

FRONTLINE PROJECT



Foreword by John McGrane

Director General - British Irish Chamber of Commerce



The British Irish Chamber of Commerce is delighted to be supporting the *Frontline Project*. As the only organisation to represent business activities with interests in both the UK and Ireland, we know only too well how interconnected the trade both on this island and between these islands is, and the potential disruption that Brexit might cause.

This important piece of work brings to the fore the challenges being faced by businesses that now find themselves at the coalface as a result of Brexit. The open border has been hugely important for the development of business in this region with 30,000 people commuting across the 300 mile border every day for work.

Open trade across the border is vitally important for sustaining some of our largest indigenous sectors on the island such as agri-food and manufacturing. Latest figures show that €5.1 billion worth of goods were traded across the border in 2016 - a 10% increase on the previous year. The importance of maintaining an open border is crucial if this trade is to continue to grow as the stories gathered for this project clearly demonstrate.

At most risk is the agri-food sector, the largest cross-border trading sector on the island of Ireland with a highly evolved and integrated supply and processing chain between both jurisdictions. At present, all wheat grown in Ireland is processed in Northern Ireland while 30% of the milk produced in the North is processed south of the border and 40% of the chicken produced in the south is processed north of the border. These are just some examples of the complex supply chains that exist that will be heavily impacted by Brexit.

And it's not just trade that is threatened by the erection of a hard border. Tourism, education, scientific research, labour access and healthcare all stand to lose if restrictions are put in place on the movement of people on the island.

Businesses along the border are innovative by nature. Years of operating with unpredictable currency volatility and non-currency competitive factors from across the border has meant that they have had to be in order to survive and thrive.

The British Irish Chamber of Commerce will in the coming months and years as negotiations progress, ensure that these messages are heard by all at the negotiating table to ensure the livelihoods of those most at risk from Brexit remain intact and to ensure that all is done to protect the jobs, security and wellbeing of all our people including those on the frontline.

I would like to thank Séamus and Fearghal from the Brexit Border Blog for all their hard work in bringing these stories together. I would also like to thank Chambers Ireland for their joint support on this very timely and important project.

Foreword by Ian Talbot

Chief Executive Chambers Ireland



Chambers Ireland is the largest business network in the State. With members in every geographic region and economic sector in Ireland, we are uniquely positioned to understand the concerns of businesses from all areas in the country and represent their views. Chambers Ireland also works with a network of European Chambers of Commerce, Eurochambres, to ensure that the interests of Irish business are represented at European level, particularly in the areas of trade and investment. We are delighted to support the *Frontline Project*, where the research team aims to give a voice to the business community along the Border counties.

Since the referendum in June 2016, Chambers Ireland has been working with its members to brief them on what a UK exit from the EU will mean for their business. Throughout our Network, uncertainty is prevalent. What precisely does “Brexit” mean for the Irish economy and what is going to happen next? In particular, what will it mean for the border between Ireland and Northern Ireland and how will it change in the future?

Even without the prospect of the UK leaving the European Union, the business community has been vocal over the past several years regarding the need for Ireland to remain competitive if our economy is to continue to grow. This goal has now become even more important given the prospect of our closest neighbour leaving the European Union. While there has always been healthy competition between EU member states, this was predominately on a level playing field, as all had to operate within a common regulatory and legal framework. It's possible this will no longer be the case in the event of Brexit. Potential divergence may have consequences not only on our attractiveness as a location for foreign direct investment, but could also impact the extent to which Irish companies can compete with UK companies across international markets.

These concerns are echoed throughout the interviews profiled in *Frontline Project*. Uncertainty and frustration over the lack of clear information on what Brexit will mean for the border between Ireland and Northern Ireland comes up again and again. One thing is certain however and that is that business wants to prepare and needs to be supported in doing so.

Chambers Ireland will be continuing to make the case over the coming months that the business community must be supported in its efforts to prepare for and overcome the consequences of the UK's exit from the European Union. Irish Government must prioritise maintaining our competitiveness with the UK, rapidly invest in our infrastructure and support our SME exporters.

The findings published by Séamus and Fearghal from the Brexit Border Blog are both timely and welcome and we thank them for their hard work. We would also like to thank our colleagues in the British Irish Chamber of Commerce for their collaboration and support on this valuable piece of research.

Frontline Project- Overview

Frontline Project was carried out by Brexit Border Blog in the period 8th January - 8th February 2017 on behalf of the British Irish Chamber of Commerce and Chambers Ireland.

The following report includes a sample of the 35 on-the-record interviews that were conducted for this project. These interviews bring together evidence from businesses across a broad range of sectors and are supplemented with contributions from chambers of commerce and other business bodies and local enterprise offices. The interviews not included here will be serialised on the [Brexit Border Blog](#)

The *Frontline Project* makes no claim to be a representative survey, because the interviewed sample was largely self-selecting and heavily biased towards those who are members of or at least in touch with their local chamber of commerce.

However, it gives a voice to those who must be heard – the people in the frontline who have no choice but to make important decisions right now based on what they are very well aware is utterly inadequate information. This is a narrative because it is their story.

Summary of findings

- Most business responses only began to take shape when sterling dipped below 85p in early October. Some businesses began to put expansion plans on hold and/or suspend forward planning.
- Retailers reported a good Christmas season with increased turnover. However, several mentioned that while they were happy with growth of 1-3 per cent they had been expecting at least twice that.
- Until early January there was a narrow focus on the collapse of sterling and even a belief that the exchange rate was the full extent of the Brexit threat.
- Some businesses focused on 'natural hedging' by seeking to increase offsetting purchases and services in sterling.
- There was an abrupt and radical shift in focus from currency to tariffs and customs in mid-January.
- There is clear evidence of manufacturers considering setting up operations within the UK. Some service companies – e.g. transport – are following suit.
- Competitiveness is becoming an increasing issue for businesses with companies saying that overhead elements outside the control of the business can only be reduced through government action on a number of fronts.
- Companies with good revenue tracking now believe there has been a Brexit-related economic cooling off since July.
- Companies say they need sector-specific and even product-specific information on tariffs.
- There is a concern in specific sectors from food to pharmaceuticals that the UK may compete by adopting lower regulatory standards.

Frontline Project- Overview

The *Frontline Project* ranged across several sectors and lines of business with different needs, yet the issues they raised can be filed under the following broad headings:

- Currency fluctuations
- Factors limiting competitiveness
- Customs and tariffs/market access
- Cross-border freedom of movement
- Uncertainty and poor information

Currency movements are by their nature unpredictable. One interviewee noted how Theresa May's speech on triggering Article 50 drove sterling sharply down in October, while the pound rallied on her much more serious confirmation that the UK would be leaving the single market and customs union in January. The initial reaction, based on long experience, was to sit it out and wait for sterling to head back towards 80p against the Euro and level the competitive playing field again. However, there is now increasing awareness that sterling has weakened significantly against the dollar and may be entering a long-term realignment.

The general advice of state support bodies to affected businesses revolves around addressing the competitive factors which are under their control: cost base, best practice, diversification and innovation. The difficulty, as highlighted by the businesses interviewed, is that action in these areas is essentially long-term, while the loss of customers to northern competitors is happening right now. In their response to this challenge, the Musgrave Group provides an interesting example of intelligent, sharply targeted, mitigation measures with demonstrable short-term competitive impact. While more publicity around these measures might well work against their effectiveness, some sort of information scheme drawing on their general principles may well be useful for a wide range of retail businesses.

A telling point made more or less across the board is that the pull of lower sterling prices interacts with other competitive disadvantages, because businesses do not control all the factors determining their cost base. Many point to the different minimum wage levels north and south, with some relating it to differences in unemployment benefit. However, that is regarded as a sort of base line of difference, upon which all sorts of other competitive disadvantages are piled, from levels of duty, VAT and other taxes to the cost of legal and financial services. Several interviewees spoke at length about the need for a structured Brexit response across the whole spectrum of competitive conditions – one called it a National Action Plan.

Manufacturing companies have some awareness but almost no knowledge of tariffs. Some felt the “double whammy” of currency loss and even minimal tariff levels would be enough to knock them out. Tariff discussions brought up the difficulties of diversifying into other EU markets, including potential problems with shipping through the UK and congestion in Dublin Port.

Frontline Project- Overview

Discussions on what it would be like to cross the border in the future show a great deal of confusion around the terms 'soft border' and 'hard border'. There is little awareness of the Common Travel Area (CTA) guaranteeing free movement of people and there is confusion regarding the differences for the movement of people and the transport of goods. The transport of goods into the EU is a matter for the EU Commission. This has been confirmed and reaffirmed many times by EU spokespersons over the last eight months. Yet even in January, when Theresa May visited Dublin, it was reported that she said there would be no 'hard border', thus contributing to this confusion.

Even if people can move freely, will they want to do so if there are queues of lorries at customs checks? The broad issue of 'border nuisance' is of very deep concern to many, but particularly to the hospitality sector. In some areas where commuting workforces have very considerable economic significance, there are concerns that there will be difficulties. Figures for 'border workers' vary: the most authoritative of 30,000 a day from the Centre for Cross-border studies is considered by many to be on the low side. All are agreed that there are vastly more people crossing the border to work than there were when we last had customs checks. The border nuisance issue surpasses even currency movements in terms of community impact in some places, most notably Clones.

The great common factor across all areas and sectors is the crying need for more and better information. While there is appreciation that the situation had been evolving fast since 23rd June last year, there is also annoyance that there is no systematic, official attempt to provide the best level of information available to the businesses which simply had to make fast decisions.

"If the government was waiting until we could be certain of things like whether the British would definitely leave the single market, then they were handing over the initiative," said one manufacturer. "So our ability to get some sort of organised Brexit response going is actually being held up by the Brexiteers. Why are we letting them decide the course and pace of our action?"

There are sources of hard information and well-qualified opinion and analysis. Brexit Border Blog has collected more than 50 high-quality analytical reports and studies on the likely economic impact on Ireland of British withdrawal from the EU. The British Irish Chamber of Commerce and Chambers Ireland are actively engaging with their members on the issue and providing practical advice and support. The Government Information Service provides regular updates on the Government's activity on Brexit and a repository for the reports it has commissioned (<http://www.merriestreet.ie/en/EU-UK/>).

But more needs to be done for those who are trying to plan and prepare their business for Brexit. Business people simply do not know what their competitive situation is going to be in a few weeks, months or years.

When we told one owner/manager that he might face tariffs, he said: "I don't know who to ring. There should be someone to ring."

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The Frontline Project- Louth

County Louth is geographically the smallest county in Ireland but is the second most densely populated county behind Dublin. Drogheda and Dundalk are the two largest towns in Ireland with only the main cities of Dublin, Cork, Galway, Limerick and Waterford having a larger urban population.

- County Population (2016 Census preliminary results) 128, 375
- Dundalk population (2011 Census) 37, 816
- Drogheda population (2011 Census) 38, 578

Dundalk is the County Town and is situated geographically equidistant between Dublin and Belfast. The economy of Dundalk has been heavily influenced by its proximity to the border with Northern Ireland.

Louth borders with Monaghan on the West, Meath on the South and South West and with Northern Irish counties South Armagh and Down on the North. The main point for crossing the border is on the M1/A1 road from Dublin to Belfast, just south of Newry. The county is very well served by road and rail infrastructure and with trading ports at Dundalk, Drogheda and Greenore. The county is also in close proximity on the south to Dublin Airport and on the north to Belfast City Airport.

A range of FDI companies are located in County Louth, including Coca Cola, Ebay, Paypal, National Pen and Open Hydro to name a few. Louth has attracted new growth in the engineering and IT sectors. There is an extensive food and drinks production industry in Louth including meat processing, Heinz Foods and Boyne Valley Foods.

There have been many positive relationships and partnerships between Dundalk and Newry at local authority level with joint committees such as the Newry Dundalk Twin City Region project.

Paddy Malone, Dundalk Chamber of Commerce

“At 90p the border is somewhere around Swords”

The immediate impact of Brexit was all about currency volatility, but Dundalk's retailers have lived with volatility for a long time. Paddy Malone has a ready reckoner of currency impact in his head. “When sterling was at 78p to the euro, the border was at Banbridge in terms of where our customer catchment area ended. At 90p the border is somewhere around Swords because that's where Newry's catchment starts.” It was at 87p the day we met in his accountancy practice on Clanbrassil Street, slightly recovered from an overnight two-month low following Theresa May's interview with Sky News in which she said she wasn't interested in retaining 'bits of EU membership'.

But Dundalk has a lot more to worry about than currency. Paddy ticks off five issues on the fingers of his left hand.



The Frontline Project- Louth

“First of all we have the cross-border commuters, up to 30,000 a year by some estimates. One of my staff lives near Castleblaney and she travels home by the Concession Road (the main Dundalk-Castleblaney Road which passes through Co. Armagh at Cullaville). She can time her journey now for picking up children but what if we get passport controls? She might be checked twice.

“Then there's the whole issue of transportation and customs hold-ups. We can all remember the chaos that used to be on the Newry Road as the lorries lined up for customs clearance. I would fear that people would become more insular again. People will just stop commuting or crossing the border for any reason and that will do us all long-term harm.

“There's the possible loss of our peace dividend which is very real and measurable. Lots of our communities along both sides of the border depend on EU Peace Programme money and its follow-up programmes. It may come as a surprise to many but there are deeply deprived communities in and around Dundalk.

“There will be impact in some specialist areas. For example, we would have hopes for spin-off benefits from the research partnership between Dundalk Institute of Technology and Queen's University Belfast under the EU's Horizon 2020 programme and all that could now be in question. And then there's health care. If you take a map of Ireland and draw a line from Drogheda to Newry, from there to Craigavon and across to Cavan town, inside that area there is no hospital with 24-hour emergency care. The only possible way there could be such care is on a shared cross-border basis. And we could find lots of other examples.”

Paddy's last and possibly greatest concern is the potential opportunity cost in tourism. “We have excellent tourism bodies north and south which work together in New York or Tokyo, but not here in Dundalk and Newry. We have had a great year in tourism with nearly nine million coming to Ireland, but they effectively stop at the Boyne Valley. We only need to get a few percent of those people up here to make a massive difference. There is only one way to develop tourism here and that is to sell Cooley, Slieve Gullion and the Mourne as a single entity. That's what we have been working towards and all that is now under threat.”

Yet there is no escaping the impact of currency volatility. Businesses can adjust in time to disadvantageous exchange rates if some sort of stability returns, but volatility cripples business planning and investment.

“For smaller businesses, investment in both Dundalk and Newry has been stifled by volatility and you can see the effects on both main streets. Suppose you are developing a cross-border business or one which depends on cross-border footfall. You work out your business plan based on prevailing exchange rates and go in to see your bank about a five-year loan arrangement. The loan managers won't have reliable five-year rate projections but they can see the volatility of the last five years. They would prefer to place their funds elsewhere,” concludes Paddy Malone.



The Frontline Project- Louth

Thomas McEvoy, Louth Local Enterprise Office

“97 per cent of businesses have no Brexit plan”

Louth Local Enterprise Office (LEO) issued its first press release on the harsh realities of Brexit on the morning of 24th June, not long after David Cameron emerged from 10 Downing Street to announce his resignation.

“At that stage it was very much an exercise in reassurance for people who had not been following the intricacies of the debate in Britain and the North,” says Office Chief, Thomas McEvoy. “It was important to make the very basic point that Brexit had not actually happened, that there would not be any changes at all for at least two years.”

In the early days the focus of local debate was very much on the business impact of currency fluctuations: sterling had at one point lost 18% of its value on a year-to-year basis. It was important that businesses looked beyond this immediate impact to possible long-term consequences, but raising awareness around the complicated options for a new UK relationship with the EU would be no easy task. Over the months the emphasis changed to collaboration with other agencies which were providing detailed information for business, such as the IDA, Enterprise Ireland and Intertrade Ireland.

But when you are running a LEO you must always take care of the local dimension. When we spoke with Thomas McEvoy he had just done a Brexit interview with Dundalk FM. What he had to say on radio was very much based on an opinion piece he had written for the Drogheda Independent a week earlier:

“Brexit will have an effect at many levels of the local economy: trade, foreign direct investment (FDI), retail, tourism, energy, the labour market, EU funding, financial services, immigration and border controls to name a few. However, in Louth we have been living with a border for nearly 100 years which has distorted trade, commercial and community life, so the challenges posed by Brexit are not new to us.

“In recent years cross-border trade has steadily increased and today over €3 billion of goods are traded annually between the Republic of Ireland and Northern Ireland... While a recent survey indicates that 97 per cent of businesses have no Brexit plan in place, the next two years will see that number change as businesses start to prepare.”

There is no place now for the reassurance of early days, and his punchline is clearly designed to puncture any complacency: “In the absence of other indicators, it is advisable for firms to take prevailing World Trade Organisation (WTO) tariffs as a worst-case scenario, and at least crunch those numbers to see if they can make it work.”



The Frontline Project- Louth

During the autumn and winter a widening range of agencies and organisations began to focus on Brexit in a structured fashion. The Louth Economic Forum brings together state bodies including Fáilte Ireland, government departments, the local authority, Dundalk Institute of Technology and major local enterprises. It has now set up a Brexit Working Group within the section of the forum which focuses on indigenous industries because they are far more exposed than the international sector of the economy.

Taking a wider view, under the Regional Action Plan for Jobs run by the Department of Jobs, Enterprise, and Innovation, the north-east/north-west region hopes to bring all such stakeholders together across the six border counties with a focus on Brexit. This raises the possibility of a dedicated Brexit network connecting all the most exposed sectors and communities with a direct link to the Minister.

“Part of the answer has got to be innovation,” says McEvoy. “In March the border council LEOs will launch their 'Co-innovate' programme of support for companies which want to be more innovative.”





The Frontline Project- Monaghan

Strategically located along the Border with Northern Ireland, the county is little over an hour's commute from both Dublin and Belfast. Based on data from the 2016 census, the population of the county of Monaghan is 61, 273.

Industry across the county is supported by a strong agri-food sector. The major companies operating in the agri-food sector are Monaghan Mushrooms, Town of Monaghan Co-Op, Greenfield Foods Ltd., Silverhill Foods, Allied Beef Processors and Kerry Group. The sector has a strong emphasis on export which relies on an excellent transport distribution network. The county is also home to Ireland's largest independent temperature control and logistics firm, Castlecool.

Other key sectors include engineering, ICT, tourism, culture and range of business support services.

Gabriel D'Arcy, LacPatrick

“The southward flow of milk is around 25% of northern output”

Some day, when Irish economics textbooks have been rewritten to take account of all the complexities of Brexit, the LacPatrick organisation may well get a chapter all to itself, because this is a unique north-south food business. It was formed in July 2015 by the merger of the Town of Monaghan Co-op with the Ballyrashane Co-op in Coleraine. It has combined turnover of €360 million and a workforce of 300 and every year it takes 600 million litres of milk from 1,050 farmers.

“That breaks down at about 450 million litres from the old Monaghan Town network, 100 million from Ballyrashane and 50 million from various others who decided they wanted to come aboard,” says CEO Gabriel D'Arcy.

Northern Ireland produces around 2.2 billion litres of milk a year and some 30% of that output comes into the Republic. There is some movement of milk from south to north and D'Arcy reckons the southward flow nets out at around 25% of northern output. If the UK leaves the EU with no trade agreement and trade reverts to WTO rules, northern suppliers will need to secure EU approval to supply the market and flows of raw milk will face tariffs of up to 20%.

The reason for the large southward flow is lack of processing capacity in the North, but a major investment by LacPatrick is about to alter the equation.

“We have invested €45 million in our processing plant at Artigarvan, near Strabane. It can currently handle around a million litres a day but in a couple of months its capacity will rise to 2.5 million litres. This is the biggest single investment ever in the dairy industry there. We could in fact process the whole Northern Ireland output so that no raw milk would be crossing the border.”



The Frontline Project- Monaghan

The plant at Artigarvan provides most of the 30,000 tonnes of milk powder LacPatrick produces annually, mainly for export markets in West Africa, the Caribbean, South America and the Far East. The company also supplies raw materials for other Irish food exporting companies. This is where the Brexit equation gets complicated.

LacPatrick currently exports milk powders for example, to countries in West Africa. This is enabled by a current trade agreement between the EU and ECOWAS (Economic Community of West African States). After Brexit, this EU / ECOWAS agreement needs to be transcribed into a UK / ECOWAS agreement. "To remove uncertainty, we need to know the timing and nature of this agreement and when it will be finalised. Some say this can be done quickly but are there enough skilled civil servants in London capable of drawing up and agreeing these trade deals while also finalising similar with EU, USA etc.? This is all going to be disruptive at best and will give rise to uncertainty.

"Agri-food needs to be prioritised within the British negotiating position. The UK has pursued cheap food policies over many years and they have been negative towards many of the EU agricultural policies such as CAP. We need to know if this will change. Certainly it is fair to assume that the UK Government will not countenance food price inflation as a result of Brexit."

With one foot on each side of the border, LacPatrick will be well positioned to deal with the challenges and opportunities presented by Brexit.

"Things have obviously changed in the 18 months since we brought the various elements of Lacpatrick together," concludes Gabriel. "Nobody predicted this, nobody could have. But our job now is to find a way through it all, and we will. We have good suppliers, we have invested in good facilities, and we have good products that the world wants to buy. Opportunities will arise!"

Tony Morgan, Lipton's Discount Store

"Imagine the difference if they had to be customs-cleared"

Tony Morgan has a lot more questions than answers on Brexit. He has concerns about the community of Clones which bears all the signs of the downturn with little or no evidence that the Celtic Tiger ever made it to these parts.

"Uncertainty is the key word. Without total transparency we are unable to start dealing with the possible fallout and effects. We had a major drop in the value of sterling after the Brexit result. Uncertainty tends to drive some customers north of the border. Although we have managed this situation quite well in our own business, a stable currency exchange would obviously be much better.



The Frontline Project- Monaghan

“In Clones we have spent the last 20 years forging relationships with our Northern counterparts with some degree of success. Is all this hard work to be lost? A very large part of our hinterland is in Northern Ireland.”

Tony's main concerns are about what tariffs could do.

“Currently, approximately 50% of our goods are imported from the UK. We have spent the last 25 years building credit and relationships with about 15 UK suppliers. It would make sense to purchase our goods through the other member states- we have one supplier in Germany- but it just doesn't work for us. I think it is to do with the closeness of our cultures in Ireland and England, and the special understanding that has developed. Another factor is that since the recession it is more difficult to open new lines of credit with new suppliers.

“Theresa May's speech (on 17th January) gave us no clear indication of what to expect. Will our Northern customers be free to travel back and forth without limitation on the goods they can purchase? Will there be a permanent checkpoint for them to navigate? Will there be road closures as in the 80's and 90's which may prevent the total freedom of travel? Are we again going to be subject to border restrictions with holdups on goods entering the State and VAT at point of entry?”

Lipton's confirmed an emerging trend that despite the Brexit currency effect, border towns had quite a good Christmas season. December turnover was up about 4.5% on a year earlier. In fact, it was his busiest December since the heady days of 2004 when Lipton's took over an empty shop nearby for the Christmas season. For the year as a whole turnover was up about 3%, which is being put down to active marketing, particularly on Facebook.

Tony has introduced the 'Fiver Friday' concept to pull the punters in, and it works.

He gave an example of just how closely he works with suppliers and the difficulties he would face if these relationships were to be disrupted by customs delays.

“In December we ran out of Christmas light sets, which was obviously not good. I emailed the suppliers in Liverpool on a Sunday evening and I had my new lights here by Thursday. Now imagine the difference if they had to be customs-cleared. How long would that take?

“But as much as we have established fantastic business relationships with our UK neighbours over our 25 years in business, if we have to look to other member states to fill the void post Brexit in order to remain competitive, it will have to be done. I most definitely am not looking forward to that challenge.”



The Frontline Project- Monaghan

Billy Flynn, Flynn Furney Environmental Consultants

“We have got to protect whole habitats, not bits or pockets of them”

Flynn Furney specialises in pre-construction environmental and ecological surveys and assessments, particularly for large civil engineering projects such as road developments which can have an impact on protected areas, habitats or species. Most of its business is in the Republic but it recently completed an assessment for a Northern Ireland contractor working on a road in the Republic. It also bid for a contract on a construction project in Northern Ireland.

“That contract is unlikely to go ahead in the current climate of uncertainty as the main construction contract may be EU-funded,” says consultant Billy Flynn who is based in Clones, Co. Monaghan. “Right now the situation is that we are operating within the same regulatory framework north and south, specifically in terms of EU regulations on SACs (Special Areas of Conservation) and SPAs (Special Protection Areas). If we were to have Northern Ireland withdrawing from that framework or even adopting a weaker version of it with a lower level of enforcement, we would all have a real problem.

“The main rivers around here – the Erne and the Finn – flow north-south across the border and there might be an assumption on one side that pollution will all go downstream and it won't be our problem. But it doesn't work like that: when we lose a species it is lost both upstream and downstream. Invasive species can move upstream, and so on. And of course we have got lots of migratory species to consider.

“We have got to protect whole habitats, not bits or pockets of them, if we are to achieve the purposes of having them and the species that live in them. On Bragan Mountain, for instance, there is an SPA [Slieve Beagh] designed to protect the hen harrier. Probably two-thirds of the SPA is north of the border – what chance would the hen harrier have if we can only protect it on the Monaghan side? Indeed the problem is wider because you need buffer zones around the SPA where there is control on the sort of development – pylons or wind turbines, for example – which are likely to have a direct impact on the habitat or the species in question.”





The Frontline Project- Cavan

Situated on an important junction of two national routes, to Dublin and Belfast, Cavan is a gateway to and from Northern Ireland and is also a pivotal point on the east-west route to be developed between Dundalk and Sligo. Based on data from the 2016 Census, the population of Co. Cavan is 76,092, up 4% on the 2011 population.

Cavan is home to key Irish owned industries that include Lakeland Dairies, Kingspan Group, Liffey Meats, Univet and Glanbia. Cavan is also home to such FDI industries as Wellman International and Abbott Laboratories.

John Foy, SuperValu

“The impact was massive and could be felt 50 km from the border”

In the early days after the referendum there was great uncertainty amid a fair amount of scaremongering, says John Foy who operates a large SuperValu store in Cootehill, Co. Cavan. “From our point of view we had two problems. One was the bottom falling out of sterling and the other was media – particularly one popular phone-in programme - which practically invited people to get in the car and head for a supermarket in the North. Consumers naturally go where they perceive the best value is to be found, but it is often much more about perceptions than real arithmetic, so the media can have a massive impact.

“The impact was massive and could be felt 50 km from the border. Our turnover was down about 5% from the end of June and I would divide that into two equal parts: loss of income because northerners are not coming south, and loss because our local people are going north, to Armagh or Enniskillen or Newry. We are part of the Musgraves buying chain so we don't have the freedom to find natural hedges by buying in from the North.”

However, John has nothing but praise for the Musgraves response, which was early, targeted and quite sophisticated. “They called us in early in September, the owners of up to 40 vulnerable stores in or close to the border counties – as far south as Ardee. They had done their research and told us 85p was the trigger exchange rate for a substantial number of people to travel – and 50% would go north at 95p. But the trigger point is not the same across the whole product range because there are VAT differentials and duty differentials. Musgraves had commissioned surveys of shoppers on both sides so we could identify three key product areas: toiletries, baby care and of course, drink. The duty differential on a bottle of vodka is €6.”

Like other SuperValu stores, John is offering targeted discounts meant to counter the pull effect of the exchange rate, but he points out that even if sterling were to return to its rate a year ago, the playing field would be far from level.



The Frontline Project- Cavan

“I sat down with my staff here and showed them the figures – the average all-in hourly cost of an employee when all unavoidable employer costs are added in is above €17. I am quite sure the equivalent cost for Sainsburys in Enniskillen is under £10. The businesses along the border have been living with currency swings and roundabouts for decades, but this time it's another kind of problem.

“The differential that is killing us is not the currency; it's the huge gap in the cost of overheads. I fully expect that the message that will come down from government is that we have to tighten our belts and reduce costs, but all costs are not under our control. There has got to be some sort of national conversation on coping with Brexit by looking at the overheads which are not under the control of the individual business.”

Paul Quinn, Mastek

“We have got to consider registering in the UK with a small manufacturing unit”

The Mastek premises on the Cavan road in Cootehill are surrounded by big toys for farm boys with names which are graphic yet lyrical: Slurry Mate, Soil Mate, Rush Buster, Bale Handler. Then there are the forklift masts, the products that gave the business its start and its name.

“We started out in 1999 making masts for CombiLift (forklift truck manufacturer) in Monaghan,” says owner-manager Paul Quinn. “They took a hit in the downturn in 2008-09 and proportionately we took a bigger one because we had a lot of eggs in that one basket. We had to diversify and we had to innovate, and we went for the front line in ground-handling equipment for dairy farms.”

It's pretty clear that his pride and joy is the Slurry Mate. No more tankers blocking traffic on side roads, just a flexible pipe – the 'Umbilical Method' – running out from the farm slurry lagoon to the huge spreading machine which can be up to two kilometres away. Powerful pumps can push liquid slurry through at a rate of 200 cubic meters an hour; the pipe stores flat when empty and is laid out from huge spindles towed behind a tractor. The Slurry Mate itself is a massive array of hosepipes connected to a 12-meter dribble bar with nozzles trailing down in the grass.

“The ordinary tanker-spreader pumps slurry under pressure against a splash plate, which gives a lot of gas emissions. I think the direction things are moving in terms of regulation is towards greater controls or even a ban on emissions, certainly on this side of the border. We are the leader in low-emission slurry spreading.”

About a third of sales go into the UK; virtually all purchasing is in euro so there is no potential currency offset. Revenues are clearly down 18-20% as a direct result of currency movement. More importantly for the future, competitors in the UK now have an edge on them. He notes in passing that when he attended the LAMMA (Lincolnshire Agricultural Machinery Manufacturers' Association) agricultural show in England before Christmas, there was a lot more flag-flying and emphasis on Britishness in and around the product displays.



The Frontline Project- Cavan

“The next couple of months are going to be crucial. If we are looking at a permanent shift in exchange rates, which we seem to be, then hard decisions will have to be made. The British market is crucial for us and that won't change. We have got to consider registering in the UK with a small manufacturing unit.” However, that is no easy option, particularly because of a serious shortage of engineering skills in England, once the workshop of the world.

There are other Brexit concerns when talk comes around to the UK leaving the customs union. Mastek has serious plans for the Scandinavian market and has already made inroads, particularly in Norway. There are suggestions but no hard information about sealed containers being able to move through Britain to the continent without customs checks. The problem is that Mastek products go out on screen-sided trucks and their position is unclear. On the day we met there was a press report about customs pre-clearance at Dublin Port, which said that even with best-practice clearance of eight minutes per truck, the result would be a 15-kilometer tailback at peak times.

Innovation never stops. Mastek is now handling machinery from Austrian company, Bauer, that separates fibrous material from slurry. “What's left is just liquid but with all the nitrogen and other nutrients, and pure liquid spreading is going to be the future. We have the technology now to overcome the various problems with slurry, especially around emissions, and now dairy farmers are realising that their slurry really is money.” The fibrous material can be cleaned and returned to the cowstall as fully disinfected bedding. Bauer claims cows lie down more and the incidence of mastitis is less when it is used. “It's called the green bedding system and I think it could be a real winner in the British market,” says Paul Quinn.

Barry Smith, Abcon

“20%-plus of our output will always go to the UK”

Abcon makes industrial abrasives and industrial rubber hose for use in the oil and gas, mining, chemicals and food sectors. About 55% of abrasives go to export, 25% of them to the UK including Northern Ireland. The hose, and hose assemblies, are practically all for export with approximately a third going to the UK.

“Revenues have been hit hard by the currency movements; the dip is up to 16%,” says Managing Director Barry Smith. “We have some natural hedging with offset purchasing in sterling, but we are not large enough to have a full treasury department focused on currency management. Besides, look at what happened with Theresa May's big Brexit speech – it was predicted that sterling would fall but in fact it bounced back. What about the next speech? Which way should we bet?”

When Abcon quotes for jobs it is automatically locking in an exchange rate for 90 days. If an order is placed, they could wait for up to four months more before payment is made. “So the business cycle is 5-7 months and the exchange rate could go anywhere in that time. If we build in a safety margin, will we get the job?”



The Frontline Project- Cavan

“This is a perfect storm. Commodity prices are starting to rise, in part due to sterling/dollar fluctuations. The base price for natural rubber has doubled in two months. Looking into the future, tariffs in our niche are likely to be 6-12%- we know that because we already buy natural rubber outside the EU. With competitors in the UK, that combination of currency squeeze at both the sales and purchasing end and tariffs on top could be really challenging as we look into the future.”

Looking beyond his own company, Barry Smith reckons Ireland Inc needs to get ready to meet the Brexit challenge on a very broad front.

“In Abcon we have to have our own internal Brexit plan, to become more competitive in all the things we have got control over, all our inputs and the whole cost base. We have to seek out and use all the available government support mechanisms to improve competitiveness by innovation. But beyond that, there is a whole range of factors constraining general competitiveness in this country which can only be tackled at the macro level.

“There is a lack of joined-up thinking when it comes to tackling the things that limit our general competitiveness. For example, Abcon can do nothing itself to control the cost of insurance; employer's liability, public liability and the cost of actual claims. We haven't tackled the vested interests in legal services, and other professional services. We haven't addressed the inefficiencies in our public services such as planning. These are not abstract issues for us; they are affecting us directly because we have got to pay more – often a lot more – for all these things than our competitors in the UK. Now is the time to fix them.

“We need to be very clear about this; the UK is the natural market for lots of Irish companies operating on or about our scale. Whilst our ongoing strategy is to sell into a wide range of export markets, we can't just get past the fact that the UK is a huge market – as far as Abcon is concerned, 20+% of our output will always go to the UK.”

Brexit and the uncertainty surrounding this process which is likely to be with us for many years is a key challenge for Abcon. “Export market diversification is a medium to long term process and here we are facing into what will certainly be a 5-6 year period of uncertainty. We have got to make a call very soon and for a service-based manufacturer like us, bypassing the UK is simply not an option. We must be open to the idea of manufacturing inside the UK.”

In conclusion, Barry Smith points to another barrier to export market diversification which the government needs to deal with. “Since the mid-1980's Ireland doesn't have a functioning export credit scheme. Commercial credit insurance for non-EU developing countries is very expensive and probably beyond the reach of smaller potential exporters. Other countries either underwrite or provide key supports in this area which greatly assists export business development. Our government needs to look at this again and put us on a level playing field in this area.”



The Frontline Project- Leitrim

Leitrim is Ireland's seventh smallest county by area and enjoys a strategic geographic location within Ireland, bordered by Counties Sligo, Roscommon, Longford and Cavan and sharing a 29km land border with Fermanagh in Northern Ireland.

Leitrim's population was recorded as 31, 972 in the 2016 census, up 0.5% on 2011 data.

Leitrim has a strong private sector economy which is dominated by micro-businesses but which also includes a number of major employers.

JJ O'Hara, Leitrim Tourism Network

“Buyers are asking straight out if the Troubles are coming back”

JJ O'Hara is involved in tourism on several fronts. He operates a large, 12-bedroom B&B overlooking Lough Gill just outside Dromahair, Co. Leitrim. He runs Irish Life Tours which takes groups large and small on trips around Ireland and Scotland. And he is a driving force behind the Leitrim Tourism Network. He specialises in the US and Italian markets and the intelligence he is picking up in both is not exactly reassuring.

“People are asking us about safety. Buyers are asking straight out if the Troubles are coming back. All they hear is that there is going to be a border again, and they remember what they heard about the same border 20 or 30 years ago.”

This type of intelligence cannot be ignored, not even after our best ever year for tourism. In the North the sector was up 26% after three good years, and Leitrim saw a 14% increase.

“We are well above the national average and in the Network we are working on a 15-year plan to divert people off the Wild Atlantic Way and in towards Leitrim. In fact, there are absolutely crucial cross-border elements in the strategy because much of it is based on the Marble Arch Global Geopark which takes in a substantial part of Fermanagh and includes the Glencar Waterfall on this side. There's a butterfly-shaped tourist route around it and we have developed a butterfly-themed marketing campaign. We are developing the Technology in Tourism concept at both ends of the Geopark.”

Hard border outcomes could put all that at risk, but the implications go far wider. “At the local level we have a boardwalk over the Cuilcagh Mountains which runs right across the border – just imagine having to close it. But there is a much bigger picture and bigger things at stake. We have record visitor numbers north and south delivered by global marketing by Tourism Ireland. It is a north-south cooperation body established under the Good Friday Agreement and nobody is telling us what is going to happen to it. It could be in the firing line in two years' time when the UK actually leaves the EU. There's a minimum two-year delivery timescale on almost anything in tourism. So who will fund it? We need to know now, not in two years' time. We should have learned from the recession that continuity in marketing is absolutely vital.”



The Frontline Project- Leitrim

Down on the ground, Brexit and its currency fallout are adding an extra layer of difficulty to small business and small communities, which ultimately affects tourism. Pubs are closing and there is more than a suspicion that banks are using Brexit as an excuse to refuse credit lines that they never wanted to offer in the first place.

JJ occasionally drops in on local cattle marts, those great barometers of rural economic health. “Beef animals are down €150-200 a head and you can put that down to the absence of the northern buyers. That's just because of the currency, but if they are not coming back because of a hard border, it will make a big difference.”

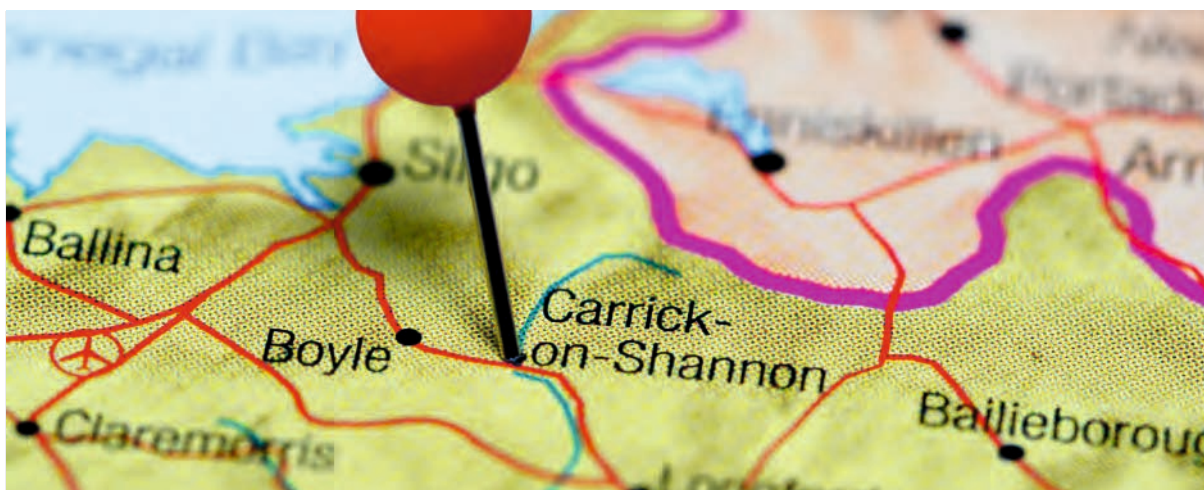
Colm McGrath, President, Carrick-on-Shannon Chamber

“We are placing business with 11-15 insurers based in the UK but they already operate Euro accounts”

The general impression around Carrick-on-Shannon is that there has been no significant or measurable Brexit impact on the town itself, but that direct effects are likely to be greater in the smaller towns and villages closer to the border. On the other hand, general uncertainty and the possibility of a Brexit-related downturn in agri-food contribute to a negative background.

Colm McGrath is in the insurance business, specialising in surety bonds. These range from contract performance bonds to payment guarantees and insurance covering statutory obligations in construction and civil engineering.

“Most of our business is with small companies and we are naturally concerned about the long-term impact of Brexit if it leads to shifts in size and ownership. Competitiveness and continuity of trading relationships are important. We do business with builders in the North but we quote in sterling and pay out in sterling. On the other side we are placing business with 11-15 insurers based in the UK but they already operate euro accounts so there is no direct currency impact. Some of them are already making arrangements to relocate here or elsewhere in the single market.”





The Frontline Project- Sligo

The county of Sligo, in the north-west of Ireland, has a population of 65,357. Its principal town of the same name has a population of just under 20,000 and is the second largest urban centre in the west of Ireland, with only Galway being larger.

Sligo boasts a resilient and mature manufacturing sector with a strong tradition in life sciences, precision engineering, tool-making and automotive sectors. It is an attractive location for FDI with 22 major international companies located in the county and has an excellent educational infrastructure with two third level campuses, one regional training centre and a number of adult education centres.

Sligo boasts excellent infrastructure and is easily accessible by air, road and rail. It is 45 minutes from Ireland West Airport Knock and has major inter urban routes linking it to other urban hubs such as Dublin, Galway, Belfast and Derry.

It is 42 miles from Enniskillen in Co. Fermanagh.

Cecil Whiteside, Centra

“Once they are in Enniskillen they'll fill the car”

Collooney in County Sligo is probably close to the southern extremity of the sterling 'pull zone'. Cecil Whiteside, who operates Centra stores there and in nearby Ballisodare, reckons most people would only make the trip for larger items such as TVs, but once they are in Enniskillen they will fill the car with a range of goods where there are price differentials, possibly enhanced by the VAT differential. Like a number of other people he mentions children's clothes in general and shoes in particular as items that he hears people talking about buying over the border.

“We can see the effect when we track the spend mix on our store system,” he says. “Growth was running at about 2.5-3.0% up until October when it took a sharp dip.” That was on 3rd October after Theresa May announced that Article 50 would be triggered by 31st March. Overnight the pound hit a three-year low against the euro. “It's steadied up around 85p now, but it was 79p a year ago. That's a huge difference.”

We discussed the early Musgrave Group response to the currency upheaval we were hearing about from SuperValu operators. Cecil explained that Centra stores have their own organisation or channel within the group.

“In fact, the Centra side reacted earlier,” he said rather proudly. “There were 45 stores classed as being in the border zone from a trading perspective, but only 15 were seriously hit. We knew beforehand which they would be, from our experience of the downturn in 2008-09. We focused on about 100 key items to discount, but we didn't shout about it. We didn't do any advertising or claim we could beat border prices or anything like that.”



The Frontline Project- Sligo

“The fundamental idea was and is, that border or no border and whatever sterling does, Centra can only hold onto customers on the basis of its overall value proposition, which of course includes convenience. Discounts are used to highlight, underline and emphasise that whole proposition.

“This is about raising awareness, that's the key. We are taking some losses in areas like personal care and baby care (where VAT differentials play a role) but overall our system is working, turnover came back up from the dip.”

Mary Harty, Sligo Chamber

“People who head over the border haven't really done the maths”

The weather was mild in Sligo, which was just as well for the 100-odd young people who queued overnight on O'Connell Street for tickets for an Ed Sheerin concert in the Three Arena. Mary Harty, Sligo Chamber Skillnet – Network Manager, has had a varied career in business and public service and she takes a wide-angled view of Brexit and the issues it throws up.

“Enterprise Ireland tells us 37% of our exports go to the UK but given our closeness to the border and the nature of business in this area, I think our exposure would be 50% or more. The way things work, we can be pretty sure that the larger companies will have some sort of risk planning in place and many of the smaller companies employing six to ten people won't. It looks like the SMEs in food and engineering may be the most vulnerable because they are more tied into the British market and could not easily reduce their dependence.”

Sligo's tourism figures are up, but around Sligo one hears the strong view that they would be a lot better again if infrastructure was improved, and when it comes to infrastructure the improvement of the N4 north of Mullingar is at the top of everyone's agenda.

At 40 kilometres from Enniskillen, Sligo traders are obviously in a vulnerable position when the sterling exchange rate slides, but evidence of a shopping exodus is mixed.

“We are not hearing of any big downturn in the Christmas trade or at least not in the sectors where we might have expected it on past experience. I know of one off-licence here where turnover was up 12.5% on a year earlier – wine was up 12%. Of course, our traders have lived with currency fluctuations for three decades and they know a thing or two about fighting back. For general shopping the value proposition has got a lot better in Sligo – in fact I often think that people who head over the border haven't really done the maths on their trip.



The Frontline Project- Sligo

“In general we haven't felt the pain of Brexit yet but there is a fear factor. There is great uncertainty especially now that the debate is moving on from currency towards the wider consequences of a British withdrawal. I believe uncertainty is already inhibiting investment and planning for investment. There will be all sorts of consequences which are difficult to predict. For instance, Sligo IT is tied into research agreements with Scottish universities and we don't know how long they will last. It is a relief to hear Theresa May say that the UK is staying in the Horizon 2020 research programme, at least for now. And it may not be quite so simple developing alternative markets – I am hearing that we will have a shortage of road haulage drivers.

“There is no doubt that there is going to be a steep learning curve for some, particularly the smaller companies. Dependency on the British market isn't just a matter of economics. Britain is a place we all know. There is the language of course, but there is also the reality that they are 'like us'; they 'do things pretty much the same way we do' for example in our health and safety regulations. When faced with the possibility of tariffs and steep currency fluctuations, SMEs reliant on the UK market will have to look at alternatives including moving their production to inside of the UK. This in turn will have consequences for our local supply chain in Ireland as sooner or later they will be replaced by UK suppliers who are closer and cheaper.

Mary Harty has had some experience of dealing directly with Brussels and she reckons we should not be complacent about our future as one of 27.

“Most people probably don't realise just how much of an ally the UK was for Ireland inside Europe across a whole range of issues. Because we do things the same, maybe it's because our civil and public service works the same way, we were on the same side on a lot of issues but the simple truth is that they had a lot more clout than us, and we benefitted from that. Now we have to find new allies and that may not be so easy.

“Another thing is that however much we may regret and disagree with their decision to leave, some of the things they complained about were justified. I know from hard experience that there is a huge gulf between the way the EU does its business in Brussels and how the directives and regulations affect people here on the ground. There is a danger that with the British gone, the gap will get wider. If we want to be good Europeans we need to think about that.”





The Frontline Project- Donegal

County Donegal is a large county situated in the north of Ireland and on the periphery of Europe. The population is close to 159,000 with Letterkenny having the largest town population at just under 20,000. Around two-thirds of people in Donegal live in rural towns and open countryside. The whole county is on a land border with Northern Ireland except for around 9km that links the south of the county with Sligo. The Northern Ireland border stretches from Derry to Castlederg and is around 63 miles with over 50 border crossings.

Information from the Department for Regional Development's (DRD) Telemetric data counts the number of vehicles crossing a given point (travelling in both directions) on an hourly basis. The 2015 Data shows that a total of 326,577 journeys are made per week across the three major crossings – Derry/Bridgend (all data both ways), Muff Village to Derry and Strabane/Lifford. These journeys are for work, school, leisure, health, shopping and social. Many people live on one side of the border and work on the other or their children are schooled in a different jurisdiction. This is in all ways a fluid border.

The main commercial activities are centred in Letterkenny, where all the large FDI employers are located and in south Donegal in Killybegs where the fishing industry is located. Over 90% of businesses in the county are SME's, however there is an increasing amount of indigenous IT and Technology companies in the county. The Agri Food sector is large due to the rural nature of the county however the food production sector is growing steadily. Tourism is a growing sector with the development of the Wild Atlantic Way.

Donegal County Council has formed strong links with its counterpart across the border – the Derry and Strabane District Council. Both councils have recognised that to gain critical mass they need to work together and have formed a Strategic Growth Partnership that is endorsed by both governments and the North South Ministerial Council (NSMC), therefore for our future growth we are looking at the region as a City Region. This region will have a population of 308,228, 42% of which are under 30.

Toni Forrester, Letterkenny Chamber

“Sixty-three miles of border with the North and over 50 border crossings”

The offices of Letterkenny Chamber of Commerce occupy a lofty position overlooking a modern retail park style shopping area, with acres of parking for many hundreds of cars. The vista is a busy, even thriving one, bounded too by an energetic, though traditional, main street. Beyond that are major employers like Pramerica and United Health, which have been attracted to Letterkenny and are already employing over three thousand people and are due soon to take on several hundred more. Then there's the hospital and the regional college- also big employers.

The Chamber has over 250 members including the big companies and the strength of that membership gives CEO Toni Forrester a breadth of view of this north-west region and the issues dominating in a Brexit environment.



The Frontline Project- Donegal

But even with that knowledge it's difficult, says Toni, who lives across the border in Derry, to answer peoples' questions about the nature of a hard border and tariffs. Many of the people who are employed in Letterkenny also travel back and forth across the border on a daily basis and she says the biggest concern raised with her is about the nature of a hard border. The second is the absence of hard information and answers.

Donegal has sixty-three miles of border with the North and over 50 border crossings – not including the lanes. The currency issue is already having its effect but it's the major crossing points that are the focus of concerns. Workers worried about potential delays going to and from work. Hauliers concerned about who is going to pay for any infrastructure associated with customs. The fishing industry in the county, for which Letterkenny Chamber does a significant amount of export paperwork, also worried about Brexit's potential impact.

And there's another question given the success of flights between Donegal airport and Scotland. Will passports be required?

Cross-border healthcare has been recognised as a major development in recent years and any negative impact would, says Toni, set the region back years. Already natives of Donegal have benefitted from new arrangements between health authorities both sides of the border, particularly in the area of cardiac care and more recently with cancer services.

The information gap will take time to fill but Toni is encouraged by the way that both Donegal County Council and the new Derry & Strabane Council have been working together to address Brexit and wider issues in the north-west region. That has been a comfort too for local companies but some are assessing whether or not to set up in their opposite jurisdiction and others are actively doing so.

But the north-west region has deeper problems than Brexit, says Toni, which still need to be addressed. They include the long standing need for an improvement in infrastructure, and the aftermath of a punishing recession which is all too evident in the often decaying villages throughout Donegal.

“After ten years of the recession we were just beginning to see a chink of light and now it's happening again,” she says. With future seminars planned Toni recalls advice given at a previous post Brexit seminar and which touched on the wider ambition of the region – “hold onto your vision and mitigate the impacts.”

Michael Tunney, Donegal LEO

“We are more exposed to Brexit than even other border areas”

Local Enterprise Offices (LEO) deal primarily with micro-enterprises – those with less than 10 employees. Above that level, export and high-growth companies are guided by Enterprise Ireland. In Donegal 76% of the LEO clients are exporting and of those, 97% are selling into the UK market.



The Frontline Project- Donegal

“We carried out that survey in October-November when the currency impact of the Brexit referendum was well known,” says Michael Tunney, head of Donegal LEO. “The proportion of our customers who are exporting was down from 82% a year earlier but we can't say that is any sort of Brexit effect.

“The figures demonstrate, in case there was any doubt, that in Donegal we are more exposed to Brexit than even other border areas. Our customers are coping because there is a lot of experience dealing with currency fluctuations and certainly there is more offset purchasing in sterling. They build some allowance for sterling fluctuation into their pricing. But if the SMEs now have to look at tariffs and customs clearance and delivery delays that all add layers of extra cost, we are going to have a difficult time. It's not just on the sales side, there are concerns about material prices such as problems bringing in steel or other raw materials.

“It's very difficult to get small and micro businesses to explore other international markets. The UK is in everyone's comfort zone. It's far more than the common language: we all know how England works- pretty much like Ireland – and many of our entrepreneurs have worked there or have family there. But over-dependence on just one customer is never a good business model.”

Donegal seems to be an acute example of Ireland's dual economy, with a narrow international hi-tech layer of global exporters at the top and a very wide base of smaller exporters with an inverse relationship between size and dependency on the UK market.

“It's hard to work out the likely overall impact of Brexit. For example, we don't have any really big players in agri-food which is very clearly the most exposed sector at national level. There is a potential major issue around the amount of fish catch currently landing in Killybegs but fished in UK waters with some 70% of all pelagic catch coming from these.”

Michael has heard reports of small manufacturers considering setting up across the border or in Britain. However, he has also had a number of enquiries from SME's from the other side of the border which are considering relocation or some other form of business operation in Donegal. This is hardly surprising since the concept of bringing coherence to a natural cross-border economy is highly advanced here. A research report – “An initial analysis of the challenges and opportunities of Brexit”- commissioned by Donegal Council and Derry & Strabane District Council is due for publication shortly. Among other things it says there are 47,000 daily traffic movements between Derry & Strabane and north Donegal.

“It is going to be a huge problem if we get border checks that impede that flow,” says Tunney. “There is a very large proportion of the workforce here in Letterkenny coming over the border every day. It doesn't have to be people controls. I used to be a planner in Dundalk when the lorries clearing customs were queued out the Newry road and I can tell you, controls on movement of goods can easily turn into barriers for people as well.”



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