

Irish exporters continue to meet challenges with resilience and vigour

by Simon McKeever

I have served as CEO of the Irish Exporters Association (IEA) since 2013 and what I have noticed is that Irish exporters, importers and supply chain actors, continually meet challenges head on and work with the changed trading arrangements that these challenges bring.

Brexit was always going to be a huge challenge for the Irish business community. Altering the historic trading relationship between Ireland and our nearest neighbour was never going to be smooth and there was going to be bumps in the road. By leaving the EU's Customs Union and Single Market, mandatory checks have to take place on goods moving from, to, or through Great Britain. Irish businesses prepared for the changes however fundamental issues remain, such as a national customs skills gap. Unfortunately, the level of preparedness in the UK is not at the same level and this has caused further issues with trade flows.

Key points:

Our main communication point to our members in the run up to the various Brexit deadlines was that trade deal or no trade deal, trade flows to and from Great Britain were never going to flow as seamlessly as it once did, and exporters needed to get up to speed on those changes and how to address them from 1st January of this year.

Leaving the EU's Customs Union and Single Market means that various layers of "red tape" such as customs documentation and formalities applies, and the nature of these formalities means that disruption is inevitable. While membership of the EU's customs union removes the requirement to process customs documentation, lying outside of this framework means that customs implications are necessary, and their very nature slows down trade flows.

Traders that export and import to non-EU countries will be au fait with the rules, however given the volume of goods that move from this island to Britain the degree of disruption is magnified.

In terms of customs, there are underlining issues contributing to delays in customs clearance that are inevitably delaying the flow of goods. The lack of preparedness in the UK on customs procedures is a huge contributing factor to delays, which I will get into in more detail but there is a customs skills gap in Ireland that needs to be swiftly addressed. Some companies have opted to bring customs expertise 'in-house' by training up a member of staff to deal with the paperwork, while others have arranged for a dedicated customs agent to carry out procedures. No matter which option has been chosen, I think that businesses are overwhelmed by the volume of documentation that must be filled out and customs agents are in high demand due to the national skills gap.

I have urged IEA members to avail of Government supports in this space, which includes free Clear Customs training by Skillnet Ireland and the Ready for Customs Grant by Enterprise Ireland which provides companies with financial assistance to cover the costs of taking on customs clearance staff, the deadline to apply for this grant is 31st March. We also run a number of customs courses for IEA members and non-members.

Many Irish goods that enter Britain are destined for continental Europe and therefore transiting the UK landbridge has been favoured by hauliers given that it was the quickest route to market, which is particularly important for time sensitive goods such as pharmaceutical products. In 2018, the Irish Maritime Development Office (IMDO)¹ published a report The implications of Brexit on the Use of the Landbridge, which highlighted that transit time took 20 hours from leaving Ireland to arriving into the continent and estimated that the "volume of goods transported via the landbridge is 3,055,553 tonnes, which consists of 1,031,384 tonnes of imports and 2,024,169 tonnes of exports." The report confirmed the strategic importance of using the landbridge and stressed that certain sectors would be "adversely affected by any deterioration in transit times or increases in costs."

It was anticipated that the reintroduction of customs controls would impact landbridge transit times and therefore we have seen a steady opening up of direct shipping routes to the continent. Our members have been availing of direct shipping routes, where demand is outstripping supply. Members have commented that the opening of direct routes is a positive move, however concerns have been raised about the increase in costs associated with using such a mode of transport and how this may impact business models in the medium to long term. Some members have been re-trailing the landbridge to compare it to shipping routes.

¹ IMDO (2018) The implications of Brexit on the Use of the Landbridge: <https://www.imdo.ie/Home/site-area/news-events/implications-brexit-use-landbridge>

We believe that the real impact of Brexit on trade flows has not yet been fully realised, given that a stockpiling took place in advance of the end of the transition period. We are working closely with members through bespoke assists and our five regional network groups (Dublin, Border-Midlands, Southern, South-Eastern and Western) to keep in regular contact and assist where we can through our membership and Government and EU networks.

What has become very apparent is the lack of preparedness in the UK for the end of the transition period and as a result this has had a knock-on effect on supply chains here. Seamus Leheny, Northern Ireland Policy Manager for Logistics UK, during a recent interview with RTÉ News², commented that businesses in Northern Ireland had no transition period and are "learning on the job", which is consistent with the feedback that we have been receiving from IEA members. We are engaging with department officials at home and in the UK to raise and solve issues that our members are experiencing.

We recently held a webinar with officials from the Revenue Commissioners and HM Revenue and Customs to ensure the members can ask their questions to the right people. As a key interlocutor in the supply chain, we will continue to hold webinars that are of benefit to exporters, importers and supply chain actors to assist them through the challenges that Brexit poses.

Conclusion:

Trade actors are adapting to the changed trading arrangements that we now have with the UK and I don't believe that any easing of customs formalities will be brought in. By leaving the EU Customs Union and Single Market, changes to how we trade with the UK were inevitable and we are now realising them. There is a wide body of resources for businesses to refer to, we have developed a Supporting IE – UK page on our website, where we collate useful and relevant information from the Irish Government, UK Government, and the EU.



Looking to the future, Ireland is, and will remain, a hugely attractive place to do business and a gateway to the European Union, particularly as a geographical bridge between the US and the EU, which is of particular importance given the change of administration in the US. I believe that in time, we will see and capitalise on opportunities arising from the UK's exit from the EU, which may be difficult to see at the moment given new formalities and efforts to curb the spread of Covid-19.

We will continue to support and guide our members through the various global trade developments and ensure that they are informed and ready for changes coming down the line.



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IEA CEO

Simon is the Chief Executive of the Irish Exporters Association (IEA). The IEA is the leading representative body for exporters based in Ireland and offers a suite of services including Government & EU representation, bespoke assists, networking opportunities and suite of relevant training programmes. Visit www.irishexporters.ie

² RTÉ News at One (05/02/2021): <https://www.rte.ie/player/series/rt%C3%A9-news-one-o-clock/SI0000001471?epguid=IH000397859>