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IRISH exporters association

Exporters call for Brexit help in budget

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Simon McKeever, the IEA chief executive, with Kevin Vickers, the Canadian ambassador to Ireland LIAM BURKE/PRESS 22

The Irish Exporters Association has warned the government to secure state aid exemptions from Brussels and improve the tax system for self-employed workers in next month's budget to protect against the impact of Brexit and improve competitiveness.

In a submission to the government before the October budget, the association said that Ireland's tax system should be overhauled to improve competitiveness as a survey of its members showed only 3 per cent considered it to be supportive of self-employed people.

The Irish Exporters Association (IEA) called for increases to the earned income tax credit and for changes to capital gains tax.

In last year's budget Michael Noonan increased the earned income tax credit for self-employed workers from €400 to €950. The equivalent credit for PAYE workers is €1,650.

Simon McKeever, chief executive of the IEA, said its members needed help to reduce their over-reliance on the UK market as they continue to deal with the falling value of sterling.

“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," Mr McKeever said. “The extended period of uncertainty and the impact that this is having on sterling is hitting them hard.

Mr McKeever said that poor regional infrastructure in roads and broadband is also affecting Irish businesses.

Frances Fitzgerald last week confirmed that the government had not requested that Brussels relax EU state aid rules to help offset the effect of Brexit on Irish businesses.

The enterprise minister said the government was developing support measures for Irish firms that comply with state aid rules but added that the government would “move quickly” to seek a derogation if it considered it necessary to do so. Since the Brexit referendum in June last year, 21 per cent of IEA members surveyed said that their exports to the UK had decreased.

Almost eight in ten companies predict negative implications resulting from exchange rate fluctuations while 89 per cent expect changes to customs procedures to cause difficulty.

“Our key recommendations to government for budget 2018 included: state aid to provide subvention or compensation for companies overly exposed to sterling fluctuations; significant and strategic investment in Irish regional infrastructure including road networks; and broadband connectivity to retain and grow investment, jobs and population regionally,” Mr McKeever said. The IEA also called for the National Training Fund to be restructured to increase the availability of training opportunities for those in employment.

“It is critical for the government to recognise how vital Irish exporters are to our nation’s economic growth and use this year’s budget to maximise the opportunities that arise from an increase in global demand,” Mr McKeever said.

Of the member companies surveyed by the IEA, 65 per cent said that their cost base had increased in the past six months, with firms identifying increases in the cost of labour, insurance and raw materials.