

# Essential Brexit Guide for Small Firms



The Voice of Small Business

SFA Business Bytes

**Date:** 9/11/2016  
**Author:** Patricia Callan

Here  
Be  
Dragons



# Economic Overview

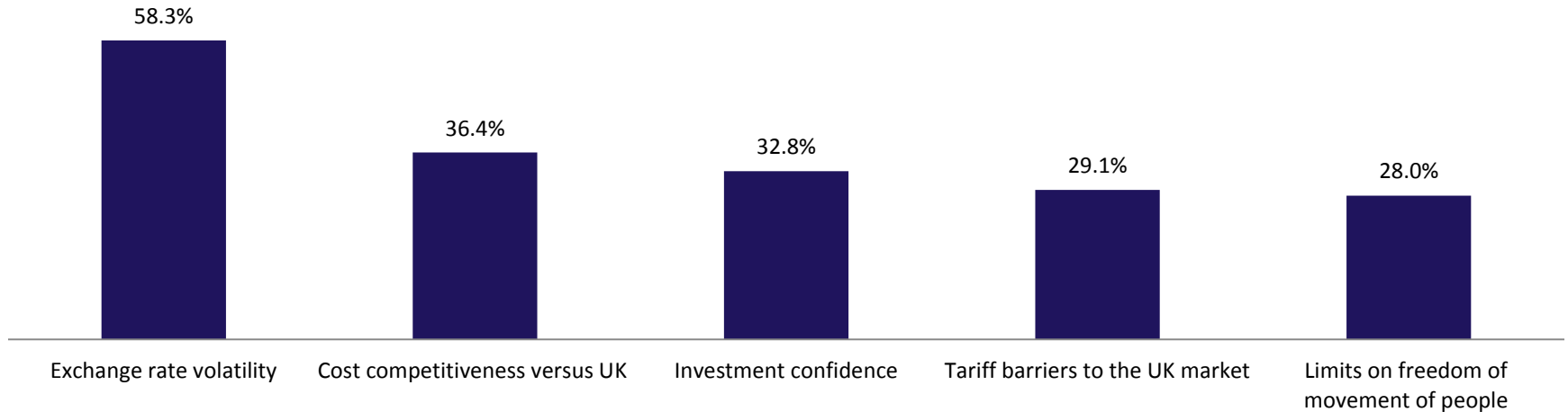
## 26% growth a function of MNE activity – real economy closer to 5%

### Economic indicators annual % change

	2015	2016	2017
<b>Consumer spending</b>	4.5	4.9	3.5
<b>Investment</b>	34.5	7.9	7.2
<b>Exports</b>	34.4	5.9	5.2
<b>Imports</b>	21.7	7.1	6.6
<b>GDP</b>	26.3	3.9	3.2
<b>Underlying domestic demand</b>	4.6	3.9	4.3
<b>Employment</b>	2.6	2.8	2.1

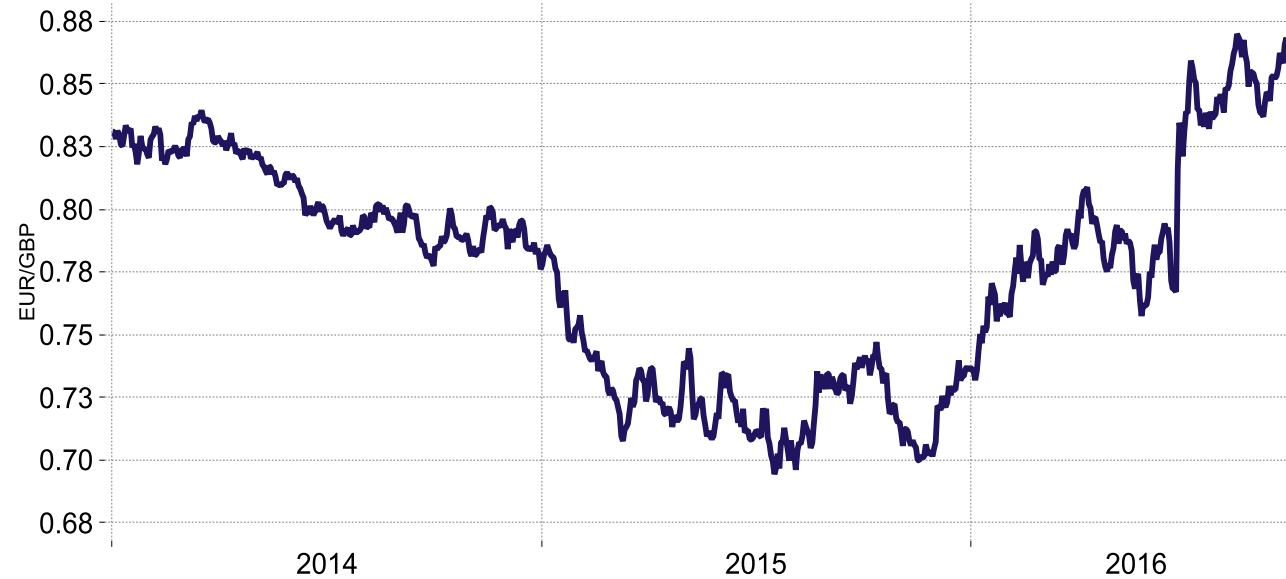
# Feedback from member survey & anecdotal suggests exchange rate the big immediate concern

Firms identifying issues as among top 3 Brexit challenges (%)



# Brexit impact mainly in exchange rate for 2016

**Sterling exchange rates**

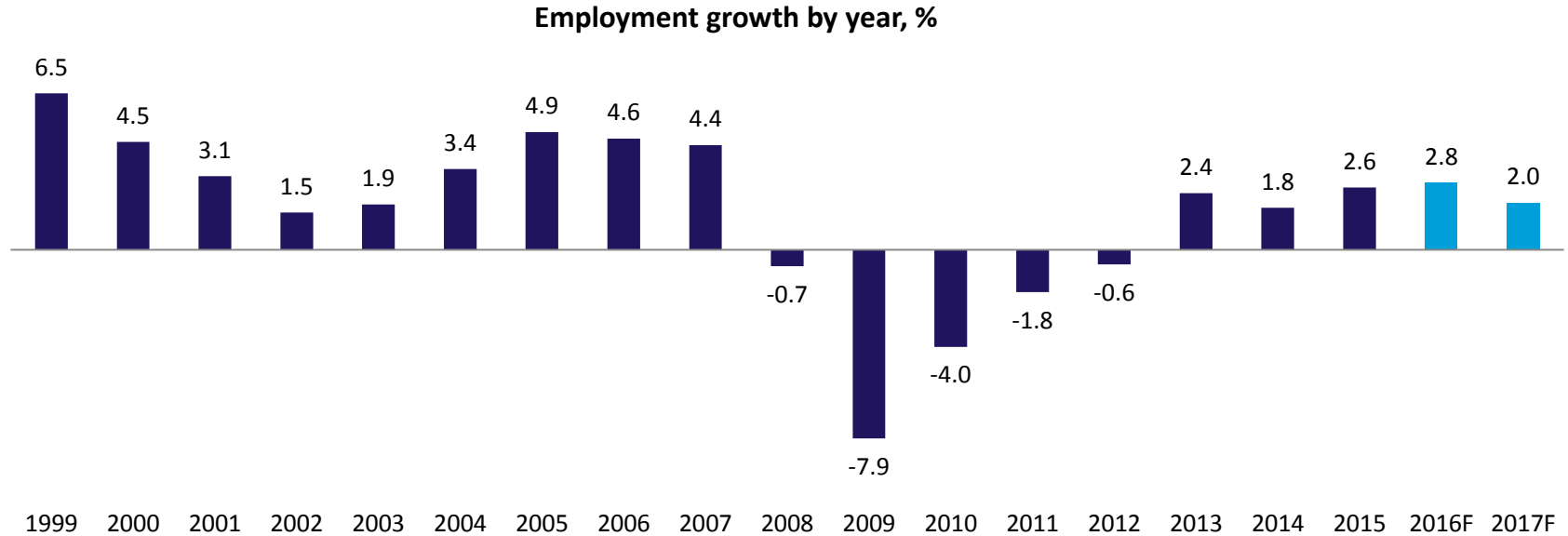


- Prospect of 'Hard Brexit' worst of all options
- Chance of benign outcome now reduced significantly
- Growth likely to slow somewhat this year but down toward 3% next year
- Growing uncertainty about future years

	Indigenous exporter	MNE
Domestic spend	€21bn	€20bn
Employment	143,248	142,791
Exports	€17bn	€134bn

- Indigenous firms only account for 11% of exports; as such aggregate exports may still experience strong growth to the EU, US and elsewhere, however....
- .....indigenous exporters spend as much in the domestic economy through purchases and wages as the multinational exporters
- They also employ as many people - have been responsible for 75% of the employment recovery in the exporting sector particularly in rural areas

# Employment, the best domestic indicator, is still strong

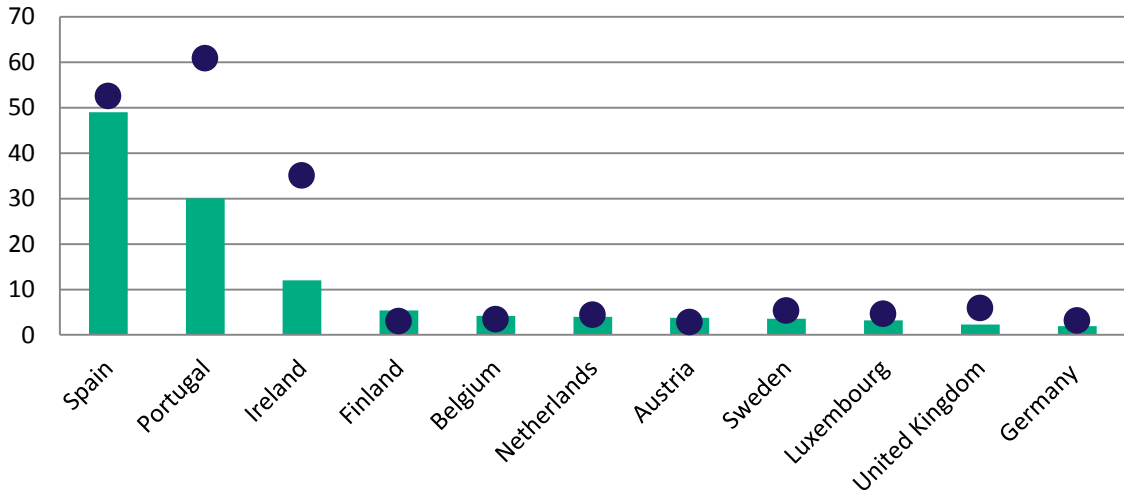




# Labour market tightening quickly

Unemployment to vacancy ratio

■ Q1 2016 ● Q1 2012



- Short-term unemployment at pre-crisis levels
- Return of net immigration will take some pressure off
- But legacy pay claims for incumbents
- Internal HR surveys shows reasonable pace of claims at around 2%

# Opportunities and Risks

# The Opportunities

- ❖ Domestic Economic Growth
- ❖ New brand or marketing campaign
- ❖ New products
- ❖ Specific Sectoral Opportunities
- ❖ Exporting
- ❖ Acquisitions
- ❖ Trading Online
- ❖ Government/EU Funding or Contracts

# The Risks

- ❖ Wage Inflation
- ❖ Domestic Economic Stagnation
- ❖ Brexit/Sterling Exchange Rate
- ❖ Difficulties in Attracting Talent
- ❖ Legislative/Regulatory Burden
- ❖ Instability of the Minority Government
- ❖ Other Business Costs
- ❖ Cashflow
- ❖ Debt

# Priority for Investment

- ❖ Staff
- ❖ Brand Development
- ❖ Machinery
- ❖ IT
- ❖ Premises
- ❖ Market Research

# Priority Actions for Brexit Response

# SFA Lobbying

- ❖ Bilateral meetings with Minister for Jobs, Enterprise & Innovation, Mary Mitchell-O'Connor, TD
- ❖ Bilateral meetings with Brexit Response Unit – DJEI, D/Finance, EI, SBCI
- ❖ Oireachtas Symposium on Brexit
- ❖ All-Island Civic Dialogue
- ❖ Joint Oireachtas Committee on Jobs, Enterprise & Innovation
- ❖ Standing agenda item on all government committees
- ❖ Media
- ❖ Government Brexit Workshops

# Key Asks - Immediate

- ❖ Lobby EU for temporary state aid rule changes – Enterprise Stabilisation Fund / Job Support Measures
- ❖ Financial Supports – SBCI low-cost finance / export financing
- ❖ State Agencies – market diversification
- ❖ Public Awareness Campaign – “support Irish food producers and retailers”
- ❖ Extend On-line Trading Voucher Scheme



# Key Asks – Short to Medium term

- ❖ National Strategic Plan to deal with Brexit – risks and opportunities
- ❖ Self-audit for all businesses
- ❖ Exit negotiations – Ireland’s special position; UK to remain as close to European single market as possible
- ❖ Preserve common travel area and open border
- ❖ Cost-competitiveness
- ❖ Tax Competitiveness

# Questions?



The Voice of Small Business

## Your Input:

# What is your experience?

# What do you need?

*Further Information:*

Patricia Callan, SFA Director

01 6051602 / 087 6999345; [patricia.callan@sfa.ie](mailto:patricia.callan@sfa.ie)

[www.sfa.ie](http://www.sfa.ie) / [www.sfa.ie/awards](http://www.sfa.ie/awards) ; Twitter: @SFA\_IRL



The Voice of Small Business