

Irish firms exposed to UK market could shift operations

Colm Kelpie

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Concerns are rising that some Irish firms exposed to the UK market could shift operations to Britain amid rising fears the country will pull out of the single market.

As Enterprise Ireland warned exporting companies to prepare for a so-called 'hard' Brexit, the Irish Exporters Association (IEA) reiterated that some manufacturing firms here are looking at getting their goods made in Britain instead of Ireland, to avoid potential barriers or tariffs to trade.

It comes just a day after British Prime Minister Theresa May hinted that the UK will leave the single market and pledged to lay out her strategy for Brexit in the coming weeks.

Julie Sinnamon, Enterprise Ireland chief executive, said the agency is telling companies they need to be prepared for whatever Brexit throws up.

"What we have to do is plan for a 'hard Brexit'. If it turns out to be better than that, so be it, but we are telling our companies you have to plan for a 'hard Brexit' and put in place the building blocks today to be able to deal with whatever Brexit throws up," Ms Sinnamon said.

Ms May sent the pound falling yesterday after she said in an interview on Sunday that Britain would be able to control its borders and suggested the UK would seek its own trading deal with the rest of the European Union post-Brexit.

At the launch of its end of year results, Ms Sinnamon said that by preparing for a 'hard Brexit', companies that are exposed to the UK market have to be as innovative and competitive as possible. She also urged companies to look at alternative markets.

"Companies are also developing strategies in terms of hedging and sourcing to be able to reduce the exposure (to the UK), but long term what we are seeing is a strategic shift and people will have to look at a long-term plan and balance their markets more so than they have done in the past," she said.

Ms Sinnamon, however, said she had not heard of any Enterprise Ireland-backed firms considering shifting operations or staff to Britain yet.

But Simon McKeever, head of the Irish Exporters Association, said firms here remain concerned about access to the UK market, to the point they are either looking at manufacturing their products there instead of Ireland, or shifting staff.

"If Brexit actually happens and they want to maintain market share, they will need to either put more people over there, and because the UK market is so big for some companies, they may have to start

producing goods over there to avoid any kind of barriers to trade," Mr McKeever told the Irish Independent.

He said the currency pressure had been taken off companies in the run up to Christmas as the pound had gained in strength. But he said that could change as the deadline for triggering Article 50 nears.

"As we move towards this end of March deadline with Brexit, I would have thought that you're going to be heading into more volatility on the exchange rate which will bring some of that back," Mr McKeever said.

"Companies need to make long-term plans. If you're afraid the UK is going to be outside of the EU, it's not really about the exchange rate, it's more about the tariffs and the invisible barriers to trade. If 25-40pc of your business is in the UK, and you can produce the thing cheaper over there, labour is cheaper, there's good support from the British government to set up businesses in high unemployment areas, you'd want to be considering it."

Meanwhile, Enterprise Ireland (EI) announced more than 200,000 people are now employed by Enterprise Ireland-supported companies - the highest in the history of the agency. A total of 19,244 jobs were created in EI-backed firms last year, with a net increase, when job losses are taken into account, of 9,117.