

Ireland and UK Links

People, History, Trade, Laws, Politics

Unique Common Border

Ireland the only country in the EU with a UK land border.

Common language

Ireland and the UK are both English speaking countries

All Island economy

There are fully integrated commuting patterns, shopping habits, and value chains across the Island

Joint commercial contracts

Ireland and the UK as treated as one market organizationally and contractually by companies

Same consumer taste

Ireland and the UK are considered as one market with identical products being offered in both.

UK exports and imports

Many Irish SMEs, who export or import, only trade with the UK market.

UK land bridge

66% of Irish goods exporters transit goods to EU and other international markets via the UK's roads.

Common-law legal system

Ireland and the UK have a common-law legal system unlike other EU countries.

Common Travel Area

Common travel area (CTA) agreements have operated between Ireland and the UK since the 1923.

Brexit: Emerging Impacts?

People, History, Trade, Laws, Politics

Unique Common Border

The land border becomes “hard”. **Higher business costs , increased political and community tensions**

Common language

Ireland becomes the sole English speaking country in the UK. **More Irish job opportunities in the EU**

All Island economy

Workers cannot move freely, shopping patterns change , value and supply chains are disrupted

Joint commercial contracts

Ireland and the UK can no longer be managed as one market by companies. **Higher business costs.**

Same consumer taste

Product contents, safety standards, labelling and packaging standards all diverge. **Higher Prices**

UK exports and imports

Irish SMEs uncompetitive due to added trading costs, duties and regulations. **SMEs go out of business.**

UK land bridge

4 costly new customs checks slow the transit goods via the UK’s roads. **Higher cost of business**

Common-law legal system

EU laws only apply in Ireland. New costs of legal compliance. **Higher costs to business and consumers**

Common Travel Area

Common travel area CTA) continues. EU law changes situations in Ireland. **Citizen rights diverge**

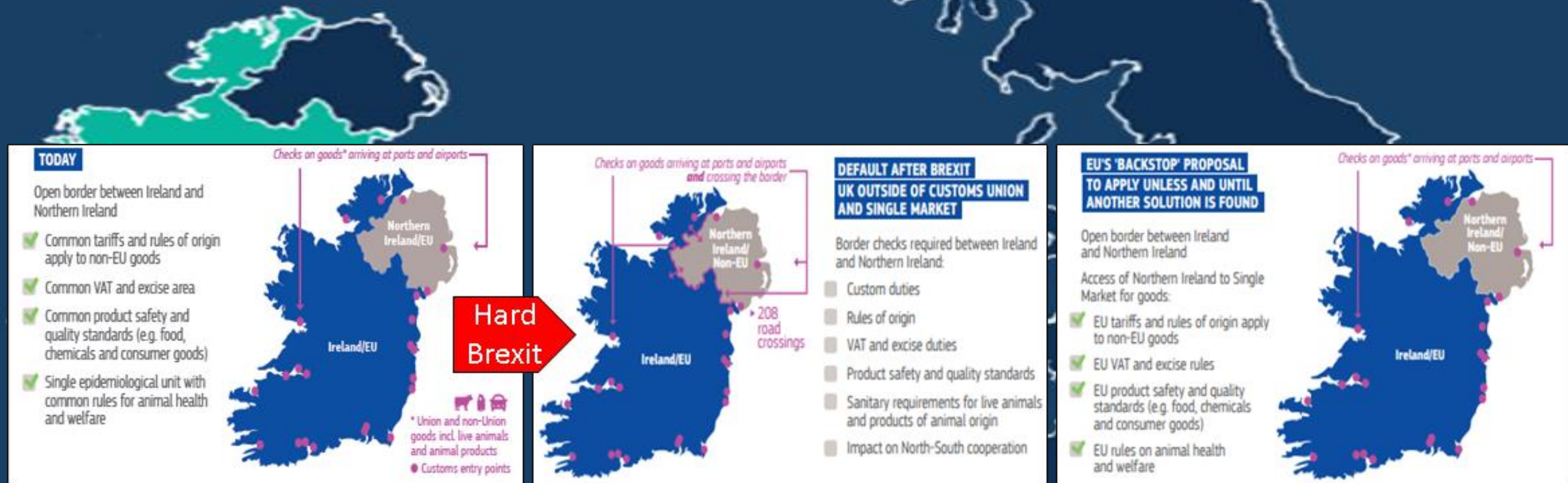
Brexit: The Border Issue

Keeping Ireland a single Integrated free movement market

Today goods, services and people can freely move in and out between the Republic of Ireland and Northern Ireland.

In a Hard Brexit, customs and other formalities would be required at all the points of entry **and also on the Border with Northern Ireland.**

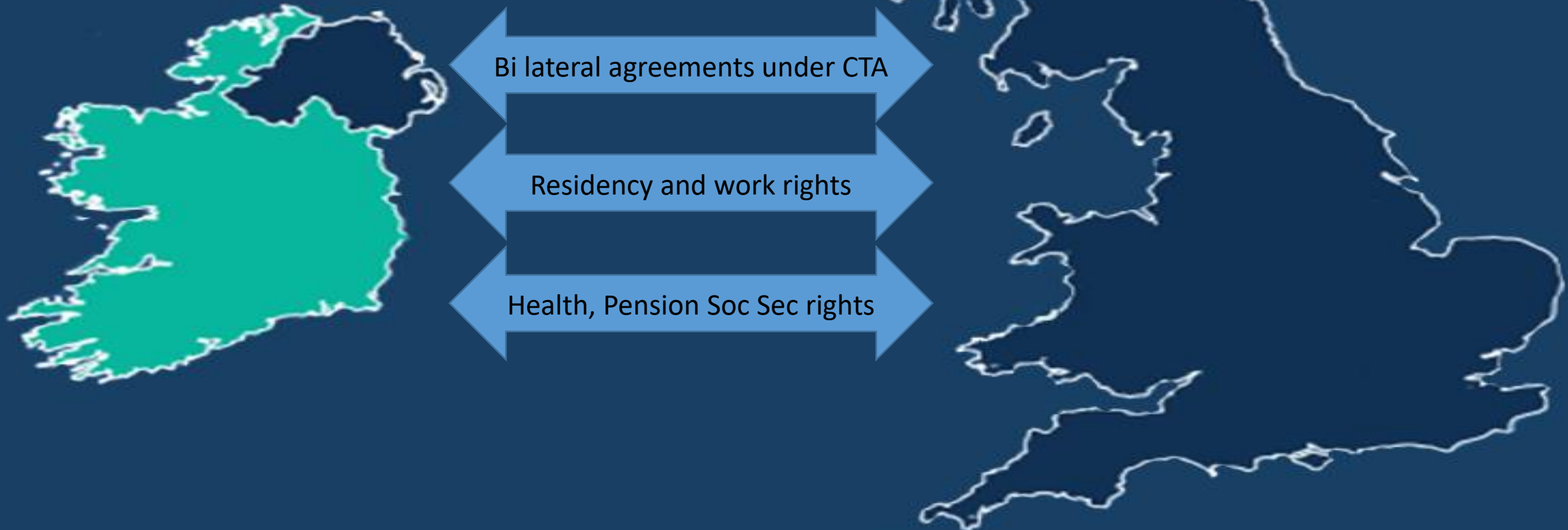
The EU Backstop looks to retain free movement by just having checks at the points of entry.



Citizen Rights

Common Travel Area (CTA)

The CTA is not a Brexit competency. Ireland and the UK have non legally binding agreements covering residency, working and social security since 1923. These are being maintained after Brexit. Neither Irish citizens in the UK nor UK citizens in Ireland will have to apply for residency or reapply for benefits covered under the CTA agreements.



Irish Consumers and Brexit

Buying goods and services after Brexit

Added Cost

The ERSI calculates that Brexit will cost the average household between € 892 and € 1360 per annum

Higher prices

The UK is the main or sole source of items like make up, breakfast cereals and many inputs to Irish goods

Less Choice

UK brands and suppliers will have significantly higher costs and some are likely to leave the market

Alternative Suppliers

UK suppliers are already the cheapest. Alternative suppliers will be more expensive to import / sell

No Irish production

Many products on Irish shelves are not and cannot, in the short term, be produced in Ireland

Quality and safety

Changes in UK quality and monitoring may mean UK products cannot be imported to Ireland

Delays and Food

Customs and transport delays will impact the choice of fresh produce imported from the UK

Exchange rates will help

A bit. The Central bank found only 10% of rate benefits are passed on to Irish consumers

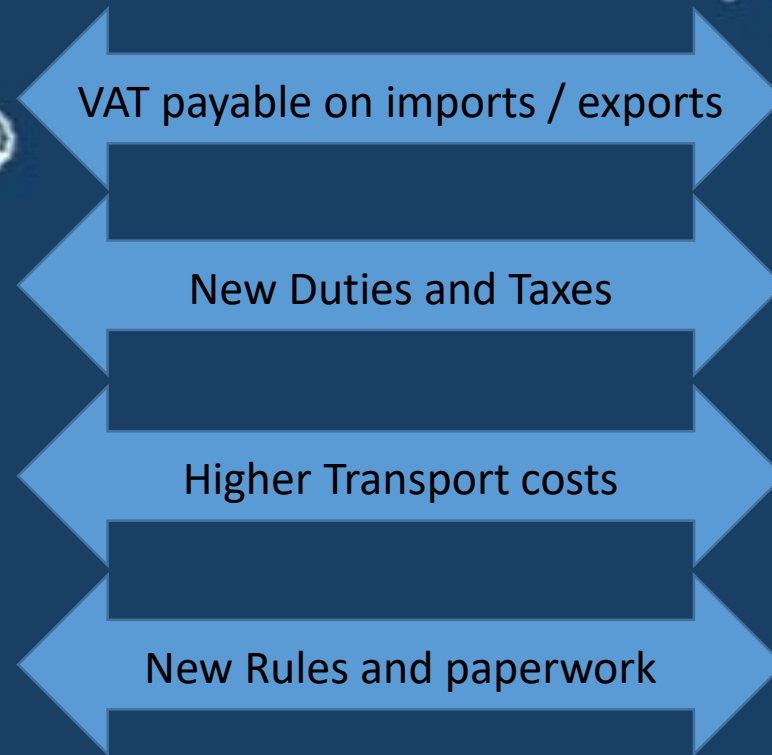
E-Commerce

The cost of buying good online sourced from the UK will rise. Opportunity for Irish Ecommerce sites

Imports and Exports

Duties, Taxes, VAT

EU VAT rules will cease. Irish traders may have to VAT register in the UK. Costs for products and services will rise due to new Tariffs (duties), taxes and process changes. Exchange rate changes will impact the costs of imports and exports.



Single Administrative Document (SAD)

The post Brexit customs form used for imports and exports to the UK

What is the SAD?

SAD is used for trade with non-EU countries and for the movement of non-EU goods within the EU.

Who has to use it?

Any trader importing or exporting physical goods to / from the EU **and after Brexit, trade with the UK**

When is it used?

Each consignment of one or more packages will need a SAD to be completed when trading with the UK.

What does it do?

SAD has all the data for customs to process post Brexit trade in and out of Ireland for / from the UK

Who creates the SAD?

Completing the SAD document is the responsibility of the trader shipping the goods.

Tariffs / Import Duties

The importer gives the tariff code for the goods for duty calculations. **Duty errors are non refundable.**

Penalties

The penalties for non-compliance can be severe in both financial and reputational terms.

Retaining Copies

SAD is an 8 ply form. One of these must be retained by the trader for their records and audits.

Border Delays

SAD will take time to process at export and import points. This will add time to the transit.

Importing €1000 of UK Goods

Cost and Cashflow impact on €1000 of UK imports to Ireland

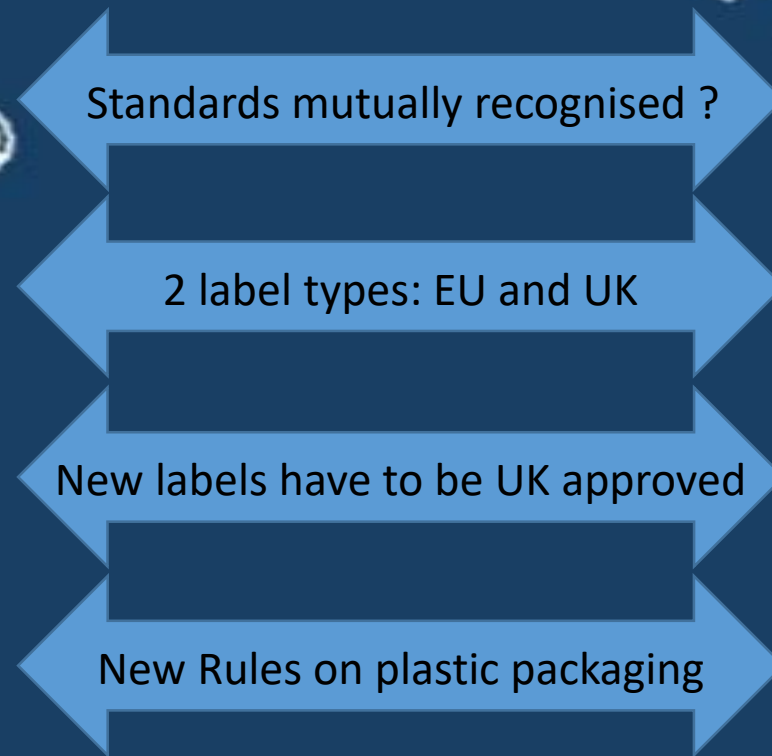
VAT levied at 23%. Duties are set at a low 5%.
Additional costs also include customs clearance.
Changes in Transport, Insurance and Exchange
rates are not factored in the example.
(For exports to the UK change the VAT rate to 20%)

	October 2018	October 2019
Cost of Goods €	1000	1000
Transport + Insurance	100	100
Customs Duty 5%	0	50
Customs Clearance	0	100
Import VAT 23%	0	265
Total	1100	1515
Cost Increase		32%
Cash Flow Increase		23%

Labels and Packaging

Product Labelling and Packaging

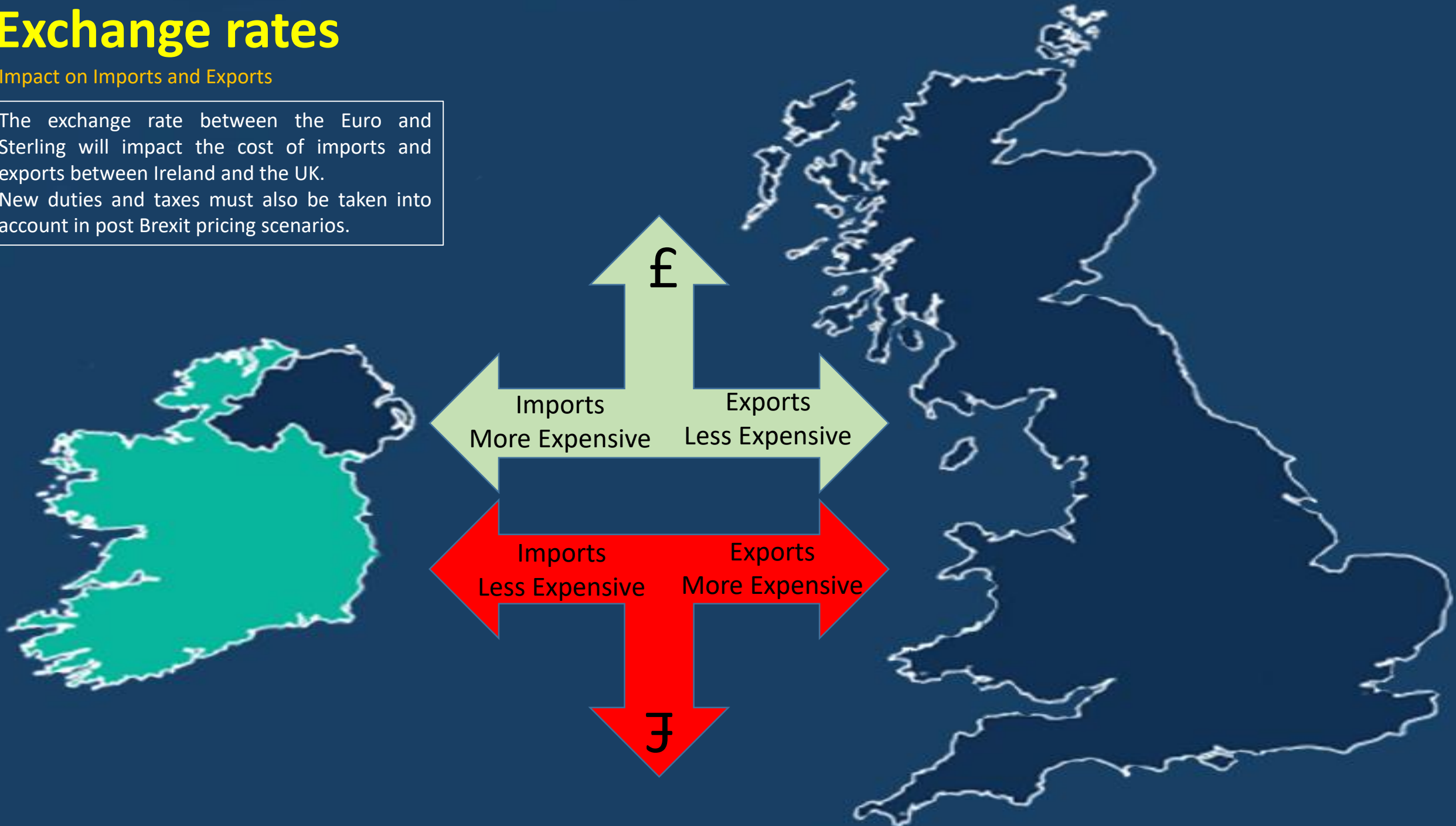
The EU has a set of standards for the labelling and packaging of products. This means any compliant product can be sold in EU to consumers and businesses. The UK will likely change their standards in the period after Brexit. This will mean costly changes for Irish Exporters.



Exchange rates

Impact on Imports and Exports

The exchange rate between the Euro and Sterling will impact the cost of imports and exports between Ireland and the UK. New duties and taxes must also be taken into account in post Brexit pricing scenarios.



Financial Payments and Brexit

Moving money to and from the UK

SEPA and the UK

The UK and Ireland are in SEPA (Single Euro Payments Area) The UK can stay in SEPA after Brexit

What does SEPA do?

It makes it easier to send money and electronic payments between the countries in the SEPA area.

Who uses SEPA

Businesses and consumers use SEPA to transfer money between the countries in the SEPA area.

SEPA Services

Inside the SEPA area direct debits, single debit card , one bank account, cheaper transparent transfers.

If the UK stays in SEPA

Businesses and consumers will see no difference in they move money to and from the UK.

If the UK leaves SEPA

Transferring money to and from the UK will become more difficult, expensive and take longer.

Exchange rates and SEPA

SEPA only transfers money. Exchange rates are set by the market and are not a function of SEPA

SEPA changes after Brexit

The UK will have to adopt or have processes approved to implement changes in SEPA rules.

Credit Card costs

EU legislation forbids extra charges for using a credit card. UK credit card users will lose this protection.

Ecommerce

Buying or returning online Goods: Where is the Stock?

Many UK brands have .IE web sites that transfer orders to UK based management systems and stock is then sent to Ireland. Any such ecommerce orders (eg from Amazon) may have additional customs costs, duties and taxes. Products being returned to the UK may also be more costly. Return to store or an Irish location is a likely future option.



Tourism and Brexit

What are the likely impacts of Brexit on Tourism?

UK Tourism Market

Over 40% of tourists to Ireland are from the UK. This is a mix of business and leisure tourism.

What will Brexit Impact?

Revenue from UK tourists in the west was 12% in 2017. Northern Irish Tourists accounted for 6%

Loss of UK Tourists?

Since the Brexit fewer UK tourists arrived due to a bad exchange rate and a weaker UK economy

Loss of Irish Tourists?

A weaker sterling post Brexit will make the UK a cheaper destination for Irish tourists.

Retail Export Scheme

UK visitors will be able to purchase goods in Ireland for personal consumption and have the VAT refunded

Medical Issues on holiday?

Access to the Irish health system will likely be maintained under the CTA agreements.

Driving Licenses?

Unlike other EU countries a UK visitor to Ireland can drive with a current valid UK licence for up to a year.

More Conferences

As the only EU English speaking country Ireland is well positioned to gain more conference business

Alternative Markets

Generating additional or new business in alternative markets will be a long and costly process

Retail Export Scheme

VAT free personal purchases for non EU visitors

Retail Export Scheme

This allows non EU resident visitors to purchase goods for personal use outside the EU , VAT free.

Businesses must register

Retailers wanting to offer this service must register for it. Official Agents are commonly used.

After Brexit

UK citizens visiting Ireland will be able to purchase goods VAT free for personal consumption.

Duties and Taxes

Other duties and taxes on the items purchased are not refunded.

Taking or sending Goods

Goods purchased under the scheme can be taken immediately or shipped within 3 months.

Person Present only

VAT free purchases are only offered in face to face transactions. Ecommerce is **NOT** part of the scheme.

Business to Business

All goods purchased under the scheme are for personal not commercial purposes.

Value Limits

There is no upper value limit. Items over € 2000 (VAT inc) must be certified individually.

Frequency Limits

There are no limits on how often a person (frequent visitors etc) can avail of the Retail Export scheme.

Agri-Food and Brexit

What are the likely impacts of Brexit on Agri-Food ?

UK – Ireland market

Ireland exports over €4.25 billion of food products to UK. It imports €3.47 billion of UK food products.

Low Business Readiness

61% No market Strategy,
83% no tariff research ,46%
poor customs process
knowledge

Banned products

EG: Chlorinated chicken
from US in UK products or
ingredients would not be
allowed into Ireland.

What would be impacted?

All products or ingredients
sourced or sent to the UK
are likely to have tariffs
imposed in a Hard Brexit

Packaging and Labelling

UK is likely to change the
standard for food labelling.
EU only is planning to ban
a biodegradable plastic

Alternative Scenario

UK maintains existing
trading terms with EU
countries, Customs done
inland not at borders.

Tariff Levels?

The WTO tariff for 1 KG of
Dressed Lamb is €3.8.
Honey has a EU tariff of
17%. Fish 0 – 24%

Quality and safety?

Changes in UK standards,
certification , QA and
monitoring will increase
business costs.

Be Different/ Innovate

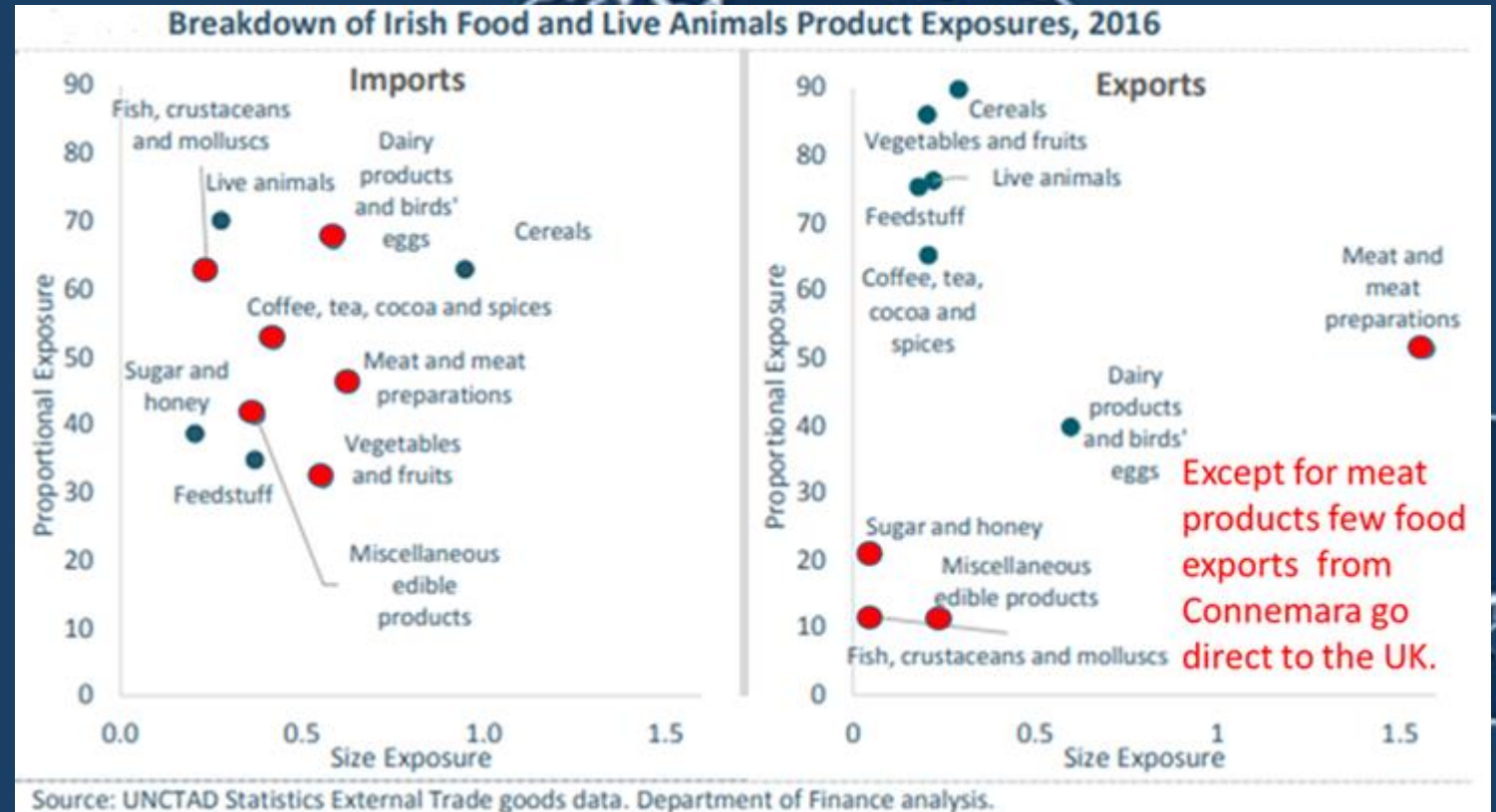
Trust, Credentials: *Carbon ,
Social, Ethical, Health,
Environment, quality
standards, Irish, Vegan etc*

Brexit: Food Imports and Exports

Ireland –UK trade in food stuffs

Connemara has a relatively small exposure to the UK food stuffs market. Sheep meat could have €3 + a kilo tariff added.

However Ireland's food supply is heavily exposed due to the amount of ingredients and prepared food items that are imported from or transit through the UK. EG All Nestle products are imported via the UK.



Except for meat products few food exports from Connemara go direct to the UK.

Pharma / Personal care and Brexit

Medicines, remedies and personal care products

For health and safety reasons pharmaceuticals, medicines and cosmetics are tested and licensed for sale. In the EU products licensed in one country are recognised as suitable for sale in all 28 EU countries. After Brexit the UK will not be part of this regime. Separate UK licenses will have to be obtained to sell new Pharma products in the UK. Existing ones do not need relicensing.



Today	After Brexit
Centralized EU licensing procedure	UK Licensing required to sell there
Mutual License recognition	No Mutual License recognition
Product can distribute freely to EU from UK	Product cannot distribute freely to EU
Shared reviews for clinical trials	UK specific clinical trials needed
Standard labelling and information	Divergent UK labelling and information
Same VAT and Tariffs regime	UK outside EU VAT and Tariff regime

Media: Television and Content

Hard Brexit may benefit Irish media and Content creators

TV without frontiers

Since 1989 a media or TV company registered in one EU country could operate in all 28 EU Countries

Broadcasting post Brexit

Media companies based in the UK will need to be licenced in each of the EU 27 countries to broadcast

TV content post Brexit

EU regulations require 51% of all TV content to have been produced in the EU.

Alternative Content

UK content (soaps, dramas, sports etc) will not count in the 51%. Replacing this is an Irish opportunity .

New Partners?

Ireland can become the leading European base for English language media content production.

Location and resources

Ireland as a production location will become more attractive. There are local opportunities in this.

More EU Funds Available

UK media companies will no longer get EU funds. (€57 million of EU funds between 2014 and 2016)

Loss of Tax Breaks

UK media companies will no longer be able to get the section 48 Irish tax break after Brexit.

Broadband is more Critical

High speed broadband is a key requirement for being able to realise local media and content opportunities

Land Bridge: Hard Brexit

Moving Goods through the UK

66% of all Irish exporters transport their products through the UK for export to EU and non EU countries. This is managed using the EU Customs Transit System. It is hoped that this system can continue to be used to facilitate Irish transit goods. If not then alternative routes or 4 costly customs clearances will be required.



Brexit Preparation Papers

EU and UK information notices on Brexit and its impacts

The EU and the UK have prepared and released a series of papers illustrating the impact of and preparations that should be taken in relation to a hard Brexit.

These are sector papers and useful information for preparing for Brexit



EU Notices to Stakeholders

The various sections of the European Commission and other EU bodies have made over 68 position papers for businesses to understand the impact of Brexit.

The link to them is below

UK No Deal Notices

The UK has released the first 24 papers for business sectors and administrators on what will happen in the case of a “No Deal” / Hard Brexit.

The link to them is below



Pre Brexit Business Audit



How well is your business positioned for Brexit?

Pre Brexit Business Audit

A set of questions that help business managers quantify their exposure to UK markets and suppliers

Why do an Audit?

The information will be needed for discussions with lawyers, accountants, transporters and suppliers

Who does the Audit?

The audit can be done by the business owner. Input from other staff and managers is very useful.

What is the best Format?

Your answers should be documented. In tests the EXCEL format sheet was found to be the easiest

Is there a Grade?

No. Information is gained to help with discussions you have to have when preparing for Brexit.

Sharing the Results

Your accountant, lawyer, tax advisor, transporters, suppliers etc will find the information very useful.

Are there priority areas?

Each business is different. The audit will help you identify priority change areas for your business.

When should it be done?

As soon as possible. Some changes will take months to do and require scarce professional help resources

After the Audit

Monitor progress closely. Schedule regular meetings with your professional help resources.