

**Address by Heather Humphreys T.D., Minister for  
Business, Enterprise and Innovation  
to the Joint Committee on Business, Enterprise and  
Innovation on Brexit**

**23 October 2019**

Thank you Chair and thank you to the Committee for the invitation to address the members this evening on Brexit.

At the time the Committee issued the invitation, the Brexit landscape looked quite different to how it looks today.

The agreement reached last week between the EU and UK on a revised Withdrawal Agreement and Political Declaration on the future EU/UK relationship is a very welcome development.

This Agreement was endorsed unanimously by the European Council on the 17<sup>th</sup> October and is now subject to ratification by the European Parliament. I understand that Parliament has indicated that it will await approval of the deal in the UK Parliament before it considers the Agreement.

Critically, the Deal has yet to secure approval in the UK Parliament. As members will be aware, last night the UK Parliament approved Second stage of the Bill aimed at ratifying the Withdrawal Agreement. This development is a positive signal from the British Parliament. However, the timetable for the Bill envisaged for completion by 31 October was not approved.

The Prime Minister has therefore paused progress on the Bill until a response to the UK request for an extension beyond 31 October is received from the EU.

The President of the EU Council is recommending that EU leaders approve the extension sought by the UK and he is now consulting with other EU leaders on this. The Taoiseach has today confirmed his support for President Tusk's proposal to grant the extension sought. In so doing, he has made it clear too that it would still be possible for the UK to leave before the end of January 2020, if the Withdrawal Agreement is approved by the UK Parliament before that date.

There is still a way to go before we have clarity on the process in the UK Parliament and it would be neither wise nor

appropriate to speculate on the ultimate outcome of current proceedings in Parliament.

Government remains firmly convinced that ratifying this Withdrawal Agreement is the best way to ensure an orderly withdrawal.

A No Deal outcome is in no one's interest.

Ireland has always said, taking account of the circumstances of the UK request, that we are open to an extension to facilitate an orderly withdrawal from the EU by the UK.

This of course requires a unanimous decision of the European Council and President Tusk has indicated that he is consulting with EU leaders on this issue.

While the possibility of a No Deal Brexit appears lower now than it was a fortnight ago, nonetheless, Government is continuing apace with No Deal preparations.

I fully recognise that the constant flux around Brexit has created a huge sense of insecurity for citizens and businesses alike.

It has also placed a huge onus on businesses to engage in Brexit contingency planning and to take costly mitigating actions.

I hope that we will soon have clarity on the direction of travel of Brexit which will bring about much needed certainty for businesses.

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### **Preparations for Brexit:**

My Department, the offices and agencies under my remit have been front and centre preparing businesses for all possible Brexit scenarios: initially for a more benign Brexit and, more recently, for a hard Brexit.

In your invite, you asked me to address certain issues including: Brexit supports; engagement with businesses; forecasts on the potential impacts of a no-deal Brexit; stakeholders' concerns; and supports for businesses in a no-deal Brexit.

As members will be aware, it has been the strongly held position of Government that a No Deal Brexit was to be avoided at all costs.

The potential detriment to people's lives, to our economy and to peace on our island has been evident from various analysis and studies undertaken since 2016.

As I said in my address presenting my Department's budget for 2020, Ireland has never been better placed to deal with a big economic shock like a No Deal Brexit although it would undoubtedly present an unprecedented challenge.

Consider what has been achieved since the start of 2016 - nearly 220,000 jobs have been created and the unemployment rate currently stands at 5.2%, the lowest since 2007.

We are planning and investing for the future through Future Jobs Ireland; the 9 Regional Enterprise Plans and the Regional Enterprise Development Fund; and Project Ireland 2040, including the €500 million Disruptive Technologies Fund.

### ***Business supports already in place:-***

In the period since the UK Brexit referendum in 2016 my Department, the offices and agencies under my remit, working also with other agencies of the State have been extremely busy preparing for Brexit.

A full suite of financial Brexit measures and supports have been put in place in budgets 2017, 2018 and 2019.

Some of the most significant Brexit initiatives introduced include:

- **Enterprise Ireland's** Brexit Scorecard, Be Prepared Grant; New Market Discovery Fund; and Advisory Clinics
- **Local Enterprise Offices** Technical Assistance Grant for Micro Export; Brexit Mentoring and Advisory Services
- **Intertrade Ireland's** Start to Plan Brexit Vouchers; Brexit Implementation Vouchers; and Brexit Advisory Services
- The €300 million **Working Capital Brexit Loan Scheme**
- The €300 million **Future Growth Loan Scheme**

### ***Business supports only for a No Deal Brexit:-***

In addition, Budget 2020 provided for a €650 million contingency fund available for the business, agriculture and tourism sectors in the context of a No Deal Brexit scenario.

Of this, €110 million will become immediately available to my Department to support **vulnerable but viable** firms.

This is the first wave of funding that will, if necessary, be used to activate four main schemes. These build on existing supports introduced in the past three budgets. These four schemes are:

1. **A €45 million Transition Fund** for firms with more than 10 employees in manufacturing and internationally traded services;
2. **A €42 million Rescue and Restructuring Fund** for firms in all sectors with acute liquidity or insolvency problems;
3. **A €8 million Transformation Fund** for larger firms with €5 million for firms in the food sector and €3 million for firms in the non-food sector;
4. **A €5 million Micro-Enterprise Emergency Brexit Fund** which will be operated by the Local Enterprise Offices in the form of repayable grants up to €50,000.

In addition, **Micro Finance Ireland will receive an extra €5 million** to increase the loan ceiling from €25,000 to €50,000.

**An extra €3 million will be available for the Department's Regulatory Bodies** for additional demands in market surveillance, accreditation and conformity.

And an additional **€2 million will be provided to InterTrade Ireland.**-

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***Engagement with Business:-***

Ever since the Referendum, my Department has regularly engaged with stakeholders.

I regularly chair meetings of my Department's **Enterprise Forum on Brexit and Global Challenges** which includes representatives from business and trade representation groups.

I also chair meetings of the **Retail Consultation Forum.**

Through regular meetings of this forum, I have been able with my enterprise agencies to develop a wide array of supports to help businesses prepare for Brexit.

In addition, I have also chaired a number of **roundtable discussions** with the main Retail Grocery and Distribution players to better understand contingency planning within that sector.

Throughout 2017 and 2018, my Department held a **series of stakeholder events** on Brexit countrywide focussing on the policy areas of my Department.

In the period July to September 2019, I hosted four “**Brexit Outreach Events**” in the border region in partnership with the Accountancy Bodies of Ireland with the agencies of my Department as well as with Revenue and InterTradeIreland (ITI).

These events took place in counties Donegal (including Leitrim and Sligo), Cavan, Louth (including Meath) and Monaghan.

At these events, I impressed on businesses the need to act quickly on a “no regrets” planning basis across a range of actions from supply chain management to customs procedures.

I have also participated on panel discussions at other fora such as the **National Ploughing Championships**.

Furthermore, I instructed my officials in September last to email over **220,000 companies** on the Register of the Companies Registration Office to encourage them to act now to prepare for Brexit.

Of course the enterprise and regulatory agencies of my Department have been hugely proactive in their own right driving home their sector specific messages.

They have organised workshops, roadshows and stakeholder events nationwide as well as conducting national media campaigns to make businesses aware of the need for action in distinct sectors.

Members may for instance be familiar with the radio ads currently running on the need for businesses to be aware of the changes in online retail business post Brexit.

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### ***Economic impacts of a No Deal Brexit:-***

In February 2018, my Department published the Copenhagen Economics study which examined the Strategic Implications arising for Ireland from Changing EU-UK Trading Relations.

The study examined the implications of Brexit for the Irish economy and trade and quantified the impact of possible new barriers to trade which might emerge as a result of Brexit.

While all of the scenarios examined in the study produced a result that was less favourable than a non-Brexit scenario, nonetheless, the Irish economy is still expected to record strong, positive growth out to 2030.

The report also highlighted a range of employment challenges in vulnerable agricultural and traditional manufacturing sectors and highlighted the disproportionate impact of Brexit on the regions.

This analysis was conducted on the basis of no policy change i.e. if no mitigation measures were taken by Government or by firms.

In reality, of course, extensive work and mitigation actions to prepare for the UK's exit, including for a hard Brexit scenario, has been undertaken by Government.

### ***Key Stakeholder Concerns:-***

In my everyday engagement with businesses as well as through the more formal channels of engagement referred to earlier, I know that businesses harbour a number of concerns.

The area of new customs procedures on East/West trade as well as checks and other controls on agricultural products is of concern.

Customs is an area that Irish businesses have not, in the main, needed to be overly concerned about but post Brexit, with the UK as a third country, this will no longer be the case.

Government has responded to the dearth in capacity of customs clearance agents by introducing Clear Customs, a specific initiative that combines training through SkillNet Ireland and financial assistance for recruitment, software etc, through Enterprise Ireland.

Concerns have also been aired about the capacity at the ports of Dublin and Rosslare to manage extra capacity, including additional delays that could arise due to additional customs and phytosanitary checks.

Again, Government has invested heavily in additional infrastructure to handle additional traffic, including minimising the risk of delays.

Importers and exporters need to be prepared for new customs and other agri food controls to facilitate smooth running at the ports.

I am aware too that businesses have been closely examining supply chain issues and many have used the opportunity to diversify into other markets and to source product from other EU countries.

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**In conclusion:**

Whilst the manner in which the UK leaves the EU still remains uncertain, members can be assured that Government is continuing to prepare for all scenarios, including a No Deal Brexit.

Government is fully aware of the vital importance of providing targeted measures to help those businesses most affected by a No Deal Brexit.

Budget 2020 is prudently framed and sets out a further range of measures designed to assist businesses, particularly indigenous businesses, who are vulnerable but viable in a No Deal Brexit.

As I have said, given recent developments, a No Deal Brexit is looking less likely however until we have absolutely certainty, we must continue to prepare on that basis.

My firm hope, and I'm sure this is shared by the members of this Committee, is that the Agreement endorsed by the European Council last week will be agreed and we await the outcome of developments in Westminster in that regard.

Thank you.

ENDS