

Crisis giving ‘exceptional’ boost for Irish exporters

By Eamon Quinn

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The Greek crisis is providing a further “exceptional” boost to Irish exporters and the economy, but the outlook remains clouded by the uncertainty of the UK referendum vote on whether it turns its back on Europe, the head of the Irish Exporters has predicted.

Simon McKeever said the weakness of the euro is helping Irish exporters as companies selling into Britain tap the most competitive exchange rate for 10 years.

“We have seen about a 20% drop of the euro against the dollar and about a 12% drop against sterling in the past year,” he said.

“We could have done with this windfall at the height of the crisis. But not only manufacturing is picking up, but export services, tourism services, business and financial services from last year.”

Driven by the fall in the euro, CSO figures published earlier this week showed that exports had reached record levels, say analysts.

The euro has now slumped to just over 72p from over 78p at the start of the year, making it much easier for Irish exporters to sell goods and services into Britain.

Three years ago, the euro was trading around 80p and was as high as 100p in 2008.

Fears about Greece leaving the euro and the slow growth of the main European economies will likely help keep the euro weak against sterling for some time.

“And because the US and UK economies have turned the corner there is strength in sterling and the dollar, and it is not just about the weakness of the euro,” said Mr McKeever.

But he warned that uncertainty about the sterling exchange rate could intensify right up to the time the UK holds its referendum on its future in Europe.

The wording of the referendum question will also be key.

“Brexit is important to Ireland because it may affect our single biggest export market,” said MrMcKeever. “In terms of the sterling exchange rate, people should have been pulling funds out

of Europe and into sterling in the UK, but because of the Brexit uncertainty people will be slow to invest in the UK.”

Donal O’Mahony, an analyst at Davy Stockbrokers said that Ireland is benefiting hugely from the weakness of the euro against sterling.

“Given the importance of that exchange rate, it is at an incredibly low rate,” said Mr O’Mahony.

“It is very beneficial and we have seen the advantages of that in record export figures. Irish companies are getting a huge exporting advantage.”

<http://www.irishexaminer.com/business/crisis-giving-exceptional-boost-for-irish-exporters-337439.html>