

Brexit: IBEC calls for €1.5bn in State aid over 3 years

Business lobby group IBEC has called for €1.5bn per annum in State aid support for three years to help stabilise the Irish economy in the event of a ‘no deal’ Brexit.

The call came ahead of tomorrow's (8 October 2019) Budget 2020 and is aimed at helping to protect jobs if the UK crashes out with no deal at the end of this month.

“A ‘no-deal’ exit would deliver a major shock to rural economy,” IBEC chief economist Gerard Brady warned.

“Those most vulnerable to job losses are already living in areas with fewer opportunities, a lack of other viable employment and lower incomes. The companies most exposed are both capital intensive and low margin. If firms collapse in a no-deal scenario they will not be easily replaced.

“Decisive and far-reaching government intervention would be required to protect jobs and support vulnerable, but viable, firms from day one. The risk of a ‘no deal’ is imminent and action is required immediately.”

Maintaining jobs in a crisis reminiscent of 2009

In order to save viable but vulnerable companies, the business group called for the introduction of the Enterprise Stabilisation Fund in the same vein as was available during the financial crisis in 2009.

To maintain jobs in viable but vulnerable firms where short-time work is not possible, IBEC has called for the Irish Government to introduce an employment subsidy scheme, with subsidies up to €10,000 over 24 months for employees in firms in distress.

In order to assist with cashflow in SMEs, it has been proposed that the Government accelerate the current SME credit guarantee scheme's coverage of invoice discounting and factoring arrangements in Brexit impacted firms, in-line with State Aid rules.

And to help companies diversify IBEC proposes the State introduce a new scheme for export credit insurance aimed at companies impacted by Brexit and diversifying away from the UK.

“Timing is of the essence,” Brady urged. “Our experience from 2009 shows that it took 10 months from agreement on a State Aid framework at a European level until companies could draw down supports. In a no-deal scenario, if supports were not available until the middle of 2020 it would be

far too late to sustain enterprises and jobs in many areas.

“It is imperative we introduce legislation and have structures in place to administer these schemes as soon as possible. The measures could be partly funded by new tariffs that will have to be levied on Irish imports from the UK,” Brady said.

A Central Bank of Ireland report in July estimated that [a hard Brexit could cost 100,000 Irish jobs](#).

In related news, last week Bank of Ireland kicked off a series of Brexit [briefings that will help SMEs nationwide to prepare for Brexit](#).

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