



Agri-Food Past, Present & Future Report

Ireland

April 2005



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Overview

Although small in size, Ireland is a large player in the European economy. This EU member boasts a sharp competitiveness, rapidly booming economy and a large surplus in trade. Nicknamed "the Celtic Tiger" due to its impressive economic growth, Ireland boasts one of the highest growth rates in the EU over the past decade. With a modern consumer market and a shrinking agriculture sector, countless opportunities exist for Canadians to penetrate the Irish economy.

Canada - Ireland Relations

Roughly 14% of Canadian citizens claim Irish descent which has helped foster a strong relationship based on close cultural affinity, support and cooperation within shared organizations. Ireland is the 5th largest recipient of Canadian direct investments, with direct investment stocks reaching \$7.4 billion in 2001.

- Both countries are deeply involved in exclusive relationships to share common objectives and principles, such as the Canada-EU Action plan Ireland launched during its presidency of EU, and the Canada-Ireland Inter-Parliamentary Friendship group.

Canada-Ireland Bilateral Trade (2004)	
Ireland Total Trade	
Exports	US\$83.8 billion
Imports	US\$48.6 billion
Trade balance	US\$35.2 billion
Canada- Ireland Trade	
Exports	\$458 million
Imports	\$1.73 billion
Trade balance	(\$1.27 billion)
Canada- Ireland Ag Trade	
Exports	\$17.4 million
Imports	\$116.5 million
Trade balance	(\$99.1 million)

- Total Canadian exports to Ireland reached \$458 million in 2004, while imports totaled \$1.73 billion, resulting in a negative trade balance of \$1.27 billion for Canada.
- Principle Canadian exports to Ireland consist of machinery and electronic products.
- Canada imports mainly chemicals, pharmaceutical, electronic and machinery products as well as beverages from Ireland.

Agricultural Trade

Despite Ireland's smaller size, modest agricultural trade exists between Canada and Ireland. Canadian imports from Ireland, which have been relatively stable, took a \$10 million leap in 2004, resulting in a larger negative trade balance than previous years. Although both countries trade a variety of products, 42% of Canadian exports to Ireland are food industry residues and wastes prepared fodder, while 56% of imports from Ireland are beverages, spirits and vinegar. Beer and whiskey solely accounted for 12.6% and 2.7% of total agricultural imports, respectively, in 2004.

- Canada's total agricultural exports to Ireland reached \$17.3 million in 2004, while imports exceeded \$116.5 million, resulting in a \$99.1 million negative trade balance.

Canada's Top 5 Exports to Ireland (2004)	
Wheat & meslin	\$5.4 million
Oil-case nes, o/t soya-bean	\$4.9 million
Animal feed preparations	\$2.4 million
Essential oils, resinoids	\$1.0 million
Food preparations	\$0.4 million

- Canadian exports of Soya-bean oil-cake and other solid residues to Ireland reached \$20 million in 2001 and 2002 illustrating the market potential.
- 47% of all Canadian exports to Ireland are intermediate goods.
- The Irish wine market is expanding rapidly. Although lacking local production, there has been a 248%

increase in the market since 1990, with almost 50% of the legal age population listed as regular consumers. Ireland imported 53,500 kilolitres of wine in 2004, of which Canada contributed 2.7 kilolitre. The immense size of Ireland's wine market and Canada's undersized market share provides opportunity for major growth in Canada's involvement in this sector.

Economy

Ireland's growing economy is supported almost equally by its services and industry sector, comprising of 49% and 46% of GDP, respectively, with the agricultural sector contributing a mere 5%. Recovering successfully from the 2002 global downturn, Ireland depends on its trade as well as consumer spending and business investments to enhance its economic performance.

Current

Gross Domestic Product (2004)	
GDP	US\$177.3 billion
GDP growth	5.6%
GDP/ capita	US\$44,540

- Ireland's GDP reached a high in 2004 of US\$177.3, a 46% increase since 1999. GDP growth is currently at 5.6%.
- Inflation, which posed as a problem for Ireland in recent years, dropped dramatically in 2004 to a rate of 1.9%.

- Ireland offers promising opportunities in the technological sector, e-commerce, biotechnology sectors and biomedical research.

Forecast

- Ireland's economic competitiveness is anticipated to improve due to its plans to manage anticipated fluctuations in insurance, climbing wages and the accelerating value of the euro. The government has implemented national programs to tackle these problems, in addition the country plans to lower government spending and enhance Ireland's skilled labour force, as well as encouraging foreign investment.
- GDP growth is expected to increase at or near current levels, with private consumption as the primary factor expected to maintain economic growth.

Consumer Market

Ireland's population of 3.9 million is young and growing. Nearly half of the population are under 27 years of age. Ireland enjoys a healthy GDP/capita of US\$44,540. A third of Ireland's population resides in its capital, Dublin. For the first time in over 100 years, Ireland's immigration rates are exceeding its emigration due in large part to the strong economy, and the return of former nationals.

- The returning nationals generally possess higher levels of education and are beginning to introduce unique food preferences.
- Irish consumers value quality and are prepared to spend more in order to experience new market products as well as international cuisine.
- Food safety is a growing concern for Irish citizens.
- There is an increase in home or national brand product sales. Irish consumers typically purchase domestically-produced food items before purchasing imported products. Foreign products are evaluated according to quality and value.
- Women continue to be the decision-makers when purchasing food stuffs.
- Conveniently pre-made and chilled foods are rising in popularity in addition to dining out.
- Products that are anticipated to sell very well through 2010 are food stuffs, housing, hotel services, transportation and alcohol.

Competitors

As a member of the EU, Ireland sources the majority of its imports from EU partners.

- Ireland's top import supplier is the UK, followed by the US, Germany, Netherlands, and France, respectively. Canada is Ireland's 23rd largest import supplier.
- Due to Ireland's temperate climate, Canadian companies can take advantage of Ireland's year-round import of out-of-season fruit. The U.S. and other similar in climate countries are Canada's main competitors for Ireland's fruit market.
- Penetration in the Irish wine market will be met by competitors from EU members such as Australia and New Zealand. Chile and South Africa also pose as strong competition.

Access Issues

There are many positive factors in trading and investing in Ireland, such as its developed infrastructure, favourable tax laws and investor benefits, which is partly the cause of its rapidly growing industry. Due to Ireland's membership with the EU, all certificates, ingredients labelling and requirements, including food tariffs and import duties, are subject to EU policies.

- Ireland has 3 major seaports with direct access to the rest of Europe. There is almost no location in Ireland which exceeds a 110 km radius from a major air or seaport.

- Financial reliefs in a variety of grants are issued to assist companies conducting international business in Ireland.
- The Food Safety Authority of Ireland overlook all food safety issues, whereas the Customs Branch of the Irish Revenue Commissioners deals with the clearance of all goods entering Ireland.
- Due to Ireland's comparably small market, shipment costs for smaller trade items can become expensive. Such packages can be consolidated at different locations or transhipped through the UK or the Netherlands.
- Canada and Ireland enjoy a Double Tax Prevention Treaty.

Agriculture Sector & Policies

Although a major contributor in the past, Ireland's agriculture sector have been replaced by the industry and services sector as farm numbers have been steadily decreasing in recent years. Nonetheless, Ireland remains a strong player in the meat industry. Ireland's agriculture contribution to its economy is double the EU average amount.

- Ireland's agricultural sector accounts for 5% of GDP and employs 8% of the labour force.
- Ireland receives EU assistance on agriculture with the Common Agricultural Policy which guarantees stable prices for exports and free access to other EU member countries. Ireland also receives support from the Irish Farmers Federation.
- US\$197 million was invested in Ireland's food sector as implemented by the 2000-2006 National Development Plan to increase competitiveness and improve efficiency.
- Ireland is the largest beef exporter in the EU. Beef and milk production accounts for roughly 60% of Ireland's entire agricultural output.
- Tillage and horticulture make up 14% of agricultural production, while pigs and sheep account for 11% combined.
- Ireland follows a strict restriction on genetically modified organisms.

Additional Information

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For more information on Ireland please visit:

<http://www.cia.gov/cia/publications/factbook/geos/ei.html>

<http://www.dfat.gov.au/geo/ireland/index.html>

<http://www.state.gov/documents/organization/1624.pdf>