

The impact Brexit uncertainty is having on business in Wales

'Uncertainty means reduced investment; that, in turn, will mean fewer well-paying jobs. And that will reduce the amount of wealth in Britain to fund public services'



As the uncertainty of Brexit rumbles on so too does the disruption to businesses across Wales.

The inability to get a deal done has left a number of businesses counting the cost as they have been unable to implement plans when they do not know what the next step in the withdrawal from the EU will be.

"Brexit has had a huge impact on our international business," says Rhian Davies, export manager at Burns Pet Nutrition.

"A lot of resource has been spent trying to navigate what to do next but without knowing what will happen, it is difficult to plan for the worst case scenario, that is unless we invest a lot money.

"International sales is an area of the business that we are developing, Brexit has impacted our growth negatively.

"When I have spoken with potential distributors, they do not want to invest in developing a UK brand in their market due to the uncertainty of Brexit.

"This has forced us to look at manufacturing in the EU, which in my opinion isn't good for the UK economy or us as a UK brand.

"We have an established business in Ireland and there is a nervousness about what will happen next. With all the uncertainty and toing and froing, we will be glad once a decision has been made and we as a business can adjust accordingly."



Small firms are halting recruitment and investment and scaling back exports because of feeling "hamstrung" by political uncertainty, according to research by the Federation of Small Businesses (FSB).

The FSB report suggested that only one in 10 smaller companies has taken on new staff over the past three months, while almost as many have cut jobs.

The FSB called on the Government to give small firms vouchers to spend on preparing for post-Brexit trade.

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More than a third of 1,000 small businesses surveyed said their revenues are down and one in four say they are "flat-lining".

FSB chairman Mike Cherry said: "We've suffered 1,000 days of uncertainty since the Brexit referendum, leaving us unable to plan, invest and grow. Naturally, that's impacted bottom lines.

"This failure of the UK political system cannot be allowed to happen again. While many politicians have prioritised machinations, the smaller businesses that make up 99% of our economy have been left in the dark.

"Thousands have had to shell out for scenario planning. The least the Government can do now is follow the example set by Ireland and the Netherlands by providing small firms with vouchers to access the advice, equipment and upskilling they need to future-proof their businesses as trade arrangements change."

Dr Emma Sanders, general manager of Cardiff-based Genesis Biosciences, which has headquarters in Georgia, USA, said: "We supply a large number of companies throughout Europe.

"The uncertainty surrounding the type of Brexit deal and the timelines involved has meant that we have needed to invest in extra operational planning and optimisation of our stocking strategy in order to maintain our high standards of service and minimise export delays in the event of any border disruption.

"This has included increasing procurement of raw materials purchased from EU and building EU based finished product stock to ensure prompt order fulfilment.

"In addition to these measures we have encouraged our customers in mainland Europe to forecast their needs and place orders in advance of their requirements to ensure on time product delivery."

workingword

The Principality Building Society says it is monitoring the situation to ensure it makes the right decisions to run the business in the best long term interests of its Members.

However, its CEO Steve Hughes said: "Never has it seemed so challenging for businesses and individuals to plan ahead given the political and economic uncertainties at the moment."



Chief executive of the Principality Building Society Steve Hughes (Image: Copyright in this image is owned by Nick Treharne/nick@nicktreharn.com Tel +44 (0)7976 836 875)

Mr Hughes added: "Brexit uncertainty is impacting on the confidence of the housing market, and the possibility of interest rates changing is also affecting decision making."

Capital Law's employment and immigration team find themselves waiting for more clarity.

"Legislation such as minimum entitlements, paid holiday leave, and even rights and protections for employees when a business is sold for example, could be directly affected," said David Sheppard, associate in the employment team at the Cardiff and London based firm.

workingword

"In the absence of any certainty about how (if at all) the UK will leave the EU, we cannot advise employers and employees how workplace rights are likely to continue in the future as any government of the day could in theory significantly deregulate UK workplace protections below EU standards, regardless of any current political assurances.

"The absence of any stability of UK labour market regulations in the medium term at least will inevitably continue to cause uncertainty and potentially shape employers' recruitment and reorganisation plans, as well as affecting future inward investment."



Cato Syversen of Credit Safe, a business which has moved offices from London to Cardiff

Cato Syversen, the CEO of Creditsafe, a global business data intelligence company that has offices in Cardiff as well as 10 other locations around the world, said the current situation is a shambles.

"Things seem no more certain than they were in 2016," he said. "The UK at the moment is deeply embedded in the largest single market in the world – something from which we all derive huge benefits.

"We may be falling out of that in a matter of days, we may not – we just don't know. That is a crazy position to be in.

"Planning for the future has become challenging, because the British situation is so unclear. This will impact on people's jobs and livelihoods. Uncertainty means reduced investment; that, in turn, will mean fewer well-paying jobs. And that will reduce the amount of wealth in Britain to fund public services."