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Three quarters of Republic of Ireland SMEs, two thirds of those in Northern Ireland say Brexit is having no impact so far, with concerns around future impact & visibility

- SMEs continue to feel broadly negative about Brexit, with ROI businesses increasingly concerned about its future impact while NI SMEs are concerned about lack of visibility.
- Tourism, Manufacturing, and Food and Drink sectors most negative about Brexit in the Republic of Ireland. Retail and Manufacturing most negative in NI.
- One quarter of businesses who had planned to invest in and expand their business pre-vote are now reviewing those plans while over one in five have postponed or cancelled them

The [AIB Brexit Sentiment Index for Q1 2018](#) reveals that the majority of SMEs both north and south of the border have yet to feel any impact from the proposed withdrawal of Britain from the European Union, but do have concerns. The majority of SMEs on both sides of the border have also yet to put a formal Brexit plan in place. Only 4% of SMEs in the Republic of Ireland (ROI) and 2% in Northern Ireland (NI) have done so.

The research finds that the sectors which are most negative about Brexit in the Republic of Ireland are Tourism, Manufacturing and Food and Drink.

AIB's Brexit Sentiment Index conducted by Ipsos MRBI, is a quarterly survey of more than 700 SMEs in the Republic of Ireland (ROI) and Northern Ireland (NI) that assesses the attitudes of SME business leaders on Brexit and its impact on their businesses.

The Brexit Sentiment Index baseline is zero, with a potential range from +100 to -100. Overall, for Q1 2018, the Index registered a score of -41 for ROI and -31 for NI. This means the ROI regresses to the level last seen for Q3 2017, meaning SME business leaders are slightly more negative in their outlook when it comes to the impact Brexit may have on their businesses than in Q4. Northern Ireland, while still broadly negative about Brexit, is becoming slightly less so, with a Sentiment Index score of -31, having been at -41 in Q4 2017.

ROI business sentiment has become more pessimistic about the impact of Brexit on future business, at -53. Sentiment among NI businesses, while still pessimistic, has become less so, at -29 (-41 in Q4 2017).

Commenting on the findings, Catherine Moroney, Head of Business Banking at AIB said "Not surprisingly, the overall Brexit Sentiment index for ROI has declined as more businesses can see the impact Brexit will have on their business and the wider economy in the future. There is increased negativity regarding the future impact on business."

The negative sentiment expressed by SMEs in both ROI and NI has also weighed on their plans to invest in and expand their businesses. Prior to the Brexit vote, 42% of SMEs in ROI and 41% in NI had plans to invest in their businesses. "However, one quarter are now reviewing those plans while over one in five have postponed or cancelled them. It is key that businesses review the impact of Brexit

on their business and plan accordingly. Mitigating the effects of Brexit may require investment to deliver cost efficiencies, new market opportunities and alternative supply chains” she added.

Catherine continued “We advise SMEs to start investigating the impact that Brexit will have on their business and use the support resources available from AIB, InterTrade Ireland, Enterprise Ireland, Bord Bia, accountants and advisors. AIB is keen to support our customers to prepare for life post-Brexit. Our 21 Brexit Advisors are focussed on supporting customers to manage the challenges and take advantage of the opportunities that Brexit will present.”

AIB’s Chief Economist Oliver Mangan outlined the current impact of Brexit “For those businesses that are being impacted, the effects mainly stem from adverse currency movements and lower consumer confidence and uncertainty. The sectors most impacted by Brexit to date are tourism in the Republic, reflecting lower visitor numbers from the UK, and retailing in Northern Ireland, probably due to the higher costs of imports. Both of these are directly related to the weakness of sterling.”

AIB’s quarterly Brexit Sentiment Index will help inform AIB on the needs and solutions required by customers as plans for Brexit progress.

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Note:

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.

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