



10th October 2018

The Rt. Honourable Theresa May, MP
 Prime Minister
 Office of the Prime Minister
 10 Downing Street
 London
 SW1A 2AA

Dear Prime Minister

The main business organisations in Northern Ireland are writing to you today to outline serious and immediate concerns around the current availability of labour in the NI economy. The number of EEA workers has fallen by 26% since the Brexit referendum adding further pressure to an already tight labour market. A combination of exchange rate movements and the uncertainty facing migrants to the UK, has meant that fewer EEA workers are coming to Northern Ireland and more are leaving. Many industry sectors are now facing severe labour shortages which are critically impacting upon businesses' ability to perform daily operations. We are appealing for your support to deliver solutions to this worsening problem.

Migrant labour is crucial to the success of the local economy. It fills gaps in both low-level and high-level jobs and is particularly relevant to key sectors such as agri-food, hospitality, healthcare, manufacturing, construction, education and digital industries – hence the wide interest from the various signatories to this letter. There is also a critical co-dependence between low-skill labour and higher skilled jobs across many industries and often low-skilled jobs act as the lynchpin for entire supply chains.

The recent report from the UK Migration Advisory Committee (MAC) acknowledges the unique challenges faced here in Northern Ireland. Unfortunately, it fails to provide the necessary solutions and we believe it is therefore critical to create an immigration policy with sufficient flexibility to address Northern Ireland's labour needs.

Recent research by the CBI has suggested that a substantial cut to both EU and international workers would see Northern Ireland's GDP decrease by 9.1% by 2041. Even a lesser scenario involving a 50% cut to EU migration could lead to a 5.3% decrease over the same period. In an economy as fragile as ours this is simply unthinkable, but the impact of labour shortages is already evident. We also have an aging population with the pensionable age cohort to increase by 40% in the next 25 years.

This is also at a time when we are already in near-full employment. If migration is limited further this could see Northern Ireland's working age population shrink by between 6 and 8% which would have a hugely detrimental effect on the economy.

We need regional flexibility to resolve the significant labour challenges faced by key sectors of Northern Ireland's economy. The recent reintroduction of a pilot for the Seasonal Agricultural Workers Scheme shows recognition of the labour shortages facing UK farms. However, there are other sectors including the wider agri-food supply chain and hospitality industry which face equally significant labour shortages.

While we support the MAC's recommendations to remove the cap on the number of visas for skilled workers and reduce qualification levels to RQF3, a failure to recognise the differing labour market conditions would create a policy induced distortion across the UK, something which can and should be avoided. There seems to be no justification for the £30,000 salary threshold proposed by the MAC and this would damage Northern Ireland's economy. It would serve to block many essential workers coming to Northern Ireland given the prevailing lower average regional salaries here across many sectors.

We must also consider the competitive position of the Northern Ireland economy in an all-island context, whereby business efficiency will be eroded by a diminishing workforce. In a tight labour market, we run the serious risk of businesses currently operating on both sides of the border switching their focus or their production facilities to the south, where businesses benefit from the ongoing availability of EEA workers in the EU single market, and also the availability of new third country work permits designed to tackle the type of labour shortages that are now a problem in Northern Ireland.

Various local industries have raised these concerns continually over the last year with the Migration Advisory Committee and directly with the UK government. At no stage in the last year, have we received any indication that there has been serious consideration given to the solutions required to address our concerns. We appreciate that solutions need to be framed within a UK context, but also believe there are policy options which better meet the needs of Northern Ireland's economy. We note that the joint letter from the NI Executive Office to the Prime Minister in August 2016 about Brexit recognised the need for a flexible approach to labour here. This has been reaffirmed by the Head of the NI Civil Service, David Sterling in his recent comments.

To that end, we ask for your support and swift action to address this vital issue.

We require regional flexibility for Northern Ireland to be developed through consultation with industry as soon as possible, with minimum salaries and quotas adapted in line with our specific regional needs.

The forthcoming UK Government White Paper on immigration must set out how the new system can be flexible enough to meet the specific needs and urgent challenges facing the Northern Ireland economy, particularly for lower-skilled labour, including bespoke policy tools such as a dedicated Shortage Occupations List or salary threshold variations.

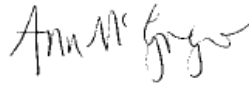
Businesses in key industries across Northern Ireland's economy – from food processing and broader manufacturing, through to haulage and hospitality – are facing severe labour shortages today. This is before changes to immigration policy as a result of Brexit. Government should therefore bring forward immediate changes to immigration rules to allow these sectors to access the full range of labour and skills they need.

For our part we stand willing and able to play a constructive role in the creation of an immigration policy which has the flexibility to address the needs of Northern Ireland's economy.

Yours sincerely,



Trevor Lockhart, Chair
**Confederation of British Industry
(Northern Ireland)**



Ann McGregor MBE, Chief Executive
**Northern Ireland Chamber of
Commerce and Industry**



Tina McKenzie, Chair
**Federation of Small Businesses
(Northern Ireland)**



John Armstrong, Managing Director
**Construction Employers
Federation**



Stephen Kelly, Chief Executive
**Manufacturing Northern
Ireland**



Brian Irwin, Chairman
**Northern Ireland Food &
Drink Association &
NI Bakery Council**



Gordon Best, Regional Director
**Quarry Products Association
Northern Ireland**



Glyn Roberts, Chief Executive
Retail NI



Seamus Leheny, Policy Manager
Freight Transport Association



Colin Neill, Chief Executive
Hospitality Ulster



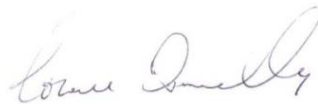
Colm Shannon, Chief Executive
Newry Chamber of Commerce



Deirdre McIvor, CEO
NI Pork & Bacon Forum



Bob Barbour, Chief Executive
Centre for Competitiveness



Conall Donnelly, Executive Director
NI Meat Exporters Association



Janice Gault, Chief Executive
NI Hotels Federation



Robin Irvine, CEO
NI Grain Trade Association



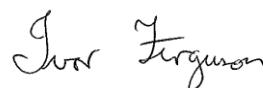
Doreen McKenzie, CEO
NI Tourism Alliance



Gavin McGuire, Director,
Federation of Master Builders



Jennifer McKeever, President
Londonderry Chamber of Commerce



Ivor Ferguson, President
Ulster Farmers' Union

Cc: Rt Hon Sajid Javid, MP, Home Secretary
Rt Hon Karen Bradley, MP, Secretary of State for Northern Ireland