



INSTITUTE OF DIRECTORS
IN IRELAND



BREXIT

The Potential Implications

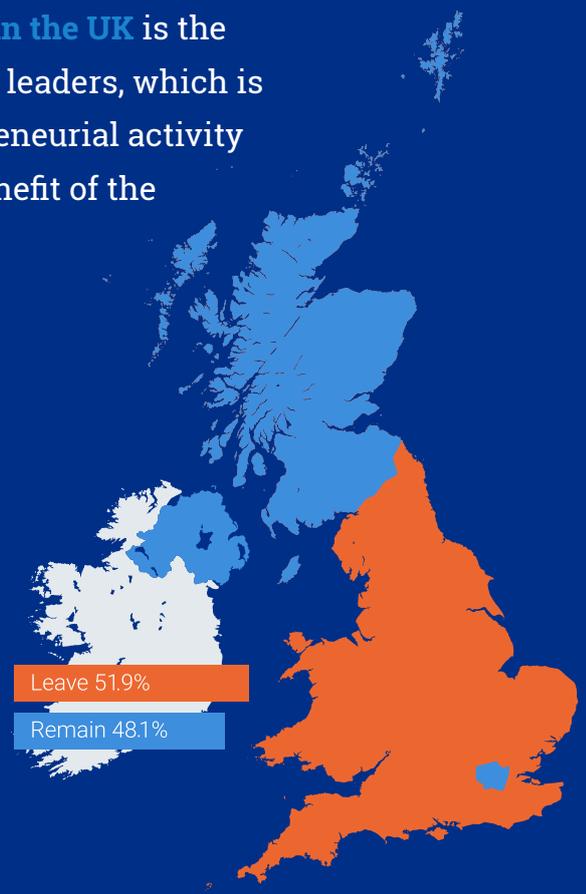
A joint IoD Ireland and IoD UK members' survey

SUMMARY

This research report is a summary of the key findings delivered from a survey which was undertaken by the Institute of Directors (IoD) in Ireland and the Institute of Directors (IoD) in the UK in order to interpret members' reaction and response to Britain's decision to leave the European Union, and the perceived outcomes of such a move. The joint survey was conducted by members of each organisation in October 2016.*

The Institute of Directors (IoD) in Ireland is the representative body for over 2,600 directors and senior executives within the private, public and not-for-profit sectors. As the leading voice in the debate on improving corporate governance standards, the Institute of Directors is dedicated to developing and improving the effectiveness and performance of directors and boards throughout the Republic of Ireland.

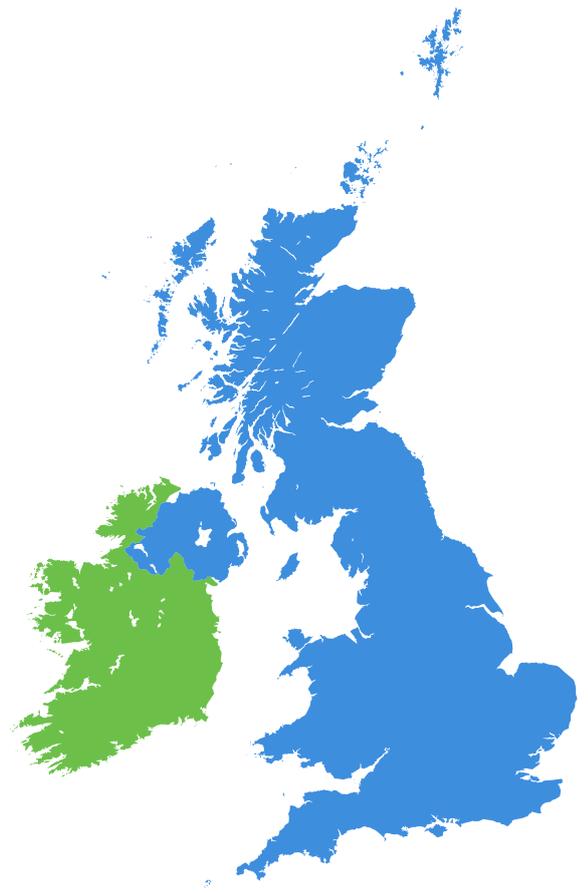
In operation since 1903, **The Institute of Directors (IoD) in the UK** is the country's longest-running organisation for professional leaders, which is dedicated to supporting members, encouraging entrepreneurial activity and promoting responsible business practice for the benefit of the business community and society as a whole.



* 414 (16%) of IoD Ireland members
1,071 (27%) of a panel of IoD UK members

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FOREWORD

"We at IoD Ireland are pleased to have collaborated for the first time on this unique joint survey with our colleagues in the UK. Our respective members' perceptions around Brexit and the impacts it will potentially have on business in both Ireland and the UK are of enormous interest. Sincere thanks to our members for taking the time to provide their views on the unprecedented circumstance that is Brexit."

Maura Quinn, Chief Executive, IoD Ireland

"I'm very pleased that the IoD has been able to join forces with colleagues in the Republic of Ireland to make this important contribution to the early stages of the debate. Needless to say, close collaboration and dialogue between business groups across the UK and EU member states will be vital in informing the discussion over Brexit as it evolves."

Simon Walker, Director General, IoD UK



INTRODUCTION

On 23rd June, 2016, the British people voted in a referendum to leave the European Union. However, the narrowness of the result and its implications, mean that the path ahead is uncertain, and questions remain around the UK's political and economic future.

Further, given the close economic and cultural links between the UK and Ireland, and the fact that many vital relationships are built around EU treaties and directives, any change to the relationship between the UK and the EU is also likely to have an impact on the relationship between the UK and Ireland. But what will the UK's exit from the EU mean for our business, economic and political relationships? Considering the close business links that the UK shares with Ireland, how will Brexit effect Irish stakeholders? What are the ramifications of Brexit for Irish business leaders?

Questions such as these, arising from the referendum aftermath, certainly called for a barometer of views from UK and Irish business leaders. This is why, for the first time, IoD Ireland has partnered with IoD UK, to undertake a unique joint member survey to seek business leaders' views around Brexit and its potential effects on the Irish and the UK economies and businesses.

JOINT SURVEY

The survey – including 14 common questions on business links and Brexit implications – was distributed to members of IoD Ireland and IoD UK. It ultimately aims to find out more about what business leaders anticipate the likely effects of Brexit will be for the Irish and the UK business landscapes, and for our respective economic and political futures. The research was conducted between 10th and 21st October 2016 and, in Ireland, survey results were collected by means of an online survey platform. In the UK, a dedicated research agency was engaged to conduct the survey among a panel of 4,000 IoD UK members.

Regarding content, the IoD Ireland survey differs slightly to IoD UK. Apart from the 14 common questions, we set questions on the general Brexit sentiment among our members, answers to which are contained in Section One of this report. The findings in Section Two (Brexit and Business Links) and Section Three (Brexit Implications) can be summed up as the following: **Perception and Timing of Brexit; Business Links and Impact on Business; Employees; Measurement of the Future for Organisations Post-Brexit.**

In terms of participation, this survey generated the highest ever response to a survey issued by IoD Ireland, with 414 members responding (16% of our membership). The IoD UK saw 1,071 of its panel of 4,000 members (27%) respond to the survey.

REFLECTION ON RESPONDENTS

The respondents represented all leadership categories – chief executives, chairpersons, non-executive directors, divisional directors and senior executives from companies and organisations of all sizes across the private, public and not-for-profit sectors.

The IoD UK survey findings show that considerations around Brexit for Northern Ireland are taken into account, and many are shared in this report.



EXECUTIVE SUMMARY

Britain's exit from the European Union is set to have profound consequences for Ireland, especially if changes occur in areas such as trade, labour and migration. Considering this, the goal of the joint survey on which this IoD Ireland research report is based, is as follows:

- To measure and interpret IoD members' expectations and scope of Brexit, and its perceived impacts on the Irish and the UK business landscapes, and for our respective economic and political futures.
- IoD UK's goal was to utilise the joint survey findings to add context to wider Brexit issues; to set out the complexities of Brexit for Northern Irish businesses and the Northern Irish economy; to highlight a number of issues and concerns which the UK Government will need to bear in mind when negotiating the UK's withdrawal from the European Union. The IoD UK survey report aims to inform and advise UK Government of the concerns of IoD members so as to enable it to begin withdrawal negotiations from the best possible position of knowledge and understanding.

IoD IRELAND DEMOGRAPHIC

Of the 414 IoD Ireland survey respondents, the majority are Managing Directors or CEOs (42%), and 85% of them are based in Ireland. Almost half have been a director for more than ten years (49%) and the largest cohort is from small and medium sized enterprises (SMEs) (42%).

IoD IRELAND MEMBERS' VIEWS

The IoD Ireland members believe that Brexit is not a positive development for the UK or for Ireland. It is generally perceived that Brexit will damage the UK's political relationship with Europe, but it will not damage Ireland's political relationship with Europe.

However, the consensus is that it will negatively impact the Irish economy. The majority of IoD Ireland's members have business links with the UK and they think that ultimately the UK will negotiate a free trade agreement with the EU.

AGGREGATE KEY FINDINGS

- 92% of IoD Ireland respondents disagree with Britain's decision to leave the EU.
- 70% of IoD Ireland respondents believe the effects of Brexit on the Republic of Ireland will be negative for the region, and nearly half of them (47%) think it will happen in 2019.
- 75% of Irish respondents have business links with the UK. Almost the same number of UK respondents (71%) say they do not have business links with Ireland.
- 81% of IoD UK respondents and 46% of IoD Ireland respondents have suppliers based in the EU.
- In terms of business, Ireland is more dependent on trade with the UK than the UK is dependent on trade with Ireland.
- While 74% of IoD Ireland members say the best outcome for their organisations post-Brexit would be that the UK stays in the EU, just 39% of IoD UK members say the same.
- 35% of IoD Ireland respondents think that there will be no change to Ireland's wider economy in 2017 as a result of Brexit. In contrast, 40% of UK respondents say that there will be a significant drop in growth expectation for the UK's economy in 2017.
- According to both sets of respondents, the most likely outcome of the referendum result will be that the UK will negotiate a free trade agreement with the EU.

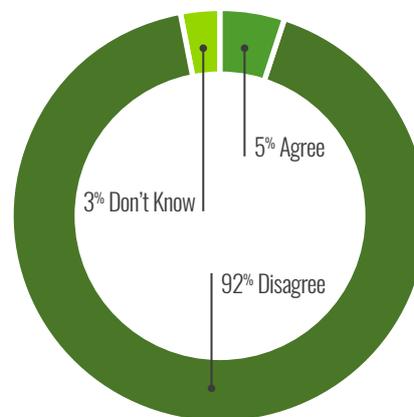


SECTION ONE: BREXIT SENTIMENT AMONG IoD IRELAND MEMBERS

INTRODUCTION

This section was completed by IoD Ireland respondents only. Members were asked about their opinions on Brexit, their views on whether it was the correct decision, the perceived impact of Brexit on the Republic of Ireland and the UK, and the impact of Brexit on the UK and Ireland's political relations with Europe. We also asked members to indicate when they think Brexit will take effect.

1.1 Do you agree or disagree with the UK's decision to leave the UK?



RESPONSE SUMMARY

- A large majority of respondents (92%) disagree with Britain's decision to leave the EU.
- Furthermore, 95% have not changed their minds since before the referendum result.

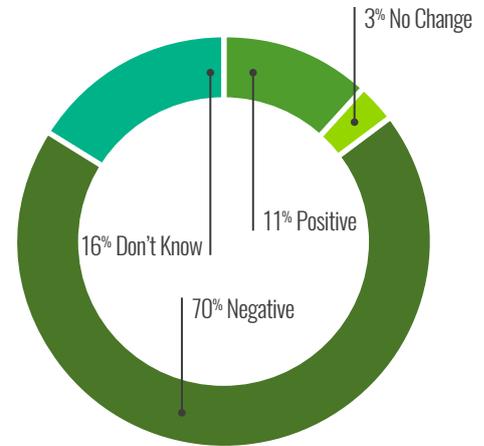
There is a broad consensus among members, based primarily in Ireland (85%), that the UK's decision to leave the EU was not the correct decision and their assertions on this matter have remained unchanged.



1.2 Will Brexit ultimately be positive or negative for the Republic of Ireland?

RESPONSE SUMMARY

- 70% of IoD Ireland respondents believe the effects of Brexit on the Republic of Ireland are set to be negative.
- More members don't know (16%) whether Brexit will ultimately be positive or negative for Ireland than believe it will bring a positive outcome (11%).
- Similarly, the majority (83%) thinks that Brexit will ultimately be negative for the UK.
- Brexit will have a negative effect on political relations between Ireland and the UK according to over half of the respondents (52%). The next largest cohort (22%) don't know if it will have an effect and 17% think relations will stay the same. Fewer than 5% think Brexit will have a positive effect.
- In terms of the general perception of Ireland's post-Brexit political relations with the rest of Europe, respondents' views are evenly divided with 'no change' and 'negative' both at 30%. This infers that members generally feel that Irish-EU relations won't be significantly damaged by Brexit.
- Just over 21% think that there will be a political benefit from Brexit and 14% don't know.
- Unsurprisingly, the UK's political relations with the rest of Europe will suffer, according to almost all respondents (93%). Just 0.5% think Brexit will be a positive for UK / European political relations.
- Almost half (47%) thinks that Brexit will transpire in 2019, either by March or later in 2019. Just over 20% think Brexit will take effect in 2020 or 2021. The imminent nature of Brexit, according to a significant share of the survey group, makes clear the perception that Brexit is a heavy-duty force, which is bound to create waves sooner rather than later.
- * **These responses were received prior to the UK High Court decision regarding the UK Parliament's role in deciding when to invoke Article 50. Therefore, the answers around timings may have subsequently changed.**



SECTION CONCLUSION

There is widespread consensus among IoD Ireland members that Brexit is negative and it promises to deliver further negative outcomes for both the UK and Ireland. Political relations between Ireland and the UK will be damaged and those political relationships between the UK and Europe could also be in jeopardy. Irish political relations with Europe probably will not change to a huge extent and it is more than likely, according to respondents, that Brexit will take place in 2019. There is no doubt that the majority of respondents to this survey believe that Brexit holds nothing positive for Ireland's future, in general terms.

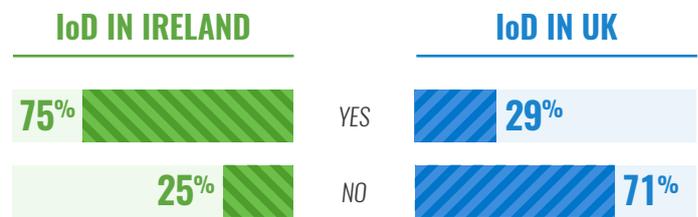


SECTION TWO: BUSINESS LINKS

INTRODUCTION

This section was completed by both IoD Ireland and IoD UK members. In this section, the members were asked about their business links between the UK and the Republic of Ireland and the location of their business suppliers. Members were also asked where their business-to-consumer (B2C) or business-to-business (B2B) customers were located, and to indicate the level of their operations which involve trade between the Republic of Ireland and the UK, as well as other EU countries. Respondents relayed the percentage of revenue that comes from business with the Republic of Ireland and the UK, as well as other EU countries.

2.1 Does your primary organisation have any business links (including supply chains, sales and/ or employees) across the border between the UK and the Republic of Ireland?



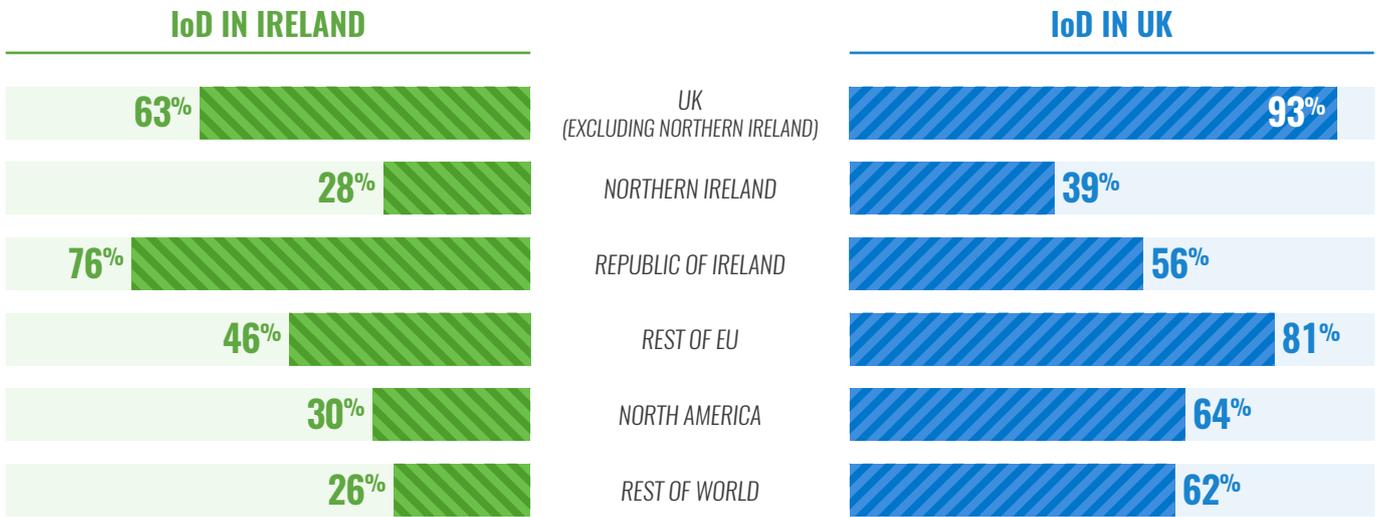
RESPONSE SUMMARY

- Three quarters (75%) of IoD Ireland respondents have business links with the UK.
- Almost the same number (71%) of IoD UK members do not have business links in the Republic.

These findings would suggest that the disruptions to business links that Brexit potentially brings **would impact Irish organisations significantly more than UK organisations** when it comes to sustaining links. IoD UK members believe that, given the close business links between both countries, Brexit must not become an impediment to the movement of people, goods, services, and capital.



2.2 Where does your primary organisation currently have business suppliers?



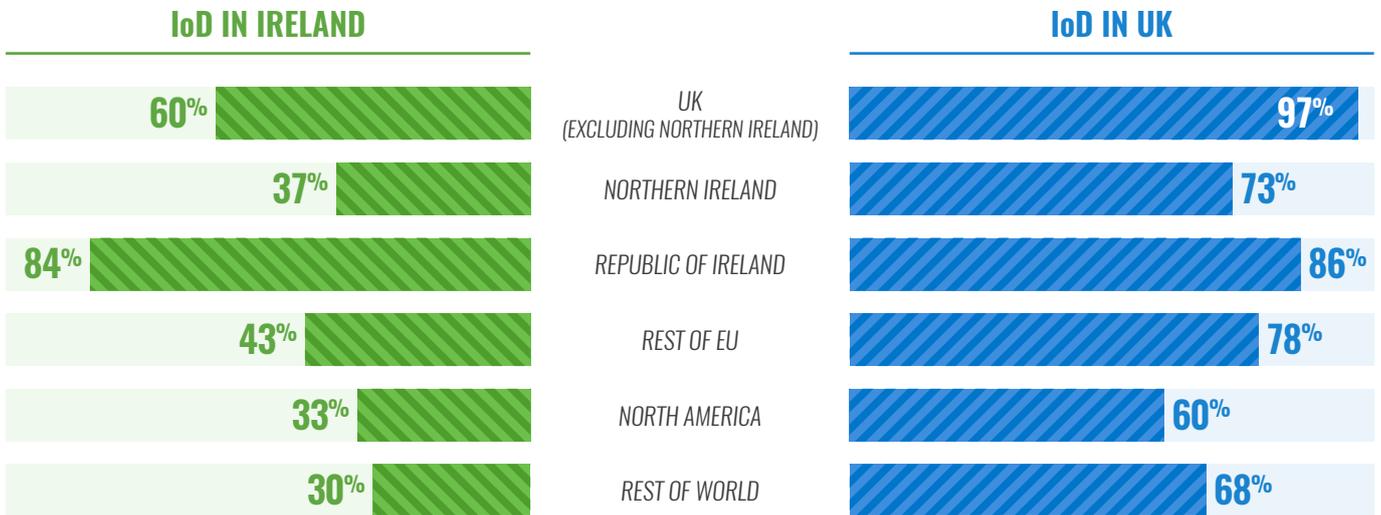
RESPONSE SUMMARY

- Apart from having the majority of their suppliers in the Republic of Ireland (76%), IoD Ireland's members say their second largest proportion of suppliers (63%) are based in the UK. Like the issue with business links, these strong supplier links with the UK suggest that businesses with suppliers in the UK are more likely to be negatively impacted post-Brexit. Considering the high number of businesses in Ireland which trade with the UK, there is a significant need to review current operations and supply chain networks.
- **81% of IoD UK respondents have suppliers that are based in the EU** and this is second only to the percentage of their suppliers based in the UK.
- For the IoD UK respondents, over half of their suppliers are based in the Republic of Ireland.

The fact that such a high level of suppliers are based in the EU does not bode well for UK companies as there is a risk that deals with European suppliers could be affected if Britain fails to secure tariff-free transactions from the EU, post-Brexit.



2.3 Where does your organisation currently have Business to Consumer (B2C)/Business to Business (B2B) customers?



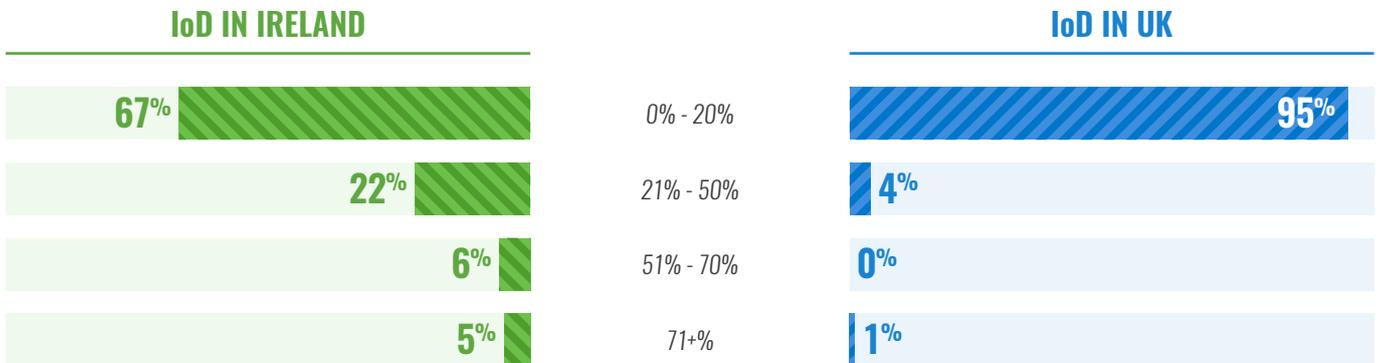
RESPONSE SUMMARY

- Unsurprisingly, both sets of respondents say their own country is their primary market base.
- The largest market for IoD Ireland respondents is the Republic of Ireland (84%), but the UK comes in second (60%), followed by Rest of EU and then Northern Ireland. North America and Rest of World account for approximately 30% each.
- The IoD UK respondents say that the Republic of Ireland is their second largest market after their own country, with 86% noting a customer base in Ireland. **A significant 78% of members say they have customers in the EU** and this is followed by Northern Ireland. It is also significant to note that Irish trade relationships outside of Europe are just half of those of their UK counterparts.
- UK businesses have stronger business relationships in North America and Rest of World markets than businesses in Ireland.

It is interesting to note the **importance of the Irish market to UK-based businesses** and the high level of business that is conducted around Europe, especially for IoD UK members.



2.4 What percentage of your operations involve cross-border trade with the Republic of Ireland/United Kingdom?



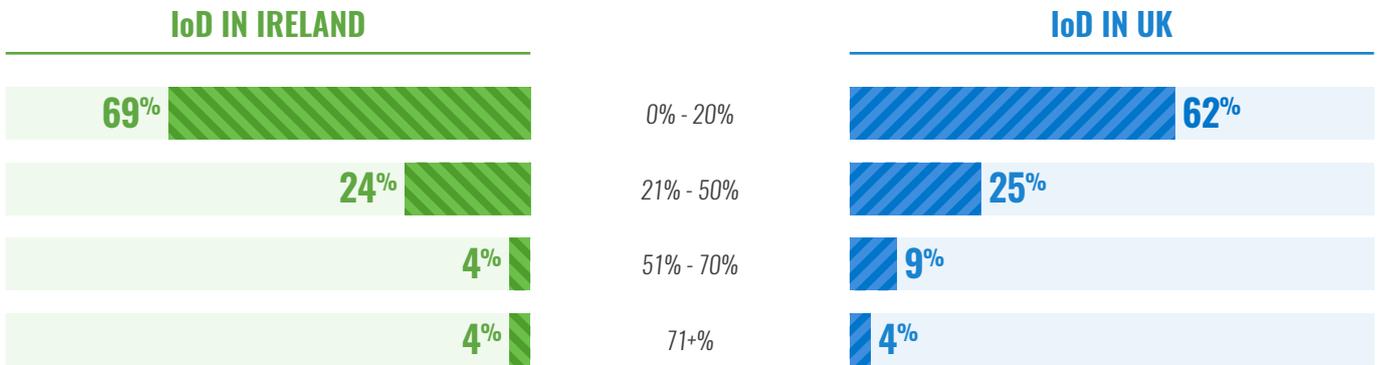
RESPONSE SUMMARY

- 67% of IoD Ireland respondents conduct less than 20% of their trade with the UK and over a fifth conducts 20%-50%. Just 6% conduct more than half their trade with the UK.
- Almost 20% of respondents conduct no trade at all with the UK.
- **The majority of respondents to the IoD UK survey (95%), indicate that they conduct less than 20% of cross-border trade with the Republic of Ireland and just 5% report 51% or more trade with the Republic.**

Considering these results, **Ireland is more dependent on trade with the UK than the UK is dependent on trade with Ireland.** Further, any imposition of tariffs on UK exports to the EU could cause particular issues (i.e. import tariffs) for those Irish-based companies that are conducting trade with the UK. Customs and other procedures are likely to become more onerous for exporters to the UK.



2.5 What percentage of your operations involve cross-border trade with other EU countries?



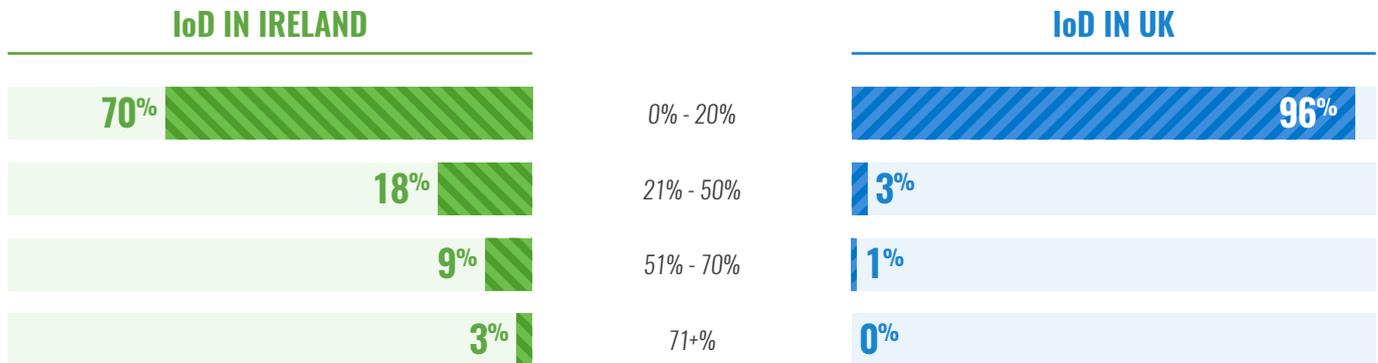
RESPONSE SUMMARY

- The question to IoD Ireland respondents, asking the percentage of operations involving trade with the EU, delivers only a slightly different response to the previous question on trade with the UK and the Republic. **Almost 70% of IoD Ireland respondents conduct less than 20% of their trade with the EU. Almost a quarter of respondents (21%-50%) trade with the EU, and interestingly a third do no trade at all with the EU.**

The IoD UK survey responses run very closely in line with the Irish responses. However, it is notable that findings show, compared with Ireland, more respondent businesses in the UK trade with the EU.



2.6 What percentage of your revenue or sales comes from cross-border business with the Republic of Ireland / the United Kingdom?



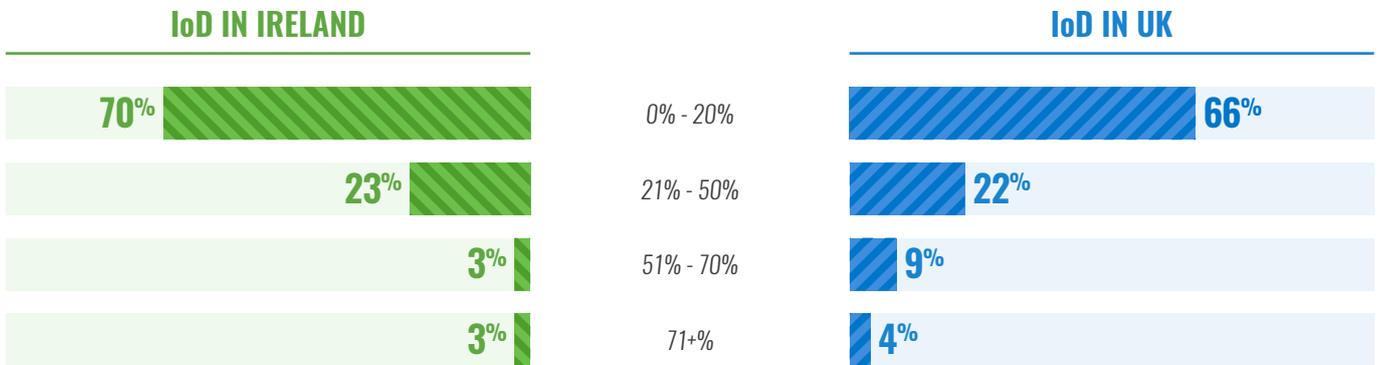
RESPONSE SUMMARY

- In terms of IoD Ireland survey findings, 70% of members say that less than 20% of their revenue or sales are generated from business with the UK.
- 18% receive between 21% and 50% of their revenue from the UK.
- A quarter say they receive no revenue at all from business with the UK.
- The majority (96%) of IoD UK members say that less than 20% of their revenue is generated from cross-border business with the Republic.

These findings show that the UK is very important to Irish business, but the same is not true for the importance of Ireland to UK business. Broadly speaking, Ireland is the UK's fifth largest export market and significantly, more goods are imported into Ireland from the UK than the rest of the EU combined. Further, on the run-up to, and post-Brexit, there may be significant fluctuations in the value of the Pound against the Euro and, as the uncertainty continues around post-Brexit trade and investment scenarios, such volatility may only get worse. Considering revenue or sales coming from cross-border business with the UK, this makes Irish exports more expensive from a British perspective, thus compounding the negative effect on export demand and economic growth. However, UK imports into Ireland would become cheaper.



2.7 What percentage of your revenue or sales comes from cross-border business with other EU countries?



RESPONSE SUMMARY

- 70% of IoD Ireland members have sales or revenue coming from the EU amounting to less than 20%.
- Almost a quarter of IoD Ireland members generate between 21% and 50% of their revenue or sales from EU countries.
- One third of IoD Ireland respondents receive no revenue from other EU countries.
- 66% of IoD UK respondents receive less than 20% of their revenue from the EU and 22% of them have between 21%-50% of their revenue or sales coming from the EU.
- 9% of IoD UK members say they have more than 70% of their revenue coming from the EU, compared with 3% of IoD Ireland respondents.

The difference is marginal between UK-based and Irish-based respondents when it comes to the percentage of business revenue coming from the EU. However, with the exception of a small number of IoD UK respondents, a higher percentage of revenue is generated in the EU, for the Irish survey group.

SECTION CONCLUSION

Both IoD Ireland and IoD UK members maintain that their business links with their respective countries and the EU are significant.

However, while 75% of Irish respondents have business links with the UK, almost the same percentage of UK respondents say they have no business links with the Republic of Ireland. At the same time, more of IoD UK members' B2B and B2C customers are based in the Republic, than are based in the EU. It should be remembered that apart from domestic suppliers (76%) most of Ireland's business suppliers are based in the UK (63%).

Findings also suggest that UK-to-Ireland trade runs at lower levels than Ireland-to-UK trade and more trade occurs between the UK and the EU than between the UK and Ireland. More Irish businesses earn revenue from the UK, than the UK from Ireland. Also notable is that while around half of IoD Ireland members have suppliers in the EU, 81% of IoD UK members have suppliers in the EU.

IoD Ireland respondents note that the UK is a strong source of business links and revenue, and although Ireland is significant to IoD UK respondents in terms of a strong customer base, the EU is more important to them in terms of supply and trade.



IoD UK NORTHERN IRISH MEMBERS AND BUSINESS LINKS

There are approximately 68,085 businesses operating in Northern Ireland. 3% of IoD UK members are based primarily in Northern Ireland but 29% of IoD UK members have business links across the border between the UK and the Republic of Ireland. 42% of these business conduct under a quarter of their operations across the Northern Ireland-Ireland border, and 20% or less of their revenues or sales come from cross-border business with the Republic. Trade between Northern Ireland and the Republic is also significant at around £2.2bn per year, and the Republic continues to dominate Northern Ireland's export market accounting for approximately 37% of total NI exports, worth £3.6bn per year.



SECTION THREE: BREXIT IMPLICATIONS

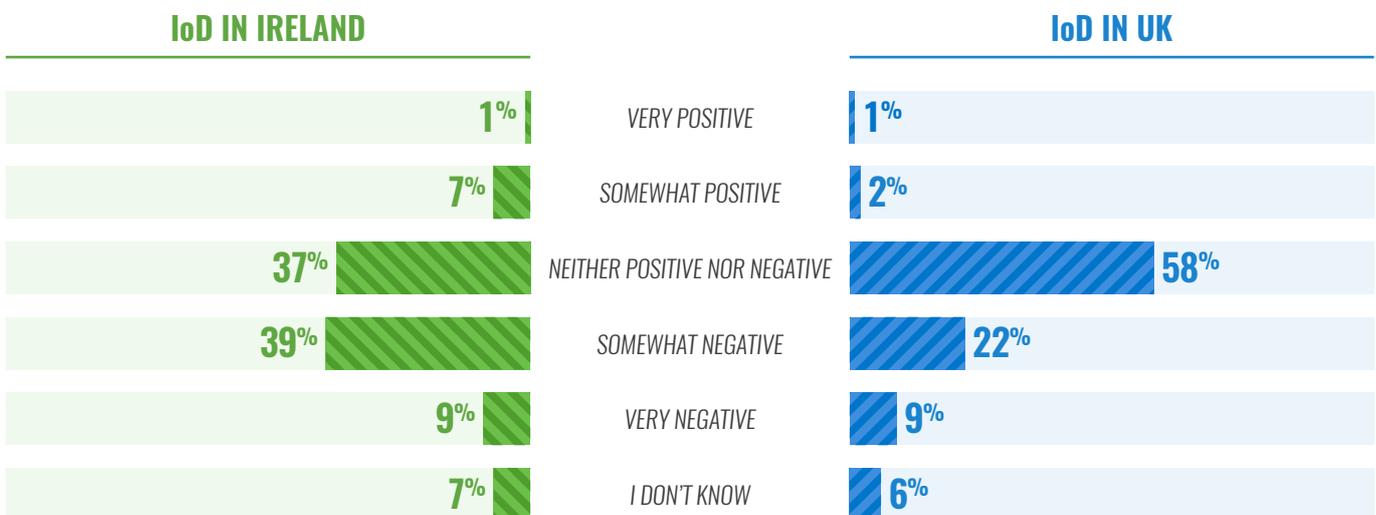
INTRODUCTION

This section was completed by both IoD Ireland and IoD UK members. Section Three gives a broad-ranging overview of what is expected to happen when Britain leaves the EU. There are many expectations around what might happen following the triggering of Article 50 of the Treaty of Lisbon.

Looking at Brexit and its potential impact on business operations, the most optimal results for organisations, and the most likely outcome of the Brexit referendum, this section explores how business leaders feel about the future after Brexit. Also explored in this section is the idea of a renewed Common Travel Area in relation to Irish UK and EU citizens, the state of business revenue and the wider economy.

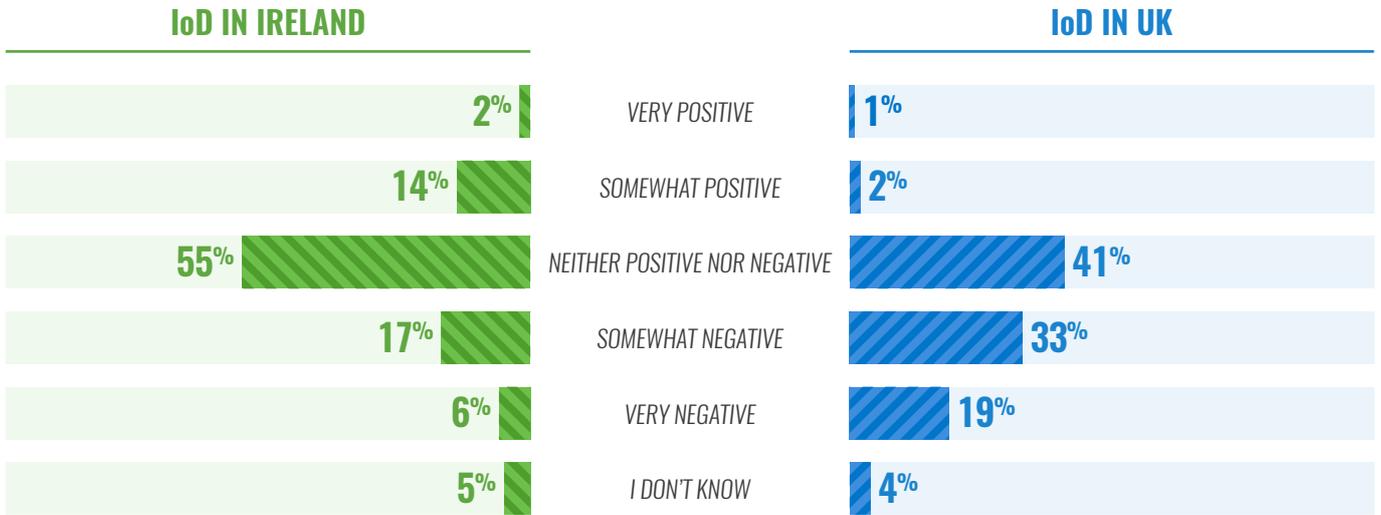
3.1 What impact, if any, do you think Brexit will have on your operations in the Republic of Ireland and the UK in the following areas?

Access to cross-border (Ireland / UK) workers.

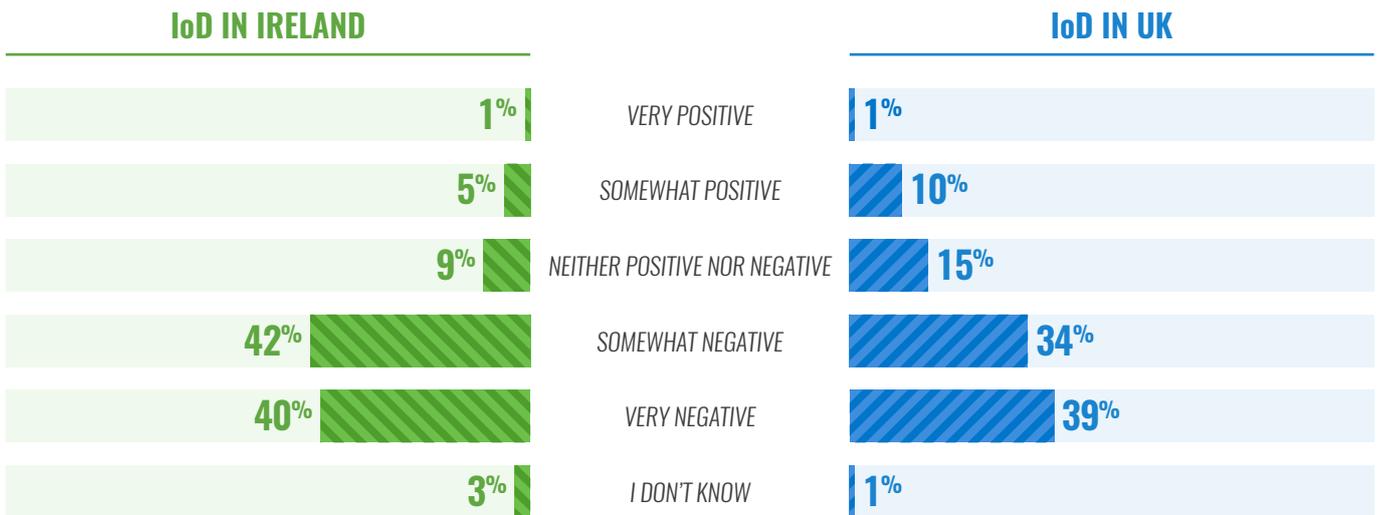




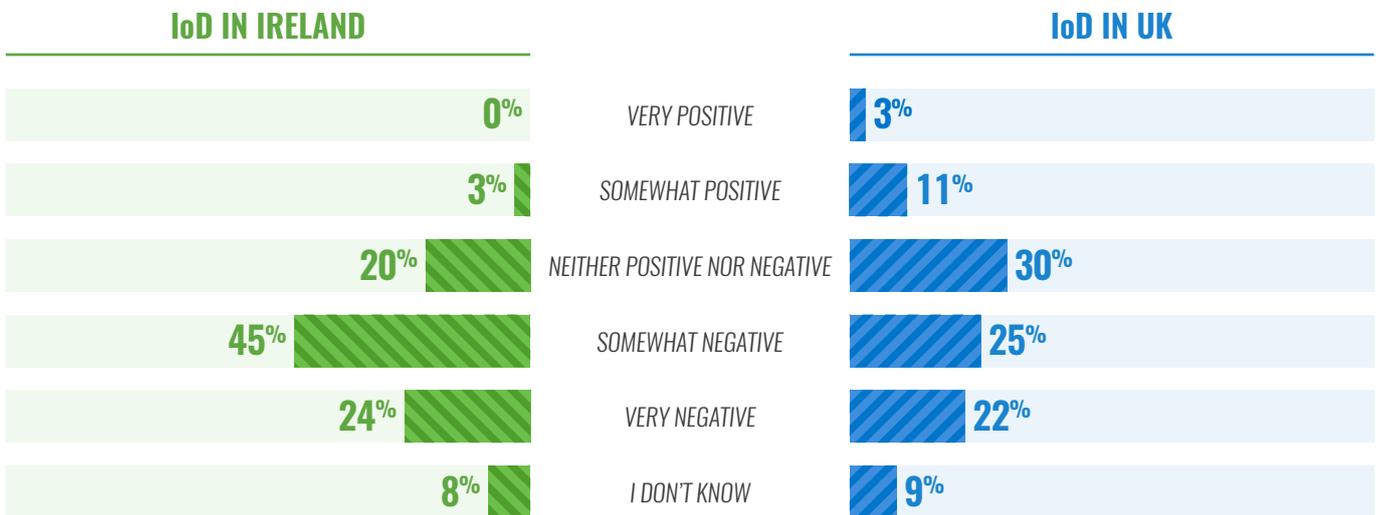
Access to EU (excluding Ireland / UK) workers.



Exchange rate volatility.

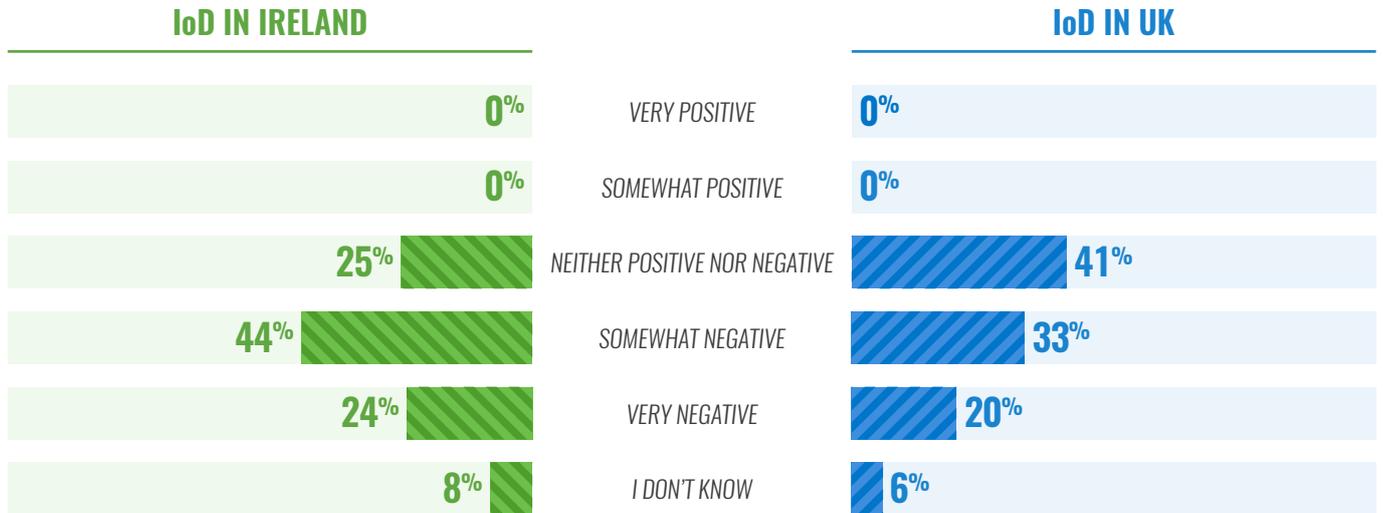


Increased regulatory burdens.

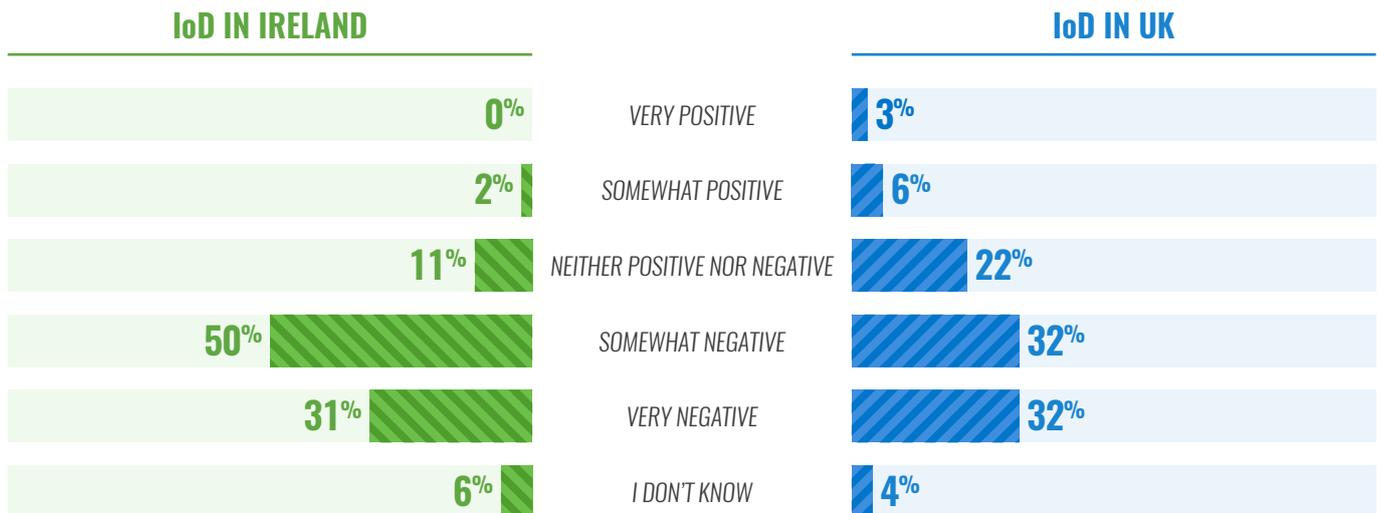




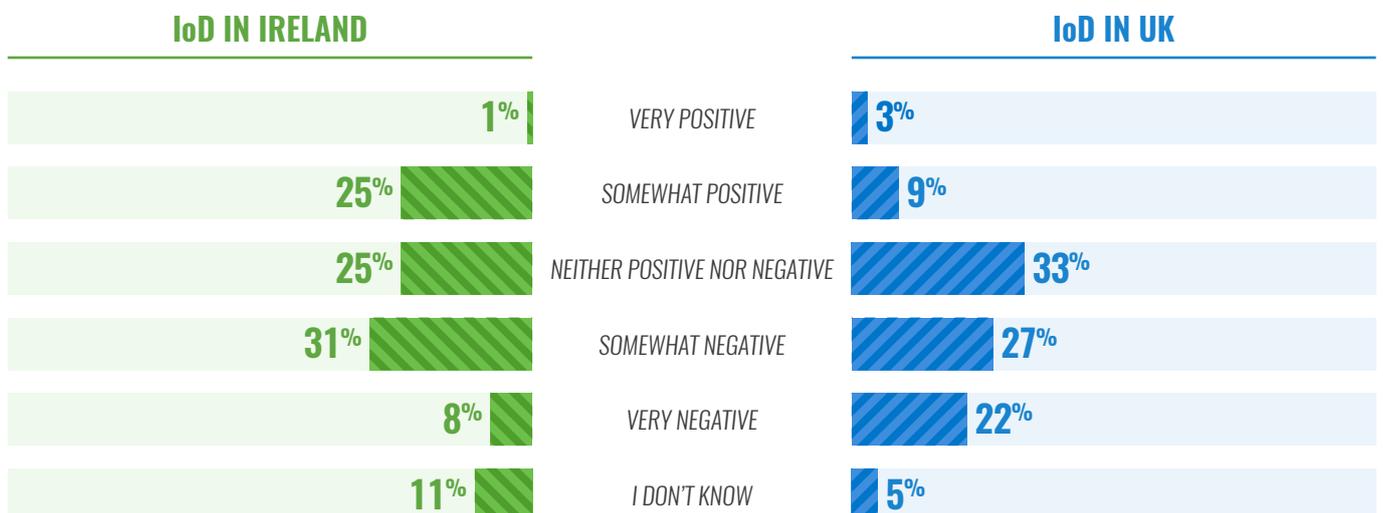
Border delays.



The UK's future relationship with the EU.

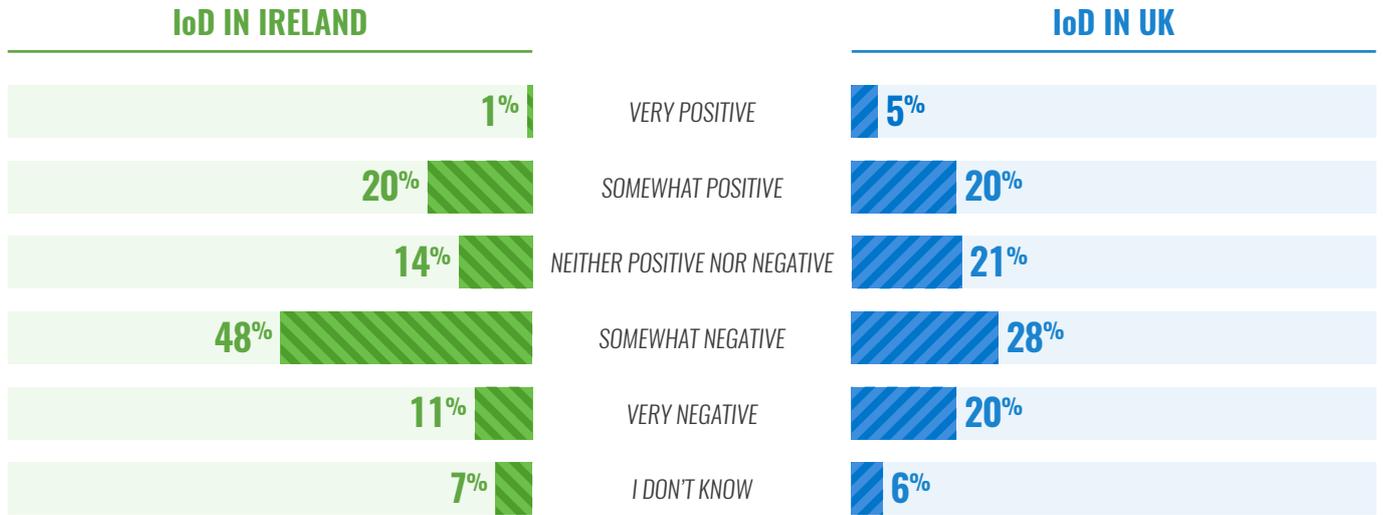


Continued international investment.

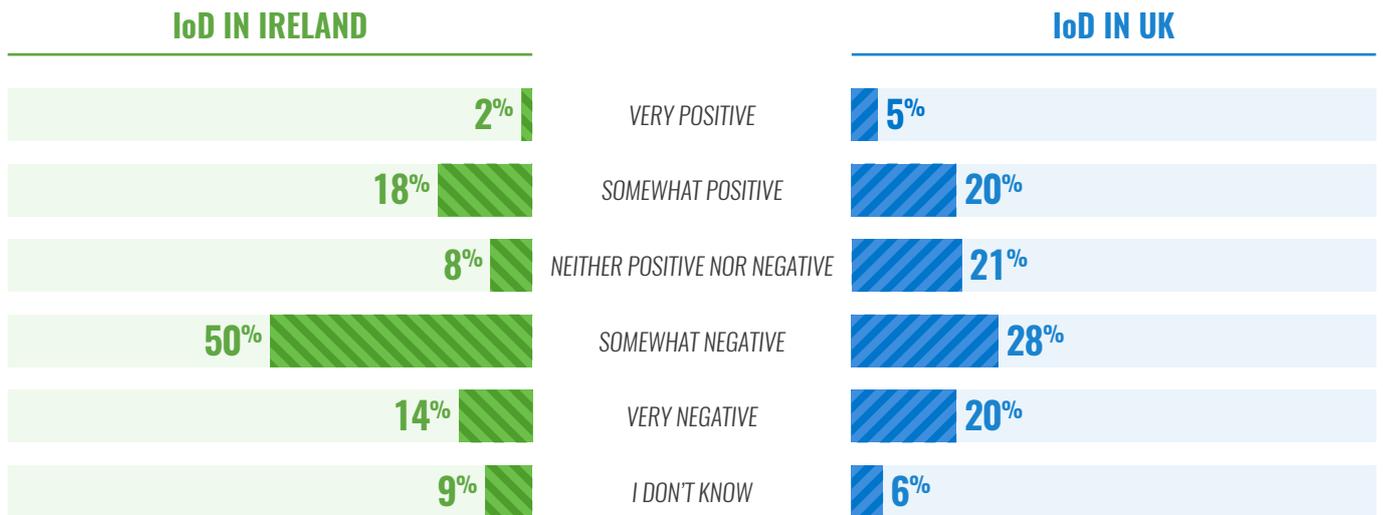




Competitiveness of Irish economy.



Competitiveness of UK economy.



Figures above may be rounded up / down for illustrative purposes.



RESPONSE SUMMARY

- With a measurement spectrum ranging from very positive to very negative, overall, IoD Ireland members believe that Brexit will be negative for all of the given variables.
- They believe that Brexit will have a very negative or negative effect on exchange rate volatility, as well as on the UK's future relationship with the EU.
- They predict that Brexit will increase regulatory burdens.
- Most (54%) think that there will be little impact on access to EU workers as a result, with 14% thinking that it will actually have a positive effect on access to EU workers.
- 25% of IoD Ireland's respondents think that Brexit will act as a positive development for their operations in terms of continued international investment, while slightly more (30%) think that it will be negative for their business.

RESPONSE SUMMARY

- With a measurement spectrum ranging from very positive to very negative, overall, IoD UK members believe that Brexit will be negative for all of the given variables.
- 73% of IoD UK members believe that Brexit will have a very negative or negative effect on exchange rate volatility.
- 64% believe that Brexit will have a very negative or negative effect on the UK's future relationship with the EU.
- Almost half (47%) predict that Brexit will have a very negative or negative impact on increasing regulatory burdens.
- Like IoD Ireland respondents, IoD UK respondents (20%) believe that Brexit will bring competitiveness to the UK/Irish economy.
- Continued international investment will be negatively impacted according to 49% of IoD UK respondents.



IoD UK MEMBERS ON EFFECT OF BREXIT ON INVESTMENT IN NORTHERN IRELAND

22% of IoD UK members think the effect of Brexit on investment in Northern Ireland will be 'very negative'. 27% think the effect will be 'somewhat negative'. 33% believe the effect will be 'neither positive nor negative'. Just 9% are 'somewhat positive' about the effect that Brexit will have on investment in Northern Ireland, while 3% think it will be 'very positive'. The result is that 20% expect Brexit to have a 'very negative' effect on the competitiveness of the UK economy. 28% think the effect will be 'somewhat negative'. 21% believe it will be 'neither positive nor negative'. 21% think the effect will be 'somewhat positive', while 5% think the effect on competitiveness will be 'very positive'.



3.2 Some employees who work in Northern Ireland live in the Republic of Ireland and vice versa. Does this apply to your organisation?



RESPONSE SUMMARY

- Both sets of respondents have members who have employees who live in the Republic and work in Northern Ireland and vice versa.
- More than three quarters (76%) of IoD Ireland respondents do not have employees in their business who live in the Republic and work in the North of Ireland or vice versa.
- The majority of IoD UK respondents (85%) do not have employees who live in the Republic of Ireland and work in Northern Ireland, or vice versa. Despite this, Brexit is still an important issue for the 8% of IoD UK members who do have employees in this situation.

Judging by these findings, it is more uncommon to see an Irish employee working in Northern Ireland, than vice versa. Cross-border workers are an important consideration for IoD Ireland and IoD UK because, although the proportion of members who are affected by this is relatively small, it is a big concern for those members who are affected. Following Brexit, the potential requirement of passport control at border areas should be considered. Also, the question of employment permits being required for Northern Irish workers working in the Republic of Ireland and vice versa, is unresolved.



IoD UK NORTHERN IRISH MEMBERS ON CROSS-BORDER EMPLOYEES

One in 10 IoD NI members employs non-UK staff from the rest of the EU, (excluding the ROI) who live on one side of the border but work on the other. Indeed, 30,000 people currently cross the NI-ROI border every day. Almost 1 in 10 (8%) of IoD NI members have staff who work in Northern Ireland but live in the Republic of Ireland. When asked, a further 8% did not know if they have staff who live in the ROI and 96% of these have at least one member of staff living in the ROI but working in NI who is a non-UK or Irish EU citizen.

10% of IoD NI member think Brexit will have a 'very negative' effect on their access to cross-border (UK/Ireland) workers. A quarter (22%) think the effect will be 'somewhat negative', while 58% believe the impact will be 'neither positive nor negative'. Access to EU workers (excluding UK/Ireland) is an equally considerable concern. One-fifth (19%) of IoD NI member think Brexit will have a 'very negative' effect of their access to EU workers (excluding UK/Ireland). A third (33%) think the effect will be 'somewhat negative', while 41% believe the impact will be 'neither positive nor negative'. Just 2% think the effect will be 'somewhat positive' while less than 1% think it will be 'very positive'.

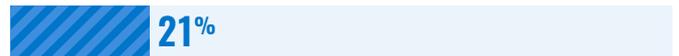


3.3 Prior to joining the EU, Ireland and the UK had a Common Travel Area. When the UK leaves the EU, which of the following would best suit your organisation?

A renewal of the Common Travel Area for Irish and UK citizens (excluding citizens from other EU countries who work/live in Ireland/the UK).

IoD IN IRELAND

IoD IN UK



A renewal of the Common Travel Area for Irish and UK citizens and including EU citizens resident in Ireland/the UK.

IoD IN IRELAND

IoD IN UK



RESPONSE SUMMARY

- When the UK leaves the EU, many IoD Ireland respondents (64%) want to see a renewal of the Common Travel Area for Irish and UK citizens, including EU citizens resident in Ireland and the UK.
- Almost a fifth of respondents (18%) want to see a renewal of the Common Travel Area, but excluding citizens from other EU countries who work or live in Ireland / the UK.
- Just 7% say they favour some form of Common Travel Area for the island of Ireland only, and 5% say they would prefer to see a system of automatic work visas for Irish and UK citizens.
- Like the IoD Ireland respondents, the majority of respondent business leaders based in the UK (55%) want to see a renewal of the Common Travel Area for Irish and UK citizens and including EU citizens resident in Ireland / the UK.
- Second to this percentage is the proportion of people (21%) who want to see a renewal of the Common Travel Area for Irish and UK citizens (excluding citizens from other EU countries who work / live in Ireland / the UK).



3.4 What would you consider to be the optimal final outcome for your organisation of the June 2016 vote for Brexit?

The best outcome for both sets of respondents would be that the UK stays in the EU.

IoD IN IRELAND



IoD IN UK



Coming in at a fairly close second, 36% of IoD UK respondents hope that the UK negotiates a free trade agreement with the EU, compared with just 5% of IoD Ireland respondents saying the same.

IoD IN IRELAND



IoD IN UK



The next most desirable outcome would be that the UK leaves the EU but remains a member of the Single Market (15%).

IoD IN IRELAND



IoD IN UK



RESPONSE SUMMARY

- According to 74% of IoD Ireland respondents, the best outcome for their organisations would be that the UK stays in the EU. The next most desirable outcome would be that the UK leaves the EU but remains a member of the Single Market (15%).
- According to IoD UK respondents, the most desirable outcome – although not a landslide consensus – would be that the UK remains an EU member (39%). Coming in at a close second, 36% hope that the UK negotiates a free trade agreement with the EU. The next highest proportion (13%) of respondents are of the view that leaving the EU, but remaining a member of the Single Market, would be an optimal solution for the UK.

These findings are interesting when Irish views on UK membership of the EU, and UK views on the same issue, are compared. Unsurprisingly, more IoD Ireland members want the UK to remain in the EU. However, it should be taken into account that some of IoD UK's pro-remain members may now be more reconciled to a Brexit. Even so, almost half of the UK respondents want some kind of negotiated agreement as part of their removal from the EU.



3.5 What would you consider to be the most likely outcome of the referendum result?

Believe the most likely outcome of Brexit will be that the UK will negotiate a free trade agreement with the EU.

IoD IN IRELAND



IoD IN UK

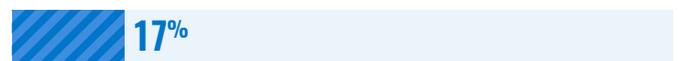


Believe the most likely outcome of Brexit will be that the UK leaving the EU but remaining a member of the Single Market.

IoD IN IRELAND



IoD IN UK



RESPONSE SUMMARY

- According to IoD Ireland respondents the most likely outcome of the referendum result will be that the UK will negotiate a free trade agreement with the EU, according to almost 40% of the respondents.
- Almost 17% think that what will actually happen is that the UK will leave the EU but remain a member of the Single Market, and almost 16% think that they will rely on WTO tariffs and regulations to trade with the EU.
- Almost matching respondents in Ireland, IoD UK members believe that the most likely outcome of Brexit will be that the UK will negotiate a free trade agreement with the EU (39%).
- Just 17% believe it is likely that the UK will leave the EU but will remain a member of the Single Market.
- Over a quarter of IoD UK members think there will be a circumstance where the UK relies on World Trade Organisation (WTO) tariffs and regulations to trade with the EU. This percentage is interesting because in a previous question on the optimal outcome for organisations, a minority of IoD members (8%) believed that this circumstance was the most optimal final outcome of the vote for Brexit for their organisation.



3.6 *As a result of Brexit, have you changed your revenue growth forecasts for your firm for 2016 and 2017?*

RESPONSE SUMMARY

- Noting their answers with a measurement system ranging from revenue being 'up significantly' to 'down significantly', most IoD Ireland respondents have not changed their revenue growth forecasts for 2016 or for 2017 as a result of Brexit. However, a significant proportion (29%) have reduced their forecasts slightly for 2017.
- Much like the IoD Ireland respondents, the majority of members in the UK have not changed their revenue growth forecasts for 2016 or 2017 as a result of Brexit, and 19% have reduced their forecasts slightly for 2017.

These findings show that the financial outlook for a majority of companies in 2016 and 2017 is not perceived to be threatened by the coming of Brexit. Forecasting beyond 2017 is not possible at this point as any financial performance in that period may depend on developments in the Brexit negotiations.

3.7 *As a result of Brexit, have you changed your growth expectations for your country's wider economy for 2016 and 2017?*

RESPONSE SUMMARY

- The majority of IoD Ireland respondents think that there will be no change to growth expectations for Ireland's wider economy as a result of Brexit in either 2016 (48%) or 2017 (35%).
- 27% of IoD Ireland respondents think that Brexit will mean a significant drop in Ireland's economic performance in 2017 and 31% think the economy will fall slightly that year.
- In contrast, 40% of IoD UK respondents say that there will be a significant drop in growth expectations for the UK's wider economy in 2017, and 22% say growth expectations will drop slightly for that year. 36% say growth expectations will drop slightly for the UK economy in 2016.

These findings suggest that UK-based respondents believe that their economy will negatively feel the impact of Brexit in a significant way.



SECTION CONCLUSION

All in all, most respondent business leaders in Ireland and the UK believe that Brexit will be negative for their business. In terms of the general outlook for continued international investment, IoD Ireland members are slightly more positive than those in the UK.

In terms of common findings, most of the two sets of members want to see a renewal of the Common Travel Area for Irish and UK citizens which includes EU citizens who are resident in Ireland/the UK. Most businesses do not have employees who live in the Republic and work in the North of Ireland or vice versa. However, 22% of members in the Republic indicate that their organisation has employees who travel across the border from Northern Ireland for work, further underlining the importance of freedom of travel between the two countries. Furthermore, the most likely outcome of the referendum result will be that the UK will negotiate a free trade agreement with the EU, according to both sets of respondents.

Both IoD UK and Ireland members say that the most desirable outcome for UK organisations following the referendum result, would be that the UK remains an EU member. This was said by 75% of IoD Ireland members compared with 39% of IoD UK members.

On a positive note, in terms of the Irish wider economy, over one third of IoD Ireland respondents think that there will be no change as a result of Brexit in 2017. In contrast, 40% of IoD UK respondents say that there will be a significant drop in growth expectation for the UK's wider economy in 2017.



IoD UK NORTHERN IRISH MEMBERS AND REGULATORY BURDENS

IoD NI members are worried about potential increases in regulatory burdens as a result of the UK's decision to leave the EU. 22% think Brexit will have a 'very negative' effect on red tape for their business. 25% think the effect will be 'somewhat negative'. 30% believe the effect will be 'neither positive nor negative' expect no difference in the regulatory landscape for their business after Brexit. Just 11% are 'somewhat positive' about the effect of regulatory change, while only 3% think it will be 'very positive'. Border delays are a prominent worry for the future. One-fifth (20%) think that border delays would be 'very negative' for their business. A third (33%) say the impact would be 'somewhat negative'. 41% believe the effect will be 'neither positive nor negative'. Not one believes border delays would be even 'somewhat positive' for their business. 39% of IoD NI members say exchange rate volatility is having a 'very negative' effect on their business. 34% say the effect is 'somewhat negative', while 15% report it is 'neither positive nor negative'. Just 10% have had a 'somewhat positive' effect while only 1% say it has been 'very positive'.



CONCLUSION

Although it is difficult to quantify the full macro-economic effects of Brexit on the UK and Irish economies and businesses, this joint survey sought IoD members' views on the key issues surrounding Brexit on both sides of the Irish Sea. We do not know the overall ramifications of Brexit yet, or indeed the critical question that is centred around trade and what type of arrangements will be in place between Ireland, the UK and the EU post-Brexit. However, as a result of this survey, we do know that there is widespread dissatisfaction with Britain's decision to leave the EU among members and that a break-away from the EU is sure to negatively impact Ireland on some levels. It will heavily impact the UK in many significant ways in terms of economy and business links.

Drawing from these findings, we know that members in the UK value Ireland as an important customer base, and that IoD Ireland's members highly value the UK in terms of business links and cross-border trade. The UK economy is vitally important to Ireland. All members agree that the most likely outcome of the referendum result will be that the UK will negotiate a free trade agreement with the EU but it should be noted that the EU is not just a free trade area; it is a single market with its own rules and regulations. It is difficult to see how the EU can give the UK special access to the Single Market and not require it to adhere to the rules of the market as it would greatly disadvantage EU countries in competition with the UK.

In terms of meeting the goal of the IoD joint survey, it is clear that the popular viewpoint of the UK and Irish membership base is that Brexit is set to negatively impact business on many levels, up to and post British exit from the EU.



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