worst case scenario was a loss of 4% of GDP and the best case a loss of 0.1% GDP
- NI output would be an average of 2.8% lower, and fewer jobs, than base line by 2030
- In most scenarios Northern Ireland would fare worse than the rest of the UK
- Every sector will be worse off, with construction, manufacturing (including agri-food) and businesses services most impacted

Northern Ireland is a net financial beneficiary from EU membership

- The Northern Ireland share of the UK’s net contribution to the EU in 2015 (estimated outturn, HMT, Nov. 2015) is approximately £325m – but Northern Ireland received around £380m in 2015 through agricultural support (£236m) and various EU Structural Funds (£144m) – there are no guarantees that this funding will continue at these levels if the UK was to leave the EU

Families benefit by being in the EU

- The benefit of being in the EU is around £2700-3300 to the average household in NI every year (CBI, 2016), around 11% of average household incomes in Northern Ireland – while the cost of being in the EU equates to around £360 per household per year
- Consumers benefit from more choice and lower prices with no import taxes

Access to the EU Single market is vital for businesses and the jobs supported by exports

- Over 57% of Northern Ireland exports go to the EU, significantly higher than the rest of the UK
- Oxford Economics study (2016) found that NI’s exports could fall by as much as 8.8% and imports by 9.4% if the UK were to vote to leave the EU
- If the UK leaves the EU around 90% of NI exports could face tariffs – impacting on investment and jobs

EU membership helps to attract investment and high quality jobs to Northern Ireland

- Northern Ireland is a successful Foreign Direct Investment location (FDI) – per capita it is the most successful region in the UK outside London for attracting FDI, creating well paid jobs
- Access to the EU Single Market helps attract this investment but this will be put at risk if we leave
- The estimated 32,000 additional jobs resulting from the decision by the NI Executive to reduce Corporation tax to 12.5% in 2018 will be put at risk
The EU referendum: Key facts and figures for the UK

While a number of factors will influence how people vote in the EU referendum on 23rd June, the implications for the UK’s prosperity and our economy will be one of the most important. A majority of CBI members have been clear that remaining in the EU is better for business. These are some of the key facts which underpin that view.

1) Full access to the EU Single Market is vital for UK business
   - 45% of British exports go to the EU (ONS, 9 October 2015)
   - UK exports to the EU have grown over the last 15 years: increasing on average by 3.3% each year between 1999 and 2015 (ONS, 2015)
   - Reforms underway to improve the EU Single Market in services and digital could add 7% to UK GDP (BIS, 2011)
   - 90% of the UK’s EU exports could face tariffs if the UK left the EU, for example a 10% tariff on cars and a 36% tariff on dairy products (BIS, 2011)

2) The EU helps the UK secure more and better trade deals with third countries
   - The UK has trade deals with 53 countries through the EU, covering 60% of the UK’s trade (Open Europe, 19 October 2015)
   - Non-EU countries Switzerland, Canada and Australia have 38, 15 and 15 trade deals respectively (various sources)
   - We have more influence in trade negotiations as a bloc of 500 million, as opposed to 64 million people
   - When the EU completes the trade deals it is currently negotiating, including with the US and Japan, 88% of UK exports will be covered (Open Europe, 19 October 2015)

EU membership helps to attract more investment into the UK
   - The UK attracts more FDI projects than any other EU country - about $1.7 trillion, double what Germany receives (UNCTAD, 2016)
   - Almost 50% of the UK’s FDI comes from EU companies and foreign-owned companies created 85,000 new jobs in 2014 (UKTI, 2015)
   - 72% of foreign investors in the UK think access to the single market is important to their investment decision (EY, 2015)

3) There is a net economic benefit to being in the EU
   - The UK paid a net cost of £9.8 billion into the EU budget in 2014, or 0.5% of the UK’s GDP. This equates to £360 per household, per year (House of Commons, 19th January 2016)
   - But the net benefit of EU membership is estimated as £73bn-£91bn per annum, translating to about £2,700-£3,300 per UK household every year (CBI, 2016) – return of 9 to 1

4) Leaving the EU would cause a serious shock to the UK economy
   - Leaving could cost the UK £100 billion and 950,000 jobs by 2020 if we did not rapidly secure a trade deal with the EU (CBI/PwC, March 2016)
   - Household income in 2020 could be between £2100 - £3700 lower (CBI/PwC, March 2016)

Surveys show the majority of businesses, including SMEs, want to remain in the EU...

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<th>Remain</th>
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<th>Leave</th>
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<td>80%</td>
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