

SMEs: Product Safety and Preparedness for Brexit

11 December 2020



Purpose and Research Methodology

Ipsos MRBI surveyed a nationally representative sample of 500 businesses by phone during Q3 2020.

The businesses surveyed were those who trade with the UK in:

- Personal safety equipment - face masks, helmets
- General products – cigarette lighters, stationery
- Children's toys or sports equipment – footballs, bicycles
- Domestic electrical appliances – chargers, toasters and kettles
- Gas appliances for personal use



Purpose and Research Methodology

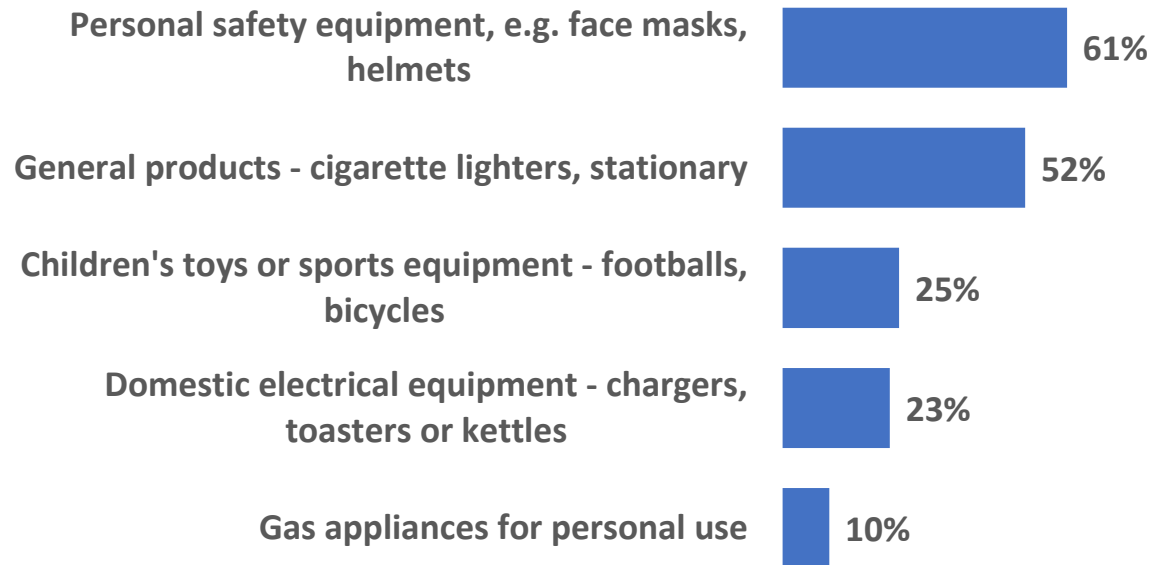
The aim of the research was to:

- assess the exposure of small businesses to trade in these products with the UK;
- obtain an initial understanding of the trade flows that these products follow – where they are manufactured and distributed from, before entry to Ireland;
- assess SME preparedness for Brexit, specifically those businesses trading in areas that fall under the remit of the CCPC through product safety legislation.



Business survey - representative sample of 500 small businesses

Businesses had to trade in at least one of these product categories in order to qualify for the survey



Sample Profile

Micro Businesses:

1-3 Employees – 36%

4-9 Employees – 42%

SMEs:

10-49 Employees – 20%

Over 50 Employees – 2%

Connaught/Ulster – 22%

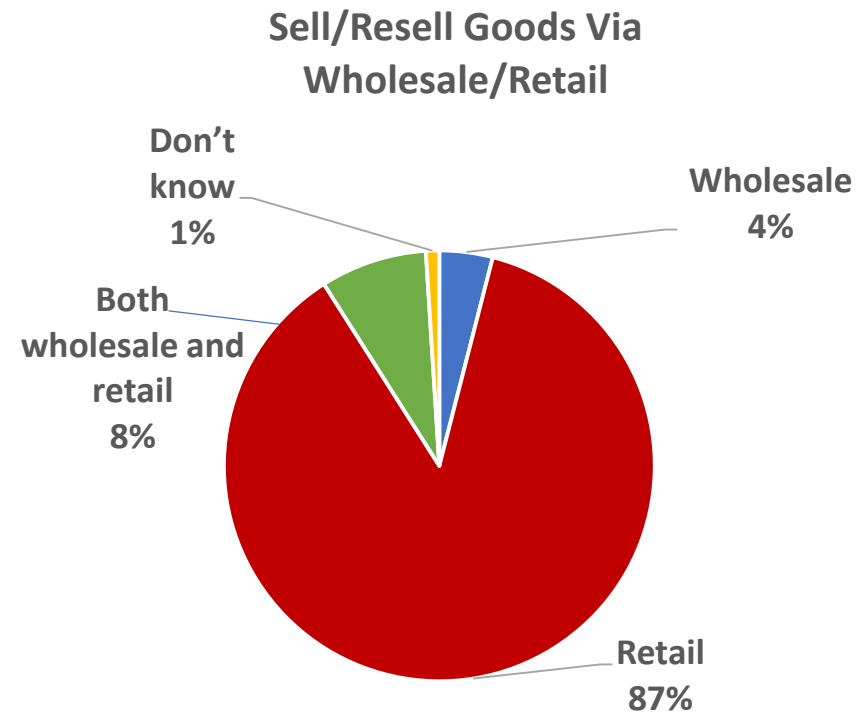
Dublin – 23%

Munster – 31%

Rest of Leinster – 24%

Question: Firstly, can I please check which of the following product categories you sell in your business?

Business survey - representative sample of 500 small businesses



Question: Do you sell/resell any of the goods mentioned in the previous question via wholesale, or retail?

Level of Trade with the UK

- There is a high level of exposure among the businesses surveyed to trade with the UK. Most (70%) are importing these types of products from the UK, a high number of SMEs who would be affected by a change in trading arrangements.
- Within this group, there are businesses who may be severely affected - just over a quarter obtain more than half of these imports from the UK.
- Around half of the goods entering Ireland from non-EU countries via the UK and were distributed to Ireland directly, without going through another EU country. Any new trade arrangement could necessitate new processing and customs requirements for these goods.



International Product Trade Flows

- Although most goods are sourced domestically, the survey reflects products supplied via a variety of trade routes and countries. As well as the significant proportion from the UK, just over 40% source goods from the EU, and 31% from the rest of the world. Over half of goods sourced from the UK, and around a third of those sourced from the EU, originate in non-EU countries.
- China is a prominent source of products falling under the CCPC's Product Safety remit. It is the largest source of imports from outside the EU, and a significant source of goods distributed through the EU. A quarter of eligible respondents did not know where a product distributed through the EU was originally manufactured.



Brexit Readiness

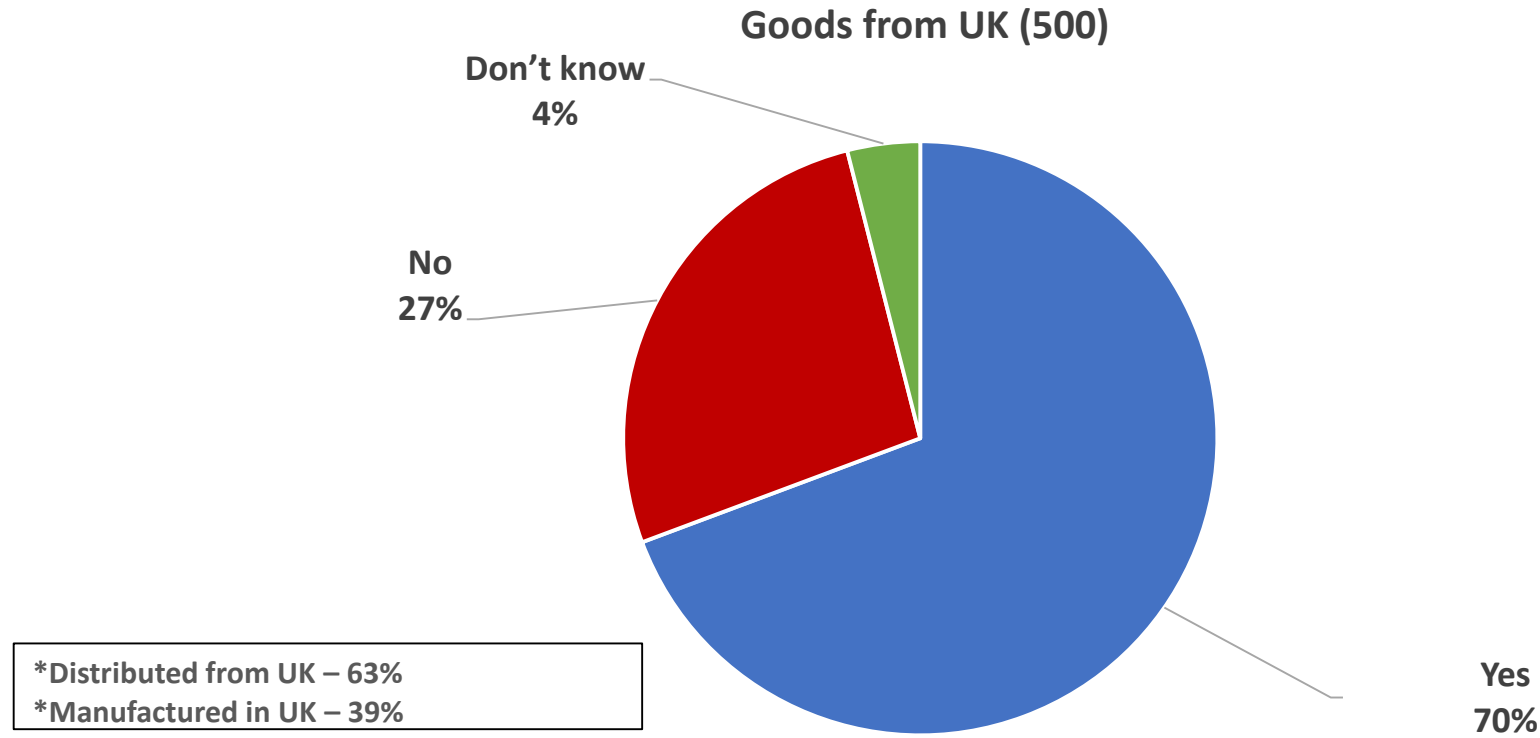
- The survey reflects good business awareness of potential Brexit impacts including awareness of Product Safety legislative requirements, and potential new requirements for trade.
- Nearly half of businesses are taking some kind of preparatory action for Brexit. It remains to be seen how businesses who have not prepared will react, as more information about the final post-Brexit arrangements becomes clear.
- There is a split between those who plan to maintain existing levels of trade with the UK after Brexit, and those who plan to reduce it. Both groups exceed the numbers taking preparations needed to do so. There may be a group of businesses needing encouraged or facilitated to do so.



Survey Results - Levels of Trade with the UK

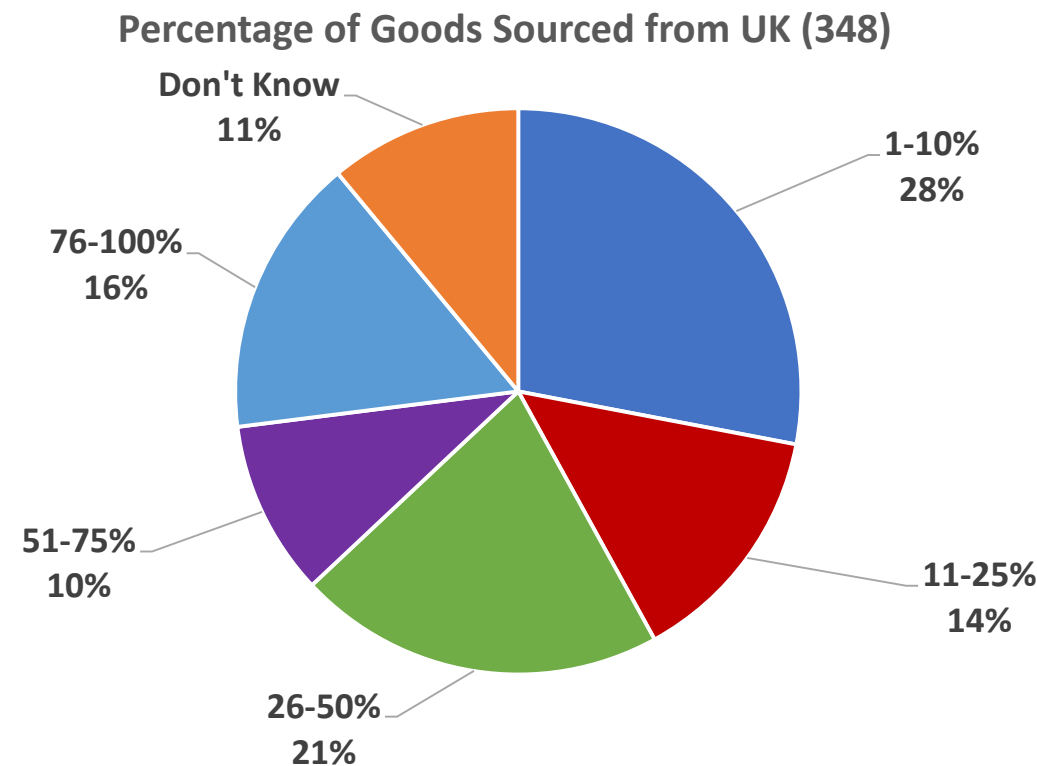


Most businesses (70%) sold goods either manufactured in, or distributed from, the UK



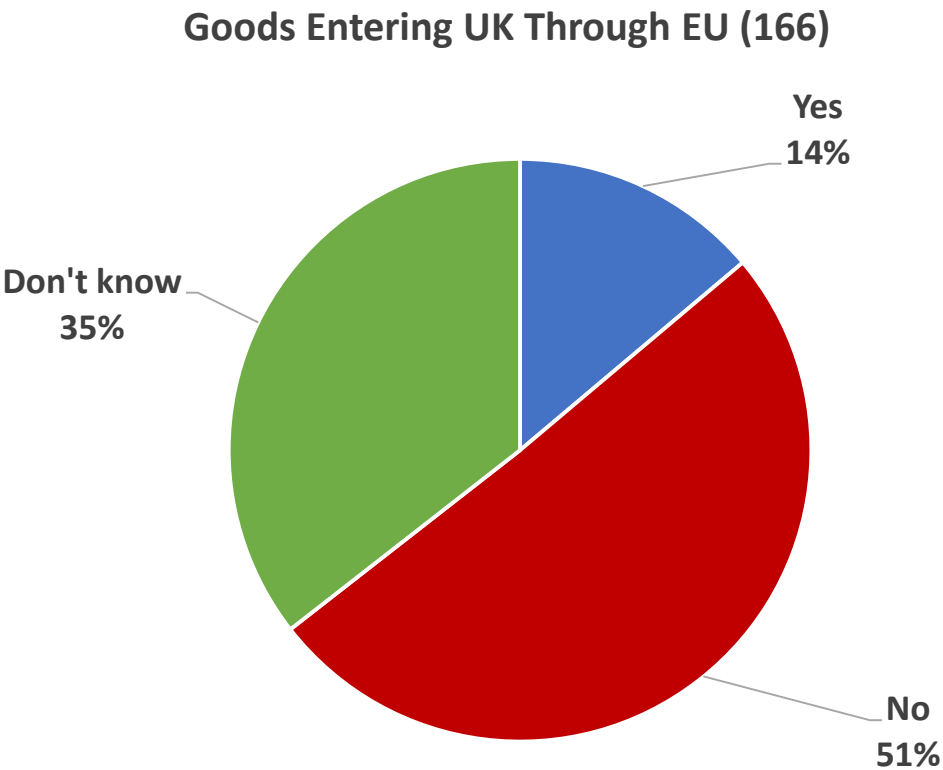
- Q1: Does your business import or sell goods, or parts of goods, that are manufactured in, or distributed from, the UK?
- Base: 500

26% of businesses obtain the majority of their goods from the UK, with it being more common to obtain a smaller proportion of goods from there



- Q3: What percentage of the goods you import come from the UK?
- Base: 348 ie All businesses importing or selling goods, or parts of goods, that are manufactured in, or distributed from, the UK as per Q.1

The UK is a significant entry point for goods from outside the EU – half of these did not transit through an EU country before arriving in the UK for onward distribution to Ireland

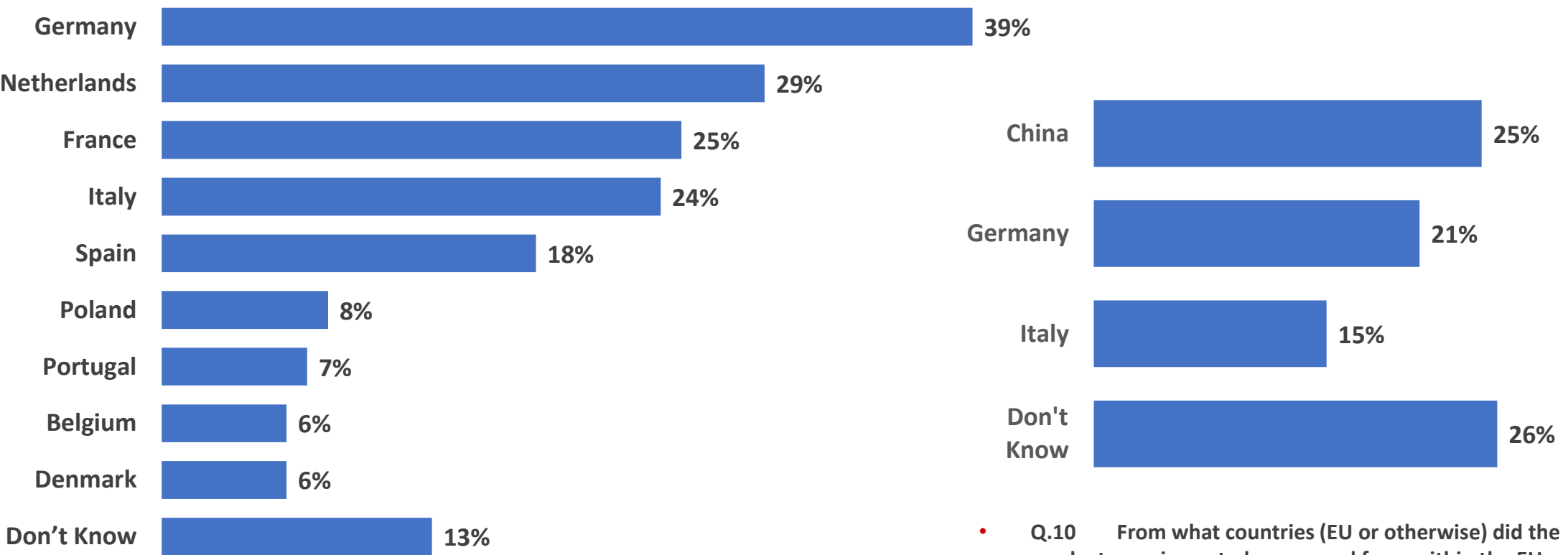


- Q.6 For goods originating from non-EU countries, are you aware whether or not these goods entered the EU before being transited to the UK distributor?
- Base: 166 ie All businesses who mentioned a country outside EU in Q.5

Survey Results - International Product Trade Flows



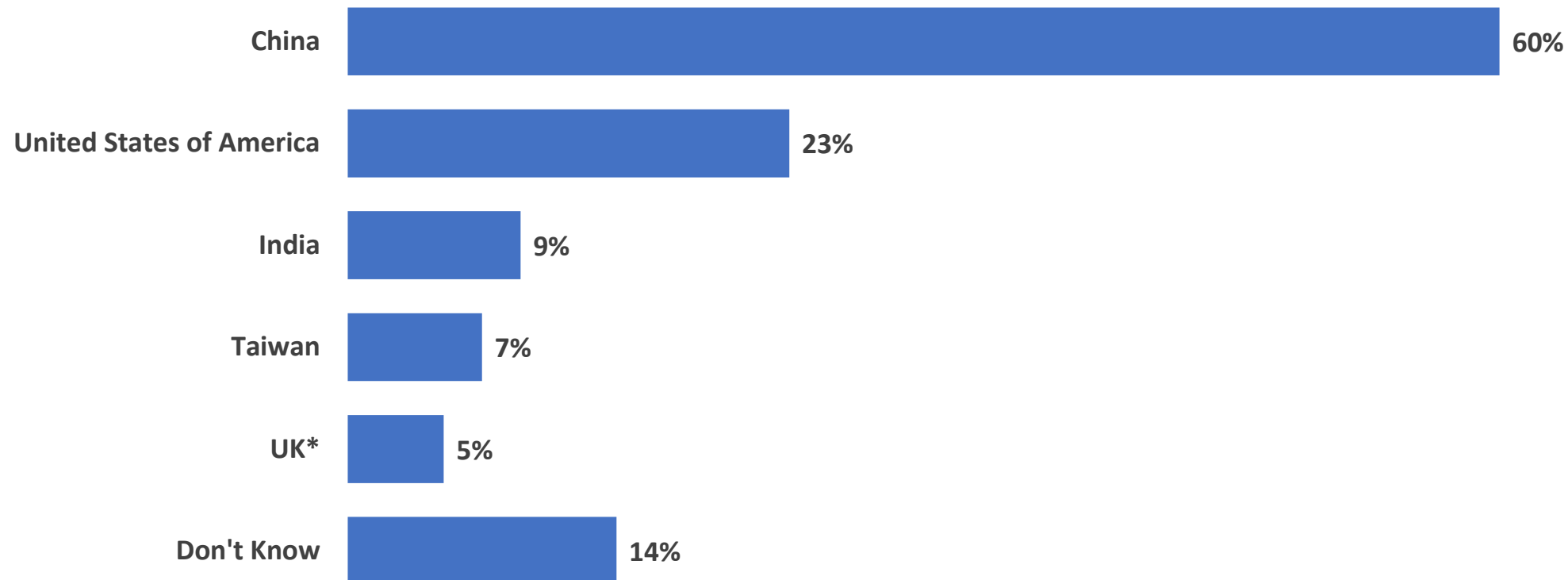
Among businesses who source products from the EU, almost 40% source from Germany. A quarter surveyed reported these goods originated in China.



- Q.9 From what EU countries did you import or source goods from?
- Base: 238 ie All businesses that source products from within the EU

- Q.10 From what countries (EU or otherwise) did the products you imported or sourced from within the EU originate?
- Base: 208 ie All businesses that source products from within the EU excluding. don't know at Q.9

Majority of those sourcing goods from outside the EU are doing so from China

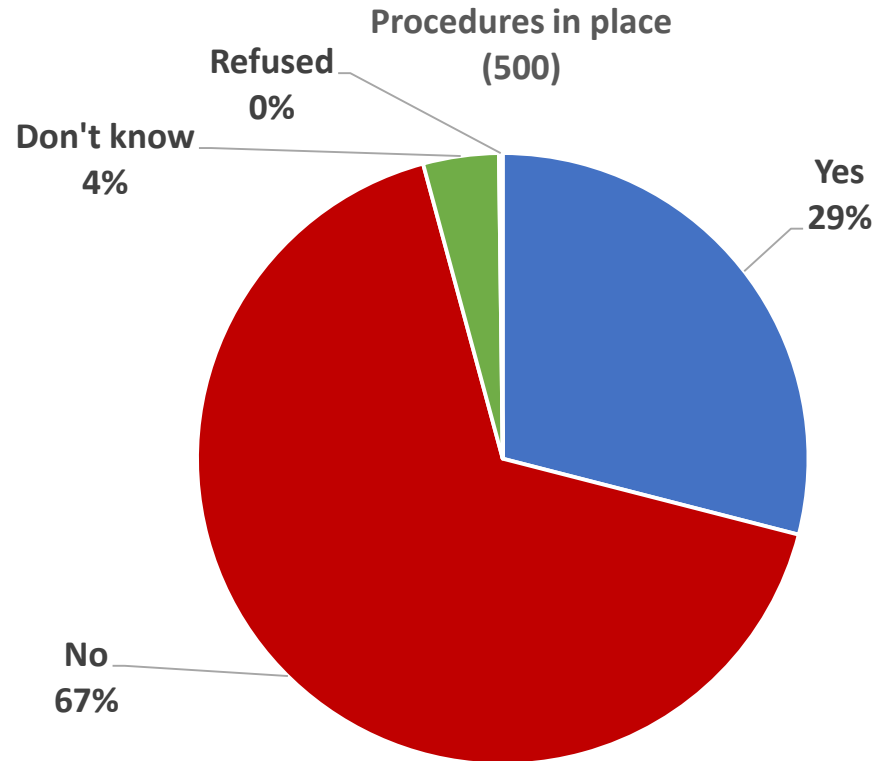
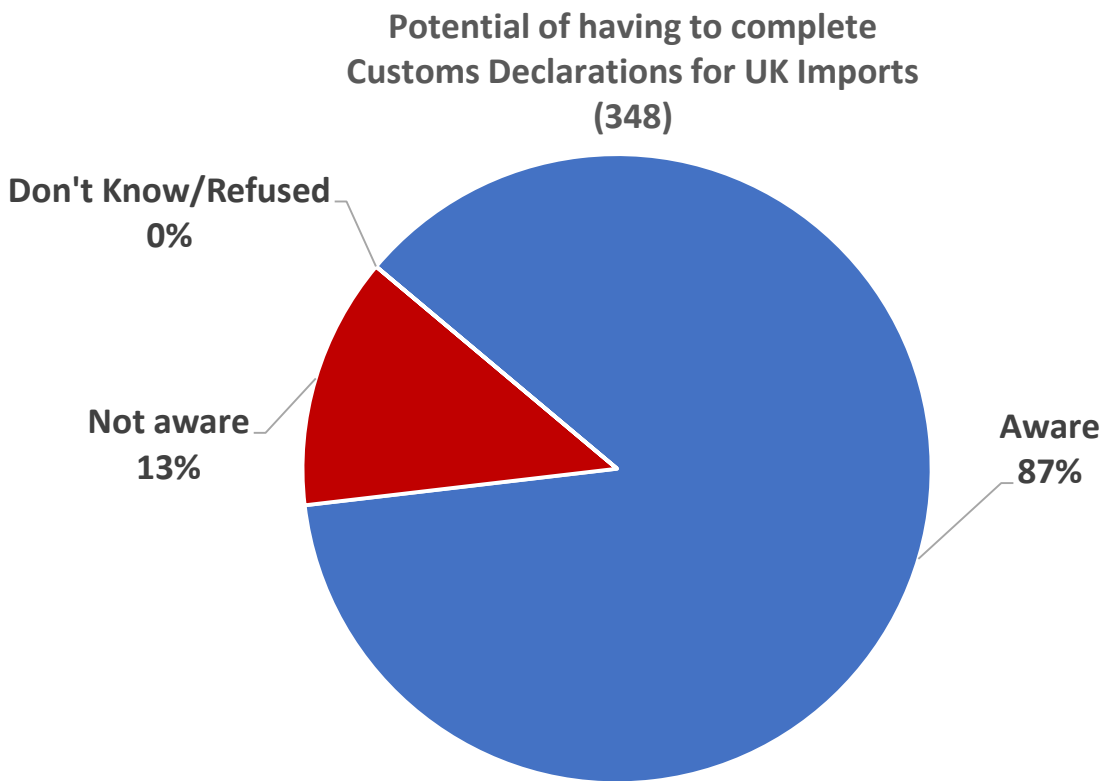


- Q.11 You mentioned you sourced or imported goods from the Rest of World Outside of European Union. From which countries did you source these goods from?
- Base: 153 ie All businesses that source products from the rest of the world (non-EU)

Survey Results – Preparing for Brexit

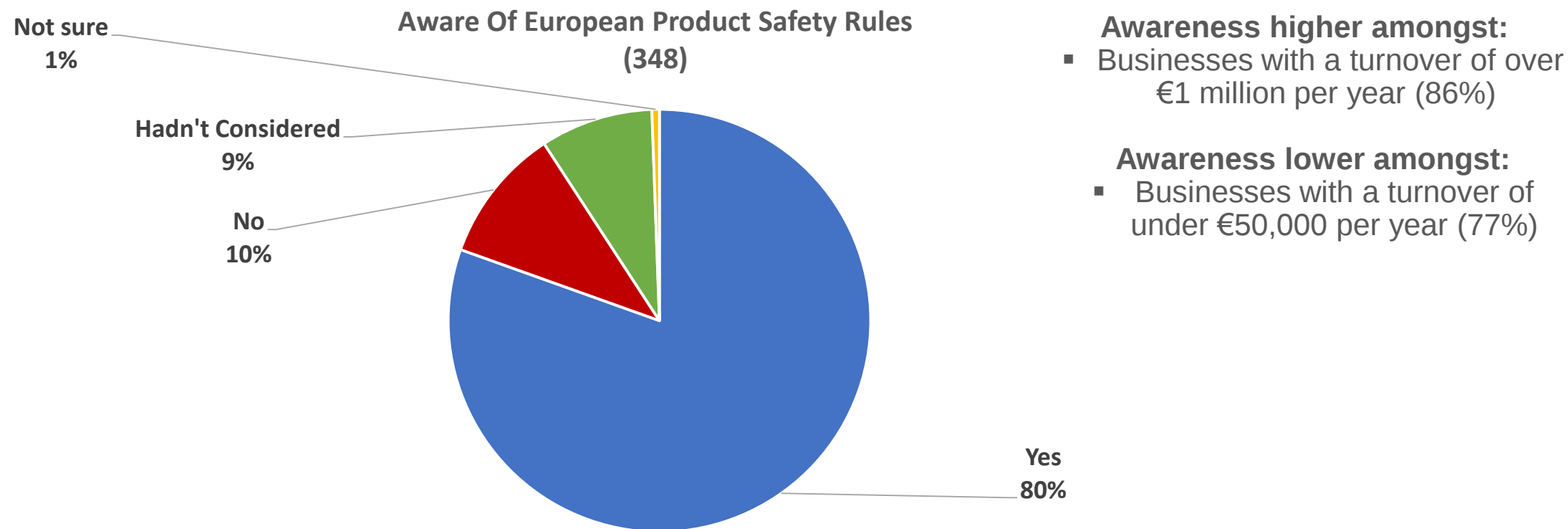


Most businesses are aware of potential changes to customs rules after the Brexit transition period ends, but do not have procedures for assessing the compliance of non-EU goods with Product Safety legislation



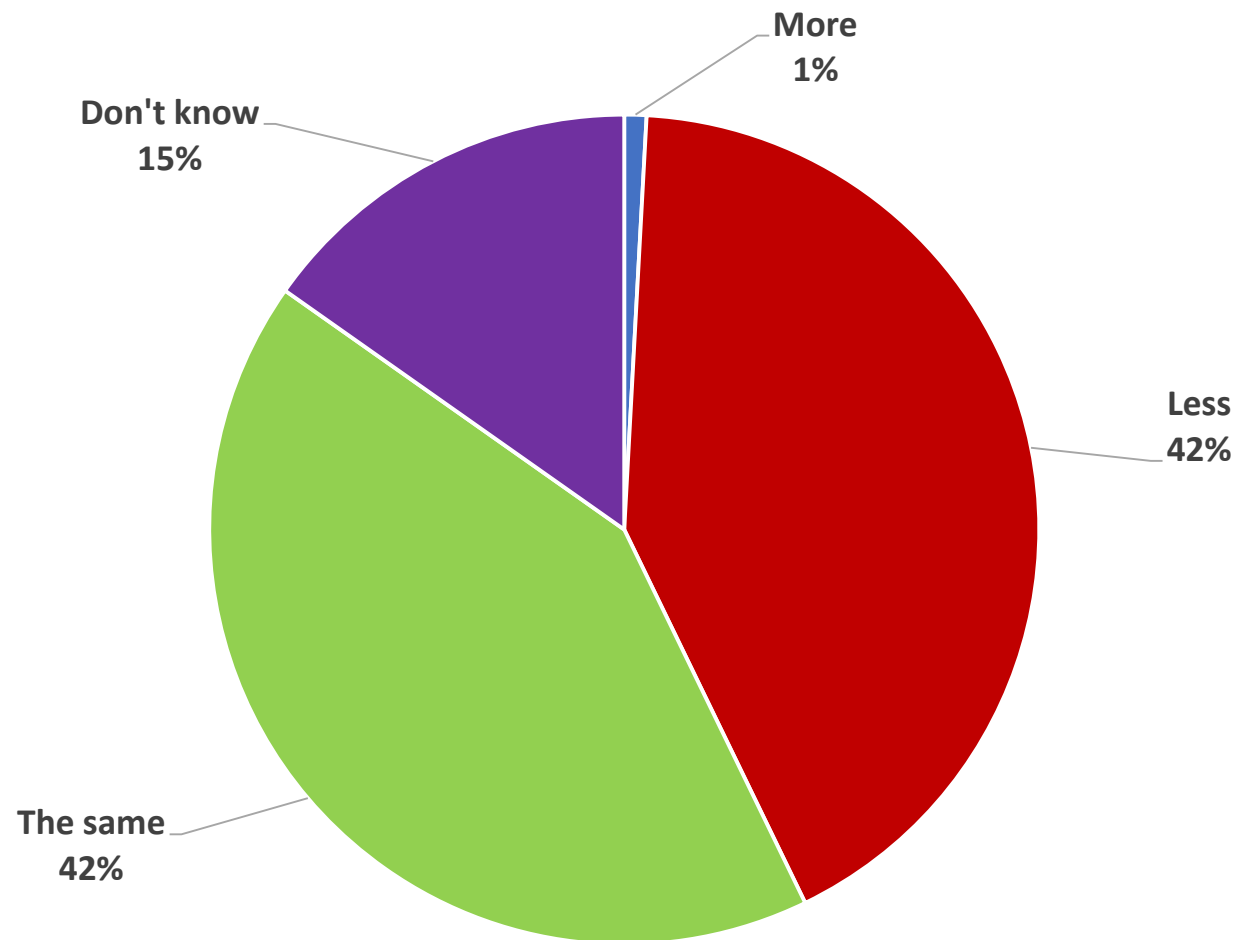
- Q.15 Are you aware that, from the 1st January 2021, you may have to complete customs declarations to import products directly from the UK?
- Base: 348 ie All businesses importing or selling goods, or parts of goods, that are manufactured in, or distributed from, the UK at Q.1
- Q.23 Do you have procedures in place for assessing the compliance of goods originating from outside the EU with product safety and other necessary legislation?
- Base: All Respondents: 500

Most businesses that trade with the UK are aware that goods transited to Ireland from the UK would have to comply with European Product Safety Rules. Awareness is high among lower turnover businesses, peaking among those with a higher turnover



- Q.19 Are you aware if, after the 1st of January 2021, goods that are solely transited to Republic of Ireland through the UK would have to comply with European Product Safety rules?
- Base: 348 ie All businesses importing or selling goods, or parts of goods, that are manufactured in, or distributed from, the UK at Q.1

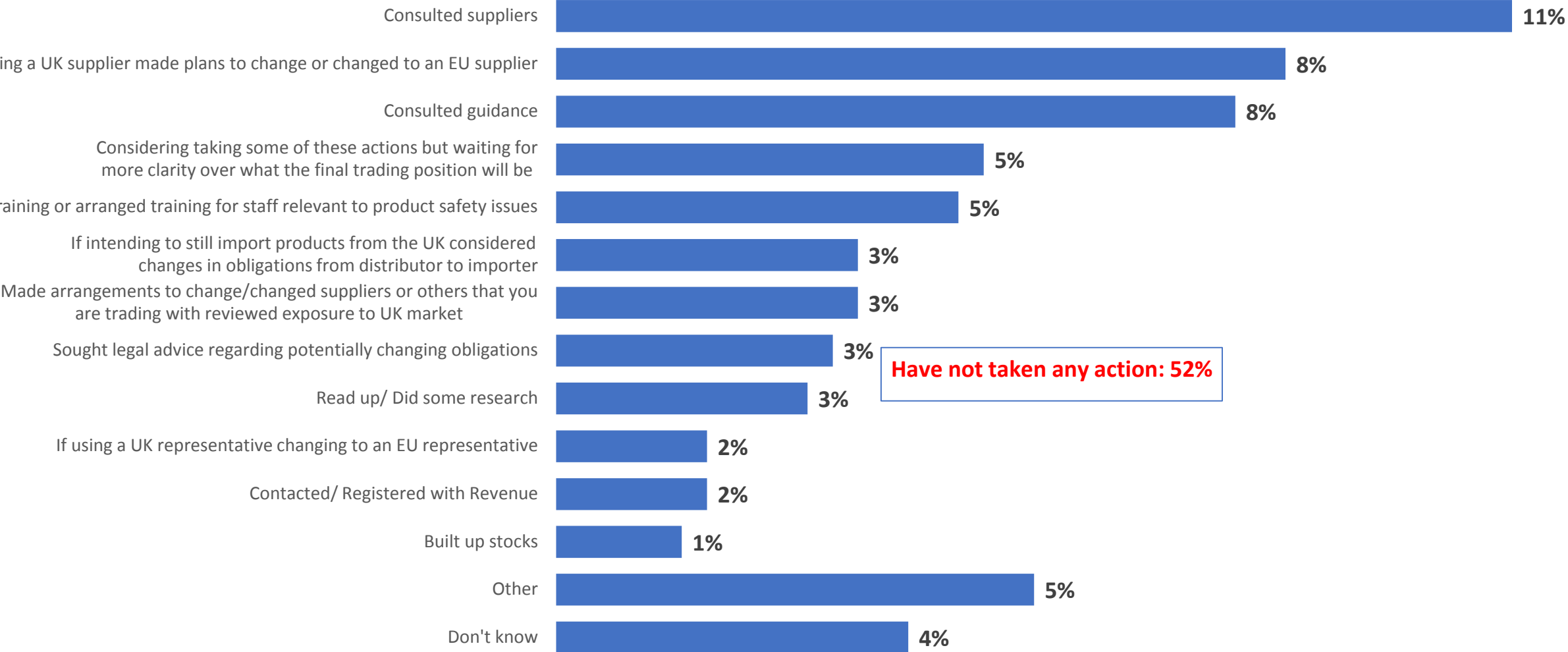
Over 40% of businesses say they will import less from the UK as a result of Brexit



• Q.16 After the UK has entered new trading arrangements with the European Union from January 2021, will you import more, fewer or the same amount of goods from the UK?

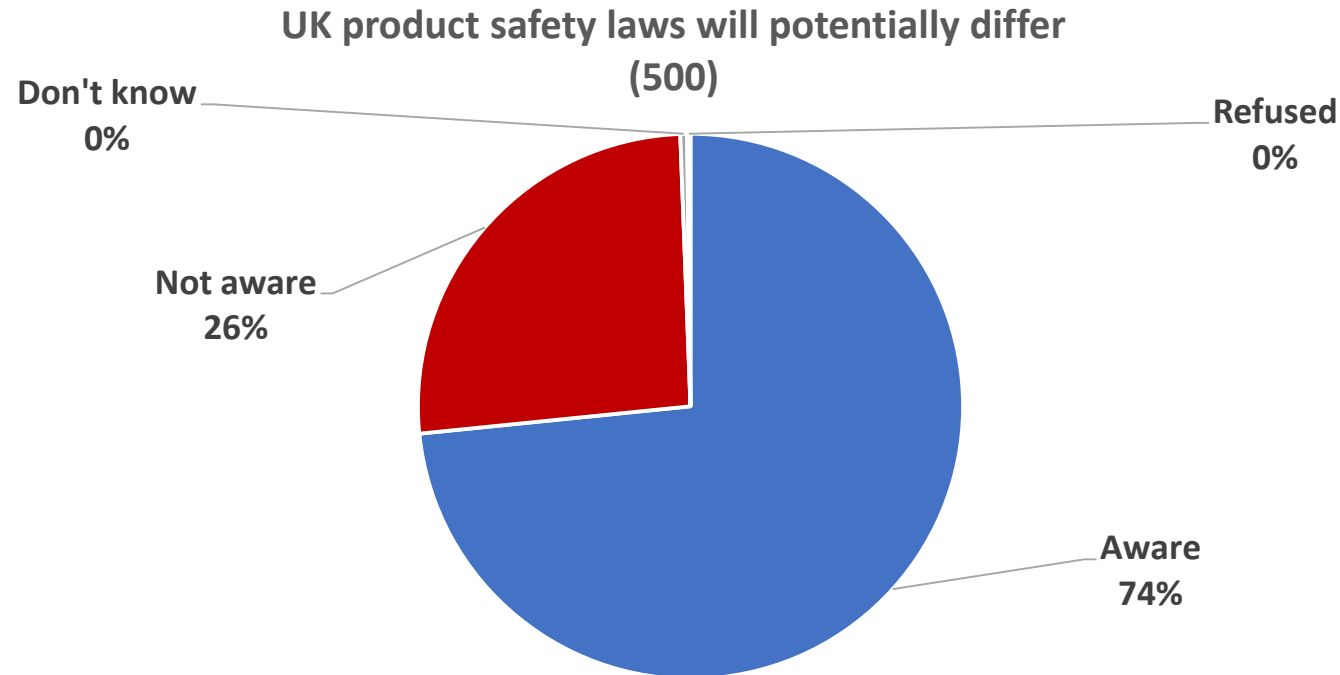
• Base: 348 ie All businesses importing or selling goods, or parts of goods, that are manufactured in, or distributed from, the UK at Q.1

Over half of businesses currently trading with the UK have taken no action to prepare



- **Q.20** What actions, if any, has your business taken to prepare for, or learn about, potential upcoming changes in trading with the UK?
- **Base:** 348 ie All businesses importing or selling goods, or parts of goods, that are manufactured in, or distributed from, the UK at Q.1

Around 75% of businesses surveyed, including those who do not currently trade with the UK, are aware that from 2021, UK Product Safety Law will potentially differ from Irish Product Safety Law



- **Q.22** Are you aware or not aware that, after Brexit and the 1st January 2021, UK product safety laws will potentially differ from Irish product safety laws, and certain products compliant with UK product safety law may not be compliant with Irish/EU law?
- **Base:** All Respondents: 500



Coimisiún um
Iomaíocht agus
Cosaint Tomhaltóirí

**Competition and
Consumer Protection
Commission**

