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IRISH exporters association

Brexit aid package is just 'bare minimum' required

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A package of measures, including a state-backed SME loan guarantee scheme, cash supports for farmers and extra staff for state agencies, is the "bare minimum" required to help businesses deal with Brexit, it has been claimed.

The Government is rolling out a €300m scheme to support the provision of cheap loans to small and medium-sized firms exposed to the ill effects of Brexit.

Exporting companies in particular have been hit hard by the weakening of sterling, and the Government has been trying to get firms to diversify away from the UK market.

Firms with fewer than 500 staff will be eligible for the loan scheme, which will provide cash at an interest rate of around 4pc through commercial lenders via the Strategic Banking Corporation of Ireland.

A minimum of 40pc of the scheme must be made available for food businesses.

"The Brexit loan scheme will reduce the cost of borrowing and provide much needed headroom to viable businesses at this uncertain time," said Tánaiste and Minister for Business Frances Fitzgerald.

The state, in conjunction with the European Investment Bank, will provide the guarantee for the loans, rather than liquidity.

But the scheme will not be up and running until March, and the Tánaiste was unable to say how many firms would be able to benefit.

The total Exchequer cost of the scheme next year will be €23m, with the Department of Business, Enterprise and Innovation contributing €14m and the Department of Agriculture providing a further €9m.

Finance Minister Paschal Donohoe said the scheme will give SMEs time to put in place the necessary changes to help their businesses grow into the future.

In addition, an extra €3m has been provided to the Tánaiste's department to recruit an extra 40 to 50 staff across state agencies. Enterprise Ireland will receive an extra €1.3m, the IDA will get €700,000, Science Foundation Ireland will receive €400,000 and the Department will get €200,000.

Some €50m is being made available for the Department of Agriculture, including €25m for the development of further Brexit response loan schemes for the agrifood sector.

Mr Donohoe also told the Dáil that the 9pc VAT rate for the hospitality sector would be retained to help tourism-related business weather Brexit.

The Irish Exporters Association (IEA) said the establishment of the rainy day fund with at least €1.5bn transferred to it from the Ireland Strategic Investment Fund and annual contributions of €500m is an important step to insulate Ireland from global uncertainties, including Brexit.

But IEA chief executive Simon McKeever said there is as yet no real clarity around the Brexit loan scheme yet. He welcomed the increased funding for Government departments and state agencies.

"However, in the face of the significant threat that Brexit poses to our economy it is our view that these measures are the bare minimum the Government needs to do," he said.

Fianna Fáil's Brexit spokesman, Stephen Donnelly, said the commitments must be followed through on.

"This year, it was found that the first six months saw only one third of the announced Brexit staff in state agencies put into place. With the clock ticking, we cannot afford to continue the laissez-faire attitude to preparing Irish businesses to deal with the Brexit challenge."

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