

BREXIT BUSINESS SURVEY

Results 26th July 2016



THE BRITISH IRISH CHAMBER OF COMMERCE

Maintaining Focus on Two Way Trade

The Chamber plays a vital role in maintaining focus on the value of two-way trade between the United Kingdom and Ireland, for business, for our governments and our communities. Every week, over €1.1 billion of trade is conducted between the two islands. This trade sustains over 400,000 jobs directly, and many more indirectly. British Irish Chamber member businesses employ almost 2 million people globally.

Informing and Influencing

The Chamber enables vital access between governments, policymakers, industry and employers for the benefit of all. It ensures viewpoints are heard and respectfully discussed and champions cooperation for the mutual interests of all our stakeholders.

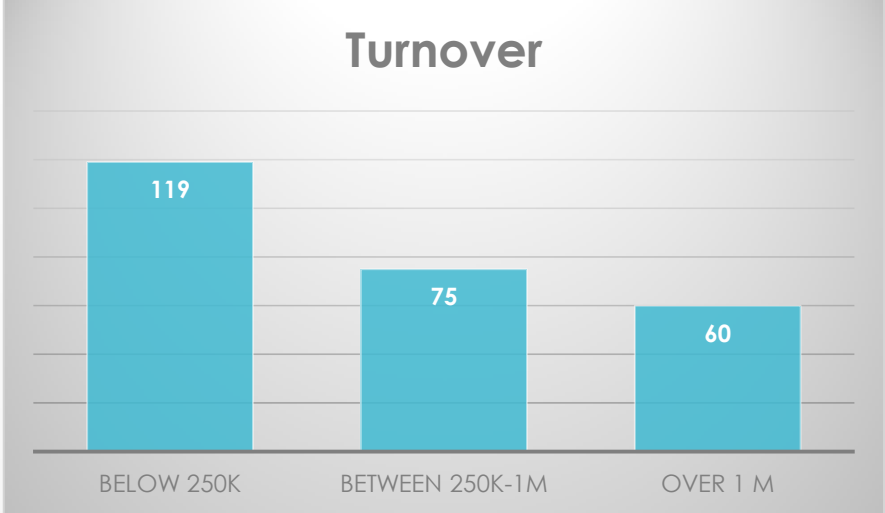
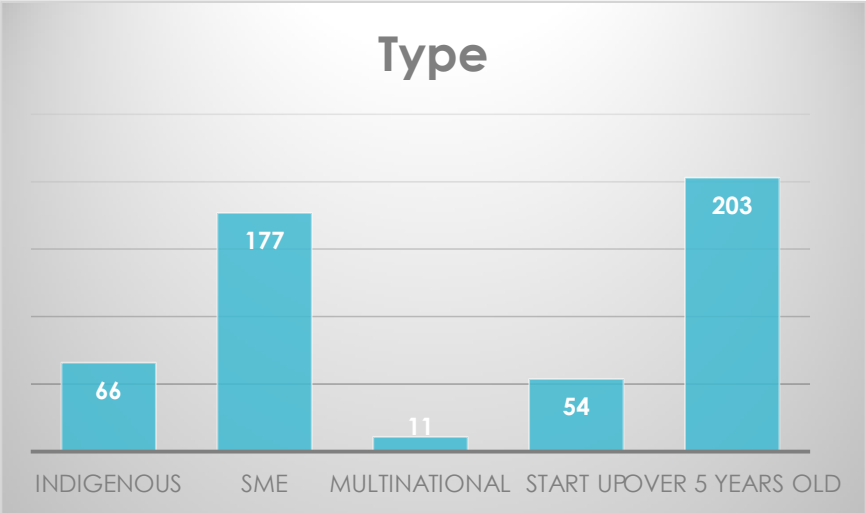
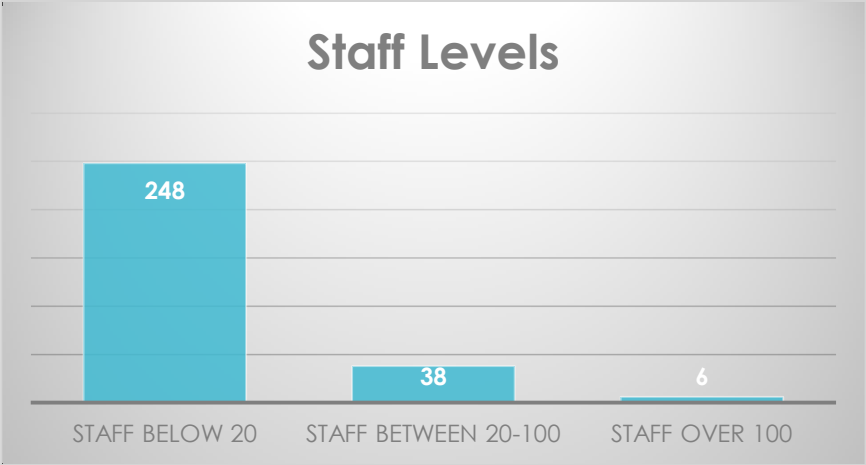
Mission

Core to the Chamber's mission is a commitment to promote the interests of members in the combined business space. By engaging with stakeholders in business, governments, political parties and like-minded trade organisations and the informed media, the Chamber is **the** focal point of British Irish business.

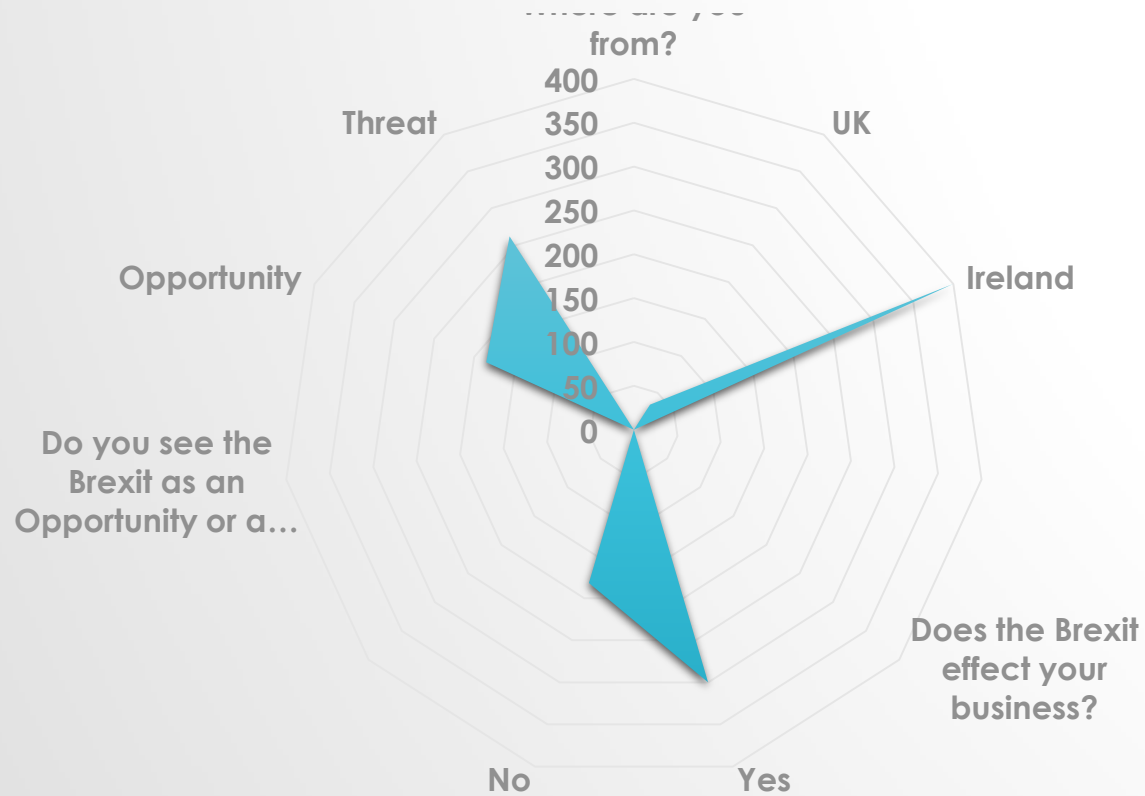
SURVEY METHODOLOGY

- The British Irish Chamber of Commerce has conducted a rolling survey of SME's, mainly Irish based, on their reactions to the recent UK EU Referendum result.
- The BICC survey went live on the 15th July 2016.
- The survey was distributed to targeted contacts initially and was then more broadly made available through social media and web activity.
- As of 25th July 488 companies participated in the survey.
- Participants answered the questions most important to them whilst others were found to be not specifically applicable.
- The Underlying data and responses contained in this summary is available in excel format from the Chamber upon request.

DEMOGRAPHICS OF THOSE SURVEYED:



INSIGHT



The survey indicates that, in general, Irish firms believe Brexit will threaten their business.

Where are you from?

UK	34
Ireland	400

Does Brexit affect your business?

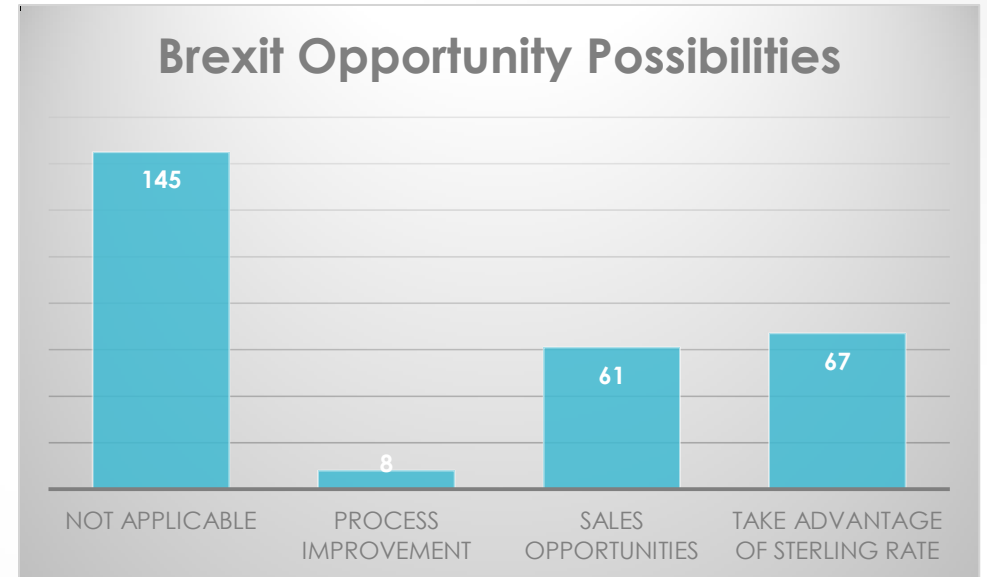
Yes	300
No	182

Do you see Brexit as an Opportunity or a Threat?

Opportunity	185
Threat	262

PLEASE DESCRIBE ACTIONS YOUR BUSINESS ARE TAKING TO CAPITALISE ON ANY OPPORTUNITIES THAT MAY ARISE FROM BREXIT (NOTABLE COMMENTS):

Opportunity Possibilities	Count of Opportunities
Not Applicable / None	145
Process Improvement	8
Sales Opportunities	61
Take Advantage of Sterling Rate	67
Grand Total	281



Notable Feedback:

'We are training more staff in Customs Clearance'

'Seeking to move head office to EU country'

'Insisting that sterling invoices are paid in euro unlike heretofore. 2, contacting the chambers of commerce in the Border areas to let SME's in Northern Ireland and the rest Britain who export into the EU know that they can move their centre of operations to the Republic to minimise the disruption to their business post Brexit.'

'We stopped buying produce from England altogether over the last few years as it was just too expensive. There was a time when we would load two containers per week of fruit and veg from Covent Garden. With the devaluation of the pound I think it will now become more affordable for us to do business with the UK in the future.'

PLEASE DESCRIBE ANY FURTHER ACTION YOUR BUSINESS MAY BE TAKING TO PROTECT ITSELF FROM THE POTENTIAL RISKS OF A BREXIT:

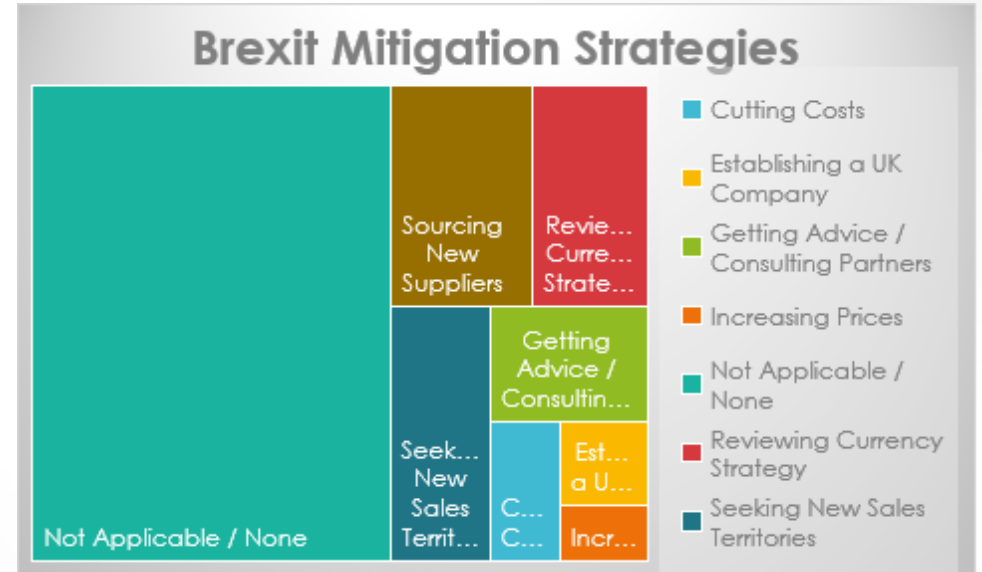
Notable Comments:

'I will hold off on major investment decisions until I see how the Irish economy fares post Brexit. Ireland is heavily reliant on the British market and the current political turmoil won't help matters.'

'Main risk is devaluation of sterling rendering us uncompetitive against UK and Northern Ireland imports. Our sector is very labour intensive, and very sensitive to differentials in the real cost of labour between Northern Ireland and Republic of Ireland. There are no realistic actions that can be taken to protect the business against a long term weaker sterling apart from putting off investments and perhaps closing manufacturing and importing from the sterling area instead.'

'We may have problems with our printers (we are a publishers) who are located in Northern Ireland.'

'Possibly shutting up shop after the devastating consequences of the first Financial Crisis of 2008. Brexit is Crisis mark 2.'

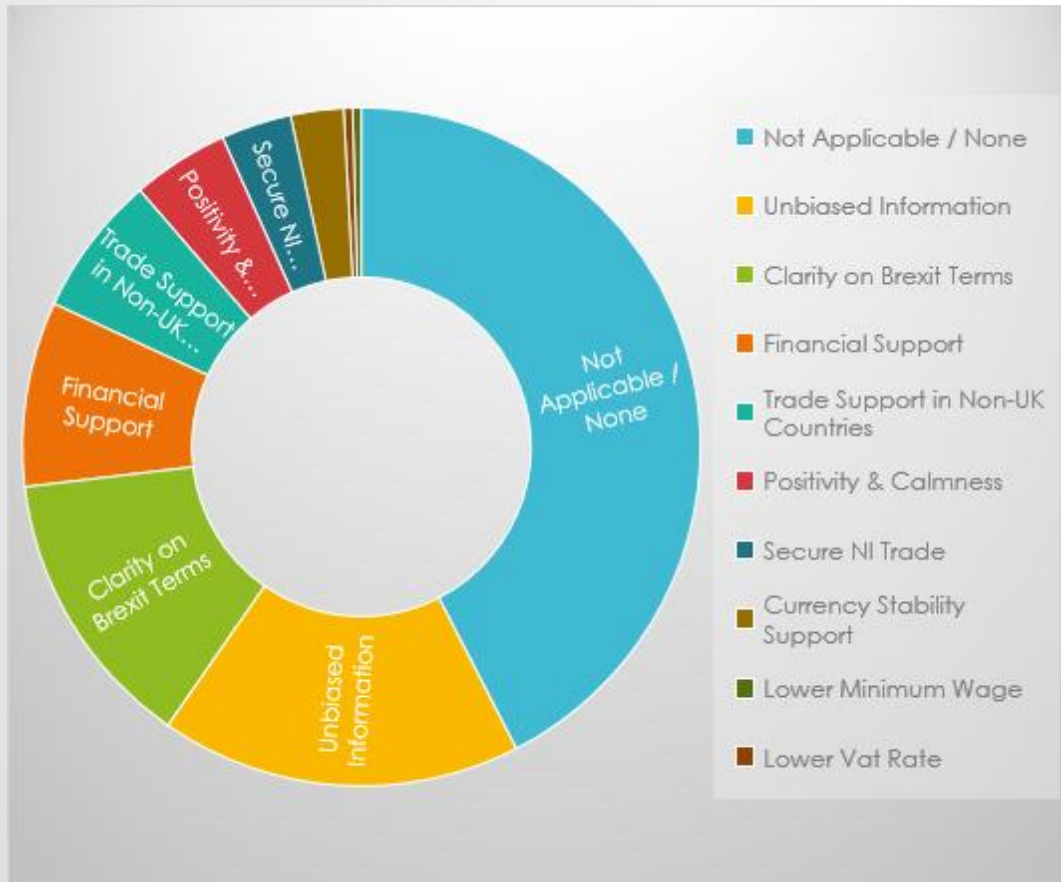


Brexit Mitigation Strategies	Count
Cutting Costs	8
Establishing a UK Company	6
Getting Advice / Consulting Partners	15
Increasing Prices	4
Not Applicable / None	141
Reviewing Currency Strategy	21
Seeking New Sales Territories	21
Sourcing New Suppliers	26
Grand Total	242

WHICH OF THESE ARE THE MOST IMPORTANT TO YOU (RANKED)?

1	A strategy to maintain access to the EU/UK markets?	179	46%
2	A strategy in the event of medium term economic retrenchment? (Lower sales)	123	32%
3	A strategy to become more competitive, to overcome any imposition of tariffs or other trade barriers?	106	27%
4	A hedging strategy to guard against currency risk?	105	27%
5	A strategy to engage with suppliers/customers to reassure them of your future plan?	105	27%
6	A commercial strategy with regards to the currency you will trade/invoice in?	86	22%
7	A strategy to diversify your trade outside of the EU/UK?	73	19%
8	A strategy to manage regulatory uncertainty in dealing with the EU/UK market post Brexit?	71	18%
9	A strategy to handle longer inter-country transport journeys, for your goods, because of borders?	62	16%
10	A strategy to secure short / medium funding for your business?	60	16%
11	A commercial strategy to manage credit risk more assertively?	48	12%
12	A commercial strategy with regards to domicile, taxation, financial reporting etc.?	46	12%
13	A strategy to review legal contracts, terms and conditions etc. to mitigate risk of a Brexit?	45	12%
14	A strategy to retain and continue to attract non-national employees?	27	7%
	Total Participants Addressing this Question	386	

WHAT SUPPORTS DO YOU NEED TO DEAL WITH EFFECTS FROM BREXIT?



Notable Comments

'Advance notice to be sent to importers and exporters to encourage them to prepare for clearing their shipments through Customs and paying Duty / VAT at the point of entry on imports'

'If a hard border is imposed with customs etc trade between towns on either side of the border will drastically reduce and return to 1980's levels when these areas were devastated with mass unemployment. As I live and work in a border town a drop in footfall would affect my business greatly. In this scenario both areas north and south of the border would need to be grant aided and tax relief given to set up business in these areas.'

'The support our whole industry needs but it is a bit like the elephant in the room is to STOP BELOW COST selling of fruit & veg . This is slowly wiping out all of the small operations in our industry. Fruit & Veg will continue to be the main battle ground for the Lidl's and Aldi's to wage war as no matter how cheap there produce is customers can only buy enough for the week. Selling at these prices is actually against the law in France and Germany. Minister Richard Bruton only really care's about big business multi-nationals.'

WHAT OTHER QUESTIONS DO YOU HAVE WITH REGARDS TO BREXIT?

'I buy fresh flowers from a wholesaler that import flowers via the UK. What say do I have in the import and export prices that the UK will set?'

'What is being done now to help consumer confidence in trade between the UK and Ireland particularly Irish consumers purchasing services from the UK?'

'Corporation Tax being lowered in the UK may have an impact here in Ireland what plan does the government have or is starting to review a strategy to combat this?'

'What implications on distribution and agency contracts will take place given that on sales there is an implication on both jurisdictions...? Given the vat directive, the processes allowed by Revenue on the movement of goods, exempted vat, triangulation, financial regulation 8, etc. what implications are there on internet sales?'