

Irish companies told to ramp up contingency plans after UK Brexit vote

‘Radical recalibration’ of business models may be required

Irish businesses have been urged to intensify plans for a no-deal Brexit following Tuesday’s historic House of Commons defeat of UK Prime Minister Theresa May’s withdrawal agreement.

Companies have been advised to carry out steps to ensure continuing of supply for customers by engaging with suppliers to assess potential impacts. They should also review contracts and exchange rate exposures. Consulting firm [PwC](#) called upon retailers and manufacturers to carry out detailed reviews of their supply chains to ensure “day one readiness” can be achieved.

Tariffs

“Brexit poses a real threat to organisations operating models as tariffs and non-tariff barriers drive cost. In order for product to move freely between the UK and Irish markets, businesses need to understand and comply with all new customs processes,” it said.

The advice comes the morning after a resounding defeat for Ms May’s withdrawal agreement in Westminster that increases the possibility of a disorderly Brexit. “We remain hopeful a resolution can still be found putting an end to the uncertainty. However, in the absence of an alternative arrangement, ‘no-deal’ remains the default outcome. Irish businesses need to intensify their no-deal contingency planning,” said managing partner Feargal O’Rourke.

He said a “radical recalibration” of business models may be required for Irish companies in the near future. “No matter what the outcome, organisations will continue to transact business, and will need to adapt to any new circumstances,” O’Rourke added.

The [Irish Exporters Association](#) has also urged companies to urgently implement no-deal contingency measures saying Ms May’s defeat leaves few options on the table.

Chambers Ireland said the vote only serves to prolong the difficult position that many Irish businesses have found themselves in. “Ultimately a “no-deal” departure on 29 March is not a credible or viable outcome for either the UK or the EU economies. Nonetheless we must prepare as best we can in the time left to us,” said chief executive [Ian Talbot](#).

Deal

The British Irish Chamber of Commerce said ratification of Ms May’s deal would have been an important step forward in resolving the Brexit issue.

[Bank of Ireland](#) said it is to increase its unsecured foreign exchange fund to €50 million in the wake of the vote to meet customer demand. This supports businesses in proactively managing FX and interest rate risk, fixing their foreign exchange exposure at competitive market rates on the day they agree a contract with a customer or supplier, protecting their profit margins from adverse currency movements. Elsewhere, the [Irish Data Protection Commission](#) and its UK equivalent, the Information Commissioner’s Office, have both set out guidance on what companies should do if a disorderly Brexit takes place. The guidance highlights the main implications of a “no deal” Brexit for businesses transferring personal data between Ireland and the UK, and the precautionary measures companies should be putting in place in order.