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50 Days to Brexit – Five ways to prepare for businesses – AIB

With just 50 days to Brexit, AIB is urging businesses to use these final weeks to ensure they are prepared as possible. On January 1st 2021 the transitional period will end and the UK will no longer be in the Single Market or Customs Union. Even if a trade agreement is reached, the way businesses trade with, or through, the United Kingdom will change significantly.

- **Businesses trading with the United Kingdom** will need additional Customs documentation prepared in advance to ensure the continued operation of their supply chain. It's important to ensure any direct or indirect impacts on their supply chain are understood. Staff may also need to be upskilled to deal with changes as a result of these additional Customs steps.
- **Businesses using the UK as a land bridge** to access European markets will need documentation that may take up to six weeks to complete. This documentation requires engagement with the Revenue Commission, followed by your putting in place the necessary Comprehensive Transit Guarantee*. Goods cannot travel through the United Kingdom without the correct documentation and clearances, including a bank guarantee for this transit procedure.

Catherine Moroney, Head of Business Banking – Market, AIB said “AIB has been working with customers to help them prepare for Brexit for more than four years. Now, with only 50 days left until the transitional period ends with the United Kingdom, we are encouraging businesses who have not already done so to evaluate what impact Brexit may have on their supply chains, sub-supply chains, customers and their cashflow. Preparing in advance is key to ensuring that their businesses can continue to trade without interruption, so crucial this year after all the disruption businesses have already endured due to the Covid-19 pandemic”.

“Regardless of the outcome of the ongoing talks, how we trade with the United Kingdom will be changed forever after the 31st December and there are key actions that businesses can take right now, that will prove a good investment. It is highly likely that there will be increased costs related to Customs compliance, changes in the supply chain delivery times (at least temporarily) and possibly a level of tariffs. While it is possible that a Trade Deal in the coming weeks may remove the threat of tariffs, this is not guaranteed at this stage.

“While some of these costs will be recoverable, they will most likely result in an increased working capital requirement for many businesses, so they should ensure they have adequate financing facilities in place as a buffer to tide them through this transition phase. It is important that businesses engage with their banks in this regard.”

Five Steps to Prepare

1. **Check Your Business Brexit Exposure** across each key area. Businesses should carry out a full assessment of their supply chain and assess the impact Brexit may have on them, directly and indirectly (e.g. sub-supply impacts). Customers can take the [AIB Brexit Ready Check](#) on their mobile phone: this takes less than five minutes and can give a high-level indication as to areas businesses may need to address.

2. **Cashflow** - Additional supply chain costs will apply to businesses trading directly with and through the United Kingdom from January 1st - in addition tariffs may also apply. It is important that businesses put working capital lines in place early to meet these costs There are also specific supports to assist businesses who need to change their business model in any way in preparation for Brexit; for example, the Government- backed Future Growth Loan Scheme enables spreading the cost of any such investment for up to 10 years.
3. **Customs Documentation and Trade Route Preparation** - Businesses trading with or through the UK may need a Comprehensive Guarantee and these take time to put in place. Engaging with the Revenue Commissioners as soon as possible is the important first step in this preparation; the next is engagement with your bank to secure a Transit Guarantee Facility where required. Another option is to consider alternative supply/trade routes, but this also requires advance organisation.
4. **Foreign Exchange Risk** – One potentially significant impact of Brexit is a possible increase in exchange rate volatility. Businesses may need to take steps to help mitigate and manage their foreign exchange risk. Businesses should talk to their bank now, to ensure they have the facilities in place to help mitigate these risks.
5. **People, Training and Customer impact** – Businesses may need to train their staff to deal with Customs documentation. They may also need to discuss any potential impacts with customers and suppliers and agree new terms and timelines for delivery; it may also be necessary to engage shipping agents to deal on their behalf. These initiatives are manageable and are time well spent but they do need to be undertaken as a matter of urgency.

Customer Case Study

Archway Products, a Leitrim-based manufacturer who specialises in machinery for the construction industry, supplies the majority of its products and services to Local Authorities and companies in the United Kingdom.

“Approximately 55% of our business is in the United Kingdom” said Robert Rowlette, General Manager at Archway Products. “Obviously Brexit was going to have a huge impact on all aspects of our business including taxes, regulatory, employment contracts, logistics and data protection. All of our business in the United Kingdom is from public procurement and it’s critical we retained continued access to this market which is why we took steps early on to address the challenges posed by Brexit.

“Our business is seasonal and during peak season we could have up to 200 shipments per month to the United Kingdom, which from 1st January 2021 will be subject to Customs procedures. In response to this we have partnered with a fulfilment house in the United Kingdom to allow us to bulk ship our products and have them distributed from there. This will help reduce the cost of Customs formalities and will give our customers a faster fulfilment time.

“We’re still not out of the woods” Rowlette added. “While we have done a fair bit of heavy lifting for Brexit there is still more to be done. Recently we discovered that a finance arrangement we had with a UK provider would not be available to us after Brexit which created a level of uncertainty for the

business. We reached out to AIB and thankfully they were able to tailor a solution to our needs in a short period of time which resulted in no impact on our business.”

ENDS

Further Details

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Notes to Editor

*A Comprehensive Transit Guarantee can be used to cover a customs debt. If you place goods under the transit procedure, you can move these goods nationally and internationally under customs control with duty suspended.

About Archway Products Ltd

Archway Products Ltd is an established Irish company offering innovative, cost effective and environmentally sound processes for fixing road defects such as potholes. We solve road maintenance problems by designing and building innovative road maintenance solutions for local authorities and term maintenance contractors. Archway is the designer of the market leading solution for fixing all kinds of road defects; crazing, cracking, fretting and potholes within budget constraints, which are available for hire and sale.