



Brexit Already Impacting SMEs North and South of the Border

- 41% of SMEs in NI are already feeling a negative impact, compared to 26% of SMEs in ROI.
- Only 8% of ROI and 9% of NI SMEs believe Brexit is having a positive impact on their business.
- 54% of ROI and 50% of NI businesses are pessimistic about the effect Brexit will have on their business in the medium term (next 5 years).

The inaugural [AIB Brexit Sentiment Index for Q3 2017](#) has found that SMEs across the entire island of Ireland are already feeling the impacts of Brexit. The quarterly index of over 700 SMEs in the Republic of Ireland (ROI) and Northern Ireland (NI) has been designed to measure and track the impact of Brexit uncertainty on SMEs across the Island of Ireland, in the run up to the March 2019 deadline. The Brexit Sentiment Index baseline is zero, with a potential range from +100 to -100.

Overall, SMEs in ROI are slightly more pessimistic, registering -41 on the sentiment index, compared to SMEs in NI at -38. With participants across a broad range of sectors, sentiment is currently similar for SMEs in both ROI and NI. However, a greater proportion of businesses in NI have experienced an immediate Brexit impact, and SMEs throughout the island of Ireland do not believe this will improve in the immediate future.

To date, currency fluctuations are benefiting those in ROI that are importing from the UK (51% of SMEs do so) while the 20% who export to the UK have been feeling the cost of weaker sterling. Some of these SMEs are both importing from and exporting to the UK, so have some opportunity to lessen their currency exposures.

These fluctuations are also impacting the cost of sales on both sides; only 10% of SMEs in ROI believe the cost of sales are higher as a result of Brexit, compared to 56% of SMEs in NI.

When it comes to future planning, more SMEs in NI (31%) are currently reviewing, postponing or cancelling plans to invest or expand the business compared to 18% of SMEs in ROI.

For both ROI and NI SMEs, tariffs and the border are areas of confusion and concern:

- 69% of SMEs in ROI are not aware of tariffs that might impact their goods / services compared to 65% of NI SMEs surveyed.
- 63% of ROI SMEs surveyed believe the border will be close to what we have now, slightly more SMEs in NI agreed with this statement at 76%.
- Again, ROI SMEs were less optimistic about a soft border; 37% surveyed believe there will be a hard border, compared to 24% of NI SMEs.

Commenting on the findings, Robert Mulhall, Managing Director of Retail & Commercial Banking Ireland at AIB said: "In AIB we are actively supporting our customers to prepare for Brexit. We have 21 Brexit Advisors across our Local Markets who are working with business teams to build an

understanding of the implications of Brexit on different sectors. We find a lot of businesses, in particular smaller ones, are not yet preparing for Brexit given the lack of clarity. We strongly encourage them to plan now on the basis of a worst case scenario.”

He continued “AIB is committed to supporting businesses in managing these challenges and risks as well as helping businesses realise opportunities. We are supporting our customers’ needs, whether that is managing their foreign currency exposure, supporting increased working capital requirements, funding for new capital expenditure or development of new routes to market. We are also running Brexit readiness seminars across the country to better equip our customers for Brexit, drawing on the expertise from the likes of Pascal Lamy, formerly of the World Trade Organisation, and Catherine Day, formerly of the European Commission.”

In individual sectors, the Tourism & Hospitality sector in ROI is least optimistic, so ranked lowest on the Brexit Sentiment Index at -51, compared to Retail -41, Transport & Logistics -41, Manufacturing -40, Technology, Media and Telecoms -38, Food & Drink -35 and Professional Services -31.

The quarterly index will help inform AIB on the needs and solutions required by customers as Brexit evolves.

Ends

Notes to editor

The AIB Brexit Sentiment Index is based on detailed telephone interviews conducted by Ipsos MRBI from its call centres in Dublin and Belfast amongst 500 SMEs in the Republic of Ireland and 200 in Northern Ireland, operating in a number of key defined sectors.

Further information: Paddy McDonnell, AIB Press Office 01 641 2869 / 087 739 0743, paddy.x.mcdonnell@aib.ie