
Making Northern Ireland an Enhanced Economic Zone



FSB Northern Ireland

The Federation of Small Businesses (FSB) exists to protect and promote the interests of small and medium sized businesses and self-employed people, and with 160,000 members, including 6,000 members in Northern Ireland, is the largest business organisation in the UK.

Northern Ireland can be considered a small business economy, with the highest concentration of SMEs in all the regions in the UK: 98% of all firms employ fewer than 20 people, while 95% employ fewer than 10. Northern Ireland SMEs provide 75% of all private sector jobs, and two-thirds of private sector turnover.

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Foreword

In May 1961, when President John F. Kennedy set out a vision to Congress of landing a man on the Moon and returning him safely to Earth, he wasn't speaking from the position of knowledge as an astrophysicist; instead, he was galvanising the world with huge ambition.

The Soviet Union had only just managed to put a man into space a month earlier for the first time, so space travel, let alone moon-landing, seemed almost mystical. However, with that famous speech, President Kennedy was setting a strategic vision for the United States to achieve something seemingly impossible. We know the rest of the story; just eight years later Neil Armstrong, leader of the Apollo 11 mission, stepped out onto the lunar landscape and uttered those now famous words "*that's one small step for man, one giant leap for mankind*".

A similarly bold vision is now required for Northern Ireland if we are to navigate Brexit in a way that not only avoids the clear and obvious risks, but harnesses the enormous change that is about to take place, using our niche geographical and political position in a way that gives us a transformative advantage.

As with Kennedy's vision, we should raise our ambition to capitalise on the change and set out to make Northern Ireland the '*Singapore of the Western Hemisphere*', based on an ability to trade freely into the UK market and throughout Europe, incentivising EU27 and GB businesses to use our ports and airports to transfer and process goods.

Delivering on this vision will require leadership, flexibility and ambition from all sides in the negotiation. As with the lunar landing programme, the overall compelling vision will be followed by a raft of practical details which will be ironed out by experts. Just as the astronauts on Apollo 11 could not have reached the Moon and returned without the scientists in the NASA space centre, business has a role in shaping and advising on how proposals could impact or benefit day to day trade. This discussion document therefore provides some more detail of the potential for Northern Ireland to become an 'Enhanced Economic Zone', with a view to stimulating debate, ideas and opinion.

With Brexit less than six months away and negotiations extremely tense, fresh ideas are needed to free the gridlock.

Making Northern Ireland into an 'Enhanced Economic Zone' could not only help deliver a successful withdrawal agreement, but also serve to avoid a detrimental 'no deal' Brexit. As we know well from our own political history, we will need pragmatism and compromise if we are to get a Brexit deal over the line. To paraphrase, this could be '*one small step for Brexit, but one giant leap for Northern Ireland*.'

Tina McKenzie
FSB NI Policy Chair

Introduction

As the largest business organisation in Northern Ireland, representing the SME sector that employs more people than all large businesses and the entire public sector *combined*, it was natural that FSB should turn to its members not only to explore the available Brexit options but also to seek fresh thinking and innovative solutions.

Working with our partners in the Ulster University Business School, FSB staged focus groups in Derry/Londonderry and in Belfast to hear the views of business owners who trade across all of the territories that will be affected by Brexit. From the perspective of small businesses, a disorderly ‘no deal’ Brexit would be deeply damaging, particularly to those with integrated cross-border supply chains. However, in the course of the discussions, it was clear that there was appetite not only to minimise disruption but also to seek opportunities from the challenges emerging in the Brexit process and develop a really ambitious alternative for Northern Ireland’s future.

The phrase ‘*Singapore of the Western Hemisphere*’ was adopted to try to convey the concept, however, in reality, there is no precedent anywhere in the world for what is being proposed; no exactly similar set of circumstances that demand the solutions needed.

Northern Ireland is unique: there are no comparable areas, regions, countries or nations anywhere else across the globe. It follows, therefore, that there are no ‘off-the-shelf’ solutions.

The Brexit process has seen the Northern Ireland/Ireland border emerge as a key sticking point, with some arguing that it could potentially undermine the Belfast / Good Friday Agreement (the 1998 Agreement), and the wider peace process. In

light of all of the societal challenges that the 1998 Agreement sought to resolve: the commitments to avoid any hardening of the border; the concerns around regulatory alignment or divergence and differential tariffs; the long-term underperformance of the Northern Ireland economy; and many other issues, FSB members saw an ambitious opportunity to devise an entirely fresh alternative vision.

This vision seeks to resolve the border conundrum whilst also providing Northern Ireland with a significant post-Brexit opportunity to trade its way towards a balanced budget that could avoid the need for annual subvention. Simply put, this paper explores how to make Northern Ireland an ‘Enhanced Economic Zone’, enabling trade that is routed through it to be conducted tariff-free, regardless of the exact nature of the UK-EU future relationship.

Unrestricted by the absence of any direct precedents elsewhere in the world, FSB has, nonetheless, reviewed numerous models of Free Ports, Free Trade Zones, Industrial Zones and other systems to find elements to give shape to a proposal that could be genuinely transformative for Northern Ireland. Further, our proposal would let trade continue to flow between these islands whilst also, crucially, addressing many of the key reservations and concerns that various parties have cited during the Brexit process thus far.

Whilst this proposal comes from the ever-pragmatic business community, it will be politicians who will be required to reach the compromises needed to deliver it. The benefits are substantial and, if included in the *Withdrawal Agreement*, could ‘unlock’ the next stage of negotiations and enable progress on the ‘future relationship’.

Executive Summary

This paper examines the potential for Northern Ireland to become an **'Enhanced Economic Zone'**, to enable tariff-free trade between both the UK and EU markets after Brexit.

It explores global examples of 'free trade zones' and the context of relevant World Trade Organization (WTO) and European Union regulations. The paper has been developed in a way that is cognizant of the political, legal and historical context within which Brexit takes place.

While this idea borrows from concepts of best practice around the world, this is a bespoke proposal reflecting Northern Ireland's particular circumstances that have, to date, failed to be met with an agreed solution.

The 'Enhanced Economic Zone' (EEZ) seeks to deliver:

- Continued free movement of goods across the Northern Ireland/Ireland Border
- Northern Ireland and Great Britain maintaining regulatory alignment as part of the UK
- Zero tariffs on goods which come through Northern Ireland's ports and airports
- Unfettered access to the UK market for Ireland and the rest of the EU, and vice versa
- Regulatory assurance for goods entering the EU through Northern Ireland, assured by a Regulatory Compliance Certification Service (RCCS)

Through EEZ status Northern Ireland's five seaports and three airports will become hubs for international trade, simultaneously serving as centres of compliance assessment and certification for final destination.

Its ambition to become a globally significant trading location would mean that regulatory compliance certification could become a significant source of added-value provided to businesses and countries that use Northern Ireland to access both the UK and EU markets.

Crucially, intra-UK trade between Northern Ireland and Great Britain would *not* be subject to any additional checks, though Northern Ireland's ports and airports would require the capacity to check goods which were destined for the EU market and undertake compliance assessment and certification.

While this paper does not address all the challenges which Brexit presents, it seeks to minimise friction in a way that maximises economic opportunity for Northern Ireland, creating a bridge into both the UK and EU markets.

The EEZ would work on the basis of zero tariffs and minimum checks, not on the basis of Northern Ireland sitting within a Customs Union or the Single Market, unless as part of the entire UK.

Successful delivery of this proposal will require all stakeholders to adopt a flexible approach and, ultimately, its success will be dependent on the political will of the United Kingdom and the European Union.

Critical assumptions

- A Withdrawal Agreement proceeds and is concluded
- UK/EU trade continues 'as is' at least until the end of transition/implementation in 2020
- Transition/implementation is likely to be extended so as to facilitate agreement on the future relationship
- A trade agreement with the EU Single Market will come into being as a result of future relationship negotiations during the transition period
- Compromises will be made by each state actor in the negotiations.

Overview of Free Trade Zones and other relevant trading structures

What we are proposing does not exist or have any precedent in any other part of the world, however, we have reviewed existing models and considered their various components, with a view to developing a particular, tailored proposal for Northern Ireland that would see it designated and operating as an ‘Enhanced Economic Zone’ as a full part of the UK.

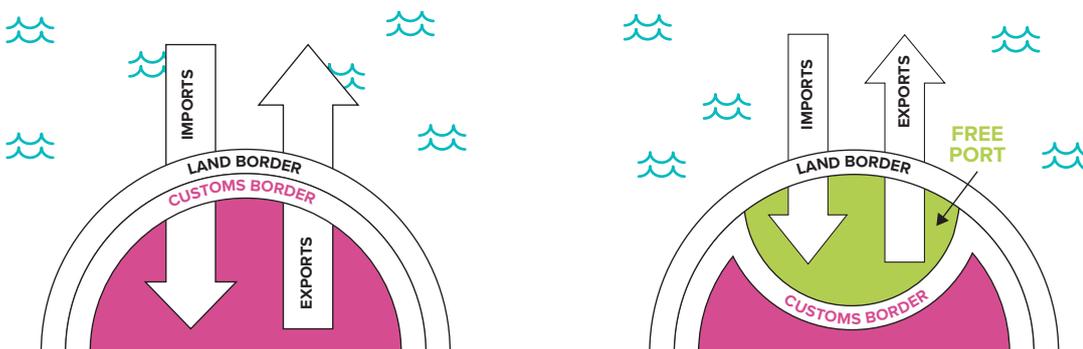
Free ports, or Free Trade Zones (FTZ), are geographic areas in which a government authority offers incentives in the form of customs duties or tax incentives for businesses and traders operating in the defined area.¹ There are estimated to be more than 2,700 Free Trade Zones globally, in which goods are allowed to be imported, manufactured, processed and re-exported without the payment of duties until the goods are *removed* from the zone and entered into a domestic economy at home or abroad.

In addition to the reduction or deferral of customs duties, a range of activities to incentivise economic prosperity are often available, such as:

- The use of bonded warehouses in which goods can be held ‘duty free’ for a period of time (though these can also sit outside a Free Trade Zone)
- A facility, such as a factory, manufacturing or processing plant in which goods or components can be assembled into other products for re-export and sale.

A combination of duty exemptions, duty deferrals, tariff inversions, and / or tax reliefs and incentives can be used, depending on particular circumstances, thus encouraging companies to set up within the zone, in order to take advantage of the incentives available.

Figure 1: How a ‘typical’ free port sits in relation to land or customs borders



Source: Rishi Sunak, Centre for Policy Studies²

¹ [http://www.europarl.europa.eu/RegData/bibliotheque/briefing/2013/130481/LDM_BRI\(2013\)130481_](http://www.europarl.europa.eu/RegData/bibliotheque/briefing/2013/130481/LDM_BRI(2013)130481_)

² <https://www.cps.org.uk/files/reports/original/161109144209-TheFreePortsOpportunity.pdf>

Singapore

With nine Free Trade Zones in five geographical areas, operated by three FTZ authorities, the nation of Singapore handles circa four times the value of its Gross Domestic Product in trade.³ These zones facilitate entrepôt, or transshipment, trade. Goods and Services Tax (GST) and duties on cargo within the zones are suspended, and are only payable when the goods leave the zone and enter a customs territory for local distribution.⁴

Singapore maintains a 'single window' system for customs processing through which traders may submit import documentation and permits online. The single window connects to all governmental agencies from which authorizations are required: approval time is about 10 minutes in 99% of cases. In addition, since 2011, importers have been able to apply for binding advance rulings on customs valuation.⁵

It's easy to see why the country remains one of the world's most market-orientated, and is considered one of the easiest in which to do business.

Free trade zones within the European Union

A number of 'Free Zones' also already exist in the European Union⁶ including several Enterprise Zones in the UK and the Isle of Man⁷. These are different from Free Trade Zones outside of the European Union, in that they offer various economic incentives, such as capital building exemptions, rather than relief from customs duties.

Bonded or Customs warehousing is another version of a free trade incentive available to businesses – a single building in which goods can rest duty free and without the application of customs regulations for a period of time⁸. These are widespread in the UK and are particularly useful for SME businesses when the deferral of VAT payment, for example, can greatly assist cash flow.

Therefore, while Free Trade Zones can be defined in many different ways, they can generally be categorised into four groups:

- Free Trade Zones (pure re-export of traded goods)
- Export Processing Zones (export of goods with value added)
- Special Economic Zones (multi-sectoral approaches to economic activity within the zone)
- Industrial Zones (specific economic activities hosted in the zone).

What all versions of 'free zones' have in common is that they form a designated zone in which the host country's normal customs regimes for import and export are suspended and replaced by a more 'liberal' environment.

³ <https://www.singstat.gov.sg/modules/infographics/singapore-international-trade>

⁴ https://www.customs.gov.sg/-/media/cus/files/insync/issue35/inSYNC_ecopy.pdf

⁵ https://www.wto.org/english/tratop_e/tpr_e/s267_sum_e.pdf - from 2012

⁶ https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/customs/procedural_aspects/imports/free_zones/list_freezones.pdf

⁷ <http://www.tynwald.org.im/business/opqp/sittings/Tynwald%2020142016/2016-SD-0116.pdf>

⁸ <https://www.nibusinessinfo.co.uk/content/types-customs-warehouses-and-when-use-them>

Northern Ireland as a new Enhanced Economic Zone

Recognising the assurances that were enshrined in the Belfast/Good Friday Agreement, the designation of Northern Ireland as an Enhanced Economic Zone would see it empowered to become a globally significant trading location, facilitating trade between key markets.

Drawing on the examples and benefits of some Free Trade Zones elsewhere in the world, but recognising that this is a bespoke model for Northern Ireland, this would see:

- Northern Ireland continue to be within the geographic border of the UK
- Northern Ireland continue to sit outside the EU Customs Union and Single Market
- Northern Ireland develop a world class Regulatory Compliance Certification System for transiting goods
- Northern Ireland develop as a global trading centre, with all of the consequent benefits for jobs and trading revenues that would genuinely rebalance its economy and underpin the transformation of its society as envisaged in the Belfast/Good Friday Agreement.

Looking ahead to the uncertain regime that may emerge post-Brexit, if the UK were outside the EU Single Market and Customs Union, all goods that come in could be subject to import duties under World Trade Organization tariff levels, unless and until the agreement of new trade arrangements. This could potentially lead to increased VAT and customs duty costs for both domestic businesses and for those trading between the EU and UK markets.

In such circumstances, the opportunity afforded by utilising Northern Ireland's status as an Enhanced Economic Zone to allow tariff-free goods to enter the UK or the EU, via Northern Ireland, could be significant.

Importantly, whereas in other Free Trade Zones some form of physical boundary is required to ensure rules are not exploited, checks can be undertaken and tracking facilitated, an opportunity

exists instead to confer the status of an 'Enhanced Economic Zone' that would deliver the necessary controls and assurances in a different way.

In summary, Northern Ireland would become a form of enlarged Free Trade Zone within the UK, providing tariff-free access between the EU and UK markets, avoiding regulatory risk through a highly efficient compliance certification regime and, in consequence, creating an unprecedented economic opportunity.

Regulatory checks

One of the major issues in the current negotiations concerns regulations, the possibility of ‘divergence’, and how this would be managed in practical terms.

Customs checks for tariff purposes are only one of the checks required. Of the four most relevant types of checks – customs, regulations and standards, value added tax, and animal and plant hygiene – only the latter explicitly needs to be carried out at ports rather than online, in distribution centres or on the ferries themselves.

EU Council Directive 97/78/EC of 18 December 1997 states that food products of animal origin, including meat, entering the EU shall be subjected to veterinary checks. There are three elements to these:¹⁰

1. **Documentary Check:** Verifying the veterinary certificates and documents accompanying the consignment.
2. **Identity Check:** Checks to ensure products in vehicles match those described in documents (requiring physical inspection of vehicles to check seal numbers).
3. **Physical Check:** This can include examining the packaging, checking temperatures, sending samples for lab analysis, or smelling or tasting a product.

The Directive further states that these veterinary checks must take place at the physical point at which goods enter the EU, so without a specific agreement, checks and associated infrastructure would have to be put into place at the Irish Border in order to protect the integrity of the European food supply chain.

It is worth noting, however, that the infrastructure for such checks already exists to a large extent, given that checks on imports of live animals from GB (and elsewhere, when occurring) currently take place in Northern Ireland at the Port of Larne, in ensuring that the island of Ireland remains, in effect, a bio-secure zone.

Table 1: Frequency of Veterinary Checks¹¹

Non EU import checks	Product	Official undertaking inspection	Frequency of checks		
			Documentary checks	ID Checks	Physical Checks
	Poultry	Official Vet	100%	100%	50%
	Beef, Lamb & Pork	Official Vet	100%	100%	20%

Source: International Meat Trade Association

⁹ https://www.cer.eu/sites/default/files/insight_SL_JS_24.9.18_0.pdf

¹⁰ <http://ukandeu.ac.uk/making-northern-ireland-a-bridge-between-the-uk-and-the-eu/#.W6Fug3AHipg.twitter>

¹¹ http://www.strongandherd.co.uk/files/imta_factsheet_veterinary_checks.pdf and <http://ukandeu.ac.uk/making-northern-ireland-a-bridge-between-the-uk-and-the-eu/#.W6Fug3AHipg.twitter>

Current and potential EU frontier border checks

EU countries must secure their externally facing borders by law in order to maintain integrity of the Union and Single Market. The checks required under various trade conditions are outlined below.

Figure 2: Customs Controls on Goods at EU External Borders

Between EU member states	In the Single Market but outside EU	In a Customs Union with EU	In a Free Trade Agreement with EU	No Deal
<p>A</p> <ul style="list-style-type: none"> • Restricted goods (e.g. hazardous waste) • Prohibited goods (e.g. Class A drugs) • Excise goods (e.g. alcohol; these transit in duty-suspension under EU EMCS) • Goods identified through the shared Customs Risk Management Framework (e.g. counterfeit medicine) 	<p>B</p> <p>A+</p> <ul style="list-style-type: none"> • Agricultural produce (subject to tariffs) • All 3rd party country goods (quota, tariffs) • Rules of Origin (expands outside EU membership) • Excise goods (outside Excise Movement and Control system) <p>Example: Norway - Sweden</p>	<p>C</p> <p>A+</p> <ul style="list-style-type: none"> • All goods not covered by the CU (e.g. specific goods: those from other 3rd party countries) • Agricultural produce (unless negotiated) • Regulatory compliance (exc. for example, areas addressed by MRAs) • Transport services (unless negotiated) <p>Example: Turkey Bulgaria</p>	<p>D</p> <p>A+</p> <ul style="list-style-type: none"> • All goods not covered by FTA • All 3rd country goods • Excise goods • Agricultural services (unless negotiated, so permits required for vehicle to cross each EU MS border) • Rules of Origin • VAT paid on import (unless negotiated) • Regulatory compliance checks <p>Example: Canada - EU</p>	<p>E</p> <p>A+</p> <ul style="list-style-type: none"> • Conformity Assessment Procedure on all products prior to access to EU market • Potential for customs controls (tariffs & quotas for all goods crossing the border) • Permits required for transport services • VAT paid on import • Certain agricultural goods must enter through designated, specialised Border Inspection Posts • Regulatory compliance checks

Customs controls on goods at EU external borders

Source: Dr Katy Hayward¹²

¹² https://twitter.com/hayward_katy/status/1045000972043530241

Regulatory checks and compliance certification

Table 2: Regulatory checks and compliance certification under the Enhanced Economic Zone model

Trade flow	Regulatory checks?	Type of checks
GB to NI / NI to GB (UK Internal)	Current checks maintained in air and sea ports	Agri-food: animal products, food products, wood products, fertilisers
GB to RoI via NI	Yes - checks undertaken at the appropriate and agreed points with compliance assured by the new NI RCCS	Agri-food: animal products, food products, wood products, fertilisers All other goods that are required to be checked and certified
RoI to GB via NI	Current checks maintained in air and sea ports. UK may also require RCCS processing	Agri-food: animal products, food products, wood products, fertilisers
NI to RoI	Currently no checks – frictionless trade maintained but possible recording mechanism put in place, depending on agreement.	Businesses on the island can produce goods and transport across the border freely but use of RCCS may be required. Current electronic systems may be used to record this activity e.g. VAT, REX, CHIEF, CDS
RoI to NI	Currently no checks – frictionless trade maintained but possible recording mechanism put in place, depending on agreement.	Businesses on the island can produce goods and transport across the border freely but use of RCCS may be required. Current electronic systems may be used to record this activity e.g. VAT, REX, CHIEF, CDS
RoI to GB	Yes	Checks required will depend on UK-EU future relationship
EU mainland to GB	Yes	Checks required will depend on UK-EU future relationship
EU mainland to NI	Yes	Checks required will depend on UK-EU future relationship
Rest of World to GB	Yes	Checks required will depend on FTAs
Rest of World to NI	Yes	Checks required will depend on FTAs but likely to include at minimum: Agri-food, animal products, food products, wood products, fertilisers
Rest of World to EU via NI	Yes	Checks required will depend on FTAs but likely to include at minimum: Agri-food, animal products, food products, wood products, fertilisers
We recognise consideration of VAT is essential in some of the above scenarios		

‘Rules’ on setting up Free Trade Zones¹³

In developing the model for a Northern Ireland ‘Enhanced Economic Zone’, the starting point was to recognise that a political agreement would be needed to address all of the concerns raised by stakeholders, including sovereignty, customs, and regulatory integrity, whilst also being able to adapt to a changing environment and future trade agreements and conditions that might evolve.

Additionally, the proposal to have a world class regulatory compliance certification system underpinning it will allow Northern Ireland to be able to provide a service as an approved compliance authority. In mapping the outline structure for the EEZ, we have reviewed other relevant examples for reference points.

There is no specific requirement to follow a particular Free Trade Zone structure. It is possible to select a number of the incentives discussed in this paper to create a tailored ‘package’. However, Free Trade Zones *may* be restricted dependent on relevant market rules or principles.

At present, 87 Free Zones¹⁴ exist across the European Union¹⁵. However, EU Free Trade Zones do not offer the range of benefits available outside of the Single Market, due to State Aid requirements, the aim of which is to ensure large variances in economic policy do not open up across the EU and its member states.

An exception to this rule is the Free Trade Zone of Trieste, which, due to historical and political circumstances, was established as a result of a sovereign disagreement and is exempt from certain State Aid restrictions.¹⁶ We believe that Northern

Ireland could be granted an exemption due to its own particular circumstances and, as a result, an NI Enhanced Economic Zone could be specifically designed to address the needs of Northern Ireland, including with regard to whatever state aid regulations are put in place post-Brexit.

Such an exemption for Northern Ireland should form part of the Withdrawal Agreement, thus protecting its status in years to come. This may require the UK government to ensure it gains sovereign control of State Aid in relation to this proposal and wider use of Free Trade Zones.

World Trade Organization ‘rules’

The World Trade Organization (WTO) is an intergovernmental organization that regulates international trade, with a view to making trade fair and more frictionless. The UK is a member now and will continue to be after Brexit. Beyond Europe and within the context of global trade, WTO rules allow for trade based exemptions.

Rather than strict rules on ‘Free Trade Zones’, WTO principles provide a framework within which members should operate when conducting trade. This means sovereign flexibility is maintained for the most part, so long as the principles are upheld.

The most relevant principle in this case appears to be ‘Trade without discrimination’¹⁷ in relation to Most-favoured-nation (MFN): treating other trading nations equally.

Under WTO agreements, countries cannot normally discriminate between their trading partners. If a lower customs duty rate (such as zero) is offered to one trading partner for a product, the same rate must be offered to all other WTO members.

13 <https://www.gov.uk/government/publications/notice-3001-special-procedures-for-the-union-customs-code/annex-b>

14 https://ec.europa.eu/taxation_customs/business/customs-procedures/what-is-importation/free-zones_en

15 https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/customs/procedural_aspects/imports/free_zones/list_freezones.pdf

16 <http://www.porto.trieste.it/eng/port/free-port>

17 https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm

However, there are exceptions, as Professor Emily Lydgate outlines:

*“The Most Favoured Nation (MFN) principle prohibits the UK from giving special tariff rates to one WTO Member that it does not extend to all of the others. There is an exception for Free Trade Areas, in which tariff barriers are eliminated for substantially all trade...”*¹⁸

Under the ‘Enhanced Economic Zone’ model, a future UK Free Trade Agreement will apply to the whole of the UK, within which Northern Ireland can operate at zero tariffs. In addressing the issue of whether different tariff regimes in Great Britain and Northern Ireland may not meet ‘best-in-state treatment’ principles¹⁹ David Collins, Professor in International Economic Law at City, University London, states:

*“Article 10 of the Trade Facilitation Agreement speaks of taking into account legitimate policy exceptions and changed circumstances – meaning that the special circumstances of the border with NI (existing regulatory alignment and political / social sensitivity) could justify differential treatment relative to other border states.”*²⁰

The particular circumstances of Northern Ireland were recognised in the Belfast/Good Friday Agreement, an internationally recognised accord, ratified by referendum, which established a unique set of relationships across these islands.

Therefore, under WTO provisions it would be feasible for Northern Ireland to operate as a ‘zero tariff’ zone, whilst maintaining a full place within the jurisdiction of the UK, and able to benefit from all future UK Free Trade Agreements.

¹⁸ <https://blogs.sussex.ac.uk/uktpo/2017/12/07/hard-brexite-soft-border/>

¹⁹ Article 27 of the Vienna Convention on the Law of Treaties

²⁰ <http://ukandeu.ac.uk/could-international-trade-law-support-a-frictionless-border-between-the-eu-and-northern-ireland/h>

Conclusion and Call to Action

FSB's Northern Ireland members are clear that the challenges presented by the Brexit process can be overcome, and in fact present a significant opportunity to improve our economic and societal future. The vision emerging from consultation with members is innovative and unprecedented but highly pragmatic. It would ensure that there is no hardening of the border between Northern Ireland and the Republic of Ireland, and no regulatory difference or customs barriers on goods travelling between Northern Ireland and Great Britain.

FSB NI recommends that a commitment to adopt the proposal for Northern Ireland to be designated an 'Enhanced Economic Zone' should be enshrined in the Withdrawal Agreement, in recognition of its particular geographic, historic and political circumstances. Furthermore, a commitment should be made for the EEZ to commence operation as such from the end of the Transition/Implementation period, to give certainty to the people of Northern Ireland as to their status post-Brexit and to allow time to plan and implement the necessary systems.

We further recommend the establishment of a new world class Regulatory Compliance Certification Service (RCCS) to underpin Northern Ireland's position as a centre for global trade. The Service would operate under agreements with the territories to which it would be providing services and certification, enabling goods coming through NI destined for the EU to be certified for regulatory compliance via a 'Singapore-style' single-window regulatory assessment, delivered by the RCCS.

EEZ status would therefore provide:

- **Continued free movement of goods across the Northern Ireland/Ireland border**
- **Northern Ireland and Great Britain maintaining regulatory alignment as part of the UK**
- **Zero tariffs on goods which come through Northern Ireland's ports and airports**
- **Unfettered access to the UK market for Ireland and the rest of the EU, and vice versa**
- **Regulatory assurance for goods entering the EU through Northern Ireland, assured by a Regulatory Compliance Certification Service (RCCS)**



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Printed October 2018