

Majority of exporters fail to hedge on pound



Irish Exporters CEO Simon McKeever. Photo: Maxwells Dublin



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More than half of exporters dealing in sterling haven't hedged for the coming year, a survey suggests.

The study by the Irish Exporters Association also found that one-fifth of members surveyed have seen a fall in exports to the UK, while almost nine in 10 see the possible introduction of customs procedures as having the biggest impact on their business.

Almost 80pc see negative implications from currency fluctuations.

"We are now one year on from the UK voting to leave the EU and the prognosis for the Irish export industry shows that the impact will be severe," said Irish Exporters CEO Simon McKeever.

"Our latest survey results are showing exporters are over-reliant on trade with the UK and some members are reporting their exports to the UK are decreasing.

"The extended period of uncertainty and the impact that this is having on sterling is hitting them hard."

The pound has swung from about 93p back to around 88p in recent weeks, but analysts expect it to weaken once again as Brexit uncertainty continues.

The survey also found that since the UK referendum last June, 21pc of members surveyed have said that their exports to the UK have decreased, 17pc have increased and 62pc have remained at the same level. A further 12pc plan to decrease their level of trade over the next six months. It also found that 55pc of those dealing in sterling have 0pc of the next 12 months sterling receipts hedged.

Beyond Brexit, business worries include the housing market, broadband provision, and the "poor" regional road network.

It said these issues could dissuade companies from investing here.

Almost two-thirds have said their cost base has increased over the last six months.

Firms identified price increases in the cost of labour, insurance, exchange rates and raw materials.

Just 3pc of members surveyed feel that the Irish taxation system helps the self-employed.

"Only 3pc of IEA members surveyed feel that the Irish taxation system is supportive of the self-employed and poor regional infrastructure in roads and broadband is affecting businesses around the country," Mr McKeever added.

"Investments need to be made strategically to maintain long-term growth and sustainability and in particular to help industry deal with Brexit.

"This will not only encourage and grow indigenous Irish business but grow investment and pragmatically encourage FDI throughout the country."

Meanwhile, a separate survey by Bibby Financial Services Ireland found that nearly two-thirds of SME's cite rising overheads/costs as the greatest challenge to their business right now, and over the coming 12 months.