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An assessment of the impact of Brexit and Covid-19 on Údarás na Gaeltachta and its client companies.

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IGEES
Irish Government Economic and Evaluation Service

Executive Summary

This paper sets out to examine the impact of Brexit on Údarás na Gaeltachta's client companies. It focusses, in particular, on those trading with the United Kingdom. The impact of the Covid-19 pandemic is also considered, given its predicted effects on the post-Brexit economy. The paper presents; an estimation of the level of exposure of Údarás na Gaeltachta (ÚnaG) client companies to Brexit through a trade flow analysis, a literature review of previous Brexit and Covid-19 analysis, a survey of ÚnaG client companies, and an assessment of the uptake of existing Brexit and Covid-19 supports.

Main Findings:

- Gaeltacht companies are significantly more exposed to a disorderly Brexit than the Irish economy in general, due to their reliance on the UK as both an export market and a source of raw materials and other imports. Given that a hard Brexit with WTO tariffs is becoming increasingly likely, the impact on ÚnaG client companies will be substantial.
- Údarás na Gaeltachta have been working with their client companies to encourage awareness of the full range of supports. However, previous uncertainty regarding the timeline of Brexit, aligned with the unforeseen impact of Covid-19, has led to a low level of engagement thus far.
- 2020 was to be the year of intensive Brexit preparedness for many ÚnaG companies, but the outbreak of Covid-19 has meant that Brexit planning has largely been displaced by companies dealing with the immediate sustainability and liquidity issues arising from Covid-19.
- 85% of Gaeltacht companies have fewer than 10 employees, which means that they may not have sufficient staff resources with the capacity and/or specialist knowledge required to engage in Brexit preparations and/or manage the application process for Government supports. This capacity constraint is significant in dealing with economic shocks such as Brexit and Covid-19.
- Results from the survey undertaken as part of this review show that:
    - 50% of respondents would like assistance with market diversification;
    - 45% wanted to increase their operational competitiveness;
    - 82% had not applied for any Brexit supports, and;
    - 53% were unaware of the Brexit supports available.
- The lack of broadband and digital infrastructure in Gaeltacht regions is a major barrier to innovation and competitiveness, as well as limiting their ability to react quickly to changes in the global economy such as the shocks caused by the Covid-19 pandemic and Brexit. There is potential to attract new remote workers, as a result of the change in work practices accelerated by the Covid-19 crisis. Údarás na Gaeltachta has invested in a network of co-working hubs, Gteic, in recent years and increased investment in these, in particular to provide high-speed broadband would provide opportunities for people to relocate and work in Gaeltacht regions.
- Additional Brexit preparedness supports are now of limited value and a renewed effort should be made to ensure that businesses are supported through the transition to the new trading relationship between the UK and the EU. Therefore, ÚnaG must now focus on post-Brexit supports rather than preparedness and in particular on market diversification to ensure Gaeltacht companies and employment survive the worst impacts of Brexit and Covid-19.
- ÚnaG should ensure that administrative data related to the take-up of supports is collected and made available, in order to accurately measure the impact of Government support schemes in Gaeltacht areas.

Recommendations:

This paper recommends the implementation of the policy-relevant findings presented below. Údarás na Gaeltachta needs to ensure that their client companies are supported in responding effectively to changes in the post-Brexit trading environment.

The authors found that rather than supplementing existing supports, ÚnaG should seek to assist their client companies to better leverage existing supports from Government to deal with both Brexit and Covid-19.

A particular focus is required on Micro and Small enterprises, given their pre-dominance in the Gaeltacht, to address the lack of take up of existing Brexit Government supports which may be due to the lack of capacity in micro and small enterprises to address economic shocks like Brexit and Covid-19. Addressing this capacity constraint is an area Údarás na Gaeltachta could focus on in order to ensure its client companies can fully leverage relevant Brexit and Covid-19 Government supports.

Policy-Relevant Findings:

1. Micro and Small enterprises need targeted assistance to avail of existing Government supports. The capacity constraints identified in these enterprises warrants a more concentrated focus by ÚnaG e.g. through mentoring or capacity building to ensure that these companies are aware of, and can avail of, appropriate supports.
2. Údarás na Gaeltachta should consider targeted assistance to help their client companies diversify their markets post-Brexit by finding ways to link their companies directly with EI and IDA market and country experts, thereby reducing reliance on the UK as an export market.
3. Údarás na Gaeltachta could work to seek to repurpose some of the unexpended Brexit Loan Scheme funding for enhanced, bespoke supports that take account of the specific issues faced by Micro and Small enterprises operating in the Gaeltacht.
4. Údarás na Gaeltachta should consider providing comprehensive information to assist client companies in dealing with customs and tariff changes post-Brexit.
5. Brexit and Covid-19 present opportunities for ÚnaG to attract both FDI and new remote workers. Therefore, any investment in upgrading and marketing its commercial properties could be beneficial. Investment in broadband infrastructure will be key to ensuring the competitiveness of the ÚnaG commercial portfolio.

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List of Abbreviations & Glossary of Key Terms

- ABSEI: Annual Business Survey of Economic Impact
- Brexit: The withdrawal of the United Kingdom from the European Union.
- Covid-19: Coronavirus disease
- CSO: Central Statistics Office
- D/BEI & D/ETE: Dept. Business, Enterprise and Innovation & Dept. Enterprise, Trade and Employment
- D/CHG & D/TACGSM: Dept. Culture Heritage and the Gaeltacht & Dept. Tourism, Arts, Culture, Gaeltacht, Sport and Media
- EEA: European Economic Area
- EI: Enterprise Ireland
- ESRI: Economic and Social Research Institute
- EU: European Union
- FDI: Foreign Direct Investment
- FTA: Free Trade Agreement
- GDP: Gross Domestic Product
- IDA: Industrial Development Agency, Ireland
- ILO: International Labour Organisation
- IT: Information Technology
- LEO: Local Enterprise Office
- OECD: Organisation for Economic Co-operation and Development
- QNHS: Quarterly National Household Survey
- SME: Small and Medium Enterprises
- SPS: Sanitary and Phytosanitary
- Údarás/ÚnaG: Údarás na Gaeltachta
- UK: United Kingdom
- VAT: Value Added Tax
- WTO: World Trade Organisation
- Hard Brexit: A future relationship between the UK and EU in which the UK is outside the EU's single market and customs union, with the imposition of WTO tariffs on trade between the EU and UK.
- Soft Brexit: A future relationship between the UK and EU in which the UK remains part of the single market and/or customs union.
- Client companies: Companies that have an ongoing relationship with one of the development agencies; EI, IDA or ÚnaG.
- Gaeltacht: The regions in Ireland in which the Irish language is, or was until recently, the primary spoken language of the majority of the community. There are 7 Gaeltacht regions in Ireland, located in counties Cork, Donegal, Galway, Kerry, Meath, Mayo and Waterford.
- Micro-enterprise: An enterprise that has fewer than 10 employees and has an annual turnover not exceeding €2m.
- Small Enterprise: An enterprise that has fewer than 50 employees and has either an annual turnover and/or an annual Balance Sheet total not exceeding €10m.
- Medium Enterprise: an enterprise that has between 50 employees and 249 employees and has either an annual turnover not exceeding €50m or an annual Balance Sheet total not exceeding €43m.

Chapter 1: Context

This paper aims to examine the potential impact of Brexit on Údarás na Gaeltachta (ÚnaG) client companies, and the wider Gaeltacht economy. It examines the preparations undertaken by ÚnaG and its client companies to respond to the challenges presented by Brexit, and makes proposals to strengthen the resilience of Gaeltacht-based companies in the context of Brexit. Brexit could have a profound effect on the viability of Gaeltacht companies, given their heavy reliance on the UK as a trading partner. In recent months, the future trading relationship between the EU and UK has been under negotiation and it now seems that a hard Brexit (i.e. with the imposition of WTO tariffs and limited market integration) is the most likely outcome.

In addition to the threat posed by Brexit, the global economic landscape has been fundamentally altered in 2020 as a result of the Covid-19 pandemic. The market instability resulting from the crisis is likely to exacerbate the economic impact of Brexit. A hard Brexit could severely limit the post-Covid economic recovery that is predicted in 2021. The capacity of businesses to withstand a hard Brexit has also been undermined by the impact Covid-19 on their liquidity. Therefore, it is timely to investigate the approach to Brexit planning undertaken so far, and analyse the mitigation options available to Údarás na Gaeltachta as it supports its clients in adapting to the double impact of Covid-19 and Brexit on their businesses.

1.1. Research Objectives

In order to capture the variety of impacts the following areas of interest were examined:

- The level of exposure of client companies to Brexit.
- The potential employment effects of Brexit in the Gaeltacht.
- The impact of Covid-19 on the post-Brexit landscape and any additional downside risks associated with the ongoing pandemic.
- Opportunities for ÚnaG to support its client companies to diversify their export markets to mitigate against Brexit related risks.

By combining these various strands, a picture of the potential impacts of Brexit on the Gaeltacht was developed and a number of policy related findings that can be implemented by Údarás na Gaeltachta, with the support of D/TACGSM, form the basis of the recommendations contained in the paper.

1.2. Methodological Approach

In undertaking this paper data from a number of sources was used, including:

- Macro data; e.g. CSO data such as National Accounts, Census and Merchandise Trade Data;
- Micro data; e.g. Firm level data from Department of Enterprise, Trade and Employment
- ABSEI survey[1].
- Administrative data; e.g. data from Údarás na Gaeltachta on the take up of schemes and supports and on client company profiles;
- Evaluation Data; a survey of ÚnaG client companies and qualitative interviews with ÚnaG staff and client companies were conducted to gain insights into their perspectives on the impacts of Brexit and Covid-19.

[1] The ABSEI (Annual Business Survey of Economic Impact) is a survey of enterprises undertaken by the Department of Enterprise, Trade and Employment annually. It provides data on client firms of the enterprise agencies across a range of variables e.g. sales, exports, purchases of material and services, value added etc.

Data Challenges

Getting granular data from the CSO on Gaeltacht areas was difficult. In particular, unemployment is only captured in the census every 4 years. Import data was not readily available as part of the ABSEI making it difficult to accurately assess the imports exposure to Brexit and possible supply chain disruptions. Administrative data from Údarás was limited with regard to the take up of Government supports by client companies. This is an area that could be improved on in future in order to accurately measure the impact of Government support schemes in Gaeltacht areas.

In order to address some of these challenges in assessing the cross-sectoral exposure of Gaeltacht companies to Brexit and Covid related risks were also identified by engaging directly with Gaeltacht companies through a survey and interviews. The qualitative data this produced was used to evaluate existing Brexit supports and the need for new policy responses.

1.3. Údarás na Gaeltachta Overview

Údarás na Gaeltachta was founded in 1980 and is the regional authority responsible for linguistic, cultural, social, physical and economic development in the Gaeltacht. The primary responsibility of ÚnaG is to ensure that Irish remains the communal language of the Gaeltacht and is passed on to future generations. The economic mission of ÚnaG is to encourage investment in the Gaeltacht economy, in order to preserve and enrich the Irish language as its principal language. It plays a key role in supporting economic development and job creation in Gaeltacht areas through a range of financial and non-financial supports to enterprises, including the provision of grants and commercial properties to attract investment. ÚnaG supports businesses in various sectors by providing a range of incentives and supports to start up, develop, expand or locate in a Gaeltacht region.

The seven Gaeltacht regions are in counties Cork, Donegal, Galway, Kerry, Meath, Mayo and Waterford. According to the 2016 census, the total population residing within the seven Gaeltacht areas was 99,617 (2.1% of Ireland's population). These are predominantly rural, coastal areas with a below average Deprivation Score[2] of -2.2[3].

The 2020 exchequer allocation for ÚnaG from the Department's vote was €23.7 million. Additional funds were made available under the Covid-19 Enterprise Support Scheme and July Jobs Stimulus, bringing their total 2020 exchequer funding to €36 million.

Údarás na Gaeltachta currently supports over 1,000 client companies, ranging in size from sole traders and micro-enterprises to large-scale manufacturing companies. Table 1.1 shows the principal commercial sectors supported by ÚnaG in each region.

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[2]The *Pobal HP Deprivation Index* is based on three dimensions of affluence/disadvantage: demographic profile, social class composition, and labour market situation.

[3] Seanad Éireann, *Socio-Economic Profile of the Seven Gaeltacht areas in Ireland*, 2018.

Table 1.1 – Client Company Sectors

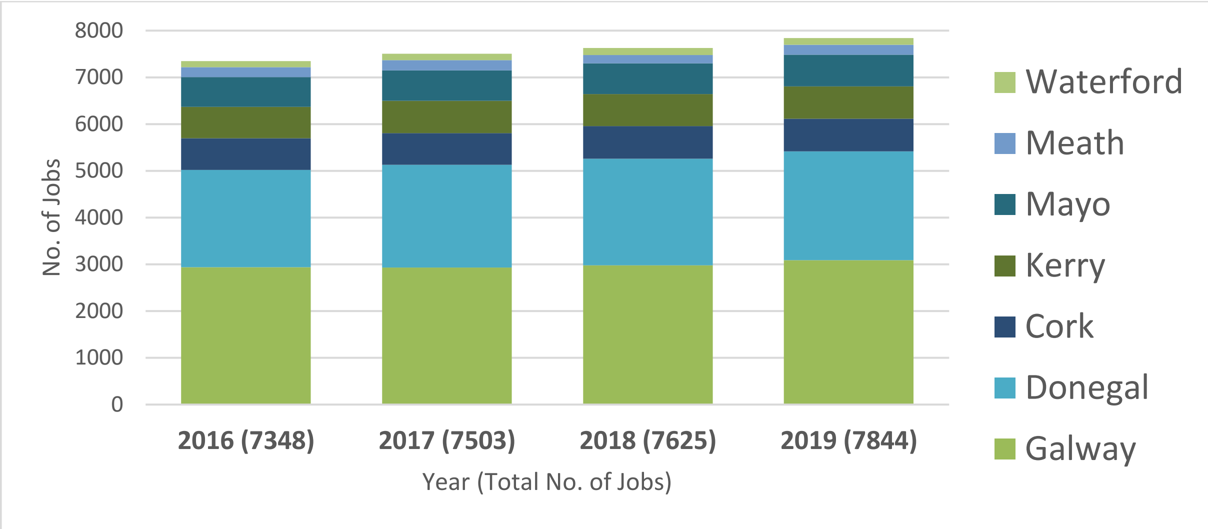
Gaeltacht	Sectors
Cork	Food, Drink & Tobacco, Basic & Fabricated Metal Products, Business, Education & Other Services
Donegal	Food, Drink & Tobacco, Business, Education & Other Services, Agriculture, Fishing, Forestry, Mining & Quarrying.
Galway	Business, Education & Other Services, Medical Device Manufacturing, Publishing, Broadcasting & Telecommunications.
Kerry	Business, Education & Other Services, Agriculture, Fishing, Forestry, Mining & Quarrying, Food, Drink & Tobacco.
Mayo	Business, Education & Other Services, Agriculture, Fishing, Forestry, Mining & Quarrying, Food, Drink & Tobacco,
Meath	Basic & Fabricated Metal Products, Food, Drink & Tobacco, Business, Education & Other Services.
Waterford	Agriculture, Fishing, Forestry, Mining & Quarrying, Publishing, Broadcasting & Telecommunications, Business, Education & Other Services.

Gaeltacht Employment

Údarás na Gaeltachta client companies have a significant impact on Gaeltacht employment. The 2019 ABSEI data shows ÚnaG client companies with 10 or more employees generated direct expenditure of €430 million in 2018 and €844 million in sales. In 2019, ÚnaG client companies supported 7,844 full-time jobs and 523 part-time jobs across the 7 Gaeltacht regions [4], the highest levels of employment in the Gaeltacht since 2008. Employment had increased in ÚnaG companies for seven consecutive years to 2019. Chart 1.2 below shows the annual full-time jobs supported from 2016-19, in each Gaeltacht county. This continuous growth in employment is now under threat from the consequences of Brexit and Covid-19.

[4]Údarás na Gaeltachta, *Annual Report*, 2019.

Chart 1.2 – Employment by Gaeltacht County 2016-2019



ÚnaG-supported jobs represent just under 20% of the total number of people living in the Gaeltacht who are in employment. This is particularly important as these areas have a higher unemployment rate than the national average, as shown in Table 1.3 below. In addition, the overall figure for the Gaeltacht masks high areas of unemployment found in the Donegal and Mayo Gaeltachts where the regional unemployment rate is over 20%.

Table 1.3 – Employment Rates in 2016[5]

	Population Aged 15 to 64	No. of people employed	No. of people unemployed	Unemployment Rate[6]
Ireland	3,117,746	2,006,641	297,396	12.9%
Gaeltacht	63,371	38,979	6,911	15.1%
Cork	2,491	1,805	130	6.7%
Donegal	13,736	7,500	2,181	22.5%
Galway	33,580	21,154	3,153	13%
Kerry	5,672	3,958	433	9.9%
Mayo	5,543	3,017	864	22.3%
Meath	1,239	822	74	8.3%
Waterford	1,110	723	76	9.5%

[5] Seanad Éireann, *Socio-Economic Profile of the Seven Gaeltacht areas in Ireland*, 2018. This unemployment data is only collected by Gaeltacht area in the Census every 4 years meaning that 2016 is the most recent data available.

[6] Note: "The official unemployment estimates for the State are based on the Quarterly National Household Survey (QNHS). The results in this report differ for methodological reasons from these official estimates. The Census records an unemployment rate (based on Principal Economic Status) of 12.9%, compared with the official rate (QNHS) of 8.6% for the State. The Census rate is used in this report as ILO (International Labour Organisation) is only available at a regional level and therefore not available for Gaeltacht areas or LPTs." Ibid, p. 6.

Client Company Employment Profiles

ÚnaG clients are a mixture of sole traders, microenterprises, SMEs and a small number of large enterprises. Table 1.4 shows the distribution in terms of size and employment of ÚnaG clients in 2019. The bulk of the clients are in the Microenterprise category (85%) while SME's account for the majority of employees (64%).

Table 1.4 – Údarás na Gaeltachta Client Companies by size

Size	No. Companies	% Companies	No. Jobs	% Jobs
Microenterprises (<10 employees)	963	85%	2151	25%
SME (10-250 employees)	166	15%	5459	64%
Large (>250 employees)	3	0.27%	902	11%

Sensitivity analysis conducted by ÚnaG in 2018 identified 1,000 jobs at risk in its client companies as a result of a hard Brexit. In addition, ÚnaG conducted a survey of its client companies in March 2020 and found that companies had already made significant temporary reductions in their workforce and a small number of permanent redundancies (see Table 1.5). The smaller enterprises (up to 50 employees) have lost a larger share of their employees as a result of COVID-19. Given the dominance of small and micro enterprises and the higher impact of Covid on employment in those companies, Údarás should focus on small and micro enterprises in the post-Brexit period.

Table 1.5 – Changes in workforce due to COVID-19

Company size	Temporary Lay-offs (% of workforce)	Permanent Redundancies (% of workforce)
<10 employees	36	1
<50 employees	32	6
<250 employees	13	1

Export markets

To examine the impact of Brexit on ÚnaG clients it is necessary to examine trade flows for those companies in the internationally traded sectors. In 2019, 60% (€449 million) of revenue in ÚnaG client companies was generated by worldwide exports. Table 1.6 illustrates how heavily reliant these companies are on the UK as an export market, and that the Gaeltacht is significantly more exposed to a disorderly Brexit than the Irish economy in general. In 2018 31% of ÚnaG companies exports went to the UK compared with 11% for Ireland as a whole. This implies that a hard Brexit will have a disproportionately negative impact on ÚnaG client companies. It will therefore be important for these companies to increase their resilience through market diversification.

Table 1.6- Proportion of Exports going to the United Kingdom

	2018	2017	2016	2015	2014	2013

Ireland[7]	% total exports	11	13	12	13	14	15
ÚnaG Client Companies[8]	% total exports	31	28	28	25	21	23

1.4. Economic Outlook

Prior to the Covid-19 crisis, the impact of Brexit on the Irish economy was estimated (compared to the baseline of the UK remaining in the EU) to reduce Irish GDP by between 3.2% and 3.9% by 2030[9]. This estimate was based on the stated intentions of the EU and UK negotiators, as expressed in the October 2019 political declaration that set out the framework for the future relationship. In addition to the negative medium to long-term outlook based on the current Brexit trajectory, the impact of Covid-19 to the Irish economy has been estimated by the ESRI as a drop of 12.4% in GDP in 2020[10]. Recent developments suggest that the current UK government is leaning towards a higher level of regulatory divergence from EU norms and a minimalist trade agreement from January 2021 onwards. If this is the case, the impact is likely to be towards the higher end of the estimated range. The timing of the end of the transition period on 31 December 2020, also means that the Irish economy is likely to feel the effects of a hard Brexit just as it should be recovering from the Covid-19 shutdown.

Brexit impacts are likely to be very different across different sectors. The ESRI found that, for Ireland as a whole, "exports are concentrated in a few sectors while imports are more evenly distributed"[11]. Given that ÚnaG client companies represent a wide variety of sectors, it will be essential to differentiate between their activities in order to build a full picture of trade flows between Gaeltacht companies and the UK. COVID-19 will have an impact on exports in particular, as seen in the ESRI's summer commentary: "The effect is also more significant for the traded sector with Irish exports of goods and services set to fall by over 8 per cent in this scenario"[12]

Several studies have been conducted on the impact of Brexit on GDP, in Ireland, across the EU and in the UK. The estimates vary depending on the type of future trade deal envisaged but there is a consensus that; (i) there will be a reduction in GDP across the EU28, (ii) the UK will see the most significant drop in GDP, and (iii) Ireland is the most exposed EU27 country, with predicted GDP impacts of between -2.8 and -7%. Further details of the analyses reviewed for this paper can be found in Appendix 2.

However, there are a number of opportunities presented by the UK's departure from the EU, e.g. IDA Ireland have shown that 70 individual investments related to Brexit, with over 5,000 associated jobs, have been approved since the UK's EU referendum in June 2016. Lawless and Morgenroth suggest that the stock of Irish FDI would increase by 7%[13]. The Donegal Gaeltacht in particular is well-placed for companies operating in Northern Ireland to move their base of operations across the border. In this context, investment in broadband infrastructure would be critical to attracting FDI, as Gaeltacht areas currently lag behind the national average in terms of broadband provision.

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[7] Eurostat, *External balance of goods and services,* Accessed: 28 July 2020.
[8] Estimate based on ABSEI data
[9] Sunesen et al., *An Assessment of the Economic Impacts Arising for Ireland from the Potential Future Trading Relationship between the EU and UK*, 2020.
[10] McQuinn et al., *Quarterly Economic Commentary, Economic Summary, Summer* 2020.
[11] Barrett et al., *Scoping the Possible Economic Implications of Brexit on Ireland*, 2015.
[12] McQuinn et al., *Quarterly Economic Commentary, Economic Summary, Summer* 2020, p. 1.
[13] Lawless, M. & Morgenroth, E., *The product and sector level impact of a hard Brexit across the EU*, 2019.

Chapter 2: Gaeltacht Exposure Analysis

This chapter presents an analysis of Irish trade exposure to Brexit and a trade flow analysis of Údarás na Gaeltachta client companies and develops a Brexit exposure index for those companies, based on ABSEI data and an exposure index methodology developed by the Department of Finance.

2.1. Trade Exposure

The volume and type of trade between the EU27 and UK is likely to change after Brexit. The extent of those changes and their impacts have been estimated by modelling changes to tariffs, customs procedure costs, regulatory divergence for goods, and barriers to services trade. In 2015, trade in goods between the UK and E27 the EU27 accounts for a higher percentage of UK GDP than EU27 GDP, as shown in Table 2.1.

Table 2.1: Total trade in goods between the UK and EU27[14]

	Imports (€bn)	%GDP	Exports (€bn)	%GDP	Trade (€bn)	%GDP
EU27	184	1.5	306	2.5	491	4
UK	306	11.9	184	7.1	491	19.1

Within the EU27, however, this trade was not evenly distributed. For example, Ireland imported 9% of its goods from the UK and exported 6.9% to the UK. This is the highest in the EU 27 and the impact of Brexit on Ireland are estimated to be a 4% reduction in exports. The latest available data, presented in Table 2.2 below, shows that exports from Ireland to the UK were even higher in 2019. Ireland was the UK's fifth largest export market and ninth largest source of imports.

Table 2.2 Trade between Ireland and the UK[15]

	Imports (€bn)	% GDP	Exports (€bn)	% GDP	Trade (€bn)	% GDP
UK	42	1.7	27	1.1	69	2.8
Ireland	27	7.8	42	12	69	19.8

In their paper, *The product and sector level impact of a hard Brexit across the EU*[16], Lawless and Morgenroth explored the potential impacts of applying WTO tariffs to the products traded between the EU and UK. This paper highlights the fact that certain countries, sectors and types of products are open to large changes to their current trading relationships. They point out that the aggregated impacts mask a wide variation in impact. For example, meat products face tariffs close to 50% while pharmaceuticals are

[14] Emerson, et al., *An Assessment of the Economic Impact of Brexit on the EU27*, 2017, p. 10.
[15] Ward, M. *Statistics on UK trade with Ireland*, 2020, p. 6.
[16] Lawless & Morgenroth, *The product and sector level impact of a hard Brexit across the EU,* 2019.

close to 0.[17] When these tariff rates are combined with the trade shares of the corresponding sectors, the relative impacts are seen to be significant, especially in the high-volume exports from the UK to the EU.

The higher relative impact of Brexit on the UK than the EU (including on the worst affected member states) is once again borne out by the findings in this paper. Similarly, Ireland is seen to be more vulnerable to tariff changes than the other EU member states.

Table 2.3 –Trade reductions due to WTO tariffs relative to bilateral and world trade.[18]

	% of exports to the UK	% of total exports	% UK exports to EU partner	% of total UK exports
EU 27	30.47%	2.13%	22.25%	9.83%
Ireland	30.56%	4.17%	27.61%	1.53%

The high level of integration between Irish and UK markets in merchandise trade presents a significant risk to Irish economic growth as a result of Brexit and, in particular, in the event of a hard exit by the UK. The relative importance of the UK as a trading partner is further illustrated when we look at Irish trade with the UK and the Rest of the World. Figures 2.4 and 2.5 show the relative importance of the UK as an export market for a variety of sectors in the overall economy and the Gaeltacht economy.

Figure 2.4– Export market share by sector 2017[19] (Ireland)

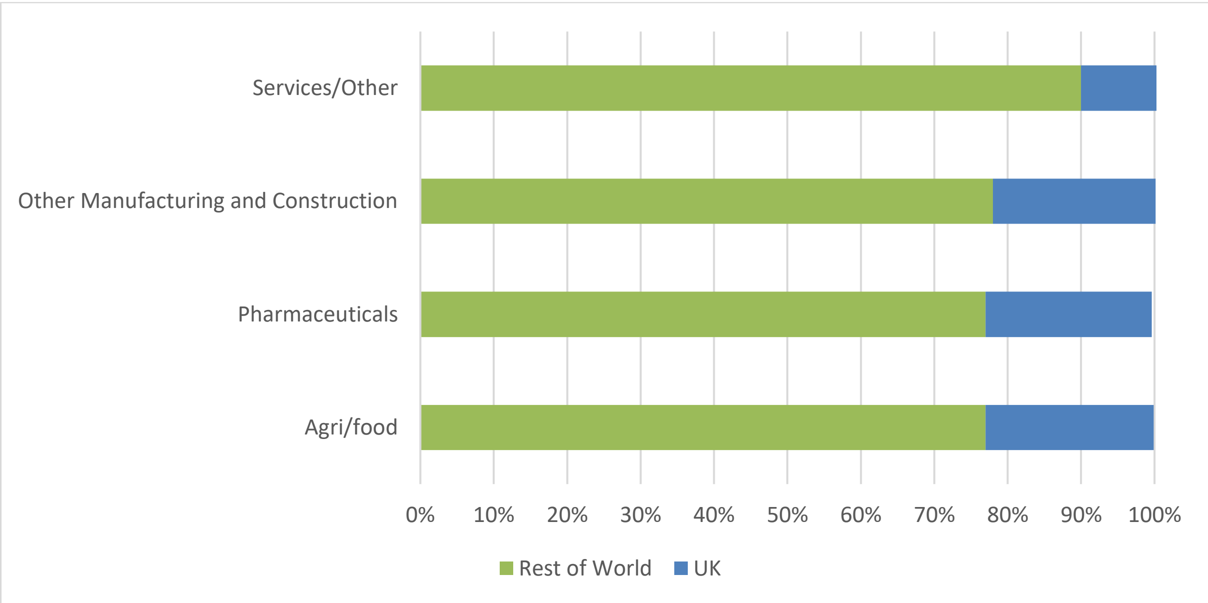
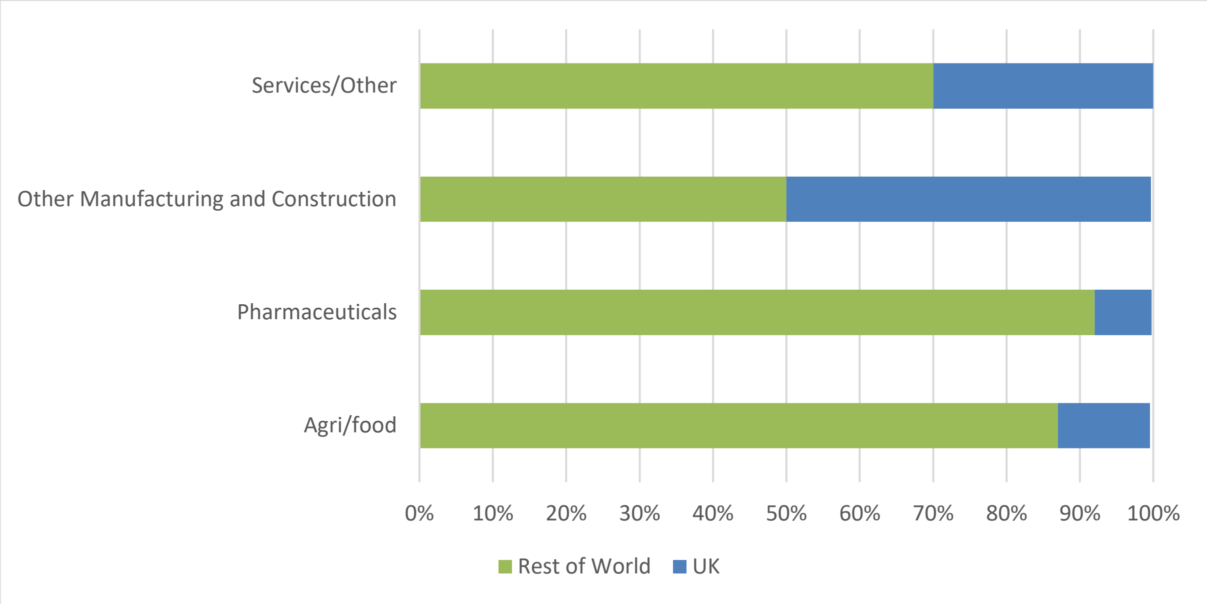


Figure 2.5 – Export market share by sector 2017[20] (ÚnaG Clients)

[17] Lawless & Morgenroth, *The product and sector level impact of a hard Brexit across the EU*, 2019, p. 196.
[18] Ibid, p. 203.
[19] CSO, *Irish Traders and the UK 2017*, 2020

[20] ABSEI, authors' analysis



In 2017 SMEs made up the large majority of the number of enterprises exporting to the UK, 97% of the total number of UK exporters. Micro enterprises alone made up over half the number of firms exporting to the UK. 99% of ÚnaG clients are SMEs or micro-enterprises employing fewer than 250 people.

2.2. Irish Exposure Index

An Exposure Analysis of Sectors of the Irish Economy (Dept. Finance, 2016), examines both the size and proportional exposure of different sectors in the Irish economy in order to determine the level of exposure faced by Irish enterprises in the context of Brexit. They used data from the CSO and Revenue to determine the level of exposure across the Irish economy.

The authors found a difference in the most exposed sectors when differentiating between the size exposure (the amount of exports from the sector destined for the UK as a share of Ireland's total exports to the UK) and proportional exposure (the share of a sector's global exports that go to the UK). They combined these measures to create an exposure index e[21], given below:

Figure 2.6 Exposure Index[22]

$$e = \sigma \frac{Sector's\ Goods\ Exports\ to\ the\ UK}{Total\ Goods\ Exports\ to\ the\ UK} + (1 - \sigma) \frac{Sector's\ Goods\ Exports\ to\ the\ UK}{Sector's\ Total\ Goods\ Exports}$$

Having completed this exercise for a variety of sectors, the authors found that:

"The top five key commodity groups in Ireland's exports to the UK comprise of (i) Computer Services, (ii) Food and Live Animals, (ii) Transport Services, (iv) Chemicals and Related Products, and (v) All Business Services."[23]

Each sector is assigned an e-value to indicate its place on the exposure index; e=1 where a sector exports all of its output to the UK, e=0 where a sector which exports none of its output to the UK, therefore the closer to 1 the e value is, the more exposed the sector is to Brexit.

[21] Smith, et al., *An Exposure Analysis of Sectors of the Irish Economy*, 2016.
[22] Ibid., p. 17
[23] Ibid., p. 12

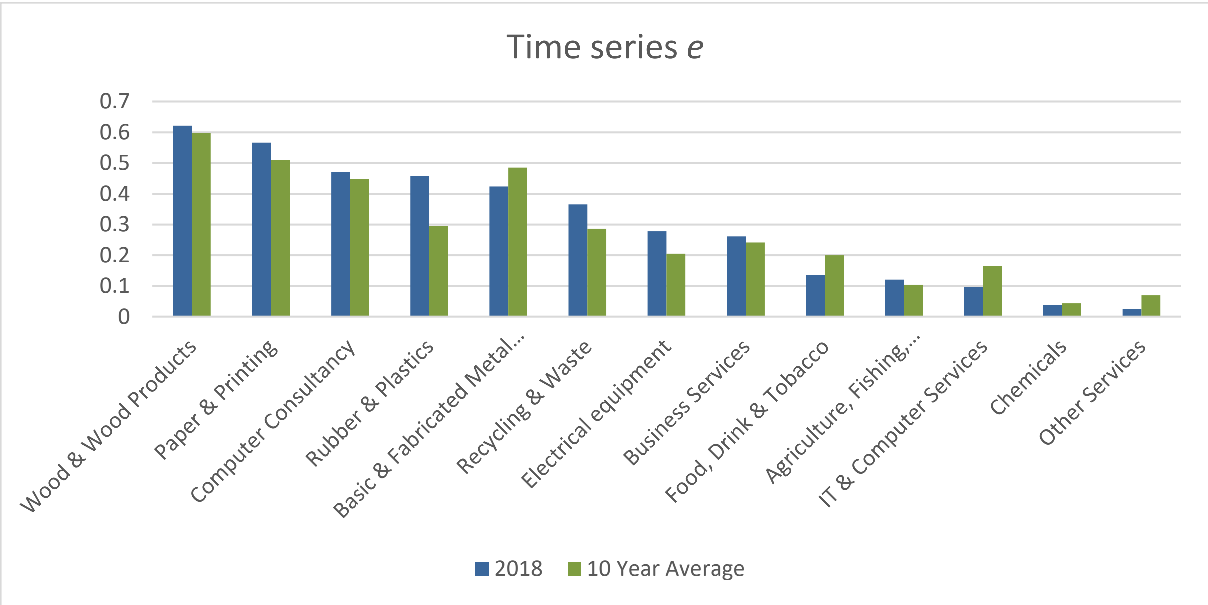
Tourism as a sector is not in the top five most exposed. However, the paper mentions that "40 per cent of trips to Ireland are undertaken by UK residents and this sector is sensitive to exchange rate changes"[24].

In terms of firm characteristics, the most exposed types of enterprises are "mostly Irish owned, regionally based, [and] have relatively low profit levels". This could be seen as a fitting description for most ÚnaG clients, and the analysis in Chapter 4 of this paper shows how applying this approach shows their relatively high level of exposure, thereby underlining the importance provision of Gaeltacht specific Brexit supports.

2.3. Gaeltacht Sectoral Exposure Index

For the purposes of this paper, the methodology used by Dept. of Finance in determining the level of exposure to Brexit of sectors in the Irish economy was replicated by the authors to create a Gaeltacht-specific exposure index. This was constructed using data from 2018, generated by the ABSEI survey. It should be noted that the survey is conducted on the basis of a sample of client companies and can therefore provide a useful illustration but not a complete picture of all Gaeltacht trade. Chart 2.7 below shows the *e* values for Údarás na Gaeltachta companies across the range of sectors included in the ABSEI in 2018, and the average over 10 years, which demonstrates that there is low variability between sectors over the long-term.

Chart 2.7 - Gaeltacht Exposure Index (e)



If we compare this to the Dept. of Finance's findings for the economy as a whole, we can see that the Gaeltacht economy is less reliant on the UK in terms of the export of services, and more exposed in terms of manufactured goods exports. The main similarity between Gaeltacht companies and those in the overall economy is in the area of IT & computing services, where this has the same exposure score in EI and IDA companies as in the Gaeltacht.

If we compare the 10 sectors with the highest exposure indexes as captured in the ABSEI survey in 2018, we can see that ÚnaG companies are more exposed in general with a highest *e*-value of .62 while the overall *e* for IDA and EI companies surveyed has a maximum value of .4 (see Charts 2.8 and 2.9 below).

Chart 2.8 – 10 Most exposed sectors EI & IDA

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[24]Smith, et al., An Exposure Analysis of Sectors of the Irish Economy, 2016, p. vi.

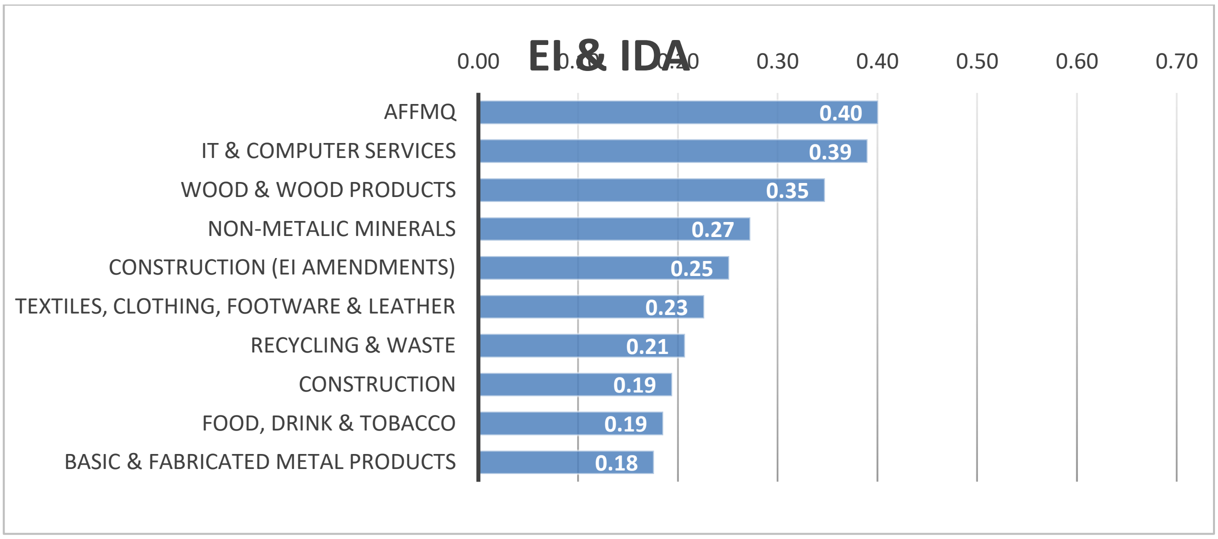
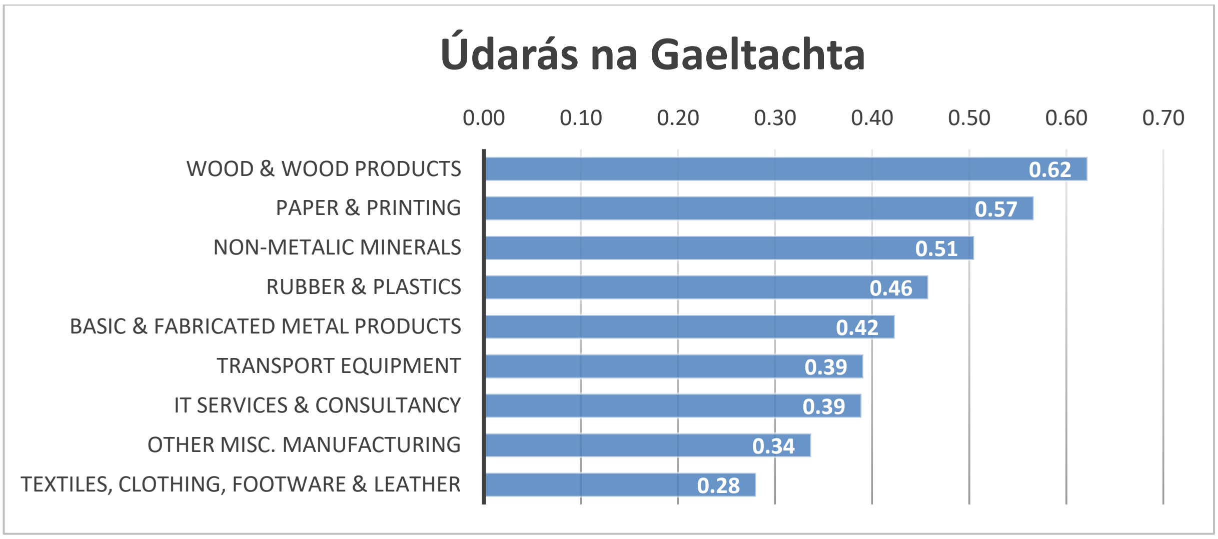


Chart 2.9 – 10 Most exposed sectors ÚnaG

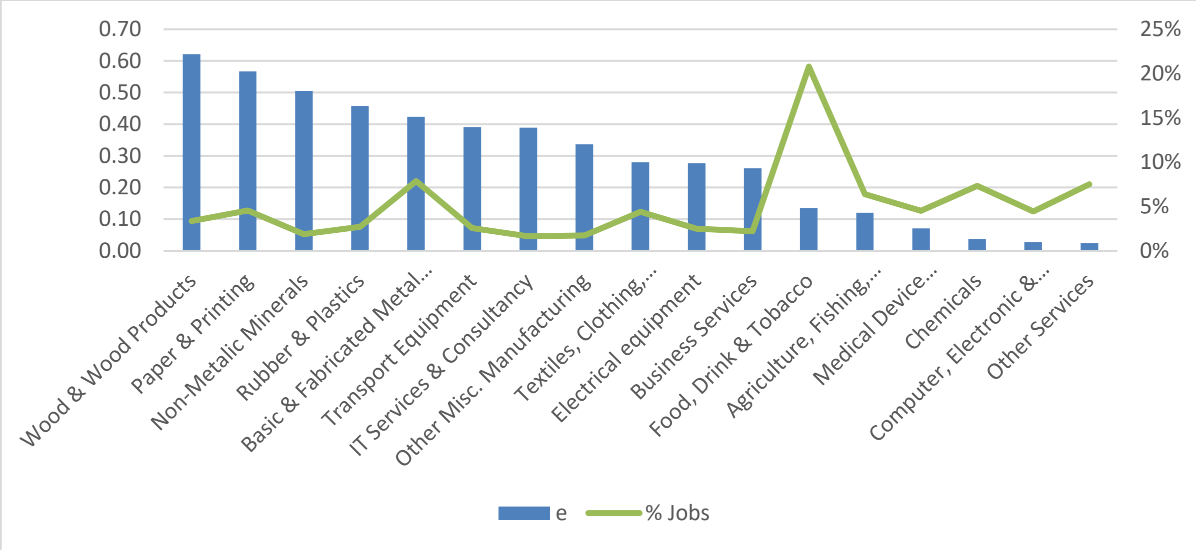


The differences also highlight the need for an approach to support for manufacturing industries to be prioritised in Gaeltacht regions as these are the most exposed sectors, followed by Computing and Business services. However, the trade exposure only shows one aspect of the likely impact of Brexit on the Gaeltacht. Consideration also needs to be given to the employment effects.

2.4. Brexit and Employment

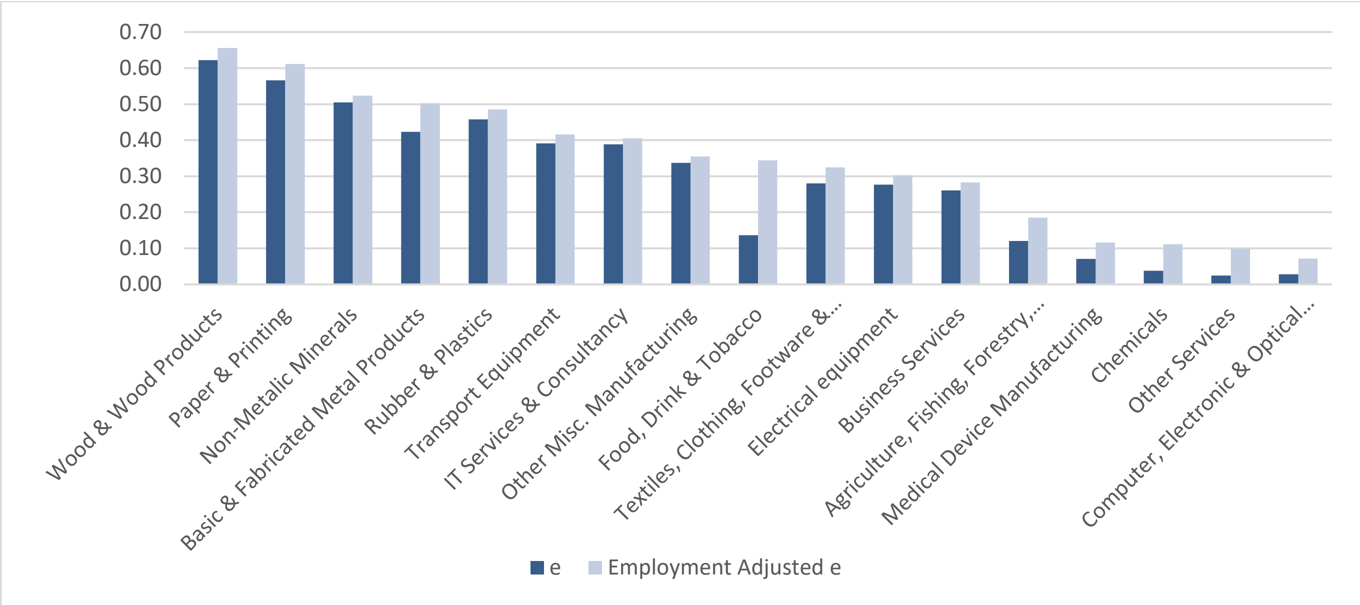
When we compare the level of exposure with the sectoral employment in the Gaeltacht, we can see that some of the sectors that are less exposed have higher levels of employment. This indicates that mitigation actions should give consideration to which sectors employ the highest number of people, in order to provide the best value for money for policy interventions. There may also be spillover effects that are not captured by the exposure index, e.g. the Food and Drink industry may not be heavily reliant on exports but may be reliant on the continued success of exporting industries.

Chart 2.10 – Exposure and Employment



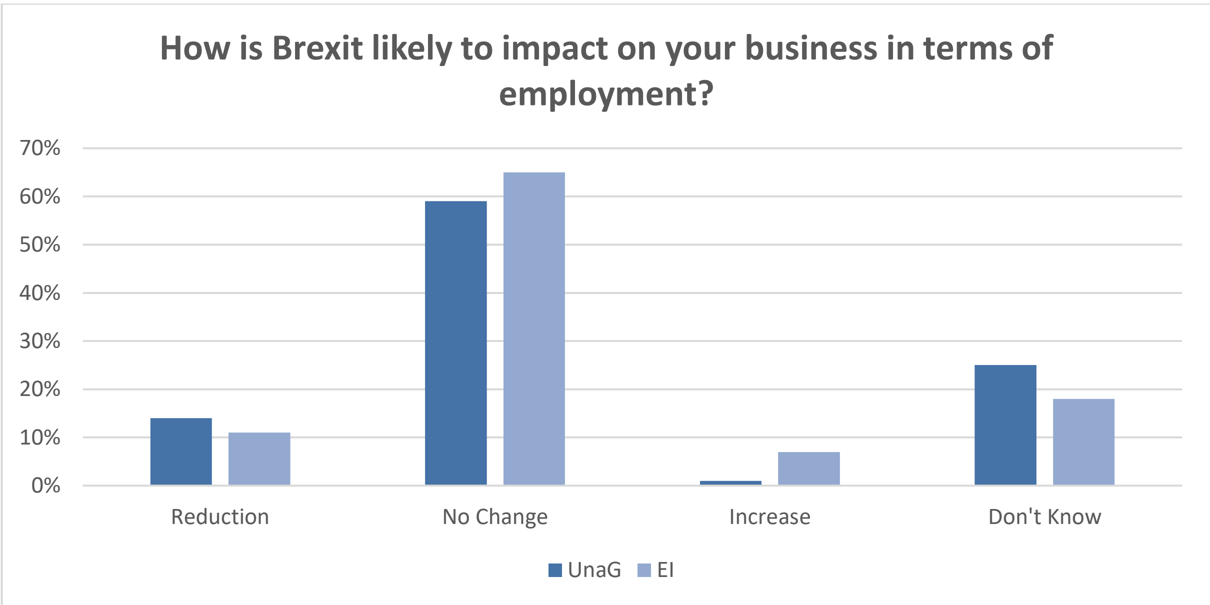
In order to create a measure for employment effects by sector, the exposure index was weighted according to the percentage of total employment recorded in each sector. This produced a secondary exposure index which highlights the differentiated impacts in terms of the sectors impact on the Gaeltacht economy. For example, due to the large number of jobs in the sector, the Food & Drink industry moves from 12th to 9th most exposed as a result of this re-weighting. However, the top 8 sectors do not change in relative importance as a result.

Chart 2.11 – Jobs Exposure Index



Despite the potential impacts across ÚnaG client companies, there is evidence that these effects are not fully understood or appreciated by them, as yet. A question in the ABSEI survey on the impact of Brexit on employment found that most companies (59%) thought there would be no change and a further 25% did not know. Chart 2.12 shows that these results are similar to those reported by Enterprise Ireland clients.

Chart 2.12 – Predicted Brexit Employment Impact



Source: ABSEI 2017

In the survey conducted for this paper in 2020, 72% reported that Brexit would have no impact on employment. Of those who reported an impact on employment, most were unsure what impact it would have. Some potential impacts reported were a reduction in seasonal and permanent staff, and a reduction in working hours for existing staff.

2.5. Brexit Preparations

In 2018, Údarás na Gaeltachta engaged in sensitivity analysis of all client-companies to assess the situation of its client companies with regard to Brexit. This analysis was based on the size, profitability and volume of trade of Údarás' clients. The following issues emerged from the analysis:

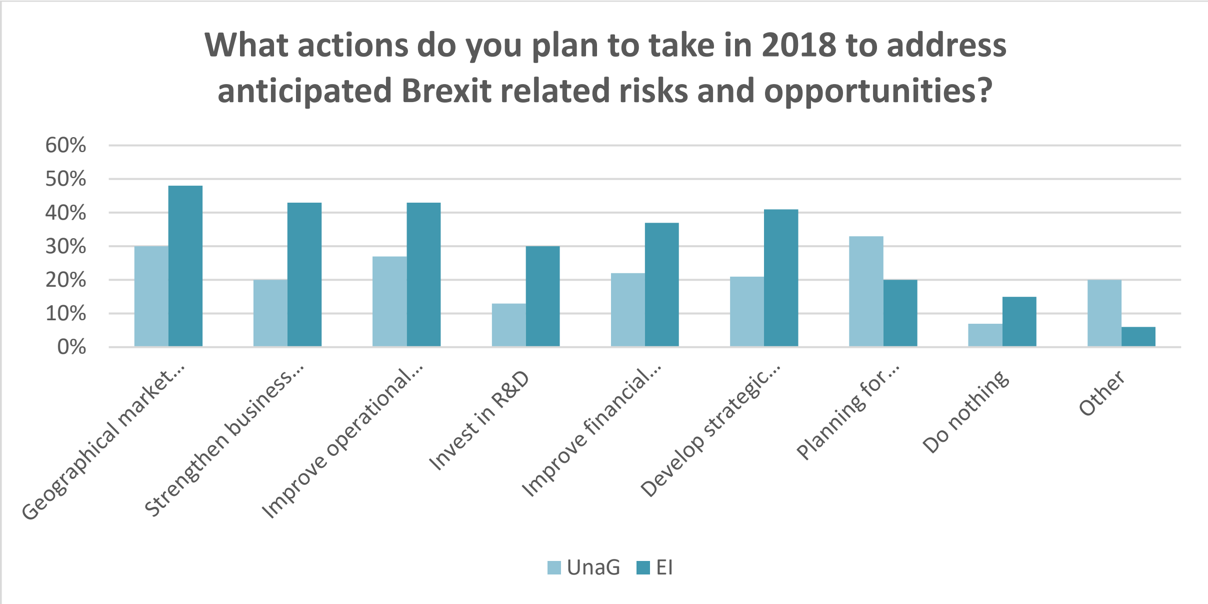
- A number of client companies are owned by UK enterprises, which means there is a potential danger that they could relocate back to the UK.
- Exchange-rate pressures resulting from the uncertainty in currency markets.
- Concerns about the potential impacts of unforeseen tarriff or or other trading cost increases on fixed-price contracts.
- New border regulations, e.g. tariffs, documentation, that could result in extra costs and/or delays for both exports and imports.
- General concerns around contracts after Brexit.

As part of the research for this paper, we conducted a survey of Údarás na Gaeltacht client companies to gather data on the impact of both Brexit and Covid and on Brexit preparedness (Appendix 3 details survey the questions and responses). In addition, stakeholder interviews were conducted with clients and client liaison officers in ÚnaG in July and August 2020 which found that the overriding concerns for the client companies were broadly similar to those found in 2018 ÚnaG analysis. However, there was an increased level of over the uncertainty surrounding the Brexit process. The main areas highlighted by the clients were:

- A lack of information on any new regulations, tariffs or documentation, making it hard to estimate both the cost implications of these and the staff resources that would need to be dedicated to them.
- The impact of delays in transport and shipping.
- Exchange rate fluctuations and currency hedging.
- A reluctance to invest in R&D as a result of the uncertainty surrounding Brexit.
- A lack of appropriate skills within the companies to deal with the challenges posed by Brexit, e.g. financial management, international marketing, sales development.

When asked, in the ABSEI, what actions they were taking to address Brexit-related risks in 2018, ÚnaG client companies were most likely to say they were planning for additional costs (33%) across a range of potential options. Chart 2.13 shows that they were less likely than Enterprise Ireland companies to engage in most of the range of mitigation actions listed.

Chart 2.13 – Brexit Mitigation Actions 2018

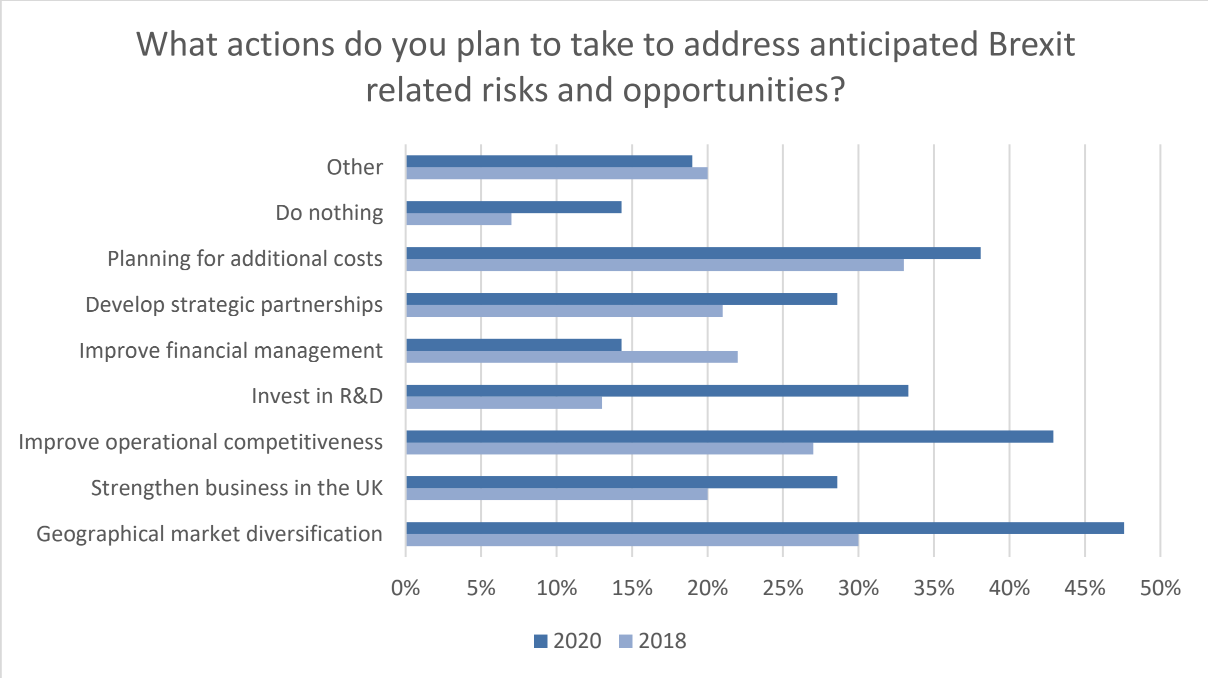


Source: ABSEI 2017

By comparing the results of the survey conducted for this paper[25] with those from the 2018 ABSEI, we can see that there has been a shift in attitudes across all sectors surveyed. A higher share of the companies are now planning to invest in R&D, engage in market diversification, improve competitiveness, develop business in the UK and plan for additional costs. However, the share of companies planning to do nothing has also risen from 7% to 14%.

[25] It should be noted that the survey conducted for this paper had a much smaller sample size than the ABSEI.

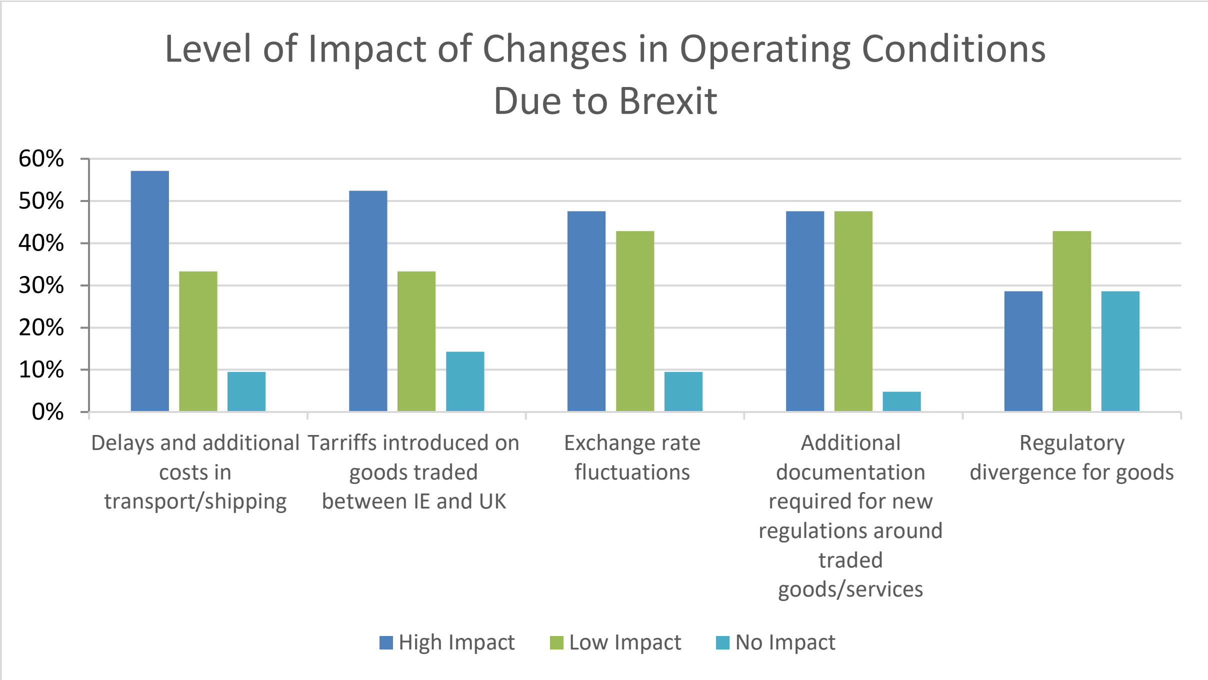
Chart 2.14 – Brexit Mitigation Actions 2020



Sources: ABSEI 2017 & D/TACGSM Survey 2020

Other actions listed include looking for new sources of raw materials and supporting clients to expand outside the UK. Overall, on average there was still a high degree of uncertainty demonstrated by the 23% of respondents who didn't know what impact any of the changes would have on them and the 48% who thought there would be no changes dues to Brexit. This is broadly similar to the corresponding responses to the 2018 ABSEI which is somewhat surprising, considering this survey was conducted just 5 months before 31 December 2020.

Chart 2.15 – Brexit Impacts



Source: D/TACGSM Survey 2020

2.6. Mitigation and Supports

Irish, Northern Irish and EU bodies have put in place a range of supports to mitigate the predicted impacts of Brexit on businesses and society. A number of schemes and supports are available to Údarás na Gaeltachta companies. Appendix Two shows the range of Brexit supports available to ÚnaG companies. Uptake of these supports by ÚnaG client companies has been very low, for example the Be Prepared grant had only 3 ÚnaG applications. The survey undertaken as part of this paper showed that 82% of ÚnaG client companies had not applied for any Brexit supports.

This issue is not confined to Údarás companies, a DPER paper on State Supported Loan Schemes[26]found that uptake of the €300 million available for the Brexit Loan Scheme was only 18% as of April 2020. This paper posits that it may be due to the short- term nature of the Brexit Support Scheme, which has a repayment term of three years. By contrast, the Future Growth Loan Scheme with a repayment term of 10 years had a take up of 74% by April 2020. It may be possible for ÚnaG to seek to repurpose some of the unexpended Brexit Loan Scheme funding to assist their client companies to appropriately leverage available Government supports.

Between 2017 and 2019 ÚnaG coordinated a series of seminars to cover the following aspects of Brexit planning for their client companies:

- State aid programmes with a Brexit focus
- Customs and logistics
- Strategic Sourcing
- Negotiation Skills

[26]Dept. Public Expenditure and Reform, *State Supported Loan Schemes as a Response to Economic Shocks*, 2020.

Table 2.16 shows the details of the events and attendance at the 5 events in the series.

Table 2.16– Brexit Preparedness Seminars

Event	Date	No. of attendees
Your Business & Uncertainty (Galway)	14/06/2017	15
The Challenge of Brexit (Donegal)	06/03/2018	32
Brexit & Your Business (Galway)	17/10/2019	25
Brexit & Your Business (Donegal)	24/10/2019	28
Brexit & Your Business (Cork)	29/10/2019	22

When asked about their preferences for the types of support that should be made available, in the 2020 survey, there were similar answers among the Micro and SME groups with a slight difference in a higher preference for staff training among the SME group and a higher preference for consultancy among the Micro-enterprises. Overall the results from the survey are presented in Table 2.17

Table 2.17 - Brexit Support Preferences

What type of Brexit support do you require?	Percent
Marketing	52%
Mentoring	38%
Research & Development	28%
Working Capital	24%
Staff training	24%
Other, please give details	24%
Financial Consultancy	14%
Strategic Consultancy	14%

Other supports requested were;

- information and clarity on VAT and other customs procedures,

- information on the UK land bridge and related supply chain impacts,

- help with supply chain management.

Another issue which came through in the survey was that 53% of ÚnaG client companies were not aware of the Brexit supports available. This may be due to the fact that 85% of Gaeltacht companies have less than 10 employees, they may not have sufficient staff resources with the capacity and/or specialist knowledge required to engage in Brexit preparedness and/or manage the application process for

Government supports. This capacity constraint is significant in dealing with economic shocks such as Brexit and Covid. Addressing this capacity constraint is an area Údarás na Gaeltachta could focus its efforts in order to ensure its client companies can fully leverage relevant Brexit and Covid Government supports.

Chapter 3: Covid-19 Analysis

This chapter gives an overview of the literature review which provided a baseline for the analysis in this paper.

Previous Brexit impact analyses were rooted in the recent GDP trends of steady growth experienced by Ireland since the 2008 recession. They do not take account of the financial crisis arising from the global Covid-19 pandemic. This is likely to have implications for the baseline GDP scenarios from which variations due to Brexit are forecast. An overall drop in GDP can be incorporated into the analysis using existing modelling techniques. However, if there are differentiated impacts on demand and a wide variety in recovery trajectories for the Eurozone, UK, and global economy, it may become difficult to untangle the impacts of a Covid-19 driven recession, and the predicted contraction of demand resulting from Brexit.

In terms of Covid-19 analysis there are very few economic forecasts available to accurately predict the economic impact of Covid-19 as the pandemic is ongoing and there is a high level of uncertainty around the impact of Covid-19 on the economy. Therefore, most forecasters are providing scenarios rather than forecasts of the economic impact of Covid. This chapter looks at the relevant literature that is available and the response of Údarás na Gaeltachta to support their client companies through the crisis.

3.1. Covid-19 Impacts

The Covid-19 pandemic which resulted in an effective economic shutdown for 12 weeks from mid-March 2020 has had an unexpected and unprecedented impact on the Irish economy. The timing of the Covid-19 crisis, which will coincide with the UK's exit from the European Union on December 31st 2020, presents the Irish economy and in particular companies who trade with the UK with significant additional downside risks. As illustrated in Chapter 4 of this paper, Údarás na Gaeltachta client companies who trade with the UK are relatively more exposed to Brexit than the economy generally. Exporting companies who would have been preparing for Brexit during 2020 have had to change focus to deal with the pandemic which has had serious implications both for demand for their goods and services but also threatens their very viability and has created acute liquidity requirements. This is the worst possible scenario in which to plan for mitigation of Brexit related risks.

The impact of Covid-19 on economic activity in Ireland has been sudden and widespread. Companies operating in the manufacturing and internationally traded services sectors are being negatively impacted through a combination of factors, including reduced demand for product and services, falling sales to export markets, disruptions to supply chains in respect of inputs, and by the significant slowdown in domestic economic activity, arising from the health protection measures introduced by the Irish Government to combat the spread of Covid-19.

International Covid-19 Analysis

A recent OECD Report[27] presented two Covid economic scenarios. The first where the virus remains relatively under control and the second a "second wave" scenario where a rapid increase in Covid infections occurs toward the end of 2020. If a second wave does occur the OECD estimates that Eurozone area GDP would contract by 11.5% in 2020, 8.7% in Ireland and 14% in the UK. Under the first scenario GDP for the Eurozone is estimated to fall by 9%, 6.8% in Ireland and 11.5% in the UK. In either case the impact of Covid is significant, that aligned with the predicted falls in output as a result of Brexit paint a very stark picture for both the UK and Irish economies and is very concerning in particular for companies who trade with the UK.

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[27] OECD, *Economic Outlook*, 2020.

Recently published European Commission[28] forecasts estimate that GDP in the EU will fall by 7.5% in 2020 and grow by 6% in 2021 and that Irish GDP will fall by 8% in 2020 and grow by 6% in 2021. However, given the ongoing uncertainty around Covid all economic growth projections must be treated with caution.

Domestic Covid-19 Analysis

The impact of Covid-19 on the Irish economy has been estimated by the ESRI to result in a reduction of up to 12.4% in GDP in 2020[29].

The Department of Finance, in the *Stability Programme Update 2020*, posits that a recovery in the second half of 2020 is heavily dependent on successful containment of the Covid-19 virus. The key working assumption underpinning the baseline scenario set out in this document is that the shock to the global and Irish economies is a transient one: assuming that containment measures are effective in reducing the infection rate, economic activity would bottom-out in the second quarter, with a gradual recovery – domestically and internationally – beginning later this year and gaining momentum into next year. These scenarios are subject to significant change, but they do point to the fact that just at the time Brexit occurs the Irish economy would only have begun its post Covid-19 recovery. The major downside risks posed by Brexit mean that Irish growth is likely to be significantly negatively impacted in 2021 by Brexit, in particular those companies with a high reliance on trade with the UK.

According to the CSO trade figures for the first 5 months of 2020, there has been a noticeable decrease in good trade with the UK, as shown in Table 3.1. "The value of goods exports to Great Britain in the first five months of 2020 was €5,096 million, a decrease of €605 million (-11%) compared with January to May of 2019." The worldwide picture is more mixed, with an increase in goods exports, mostly accounted for by a 44% increase in exports of Medical and pharmaceutical products.[30]

Table 3.1 – Irish Trade in Goods, Jan-May 2020[31]

Trade (in € million)	**Exports**		**Imports**	
	Jan-May 2019	Jan-May 2020	Jan-May 2019	Jan-May 2020
UK Trade	**6,597**	**5,904**	**8,467**	**8,126**
Total Trade	**64,051**	**67,702**	**36,530**	**33,590**
% UK Trade	10%	9%	23%	24%
% Change in UK Trade 2019 to 2020		-11%		-4%
% Change in Total Trade		+6%		-8%

Sectoral Covid-19 Analysis

A recent report by the Department of Business, Enterprise and Innovation – *Irish Economic Sectoral Report* – reviewed a number of economic sectors and presented some initial indications of the impact of Covid on these sectors. Two sectors examined, Agri-Food and Beverages and Medical Technologies, are of interest when examining ÚnaG companies as these sectors combined account for 32% of employment in Gaeltacht companies.

The Agri-food and Beverages sector has been relatively insulated from the effects of Covid-19 so far, but face increased challenges in exporting their produce due to logistics delays and Brexit uncertainty. There is also concern around the future reduction in employment supports following the phase-out of the

[28] European Commission, *Spring Economic Forecasts,* 2020.
[29] ESRI, *Quarterly Economic Summary, Summer*, 2020.
[30] CSO, *Goods Exports and Imports*, 2020.
[31] Ibid.

Temporary Wage Subsidy Scheme. Its replacement, the Employment Wage Subsidy Scheme (EWSS) provides a lower level of support in monetary terms but also, crucially for many ÚnaG clients, provides for the rehiring of seasonal or temporary workers:

"The majority of the sector has remained open and functioning over the period but reliant on the Temporary Wage Subsidy Scheme. The whole agri-food sector is critical to maintaining food supply chains and food security overall. This extends from farm inputs to retail distribution."[32]

3.2. Covid-19 Supports

Sustainability is the main focus for most businesses at the moment as a result of the Covid-19 crisis and numerous Government supports have been put in place to help businesses to keep trading through the crisis and prepare for the recovery phase. ÚnaG is providing access for their client companies to Enterprise Ireland (EI) Covid-19 support schemes. ÚnaG also provides advice to its clients on contingency planning – financial planning and recovery strategy. ÚnaG and EI work in partnership to ensure that ÚnaG client companies can avail of EI enterprise support schemes (Appendix One details the Covid-19 supports available to enterprises).

Údarás na Gaeltachta Covid-19 Stabilisation Fund

Despite the large suite of measures available to companies through Enterprise Ireland to deal with Covid-19 take up by ÚnaG client companies was very low. Feedback from those companies would suggest that this is in large part due to the fact that many of the supports were in the form of repayable grants or low-cost loans. Principals of ÚnaG client companies were either not in a position to increase their investment, or Banks were unwilling to loan to companies in deep stress. In addition, given the twin threat of Brexit and Covid-19 many companies felt it was an inopportune time to add more debt to their balance sheets.

As a result of the low take up of Covid-19 support ÚnaG, in conjunction with Enterprise Ireland, developed a €10 million Covid-19 Stabilisation Fund specifically for ÚnaG client companies. This scheme allows the agency to make investments in the form of Cumulative Convertible Redeemable Preference Shares in their client companies, to provide liquidity for Gaeltacht based companies. The scheme operates as follows:

1. Money will be invested on the back of a viable business plan which details the impact of the current crisis, mitigation measures introduced and a recovery plan to put the company back in profit and growth within two years;
2. The provision of preference shares will not adversely affect the Balance Sheet debt structure thereby creating more flexibility for the company to access other financial supports and emerge from the crisis in a stronger position;
3. The Preference Share will be convertible so that the State can secure its investment by conversion to ordinary share capital should that be required;
4. ÚnaG can invest under the market failure principle, where a company cannot access matching funding from promoters or other investors.
5. The company must be able to demonstrate that it was a sustainable business as of December 31st 2019
6. The Covid-19 crisis impact must be greater than 15% reduction on annualised turnover in 2020, and reduced profit.
7. Any Investment must be approved in the normal way by the Board of Údarás na Gaeltachta;

[32] DBEI, *Irish Economic Sectoral Report*, 2020, p. 31

8. Investments will take the form of Cumulative Convertible Redeemable Preference Shares (CCRP's) with a coupon of 3% rising to 6% if not paid down after 6 years. The CCRP's will be convertible to Ordinary shares at the business investment value -20% or the current value of the company at conversion, whichever is lower;
9. Minimum investment: €50,000, Maximum Investment: €1,000,000.

This fund is for the exclusive use of Údarás na Gaeltachta and qualifying client companies under this scheme. ÚnaG will continue to access the Enterprise Ireland funds under the current arrangement for companies for whom those schemes fit.

Take up of Covid-19 Supports in the Gaeltacht

The feedback from Údarás na Gaeltachta is that the small Local Enterprise Office Covid-19 grants have worked well due to the fact they are easily accessible, with a simple application form and open to the wider business community. This demonstrates that there is an appetite for micro and small enterprises to engage with the development agency when the product offering addresses their core issues. Many of the concerns around the Brexit supports related to the fact that they were not adequately tailored to suit the needs of the Gaeltacht companies. In a Covid-19 survey conducted in March 2020, ÚnaG asked its clients what types of supports would be needed and found that working capital (68%) and marketing (45%) supports were the two most popular options. In addition, support for financial and strategic consultancy and mentoring were requested by approximately 20% of respondents.

The take up of Enterprise Ireland Covid-19 schemes has increased over the August/September 2020 period. This may be because companies are refocusing after the summer and with the pressures of Covid-19 and Brexit, they are engaged with their respective agencies and the supports that are available. Anecdotally, it would seem that the introduction of a non-repayable element to the support under the Sustaining Enterprise Fund has driven the increased demand for the supports. Companies are assessing their current financial situation, its immediate needs and what they can afford in respect to repayments into the future and these schemes can directly support their needs. For this reason it would seem prudent to make a concerted effort to further tailor the existing Brexit supports to provide assistance to the Gaeltacht companies that suit their needs.

ÚnaG are currently organising a campaign to support their clients and other businesses in the Gaeltacht with applications and claims to ensure that the Gaeltacht has a strong enterprise ecosystem when these challenges times are over. Table 3.2 shows the uptake of Covid-19 schemes at the beginning of September 2020. The most popular supports (over-subscribed in both cases) are the small grants provided through the Business Continuity and Trading Online Vouchers. As highlighted in the survey and interviews conducted for this paper, the supports that provide cash grants with minimal amounts of co-financing (90-100%) are more popular than those that require either a large amount of co-financing (50%+) or short-term debt accumulation.

Table 3.2 – Uptake of Covid-19 Supports by ÚnaG clients

Support Title	Administrator	No. Applications	No. Applications approved	Allocation
Business Continuity Vouchers	ÚnaG	189	150	150
Trading Online Voucher	ÚnaG	267	194	254
Financial Planning	EI	15	8	N/A
Lean Business Continuity Voucher	EI	2	2	N/A
Sustaining Enterprise Fund (Small)	EI	2	1	N/A

Sustaining Enterprise Fund (Large)	EI	6	1	N/A
Online Retail Scheme	EI	2	1	N/A

Chapter 4: **Key Findings and Recommendations**

4.1. Key Findings

Údarás na Gaeltachta have been working with their client companies to encourage awareness of the full range of Brexit supports but there has been a low level of engagement thus far. For many, 2020 was to be the year of intensive Brexit preparations and the outbreak of Covid-19 has meant that businesses have had to deal with immediate sustainability and liquidity issues over the past 6 months. Brexit planning has largely been displaced as a consequence of the pandemic, and a concerted effort to re-focus client companies' attention on the impact of Brexit by ÚnaG is warranted.

In general, the researchers found that ÚnaG client companies are relatively more exposed to Brexit than those in the wider economy, due to their higher levels of reliance on the UK as both an export market and a source of raw materials and other imports. Therefore, we would expect the impact of Brexit, alongside the Covid-19 impacts, to mean that ÚnaG companies will be hit harder by Brexit than Irish internationally traded companies as a whole. This poses a significant threat to employment in Gaeltacht regions, which are already disadvantaged compared to the rest of Ireland.

When we compare the level of exposure with the sectoral employment in the Gaeltacht, we can see that some of the sectors that are less exposed have higher levels of employment. Therefore, in order to adequately support the Gaeltacht economy through Brexit, and to recover from the Covid-19 shutdown, ÚnaG should take account of the wider impact of high-employment sectors and the spillover effects of inter-linked sectors.

To date, uptake of the available supports has been low. Údarás na Gaeltacht must now focus on post-Brexit supports in particular on market diversification to protect Gaeltacht companies and employment. Given the relatively small size of most of the client companies (85% are micro-enterprises with fewer than 10 employees) they may not have sufficient staff resources or capacity to engage in Brexit preparations and/or undertake the application process for Government supports.

Skills-based training courses have received the most positive feedback and an expansion of these supports, possibly with a dedicated mechanism to provide a rolling programme of training courses could be effective in providing both practical support and a means of maintaining an open dialogue on issues as they arise.

Broadband and digital infrastructure is a major barrier to both innovation and competitiveness for many companies. This affects not only their ability to operate competitively with other indigenous companies but also their ability to react to changes in the global economy, such as the shocks caused by the COVID-19 pandemic and Brexit. ÚnaG have responded to this challenge by setting up a network of co-working spaces with high-speed broadband and this initiative could be used to attract new businesses and entrepreneurs into Gaeltacht regions.

There is potential to attract new remote workers, as a result of the change in work practices accelerated by the COVID-19 crisis. Údarás na Gaeltachta has invested in co-working hubs, *Gteic*, in recent years. These have contributed to providing a digital infrastructure in some of the most remote parts of the Gaeltacht and should be promoted as a solution for remote workers in areas with poor broadband coverage. This could attract new workers to base themselves in Gaeltacht communities, thereby contributing to both the economic and social development of these areas.

In addition, industries such as film and TV production could see growth as Irish companies will benefit from being the English-speaking partner on co-productions after Brexit. The new Creative Europe Programme (2021-2027) has an increased budget (€1.8 billion) and a focus on cross-border projects. It would be useful for Údarás na Gaeltachta to support its media sector companies in accessing networks that would enable them to be part of international co-productions.

In sectors such as primary production and fishing, where supports are not provided through traditional enterprise channels, Údarás na Gaeltachta could look for opportunities to provide some market research or analysis to support their clients. Commissioning market research can be prohibitively expensive for small producers but Údarás could undertake or work with other agencies involved, e.g. Bord Iascaigh Mhara, Teagasc, to provide their clients with access to relevant research or analysis.

Results from the survey undertaken as part of this review show that:

- 48% of respondents would like assistance with market diversification;
- 45% wanted to increase their operational competitiveness;
- 82% had not applied for any Brexit supports, and;
- 53% were unaware of Brexit supports available.

One of the main impediments to ÚnaG companies applying for existing Brexit supports seems to have been capacity constraints around having sufficient staff resources to apply for supports and appropriately skilled staff to undertake market diversification activities.

4.2. Recommendations

As Brexit will be finalised by December 31st this year any additional or augmented supports for Údarás client companies should be focused on maintaining companies viability while they are dealing with the consequences of a hard Brexit and Covid-19. Additional Brexit preparedness supports are now of limited value, and a renewed effort should be made to ensure that businesses are supported through the transition to the new trading relationship between the UK and the EU. Given that a hard Brexit with WTO tariffs is becoming increasingly likely, the impact on ÚnaG client companies is likely to be significant.

This paper recommends the implementation of the policy-relevant findings presented below. Údarás na Gaeltachta needs to ensure that their client companies are supported in responding effectively to changes in the post-Brexit trading environment.

The authors found that rather than supplementing existing supports, ÚnaG should seek to assist their client companies to better leverage existing supports from Government to deal with both Brexit and Covid-19.

A particular focus is required on Micro and Small enterprises, given their pre-dominance in the Gaeltacht, to address the lack of take up of existing Brexit Government supports which may be due to the lack of capacity in micro and small enterprises to address economic shocks like Brexit and Covid-19. Addressing this capacity constraint is an area Údarás na Gaeltachta could focus on in order to ensure its client companies can fully leverage relevant Brexit and Covid-19 Government supports.

4.3. Policy-Relevant Findings

1. Micro and Small enterprises need targeted assistance to avail of existing Government supports. The capacity constraints identified in these enterprises warrants a more concentrated focus by ÚnaG e.g. through mentoring or capacity building to ensure that these companies are aware of, and can avail of, appropriate supports.
2. Údarás na Gaeltachta should consider targeted assistance to help their client companies diversify their markets post-Brexit by finding ways to link their companies directly with EI and IDA market and country experts, thereby reducing reliance on the UK as an export market.

3. Údarás na Gaeltachta could work to seek to repurpose some of the unexpended Brexit Loan Scheme funding for enhanced, bespoke supports that take account of the specific issues faced by Micro and Small enterprises operating in the Gaeltacht.
4. Údarás na Gaeltachta should consider providing comprehensive information to assist client companies in dealing with customs and tariff changes post-Brexit.
5. Brexit and Covid-19 present opportunities for ÚnaG to attract both FDI and new remote workers. Therefore, any investment in upgrading and marketing its commercial properties could be beneficial. Investment in broadband infrastructure will be key to ensuring the competitiveness of the ÚnaG commercial portfolio.

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Appendix 1: Covid-19 Enterprise Supports

Support	Details	Applications from ÚnaG Clients
COVID-19 Business Financial Planning Grant	The COVID-19 Business Financial Planning Grant is worth up to €5,000 and will enable companies to access external support from approved financial advisers to prepare a financial plan to protect the company in the short to medium term.	15
Enterprise Promotion Fund (High Potential Startup)	High Potential Startups, who demonstrated commercialisation before Covid and where ÚnaG had already made equity investments, can apply for a collective investment of €50,000 per business in the form of equity or debt instruments.	6
Enterprise Promotion Fund (Small Enterprises)	This fund will provide a €25,000 to €50,000 short term working capital injection to eligible smaller companies to support business continuity and strengthen their ability to return to growth and be trading strongly in 3 years' time.	2
Enterprise Promotion Fund	Enterprises with 10+ employees can apply for repayable grants of up to €800,000.	3
Business Continuity Vouchers	Companies can access up to €2,500 for training or advisory support services for the continued operation of their businesses during the pandemic. The service can take the form of management advice or training for management or company staff or a combination of both.	2
Credit Guarantee Scheme	Provides loan supports of up to €1 million for periods up to 7 years. Údarás na Gaeltachta is advising companies on making applications to AIB, Bank of Ireland and Ulster Bank.	0
Microfinance Loans Ireland Covid-19	Micro-enterprises can access COVID-19 loans of up to € 50,000 from MicroFinance Ireland. The new COVID-19 loan includes an option for a moratorium on interest and repayments for the first six months. Loans are available at interest rates of between 4.5% and 5.5%.	0
Covid-19 Online Retail Scheme	Retailers employing over ten people can access grants to develop or augment their online presence to meet the demand. Grants up to a maximum of 80% of project costs and between €10,000 and €40,000 will be offered.	2
Údarás na Gaeltachta Covid-19 Online Trading Scheme	A maximum grant is €2,500 or 90% of eligible costs, exclusive of VAT, whichever is the lesser, is available to eligible companies to develop and strengthen their online trading capabilities	267

Údarás na Gaeltachta Covid-19 Business Continuity Voucher	2,500 and can be used by companies and sole traders, employing up to 50 people, towards the cost of third-party consultancy to develop a short-term and long-term strategy for tackling the COVID-19 pandemic.	189
Covid-19 Act-on Initiative	Provides two no-cost company consultancy days to support companies build their strengths in three business areas: Financial Management, Strategic Sourcing and Transportation and Logistics.	0
Mentoring Scheme	Provides support through a business mentor who assists businesses in the start-up phase or advises on specific areas of the business plan.	0

Appendix 2: Brexit Supports and Analyses

Owner	Name	Details	Eligibility
Advice & Administrative Supports			
Údarás na Gaeltachta	**Brexit Seminars**	A series of advisory seminars on Brexit on topics such as; state aid programmes, customs and logistics, strategic sourcing, negotiation skills, marketing, innovation, competitiveness	Údarás Client Companies
Enterprise Ireland	**Brexit Advisory Clinics & Roadshow**	Information provided through individual meetings across the following areas: strategic sourcing, financial & currency management, customs transport & logistics.	EI & Údarás Client Companies
Enterprise Ireland	**Online Information**	A range of online tools and information including: • Currency Impact Calculator • Webinars on key issues and how to prepare • Customs Insights Course • Brexit Essentials FAQs	No conditions
Intertrade Ireland	**Online Information**	A range of online tools and information including: • WTO Tariff calculator • Brexit FAQs • Supply Chain Advice	No conditions
Enterprise Ireland	**Brexit: Act On Initiative**	Provided a consultant to spend 2 days reviewing and providing an action plan for a company to improve: (1) Financial and Currency Management (2) Strategic Sourcing (3) Customs and Logistics	EI Client Companies
IDA	**Getting Brexit Ready**	Information and advice on Brexit risks and opportunities, and financial assistance across R&D, training, employment and capital investment.	IDA & Údarás Client Companies
Fáilte Ireland	**Brexit Readiness Check**	Online tool that allows companies to see how prepared they are to respond to the potential impact of Brexit. It looks at; market retention, market diversification, people competence and business performance and competitiveness.	No conditions

DBEI	**Brexit Scorecard**	A tool to assess a company's business operations across 6 areas - Business Strategy, Operations, Innovation, Sales & Marketing, Finance and People and Management.	No conditions
		Financial Supports	
Enterprise Ireland	**The Border Stimulus Package**	• €3 million for the six Local Enterprise Offices (LEOs) in the border counties for capability development programmes for micro and SMEs • €8.5 million Brexit Transformation Fund to enable firms to transform their businesses and diversify markets. • €1.5 million for Industry Fellowships targeted at businesses located in Border counties, administered by Science Foundation Ireland (SFI) • €15 million competitive Border Enterprise Development Fund	Companies based in Donegal, Sligo, Leitrim, Cavan, Monaghan and Louth.
Enterprise Ireland/ Údarás na Gaeltachta	**Be Prepared/ Bí Réidh**	Grant of up to €5000 to supports SMEs in preparing an action plan to respond to Brexit. Grant can be used to cover: 1. Fees of external consultants to cover the following areas: Strategy, market development, innovation, operations, people and finance. 2. Employee travel and travel expenses related to research as outlined above.	EI & Údarás Client Companies that sell at least 20% of overall turnover into the UK market.
Enterprise Ireland	**Agile Innovation Fund**	Grant funding of 50% in support of innovation projects with a total cost of up to €300,000.	EI Client Companies
Enterprise Ireland	**Market Discovery Fund**	Grant funding of up to €150,000 to research new markets.	EI & Údarás Client Companies
DBEI/ SCBI	**Brexit Loan**	Provides loans of between €25,000 to €1.5 million to businesses at low interest rates	Micro, SME and Small MidCap enterprises with

		to fund working capital and adaptation to mitigate impacts of Brexit.	at least 15% of turnover traded with the UK.
Enterprise Ireland	**Finance in Focus Grant**	Up to €7,200 to hire a consultant to help companies prepare a detailed financial and business plan that identifies funding needs and potential sources of funding.	EI & Údarás Client Companies (SME or Large company)
Intertrade Ireland	**Brexit Planning Voucher**	Up to €2,250 towards professional advice in relation to Brexit matters, i.e. for SMEs to get advice on specific issues such as movement of labour, goods, services and currency management.	SMEs on the island of Ireland with less than €50 million turnover.
Intertrade Ireland	**Brexit Implementation Voucher**	Up to €5,625 (50% of total costs) to allow businesses to implement changes identified in Brexit planning.	Follow-on from Planning Voucher.
LEO	**Technical Assistance for Micro Exporters**	Up to €2500 (50% of costs) grant to explore and develop new market opportunities. The TAME grant part-funds the costs that can be incurred investigating and researching export markets, e.g. exhibiting at Trade Fairs, preparing marketing material and developing websites specifically targeting overseas markets.	LEO area, (Micro-enterprise)
Enterprise Ireland	**Ready for Customs**	Grants to provide companies with financial assistance to cover the costs of taking on much needed additional customs clearance staff. Up to €9,000 for full-time or €4500 for part-time staff	Enterprises that are currently engaged in the movement of goods to, from, or through the UK.

Brexit Impact Analysis

The European Parliament Research Service brought together the results of Brexit scenario modelling[33] completed before 2017 in their *An Assessment of the Economic Impact of Brexit on the EU27*. They found that: “All available studies concur that a significant disruption of trade links will impose economic costs on both sides. However, the EU27 would bear only a disproportionally small share of the total cost.”[34] Some models estimate a negative impact of between 0.11% and 0.52% on EU27 GDP compared with an estimated drop in UK GDP of between 1.31% and 4.21%, over the medium term to 2030.[35]

The impact on Ireland, however, is found to be closer to the UK. The ESRI published a report titled *Modelling the Medium- to Long-Term Potential Macroeconomic Impact of Brexit on Ireland* in 2017. This paper presents an overview of the research completed before 2017 on the impacts of Brexit on the UK and Irish economies. The authors use an aggregate of the predictions to run some scenarios through the COSMO[36] model for the Irish economy. This produced a range of potential medium and long term impacts based on a variety of future trading relationships between the EU and UK.

The 3 scenarios modelled predict a drop in employment, exports and GDP in all cases. This is consistent with other results provided by different types of analysis, e.g. Bayesian Vector Autoregression done by the Central Bank of Ireland. The data presented in this paper gives a number of measures in addition to GDP impacts, such as an increase in the unemployment rate (of between 1.2% and 1.9%) and a decrease in exports and consumption which are particularly relevant to the Gaeltacht economy.

In January 2020, D/BEI published a paper in which a team at Copenhagen Economics modelled 6 different trading relationships between the EU and UK following Brexit and provides estimates for the impact of Brexit on Irish GDP in the period to 2030.

This model is based on changes to the following parameters; tariffs on agri-food products, tariffs on manufactured products, customs procedure costs, regulatory divergence for goods, and barriers to services trade.

1. **Tariffs (agri-food and manufacturing):** Provided the EU and UK abide by their commitments in the October 2019 Political Declaration, and introduce the necessary alignment on agricultural and Sanitary and Phytosanitary (SPS) policy, there should be tariff-free trade in agri-food and manufactured products. However, in a no deal scenario tariffs would be imposed, reducing external demand for Irish products.
2. **Customs Procedure Costs:** Whether or not the UK and EU impose tariffs (and the political declaration says they do not intend to) there are increased costs associated with trading across the new customs border as goods trade between EU and non-EU countries is subject to customs procedures regardless. However the stated “mutual aims of the EU and the UK to do everything possible to make customs procedures as lenient as possible”[37] allow the authors to model a customs cost between the EEA and FTA scenarios.

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[33] By the OECD, UK Treasury, Netherlands Central Planning Bureau, London School of Economics, IFO Institute for Economic Research, and Open Europe.
[34] Emerson, et al., An Assessment of the Economic Impact of Brexit on the EU27, 2017, p. 10.
[35] Ibid., p. 8
[36] The ESRI’s COre Structural MOdel for Ireland is a macro-econometric model of the Irish economy.
[37] Rytter et al., An Assessment of the Economic Impacts Arising for Ireland from the Potential Future Trading Relationship between the EU and UK, 2020, p. 12

3. **Regulatory divergence for goods:** Whether or not the UK actually diverges from the standards in place in the EU there will be effects stemming from the possibility of regulatory divergence as a consequence of Brexit. Unless the UK adopts binding regulatory alignment as part of the future relationship, which the UK government has signalled it is unwilling to do, the resulting uncertainty will cause adverse market effects.
4. **Barriers to services trade:** The EU's single market for services is less integrated than it is for goods trade. Owing to the existence of services trade barriers, the increased obstruction caused by Brexit is likely to be less significant than the goods trade overall.

Overall, the assessment of changes to the parameters discussed creates a Brexit effect on GDP somewhere between the EEA and FTA scenarios, as shown above. The overall predicted drop in GDP is between 3.2% and 3.9%. This paper, uniquely, also models the mitigating impacts of increased trade with 3rd countries that have or are currently negotiating Free Trade Agreements with the EU. These FTAs are predicted to increase Irish GDP by 2.7% - 2.8%. The net effect of the implementation of these FTAs could offset some of the negative impacts of Brexit. This is especially significant in the political declaration's 'best-case' scenario. However, the authors are keen to point out that "the FTA markets are complements to the UK market for Irish firms, rather than substitutes". This is demonstrated by the similar impact on Irish GDP regardless of the type of post-Brexit trading relationship in place.

In addition, Smith et al. found that "the goods sectors those related to Agri-food and Traditional Manufacturing would be the most exposed to any disruption to the trade relationship between Ireland and the UK". This is important when considering companies located in Gaeltacht areas, as many of them fit into these categories.

More recent work undertaken by the ESRI in 2019 in a paper called "Ireland and Brexit: Modelling the Impact of Deal and No Deal Scenarios".[38] In this analysis all of the scenarios advanced led to a permanent reduction in Irish output compared to if the UK had not left the EU. This high degree of exposure is to be expected given the high level of integration between the Irish and UK economies. According to the CSO, in 2017 78% of all Irish exporting companies exported to the UK. Almost half of these companies traded with the UK only. The value of this exports to the UK in 2017 was €16 billion, with the biggest exporting sector, by value, being the Agri/Food sector, with €3.7billion worth of exports.

Imports are also deeply integrated with the UK with 86% of all importing companies importing from the UK in 2017. The total value of UK imports was €22.5 billion in 2017 and approximately one third of all importers had the UK as their sole trading partner. The retail and wholesale sector was the biggest economic sector importing from the UK in 2017, with imports from the UK valued at €12.5 billion.

Limitations of scenario modelling

There are relevant critiques of the models reviewed that should be brought to bear on any analysis of Brexit or Covid-19 impacts. It has been asserted that "quantitative methodologies cannot capture all the likely or possible impacts of an unprecedented event such as Brexit"[39]. This is because Brexit represents more than a series of adjustments to trade policy. It will result in a political rebalancing within the EU as well a shift in the trading

[38]Bergin et al., *Ireland and Brexit: Modelling the Impact of Deal and No Deal Scenarios*, 2019.

[39] Emerson, et al., An Assessment of the Economic Impact of Brexit on the EU27, 2017, p. 34.

conditions between EU countries and the UK. Similarly, the impact of Covid-19 on the national and international policy is hard to predict at this juncture.

There are also major difficulties associated with predicting the short-term effects of Brexit. The short-term shocks to areas such as exchange-rate fluctuations are characterised by a high degree of uncertainty. This is the reason that "most of the existing analysis has focused on the medium- to long-term impacts, for example through reduced trade, FDI, UK budget contribution to the EU, migration, and reduced productivity due to lower trade and FDI."[40]

Another relevant critique is that the models do not take account of the potential movement of FDI from the UK into the EU27 to ensure access to the single market. This is particularly important for Ireland:

"according to the models [Ireland] stands to be hurt most by the Brexit, but is also well positioned by virtue of its friendly business climate and English language to gain market share in European FDI… it would only take a small redistribution of European FDI to Ireland to make a big difference to its economy."[41]

This is relevant to Údarás na Gaeltachta as their property portfolio includes premises that would be suitable for companies looking to relocate their EU headquarters in Ireland as a consequence of Brexit.

[40]Bergin, et al., Modelling the Medium- to Long-Term Potential Macroeconomic Impact of Brexit on Ireland, 2017, p. 308.

[41] Emerson, et al., An Assessment of the Economic Impact of Brexit on the EU27, 2017, p. 35.

Appendix 3: Brexit and Covid-19 Impact Survey Report

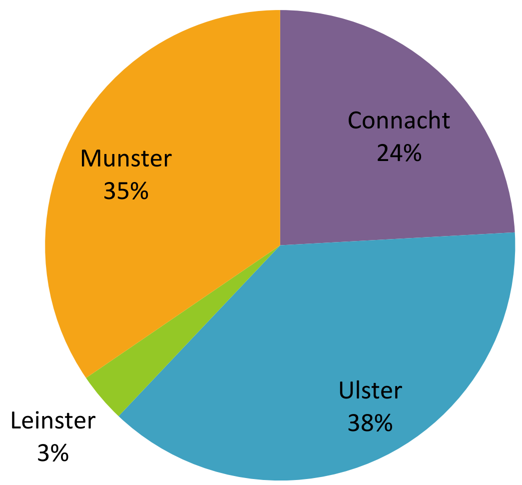
Response Period: 28 July 2020 – 28 August 2020

Total Valid Responses: 29

Some answers included here have been grouped, summarized or edited in order to ensure anonymity.

Where is your company based?

(Answers provided by county, grouped here)



1. Which best describes the sector your company operates in?

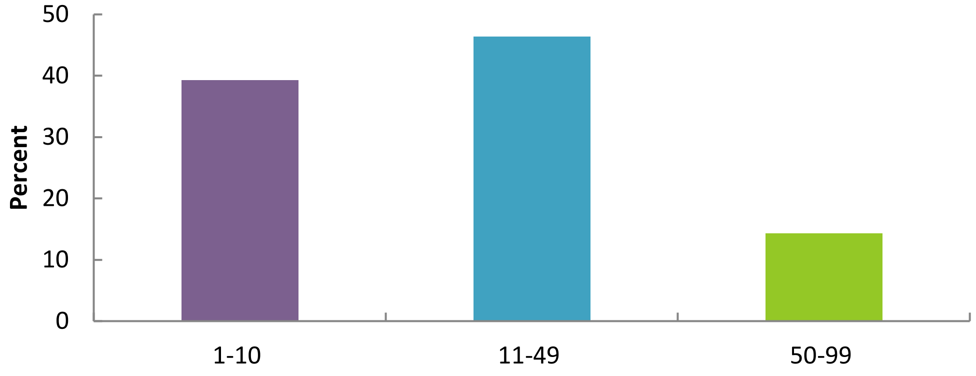
Sector	Percent
Agriculture, Fishing, Forestry, Mining & Quarrying	4%
Food, Drink & Tobacco	10%
Textiles, Clothing, Footwear & Leather	14%
Paper & Printing	4%

Basic & Fabricated Metal Products	4%
Computer, Electronic & Optical Products	7%
Medical Device Manufacturing	4%
Other Misc. Manufacturing	28%
Services	17%
Audio-Visual Production	7%

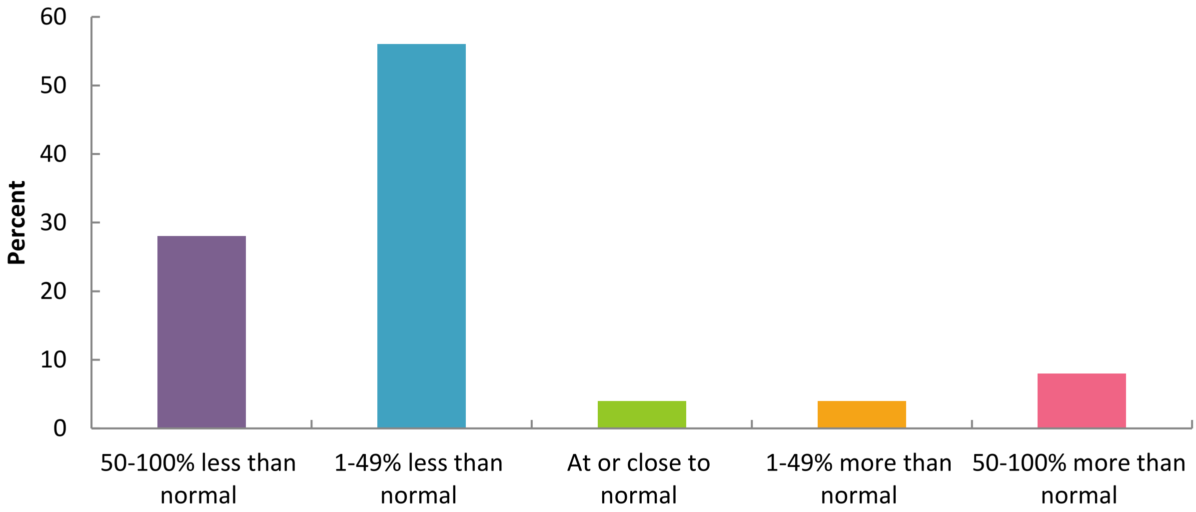
3. Approximately, what was your turnover last year?

Responses ranged between €30,000 and €7 million

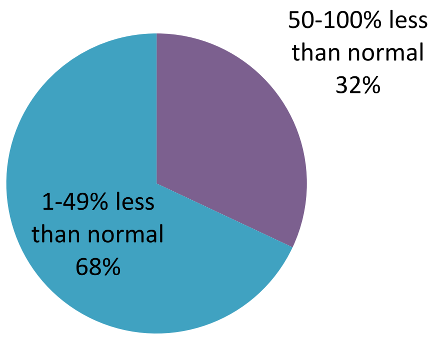
4. How many employees do you have?



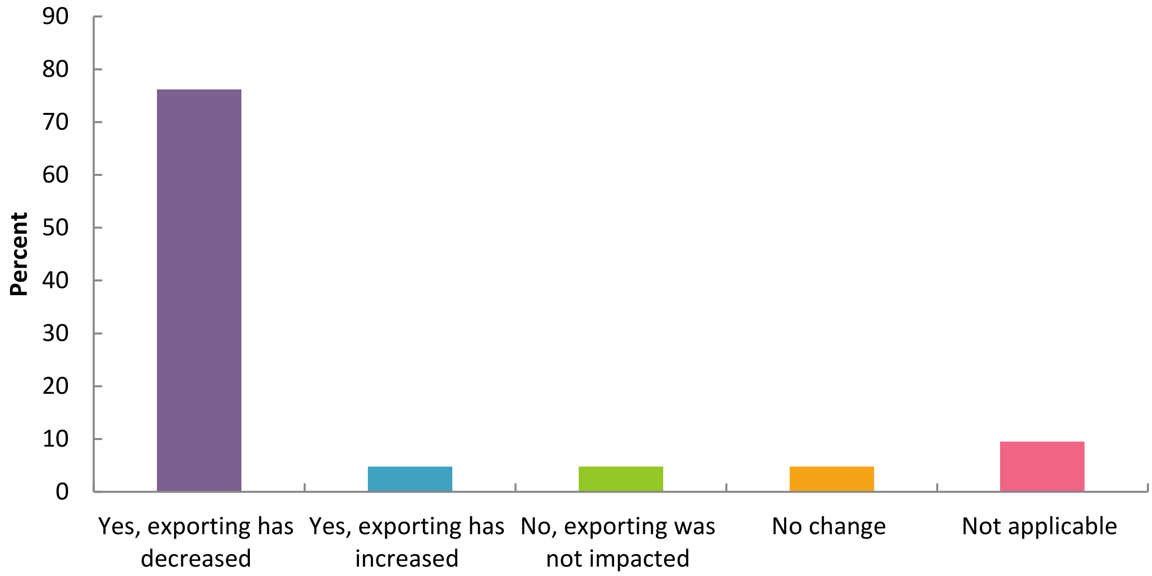
5. For the period since March 16th what is your best estimate of your turnover versus its normal expectations? Note: Normal expectations refers to the expected turnover if the Covid-19 restrictions had not been put in place by the Government.



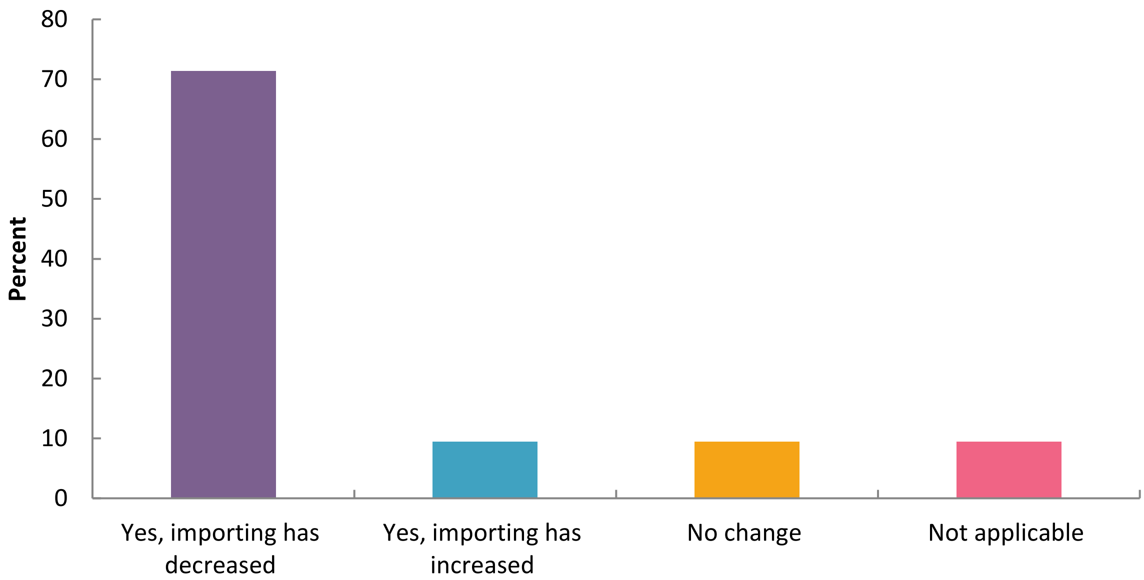
6. What is your best estimate of your turnover versus its normal expectations for the remainder of 2020?



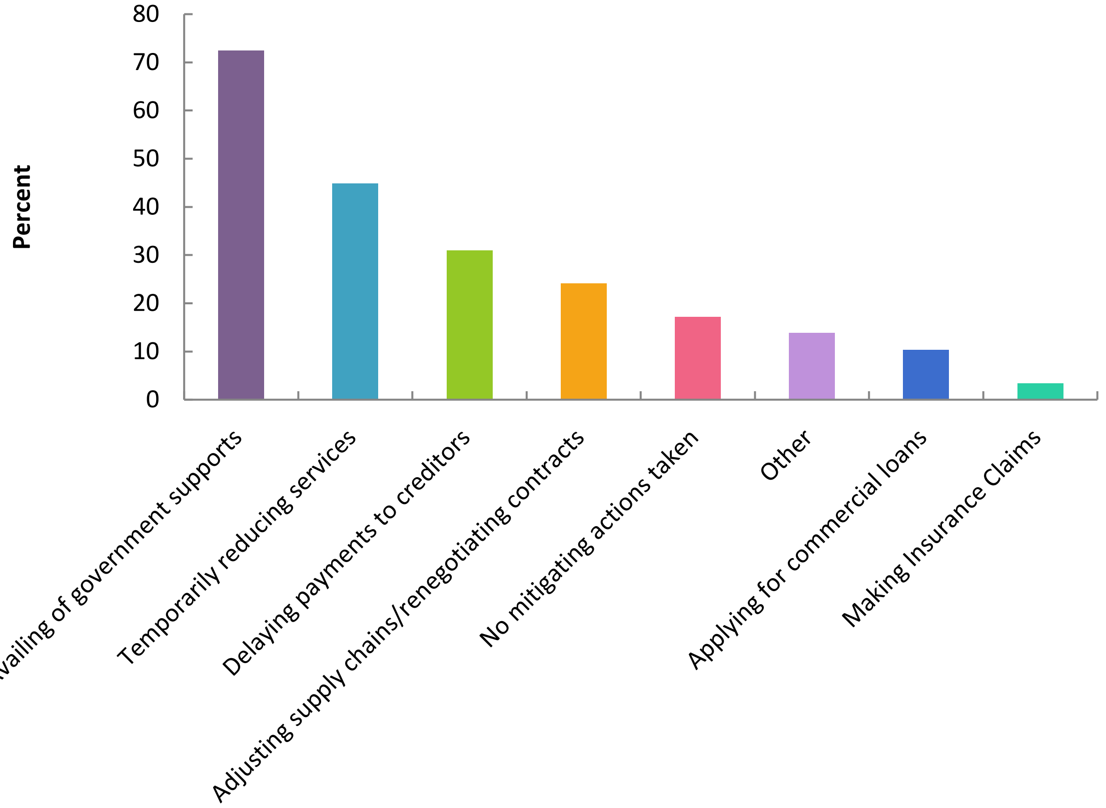
7. Has your or your organisation's exporting of goods and services changed in the period since March 16th?



8. Has your or your organisation's importing of goods and services changed in the period since March 16th?



9. Which, if any, of the following types of mitigating actions are you currently taking in order to maintain turnover or reduce costs in response to the Covid-19 outbreak? Select all that apply



Value	Percent
Availing of government supports	72.4%
Temporarily reducing services	44.8%
Delaying payments to creditors	31.0%
Adjusting supply chains/renegotiating contracts	24.1%
No mitigating actions taken	17.2%
Other	13.8%

Applying for commercial loans	10.3%
Making Insurance Claims	3.4%

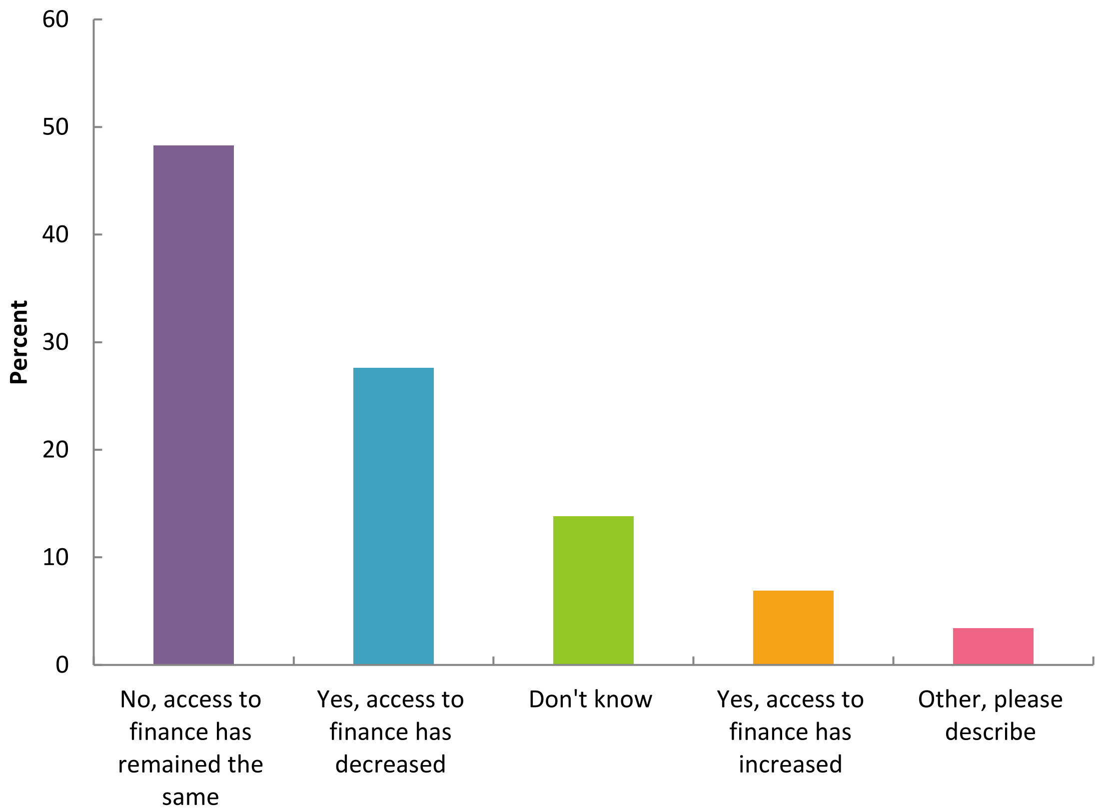
Open-text Answers:
Reducing staff, looking for new markets and reducing production

10. What has been the level of impact in the following areas for your business as a result of Covid-19?

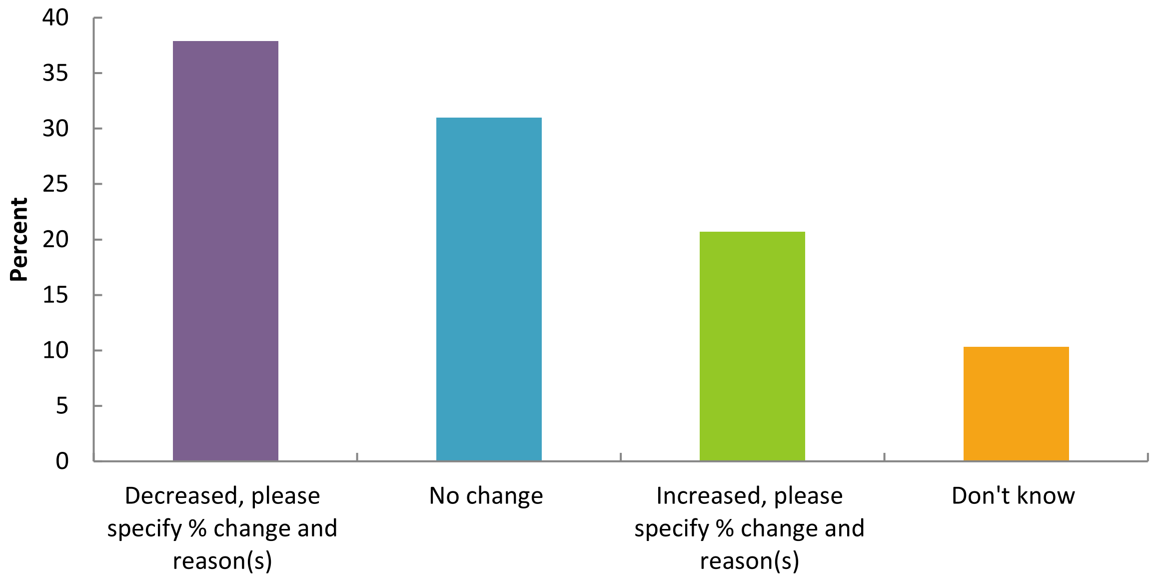
	No impact	Low impact	Moderate impact	High impact	Don't know	Not applicable
Impact on liquidity	26.9%	7.7%	12.8%	17.7%	100%	11.1%
Foreign Demand for your goods or services or activities	23.1%	3.8%	7.7%	22.6%	0%	22.2%
Impact on Cashflow	7.7%	15.4%	17.9%	22.6%	0%	11.1%
Impact on productivity	11.5%	11.5%	23.1%	17.7%	0%	16.7%
Impact on logistics	19.2%	26.9%	17.9%	8.1%	0%	27.8%

Supply Chain Interruptions	11.5%	34.6%	20.5%	11.3%	0%	11.1%

11. Has your or your organisation's ability to access financial resources changed since March 16th?



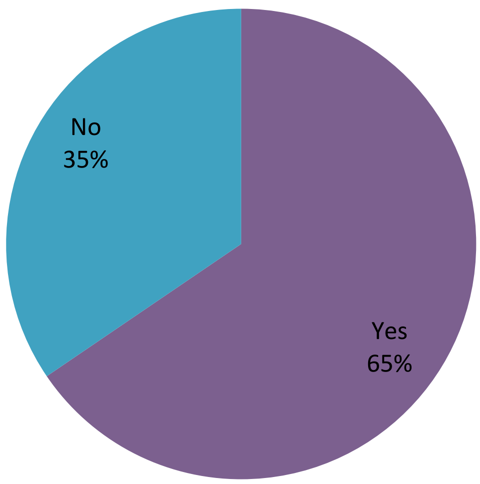
12. In the period since March 16th by approximately how much have your or your organisation's operating costs changed compared to what would have been budgeted prior to the Covid-19 crisis?



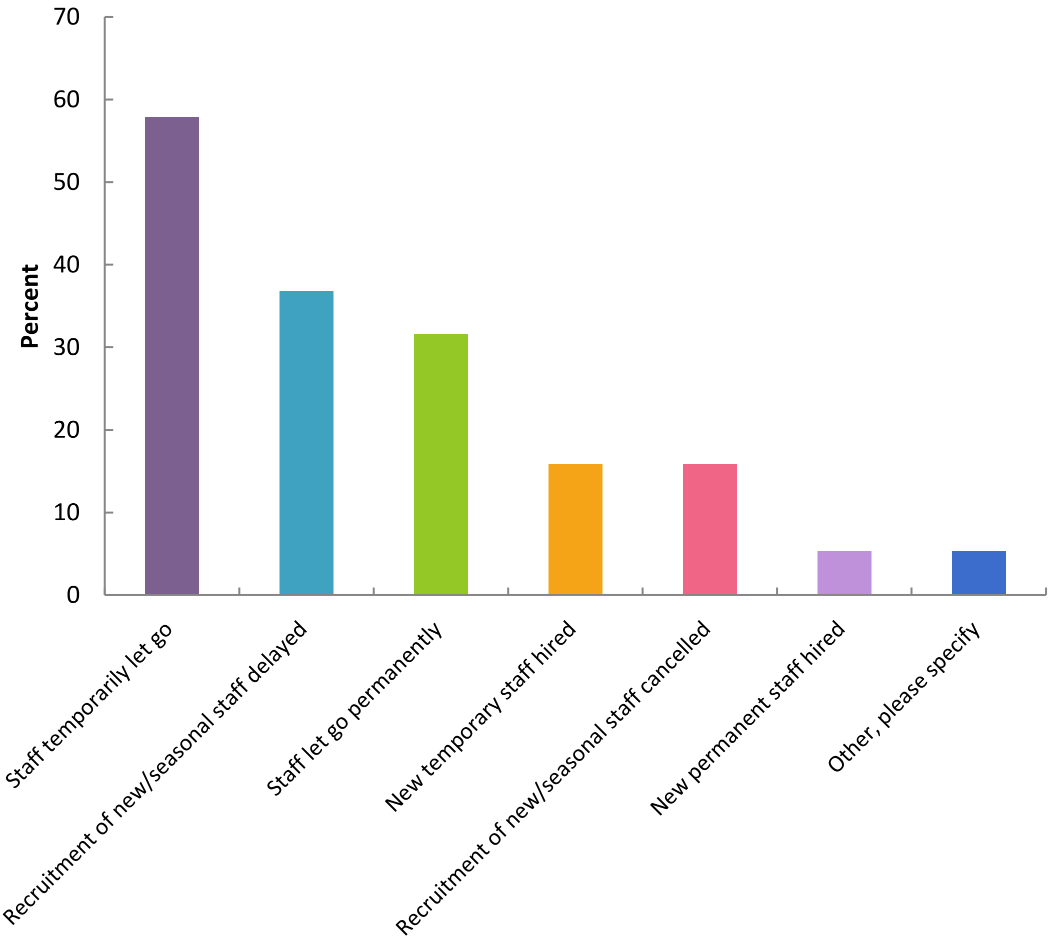
Reasons for increase
COVID-19 related expenses (PPE, social distancing measures), increased cost of production due to lower turnover.

Reasons for decrease
Reduced production as a consequence of reduced sales, reduced purchasing, reduced staff costs, government supports offsetting the costs.

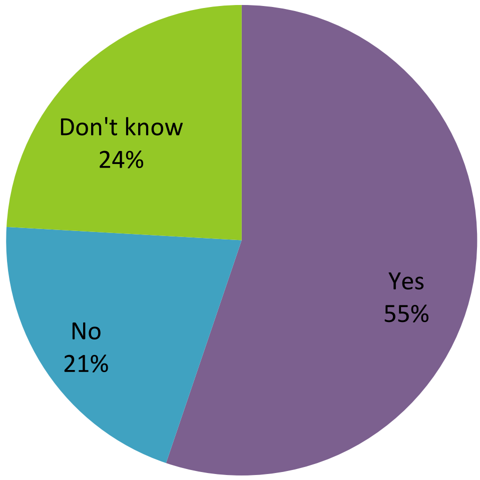
13. Have you made any changes to your workforce since March 16th?



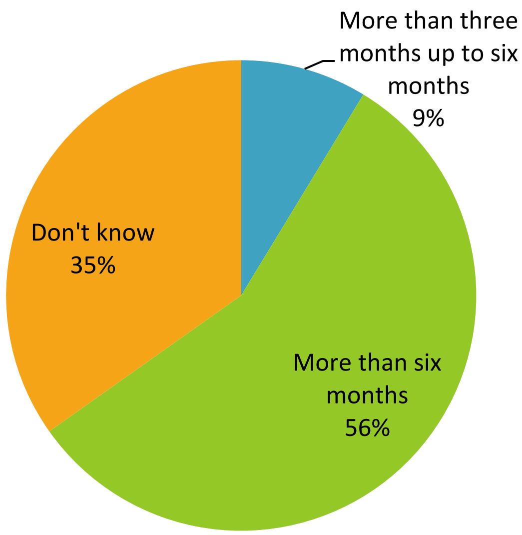
14. Which of the following changes in workforce have been implemented? Select all that apply (if yes to Q13)



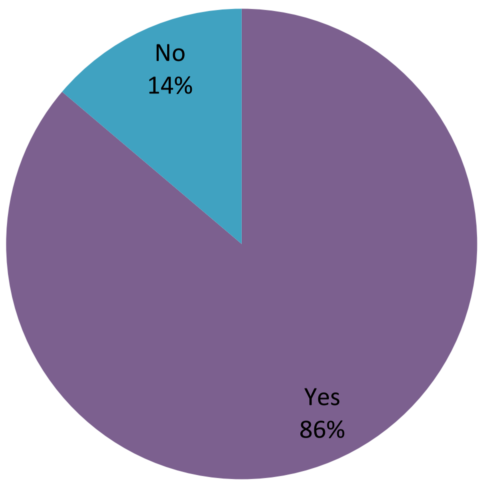
15. Are you confident that you or your organisation has the financial resources to continue operating throughout the Covid-19 outbreak?



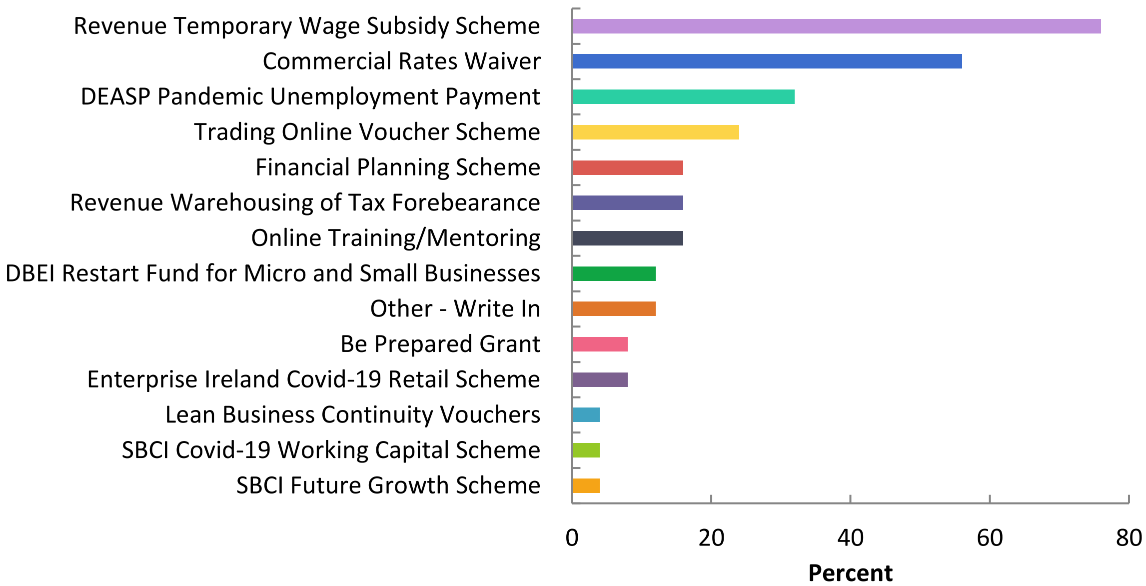
16. Approximately, how long, do you estimate that you or your organisation can remain viable?



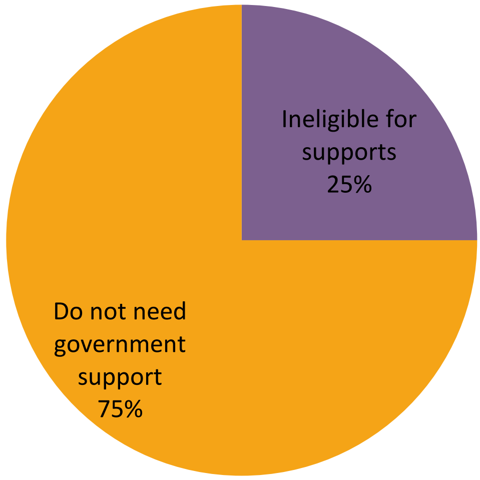
17. Have you availed of any COVID-19 government supports?



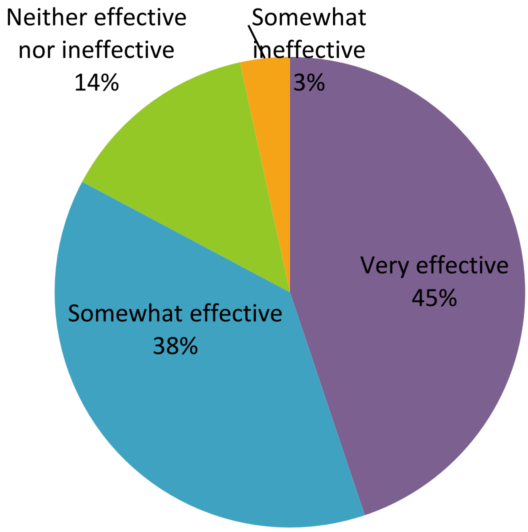
18. Have you or your employees availed of the following government supports in light of Covid-19? Please select all that apply.



19. Why not (If no to Q17)?



20. Considering all of the COVID-19 government support packages your business is eligible for, and their combined impact on your organisation, how effective or ineffective do you think these would be in supporting your business to remain financially viable over the next three months?

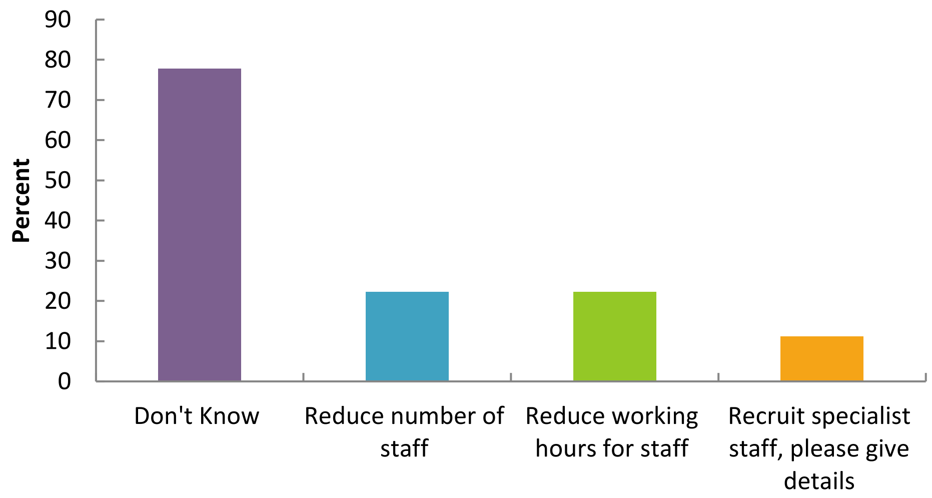


21. On a scale where 1=Reduction, 2=No change, 3=Increase and 4=Don't know, how is Brexit likely to impact on your business in terms of:

	1 Reduction	2 No change	3 Increase	4 Don't Know
Profitability	50.0%	26.9%	0%	23.1%
Revenue	53.8%	38.5%	0%	7.7%
Ability and appetite to invest	26.9%	46.2%	3.8%	23.1%
Employment	18.5%	63.0%	0%	18.5%
Supply chain	28.0%	36.0%	12.0%	24.0%

Additional concerns raised in open-text answers were; complexity in customs declarations, challenges with tariffs, continued access to UK market and the impact on seasonal workers.

22. Do you plan to make any of the following changes to your workforce as a result of Brexit? Select all that apply



23. If Brexit were to cause the following changes in operating conditions from 2021 onwards, what level of impact would they have on your business?

	Low Impact	High Impact	No Impact
Tariffs introduced on goods traded between IE and UK	25.9%	63.0%	11.1%
Exchange rate fluctuations	33.3%	59.3%	7.4%
Delays and additional costs in transport/shipping	33.3%	59.3%	7.4%
Additional documentation required for new regulations around traded goods/services	40.7%	55.6%	3.7%
Regulatory divergence for goods (change in product standards)	33.3%	44.4%	22.2%

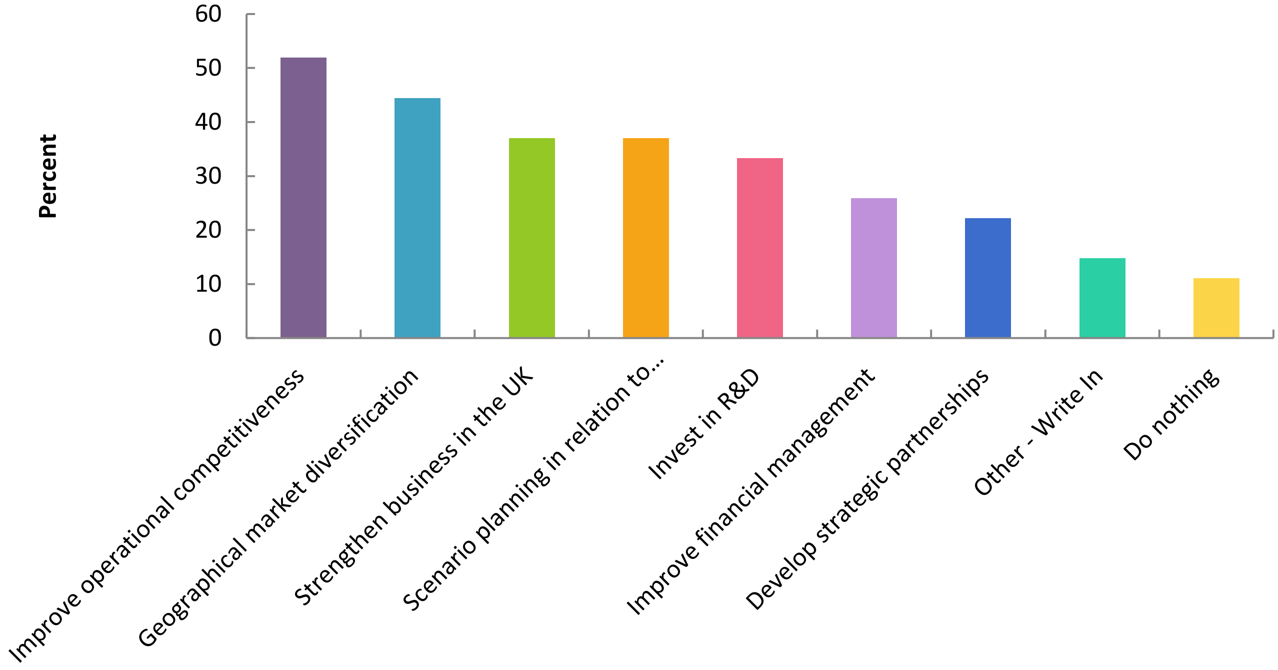
24. What percentage of your exports go to the UK?

Answers ranged between 0-70%

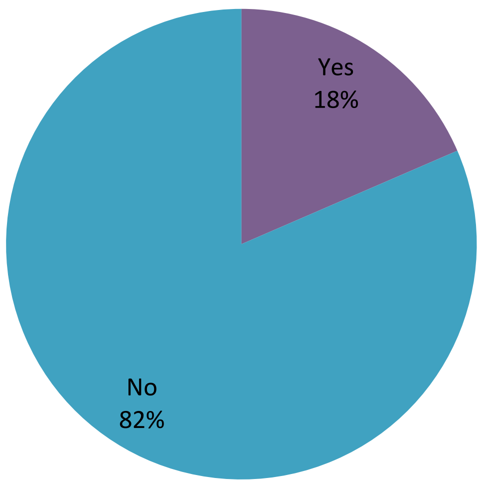
25. What percentage of your imports come from the UK?

Answers ranged between 0-98%

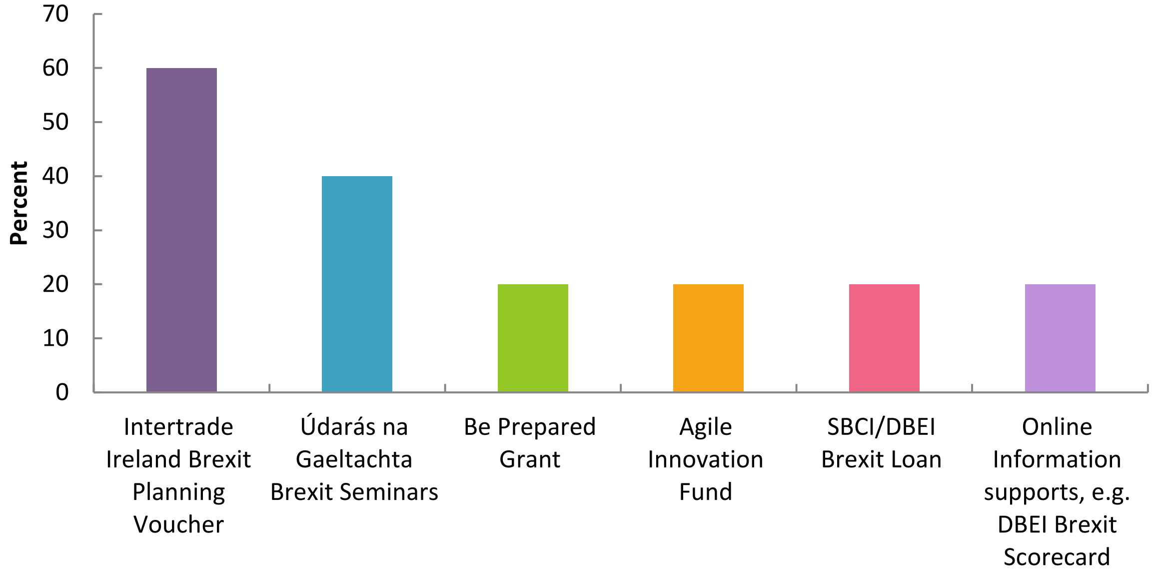
26. What actions do you plan to take to address anticipated Brexit related risks and opportunities (tick all that apply)



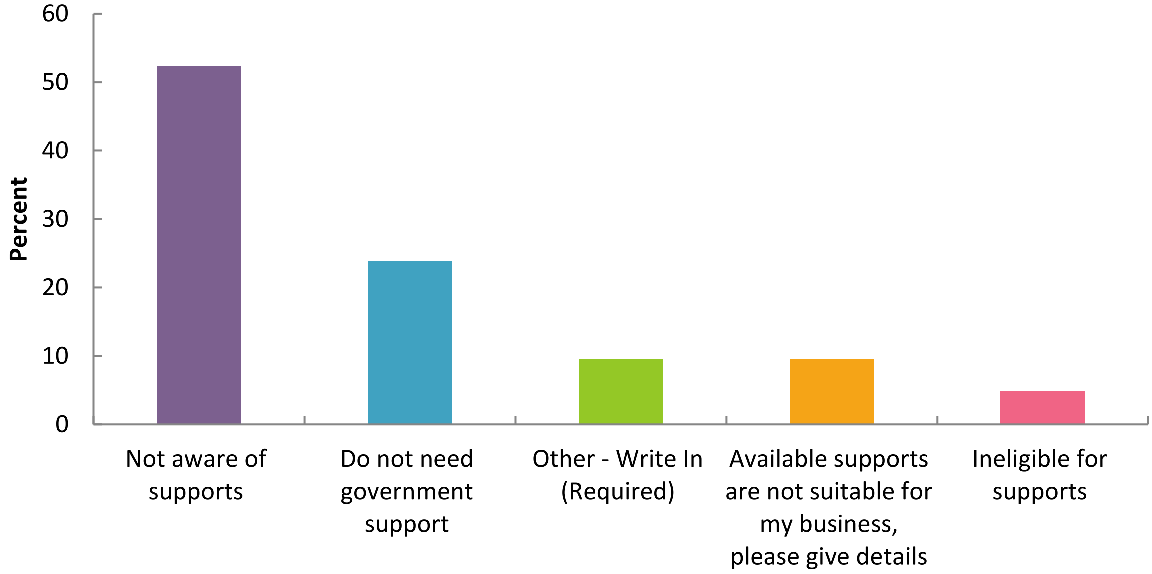
27. Have you availed of any government Brexit supports?



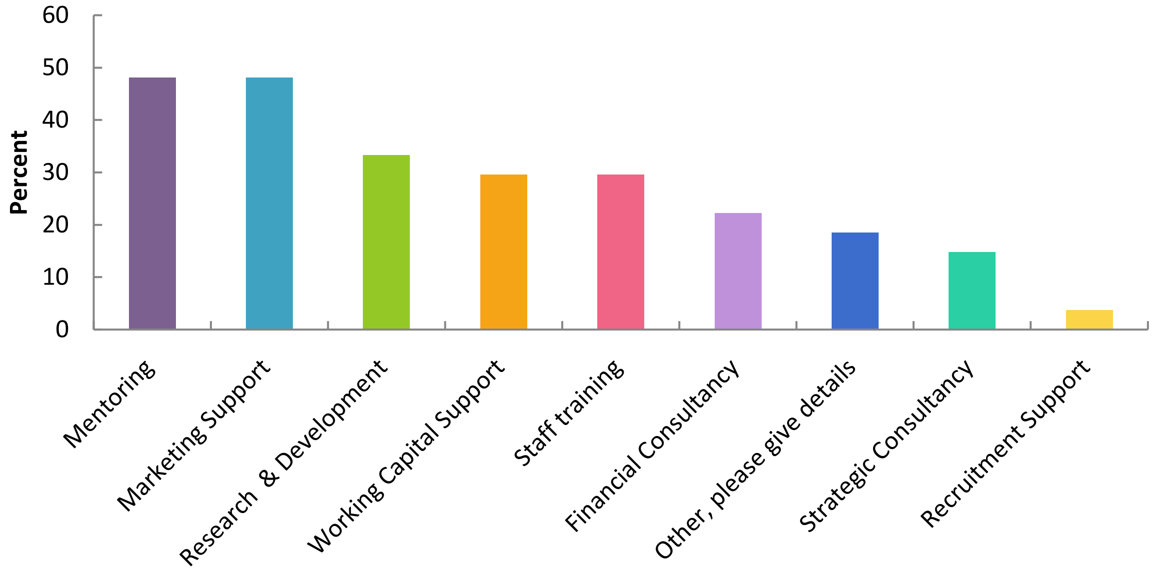
28. Have you availed of the following government supports in light of Brexit? Select all that apply



29. Why not (If No to Q 27)?



30. What type of Brexit support do you require? Select all that apply



Open-text answers
Help with supply chain diversification, information on VAT and customs requirements.

Quality Assurance Process

To ensure accuracy and methodological rigour, the authors engaged in the following quality assurance process.

Internal/Departmental

- Line management
- Spending Review Sub-group and Steering group

External

- Agency Steering Group (Údarás na Gaeltachta)
- Peer review (IGEES network, Spending Review Committee)