

Business needs to prepare for a 'crash-out Brexit'

The outcome of Brexit may be uncertain, but business cannot afford to take a 'wait-and-see' approach, according to the Irish Exporters Association.

There are big international companies with global teams who are looking at Brexit, who are ready for it, and who have taken action around stockpiling, said Simon McKeever, CEO of the IEA. However, he is concerned that a large number of companies are still waiting to see the shape of Brexit.

"My sense is that some of them are looking at what is going on in the UK, and are still not quite sure what this is going to be," Mr McKeever said.

"At the other end of the scale, we have companies who are only beginning to look at this. I spent an hour on the phone to a couple of companies on Monday, and they are only beginning to get their head around the implications of all of this."

"My heart is telling me that this is too awful, that it can't happen, but my head is saying right now, there is a massive increased risk of a crash-out Brexit and we really need to make sure that we are ready for that," Mr McKeever said.

Looking ahead to the post-Brexit world, the IEA chief executive gave the example of export certificates.

These are customs declarations, safety and security declarations, transit declarations, and currently 1.7 million declarations are filed with customs in Revenue every year. In the case of a hard Brexit, they are expected to increase to around 50 million.

The equivalent figure in the UK would see an increase from 50 million to 200 million. Mr McKeever said the people with the skills to file these declarations are not in the country.

"Revenue will want those declarations in - ahead of the ship leaving the harbour three to four hours in advance," he explained, but business will be affected if they do not have the ability to do the paper work on time.

Other countries in the European Union are looking at putting a system in place where the ship will not be allowed to leave unless those customs declarations are filed in advance, he said.

The Irish Exporters Association would like the Government to be more proactive in this area. "I was talking to a shipping company earlier on in the week and there has been no contact with them from the Government to see if there's any capacity, any way of getting another ship on the route."

"The Government has done a very good job to this point, but in terms of managing the message that we have seen so far, it has all been based on there being a deal and clearly there is a risk of there being no deal, and companies really need to be stepping up their preparations for that."

He said the Government needs to start talking to the EU to see if there is going to be funding made available for companies that are directly impacted.

He advised companies, even if they haven't started looking at this, if they do nothing else, they should look at their outward and inward supply chain. "Look at the risks that are in it; look at the implications of tariffs, look at routing," Mr McKeever advised.