

## 92% of IEA members surveyed feel 'Brexit' will have a harmful effect on Irish exporters

IEA stresses the importance of Irish-British trading relationship whilst calling for its protection we must maximise any opportunities that arise for the country

**Dublin, 28th July 2016:** The Irish Exporters Association (IEA), the voice of Irish exporters, this morning announced results of a survey conducted with its members regarding Irish exporters' sentiments given the outcome of the UK referendum. The results were announced at a Brexit Briefing Seminar, held in association with William Fry, to educate and inform IEA members and stakeholders of the potential implications of the 'Leave' outcome of the UK referendum on the 23<sup>rd</sup> June. Over 200 guests attended the event at William Fry, 2 Grand Canal Square, Dublin 2 to hear from the IEA, William Fry, Department of Taoiseach, British Embassy Dublin, Euler Hermes, Pat Cox, Revenue, AIB, Combilift and Fire Financial.

### Key findings from the survey include (see below for graphical breakdown of results):

- 89% do business with, or export to, the UK
- (Figure 1) Of those who export to the UK:
  - 82% export to or do business with **England**
  - 67% export to or do business with **Northern Ireland**
  - 57% export to or do business with **Scotland**
  - 47% export to or do business with **Wales**
- (Figure 2) The level of **Euro-Sterling exchange rate** impacts the profitability of those surveyed at:
  - 0.70 – 0.75 (18%)
  - 0.75 – 0.80 (17%)
  - 0.80 – 0.85 (25%)
  - 0.85 – 0.90 (20%)
  - Other (20%)
- (Figure 3) Weakened Sterling has had an impact on 65% of businesses
- 68% did not plan to hedge Sterling before the referendum, this drops to 49% who do not plan to hedge Sterling following the referendum
- 73% are concerned about currency volatility in the short term
- 71% think that the UK should hold a second referendum on EU membership
- 78% think that the UK voting to leave the EU could undermine the foundations of the EU as it currently stands
- 4% think that Ireland should hold a similar referendum to decide its future in the EU, 91% said that Ireland should not hold a referendum and 5% don't know
- 42% currently import raw materials from the UK, 71% export finished products to the UK and 56% transit products through the UK on their export journey
- (Figure 4) Members surveyed are concerned about the following factors for their business:
  - 80% - The reintroduction of border controls (up from 73% in March 2016 survey)
  - 79% - Impact on Irish economic growth (down from 83% in March 2016 survey)
  - 76% - The reintroduction of customs procedures
  - 76% - Dual regulation
  - 70% - The reintroduction of tariffs (up from 61% in March 2016 survey)
  - 66% - Impact on free movement of people (up from 59% in March 2016 survey)
  - 54% - Impact on free movement of services (down from 59% in March 2016 survey)
  - 44% - Impact on jobs (down from 60% in March 2016 survey)
  - 41% - Impact on free movement of capital (down from 48% in March 2016 survey)
  - 34% - Increased competition in the UK market
  - 15% - Impact on transport of live animals
  - 3% - had none of the above concerns
- (Figure 5) Members surveyed think that the UK leaving the EU would have:
  - A harmful effect (80%), no effect (3%) or a positive effect (17%) on **the Irish economy**
  - A harmful effect (92%), no effect (3%) or a positive effect (5%) on **Irish exporters**
  - A harmful effect (57%), no effect (29%) or a positive effect (14%) on **their company**

- A harmful effect (69%), no effect (21%) or a positive effect (10%) on **their region**
- A harmful effect (24%), no effect (19%) or a positive effect (57%) on **FDI into Ireland**
- A harmful effect (87%), no effect (8%) or a positive effect (5%) on **Northern Ireland's economy**
- A harmful effect (55%), no effect (36%) or a positive effect (9%) on **Northern Ireland, the Peace Process and British-Irish Relations**
- A harmful effect (89%), no effect (8%) or a positive effect (3%) on the **UK economy**
- (Figure 6) 60% plan to maintain, 31% plan to increase and 9% plan to decrease their **level of trade with the UK** in the next 6 months
- (Figure 7 & 8) 54% plan to **diversify exports markets** following the UK referendum, the top markets to be targeted include 21% to USA, 19% to Germany, 14% to France, 13% to Australia and 11% to Canada
- (Figure 9) Following the UK referendum, 19% of members surveyed plan to grow **investment into their business in Ireland**, 11% plan to invest less and 70% have no plans to change their level of investment
- (Figure 10) Following the UK referendum, 8% of members surveyed plan to increase **staffing levels** in their company, 10% plan to decrease and 82% intend maintaining staffing levels
- (Figure 11) 84% think that a favourable UK-EU trade deal would be positive for Ireland's competitiveness and 81% think that it would be positive for their company's competitiveness
- (Figure 12) Percentage of exports to the UK (of members surveyed):
  - 68% export *less than 25%* to the UK
  - 24% export *between 25% and 75%* to the UK
  - 8% export *more than 75%* to the UK

**Simon McKeever, Chief Executive of the Irish Exporters Association commented:** *"The UK electorate has made the decision to leave the EU but to be clear, they actually haven't left yet, and therefore nothing should change in the fundamental aspects of trade between Ireland and the UK until 2 years after the UK invokes article 50. The immediate impact has been the weakening of Sterling, which has fallen against the euro by 19% since mid-November and by 9% since the vote. In the medium term, a slowdown in the UK economy could mean less demand for Irish goods and services. It is crucial that exporters do an impact assessment, especially in relation to the exchange rate, and to look at their supply chains and the potential impact of changes in currency, customs, tariffs, VAT, visa requirements and EU regulations & legislation on them.*

*We are talking to our members and hearing their concerns, we will continue to support our members and lobby government on the issues that affect the Irish export industry. The survey results from our members today show 89% of our members are doing business with the UK. Weakened Sterling has impacted 65% of their businesses already with ¾'s of them saying that they are concerned about currency volatility in the short term. The most prominent concerns being expressed by our members are: the reintroduction of border controls (80%); the impact on Irish economic growth (79%); the reintroduction of customs procedures (76%); dual regulation, having to meet both EU and, potentially different, UK regulatory requirements (76%); and the reintroduction of tariffs (70%). 92% think that it will have a harmful impact on Irish exporters.*

*Depending on the trade deal that is negotiated between the EU and the UK, the potential is there to heavily impact the supply-chain of Irish exporters, as well as the export journey of products. The implications of extra administrative costs and tariffs shipping products between Ireland and the UK could heavily impact exporters' ability to price their products competitively, not only in the UK but further afield. 42% currently import raw materials from the UK, 71% export finished products to the UK and 56% transit products through the UK on their export journey to either continental Europe or further afield.*

*However, there are some positive results from the data. 57% of members believe that the UK leaving the EU will have a positive effect on FDI into Ireland. Also, in comparing results of a similar poll that we ran with members in March this year before the referendum took place, we can see that some concerns have lessened, the impact on Irish economic growth has been reduced from 83% in March to 79% and the impact on jobs has substantially reduced from 60% to 44%. This may suggest that exporters are adapting to the idea of an EU without the UK. Ireland has traded with the UK for 1,000 years and we will continue to do so. This current situation does highlight the need for Ireland to diversify its export markets. We need to focus more of our attention on high growth markets like China, India, Africa, South America and on the emerging opportunities in places like Iran, and become less dependent on our trade relationships with the EU, USA and UK."*

**For Further information contact:**

Fiona Burke, Communications, Events & Public Affairs Officer, Irish Exporters Association

T: 01 6424171 / 087 6461291

E: [fionaburke@irishexporters.ie](mailto:fionaburke@irishexporters.ie)

**About the Irish Exporters Association:**

The Irish Exporters Association (IEA) assists its members to grow their exports to world markets. We drive and support the growth and development of all exporting businesses based in Ireland by:

**Representation** – leading the export agenda as the voice of Irish exporters

**Member development** – enhancing the export knowledge and skillset of members through a range of training services and export development programmes

**Networking & Connectivity** – connecting our members with government and business stakeholders domestically and in market

**Export Services** – enabling our members with practical assistance and critical support services

The IEA represent the whole spectrum of companies within the export industry including SME’s who are beginning to think about exporting for the first time right through to global multinational companies who are already extensively exporting from Ireland. It is the connecting force for Irish exporters, providing practical knowledge and support across the Island of Ireland and in foreign markets.

**About the report:** This survey has been issued to members of the Irish Exporters Association. This survey is strictly anonymous, answers provided by members are only looked at in aggregate form and are in no way attributable to specific organisations.

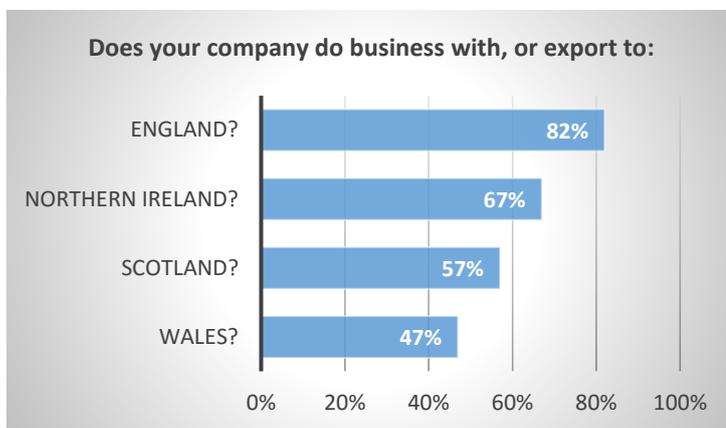


Figure 1

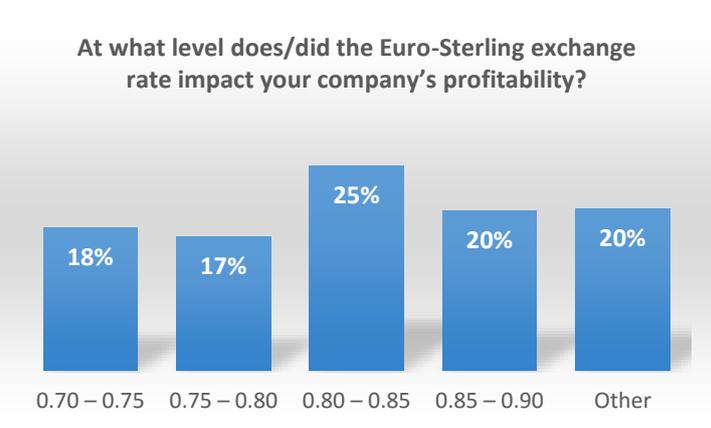


Figure 2

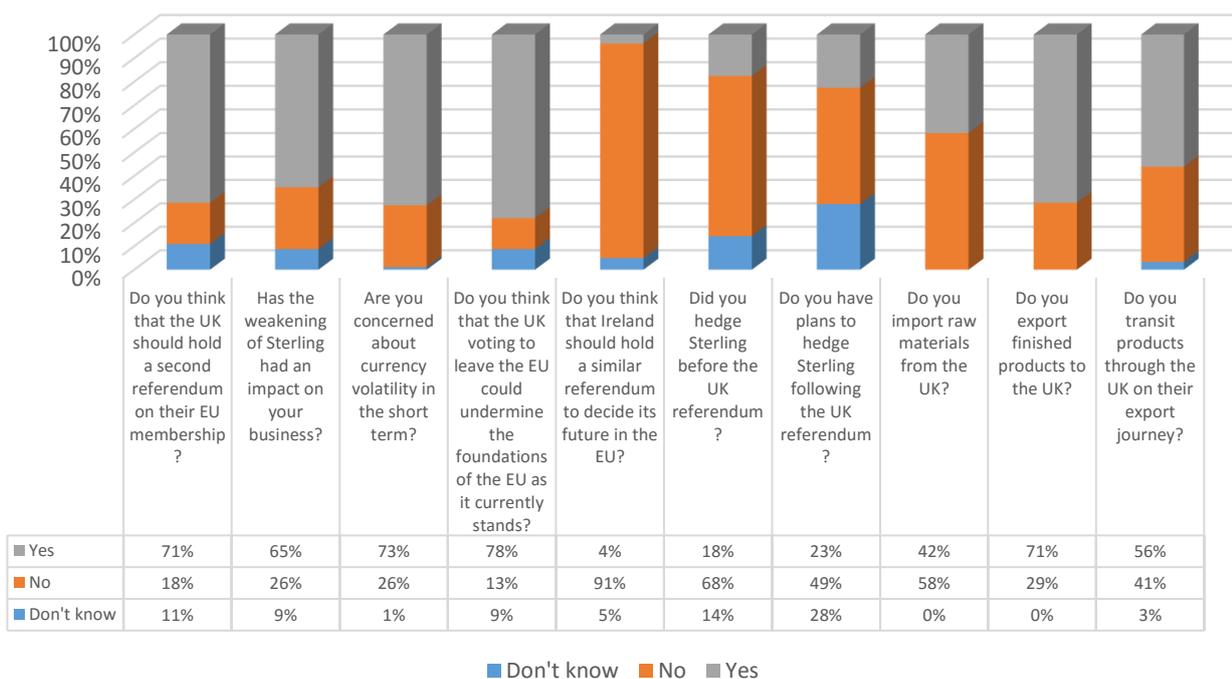


Figure 3

**Are you concerned about any of the following factors for your business?**

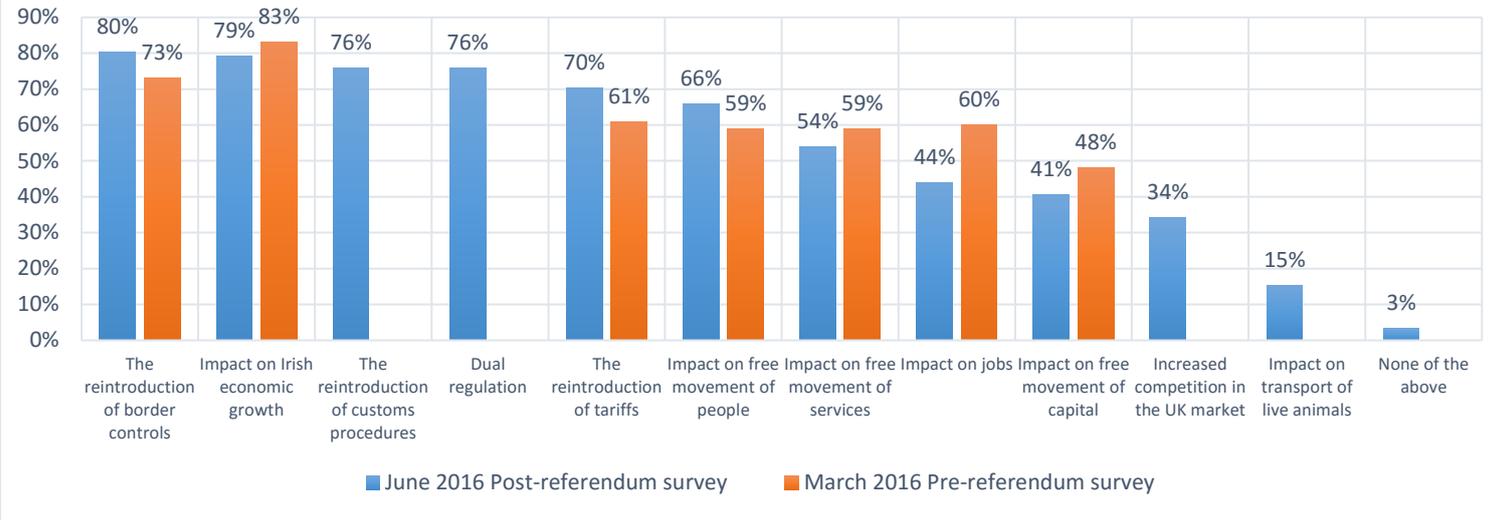


Figure 4 The Irish Exporters Association conducted a similar survey with members in March 2016, [click here for full details](#).

**Do you think the UK leaving the EU would have a harmful effect, no effect or a positive effect on:**

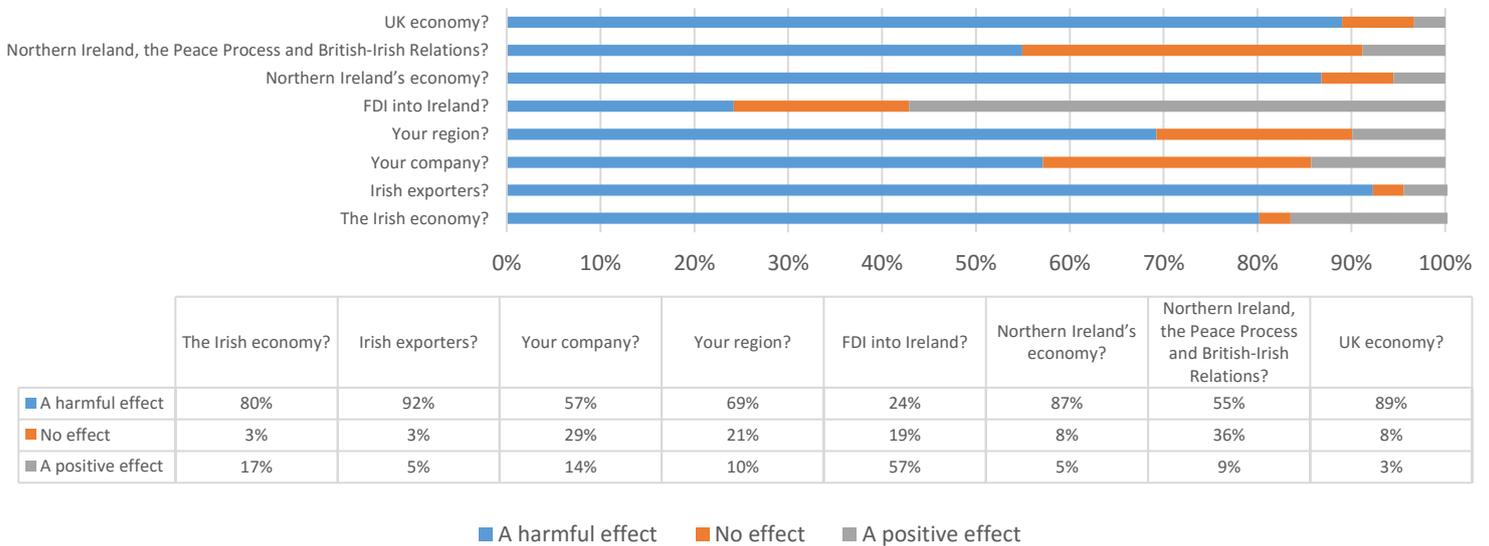


Figure 5

**Will your company increase, decrease or maintain its level of trade with the UK, in the next 6 months?**

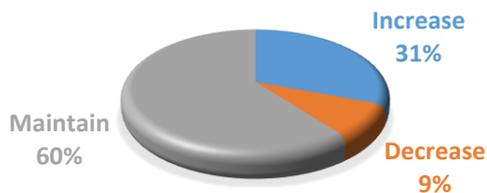


Figure 6

**Following the outcome of the UK referendum, is your company planning to diversify its export markets?**



Figure 7

What new markets is your company planning on exporting to?

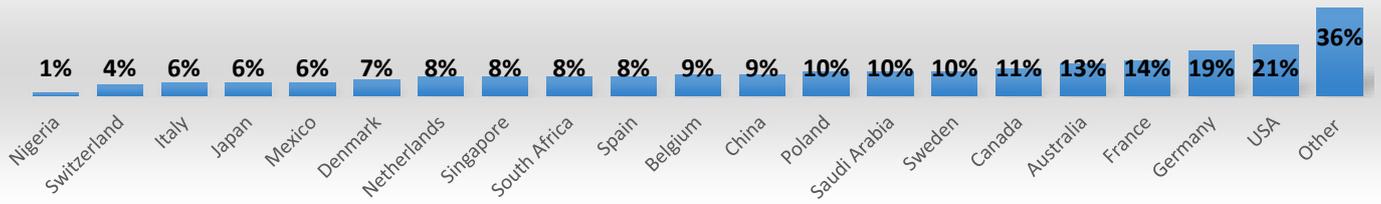


Figure 8

What effect will the brexit referendum have on plans to grow investment into your business in ireland?

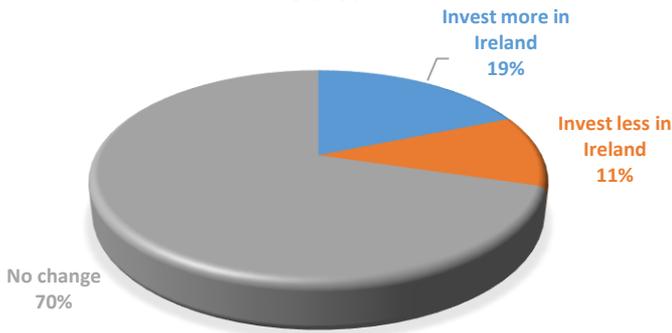


Figure 9

Will the result of the UK referendum have an impact on your company's plans to increase, decrease or maintain staffing level?

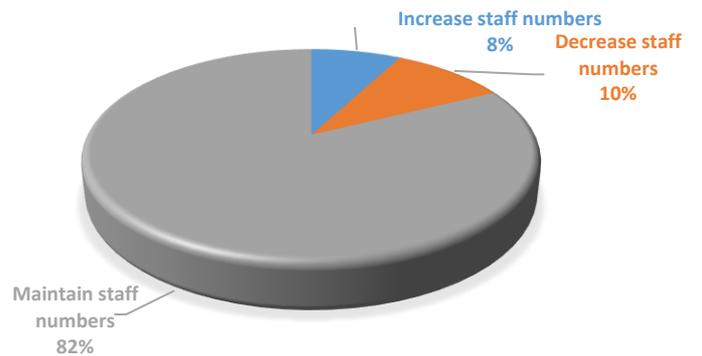


Figure 10

Do you think a favourable UK-EU trade deal would be positive or negative for:

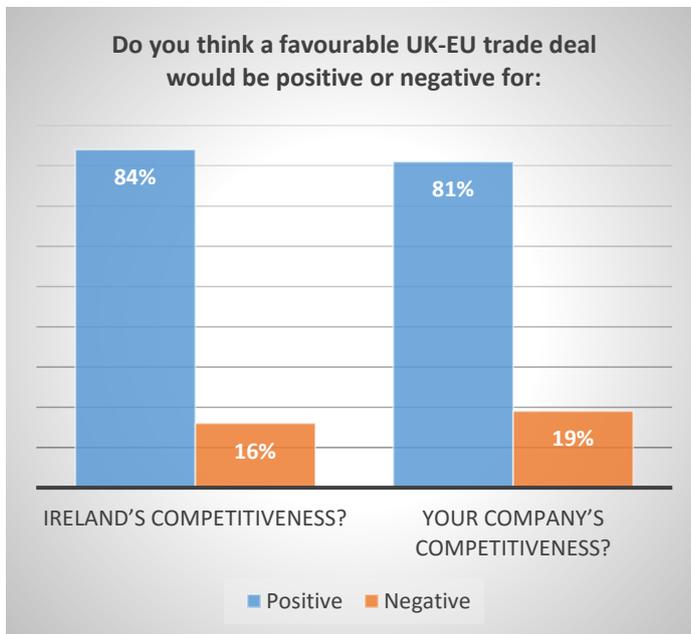


Figure 11

What percentage of your company's exports are to the UK?

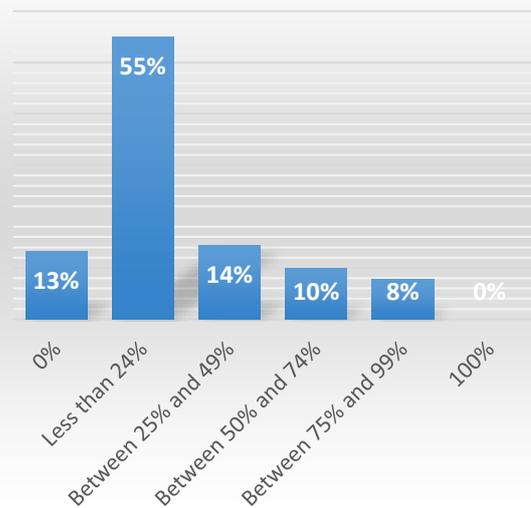


Figure 12