



Rialtas na hÉireann  
Government of Ireland

# Focus on Agri-food & Beverages

December 2018

# Agri-food & Beverages

A significant contributor to Ireland's economy, providing employment throughout the regions, with increasing export diversification although remaining vulnerable to Brexit



## IRISH EXPORTS

**€13.6bn**  
in 2017

Source: Agri-food Trade Statistics, CSO, 2017



## EMPLOYMENT

**174,400**

The agri-food sector accounted for 174,400 jobs or 7.9% of employment in 2017

Source: CSO, Labour Force Survey 2017



Irish agri-food goods are exported to 180 markets worldwide. There are around 1300 food and beverage enterprises in Ireland.



Ireland exported dairy produce to over 140 countries in 2017, valued at over €4.6bn

4th



5th

Ireland is the 5th largest net beef exporter in the world and is the 4th largest sheepmeat exporter in the world



4th

Ireland is the 4th largest world exporter of whiskey and Irish Whiskey is the fastest growing whiskey category in the USA

€2.8bn



Prepared Consumer Foods sector generated exports valued at €2.8bn in 2017, with €1.7bn primarily to the UK



€1.5bn

contributed to the Irish economy by the seafood sector in 2017



80%

of poultry exports in 2017 went to the UK

Source: Department of Agriculture, Food and the Marine

Prepared by the Department of Business, Enterprise and Innovation



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## The sector in numbers

	Market Size			Growth Forecast			
	<b>Global<sup>i</sup></b>	Agricultural Products \$ 2334.5bn (2016) Nutraceuticals \$198.7bn (2016) Biotechnology (Food and Agriculture) \$45.7bn (2016) Aquaculture \$151.1bn (2017)			Agricultural Products \$3149.2bn by 2021 CAGR 6.17% (2016-2021) Nutraceuticals \$285bn by 2021 CAGR 7.50% (2016-2021) Aquaculture \$177.2bn by 2022 CAGR 3.24% (2017-2022)		
<b>Ireland</b>	<b>Exports</b>	<b>Exports % National</b>	<b>5-year CAGR</b>	<b>Employment</b>	<b>% of National Employment</b>	<b>5-year CAGR</b>	<b>DEE<sup>ii</sup></b>
<i>CSO</i>	€13.6bn <sup>iii</sup>	4.8% <sup>iv</sup>		174,400 <sup>v</sup>	7.9% <sup>vi</sup>		
<i>Agency</i>	€14.2bn <sup>vii</sup>	7.3% <sup>viii</sup>	6.2%	57,622 <sup>ix</sup>	2.58% <sup>x</sup>	2.55%	€11.9bn
<i>Irish</i>	€7.4bn	3.8%	4.2%	45118	2.02%	3.67%	€9.9bn
<i>Foreign</i>	€6.9bn	3.5%	8.5%	7,785	0.35%	-3.12%	€2.0bn

i) Marketline- Global Agricultural Products, January 2017; BCC-Nutraceuticals: Global Markets, March 2017; Marketline-Global Biotechnology, October 2017; Marketline- Global Aquaculture, December 2017

ii) Direct Economy Expenditure relates to total payroll costs and materials and services sourced from Irish Suppliers

iii) Agri-food Trade Statistics, CSO, 2017, supplied by DAFM; 01 Crop and animal production, hunting and related service activities; 02 Forestry and logging; 03 Fishing and aquaculture; 10 Manufacture of food products; 11 Manufacture of beverages; 16 Manufacture of wood and of products of wood (exclusions apply)

iv) Percentage of national exports is derived using CSO 2017 data: Total exports 282.3bn, Services: 157.7bn, BPA19: Current Account: Merchandise and Services BPM6 by Component, Year and Statistic; Merchandise: 122.6bn, TSA01: Value of Merchandise Trade by State, Year and Statistic

v) CSO: Labour Force Survey 2017, Total Employment in Agriculture (including primary production) for the following classifications: 01 Crop and animal production, hunting and related service activities; 02 Forestry and logging; 03 Fishing and aquaculture; 10 Manufacture of food products; 11 manufacture of beverages; 16 manufacture of wood and of wood products (exclusions apply)- see appendix for breakdown of sectors; Average over 4 quarters. Source DAFM

vi) Percentage of national employment is derived using CSO total employment: LFS 2017 Total employment, average over 4 quarters Table 1a Persons aged 15 Years and over classified by sex and ILO Economic Status

vii) ABSEI 2016 agency supported export activities; (includes 'agriculture, forestry, fishing, quarrying and mining' and 'food, drink and tobacco')

viii) Percentage of national exports is derived using total exports from ABSEI 2016

ix) AES 2017 (includes 'agriculture, forestry and fishing', 'food', and 'drink and tobacco').

x) Percentage of national employment is derived using CSO total employment.

## Description of the sector globally

*This brief refers to the broad Agri-food sector which includes reference to Ireland's seafood industry. For further information on seafood see the separate Marine/Maritime brief.*

- The Agri-Food and Beverages (AFB) sector is diverse consisting of food suppliers, manufacturers, producers, processors and retailers. It is constantly evolving to adjust to the tastes and needs of consumers and the increasing global demand for a wider variety of higher quality product.
- The main sub-segments associated with the AFB sector are: live animals, meat, dairy, seafood, forestry, cereals/horticulture, consumer foods and beverages, specialised nutrition, and bioenergy.
- The retail of AFB products is dominated by a small number of supermarkets and retail alliances who have considerable buying power over a large number of suppliers. Viable entry to the market requires a level of scale not normally associated with new entrants. However small-scale production of quality products remains a good route for market entry.
- There is increasing convergence between the AFB sector and other sectors such as life sciences, greentech, ICT, tourism, etc. This is due to changing customer preferences and technological advances which increase production capability and efficiencies

*The reader is also referred to comprehensive Brexit and Trade fact sheets for the sector published by the Department of Agriculture, Food and the Marine, November 2018:*

<https://www.agriculture.gov.ie/media/migration/publications/2018/BrexitFactsheet051118.pdf>

<https://www.agriculture.gov.ie/media/migration/publications/2018/TradeFactsheet051118.pdf>

## Global developments and implications

- The last decade has seen unprecedented growth in the demand for agricultural products, driven by two main factors: the rise of China, where income growth pushed up food demand, and the growth in biofuel production<sup>1</sup>.
- While these factors will continue to influence global demand for agricultural products, their relevance will diminish over the coming decade and the growth in total demand (including non-food uses) will slow considerably compared to the previous decade. The overall growth in agricultural demand will be mainly driven by population growth and the related rise in middle class incomes and dietary change towards the consumption of meat and dairy, particularly in the developing world<sup>2</sup>.
- Fresh dairy products are an exception to this trend, where projected growth rates for the coming decade are higher than those experienced over the past ten years, driven by increasing per capita demand in developing countries.

<sup>1</sup> The OECD-FAO Agricultural Outlook 2017-2026

<sup>2</sup> *ibid*

- The world is demanding more innovative food solutions that address lifestyle choices such as convenience, health and wellness, as well as food solutions which address life-stage requirements, including early year's nutrition and food for healthy ageing.

## The sector in Ireland

- Food Wise 2025 sets out a ten-year plan for the agri-food sector, underlines the sector's unique position within the Irish economy, and outlines the growth potential for the sector.
- The agri-food sector is Ireland's largest indigenous industry and plays a crucial role in Ireland's economic performance, with a total turnover of €26bn.
- The total value of Irish agri-food exports across the world was almost €13.6bn in 2017 (CSO, Trade Statistics), marking growth of over 70% since 2009.
- Irish food and drink is sold in 180 markets worldwide by a countrywide network of around 1,300 businesses.
- Some 38%, or €5.2bn, of exports went to the UK- 48% of our beef exports go to the UK, 21% of our dairy products, 46% of our cheddar cheese, 62% of our prepared consumer food, and almost 100% of our mushrooms<sup>3</sup>.
- The agri-food sector accounts for 7.9% of total employment or some 174,000 jobs including primary production (57,000 in exporting activities supported by the Agencies) with much of the activity rurally based.
- 71% of materials for the sector were Irish-sourced in 2016, accounting for €7.7bn of total direct economy expenditure of €12bn with the remaining €5.3bn relating to Irish sourced services<sup>4</sup>. Irish-owned companies exported 55% of their sales in 2016.

## Brexit and government responses

- Brexit poses enormous challenges for the agri-food and fisheries sectors due to their exposure to the UK market, as confirmed by a number of studies, including those by ESRI, Department of Finance and Copenhagen Economics.
- The Government's key 'asks' in the Negotiation Process are:
  - Continued free access to the UK market, without tariffs and with minimal additional customs and administrative procedures;
  - Minimisation of the risk from UK trade agreements with third countries; and
  - Maintenance of current access to fishing grounds in the UK zone in the Irish Sea, Celtic Sea and north of Donegal and protection of Ireland's quota share for joint fish stocks.

<sup>3</sup> CSO

<sup>4</sup> ABSEI, DBEI, 2016

- The challenge has been to take effective steps to mitigate the immediate impacts of Brexit and to intensify market diversification efforts in order to reduce our exposure to the UK market. These challenges are being addressed through budgetary measures covering Competitiveness and Market/Product Diversification.
- In Budget 2017 the Minister introduced farm-gate business cost reduction measures to enhance competitiveness. The measures included a €150m low-cost loan scheme, new agri-taxation measures and increased funding under the Rural Development and Seafood Development Programmes.
- In Budget 2018 the Minister introduced dedicated Brexit measures, amounting to a package of over €50m, including supports for Bord Bia (for example for its market prioritisation initiative) and Teagasc (the new National Food Innovation Hub) and capital investment in the food industry.
- In Budget 2019 the Minister introduced a €78m Brexit package for farmers, fishermen, food SMEs and to cover additional costs related to Brexit, as follows:
  - €44m in direct aid to farmers through increased spending on areas of natural constraint, the introduction of a Beef Environmental Efficiency Pilot Scheme and additional funding for the horticulture sector.
  - €27 million for capital funding for the food industry comprising:
    - €13 million in supports for food industry competitiveness and innovation;
    - €3 million for Artisan and Micro food and beverage programmes through the Leader Programme and for LEAN manufacturing initiatives designed to improve competitiveness;
    - an additional €5 million for Bord Bia, bringing the total Grant in Aid to €46.6 million. This is a 60% increase in funding for marketing and promotion of our food offering since 2014;
    - €6m in funding to progress an €8 million Food Innovation Hub in Teagasc Moorepark, of which €2 million was provided in 2018; and
    - an allocation of €7m for the recruitment of additional staff and the provision of ICT hardware and software to carry out the greatly increased volumes of import controls and export certification arising from Brexit.
- In March 2018, a new €300m (joint DAFM/DBEI) “Brexit Loan Scheme” was introduced to provide affordable, flexible financing to SMEs impacted by Brexit - at least 40% of which will be available to food businesses. A follow-on scheme is being developed for 2019 which would make a fund of longer term investment loan finance available to SMEs and again at least 40% would be available to food companies, as referred to under Budget 2018.
- In the longer term, further significant challenges could arise in relation to:
  - hugely increased volumes of sanitary and phytosanitary (SPS) controls would be required on all plant and animal product imports from Great Britain;
  - tariffs and trade – in the event of a ‘hard Brexit, WTO MFN tariffs of more than 60% on average could be applied to beef exports to the UK and more than 50% to dairy products;
  - greatly increased certification of Irish agri-food exports and imported raw materials / intermediates may be required, depending on what requirements the UK impose on EU imports post-Brexit and vice versa;
  - restrictions and delays on the UK land-bridge, unless special arrangements to facilitate transiting goods are put in place; and
  - ensuring continuing common application and enforcement of the all-island geographic indications for Irish whiskey, Irish Cream and Poitín for which a new legal framework and working agreement may be required

- Against the background of Brexit, and as part of its contingency preparations, DAFM has been engaging intensively with the European Commission on flexibilities that might be required under the State Aid rules to allow the State assist large companies, particularly those in the meat and dairy sectors, in exceptional circumstances
- Contingency planning by the Department of Agriculture, Food and the Marine is well advanced, and officials have been working with other Departments and agencies to ensure that they are prepared to fulfil their legal obligations as efficiently as possible when the UK exits the EU, following an agreed transition period.
- Notwithstanding the current focus on preparation for the end of the transition period, other emergency options are being considered in the event of the UK exiting on March 30th, 2019.

## Ecosystem

- Bord Bia's '**The Thinking House**' is a centralised innovation hub that aims to strengthen understanding of consumer priorities and preferences in Ireland and in distant markets, and to communicate those insights to Irish food companies for use in product development, branding and marketing. It offers client companies access to global research, and opportunities to host focus groups and other events that take advantage of Bord Bia's research and innovation resources. The vision for the Thinking House is to elevate Ireland as a 21st century contemporary food producing nation that commercialises food production in line with genuine consumer needs.
- **Teagasc** is Ireland's national organisation for agriculture and food research. Teagasc introduced a new food research department in 2018, the Quality and Sensory Science Department, which along with the existing four departments provide scientific support to enable the food sector to deliver technical solutions to support exports.
- The **Dairy Processing Technology Centre (DPTC)** is of strategic importance to the dairy sector and is reflected by the involvement of eight of Ireland's primary processors. The centre, which was established in 2014 with a budget of €25mn in place for the five years to 2019 [€16mn in Enterprise Ireland funding and €9mn from industry including €3mn in in-kind contributions]. DPTC is now moving to its Phase 2 in 2019, looking to expand its membership and look at new areas such as energy efficiency and functional food application. Dairy Industry Ireland (DII) helps co-ordinate DPTC and employs the DPTC CEO directly.
- **Food for Health Ireland 2 (FHI2)** is hosted by UCD to deliver:
  - Excellence in science to improve health, wellness and quality of life
  - Successful commercialisation of scientific results
  - Promotion of Ireland Inc. to the global food industry and other stakeholders
- **Meat Technology Ireland (MTI)** is a research and innovation programme, developed by industry and co-funded by Enterprise Ireland and a consortium of nine beef and sheep meat processing companies. The Centre has an agreed research programme focused on areas including Genomics, Tenderness, Shelf-Life, Carcass Characterisation, Meat and Health.
- The **VistaMilk Centre** received funding from DAFM and Science Foundation Ireland (SFI). It aims to become a world leader in Agri-Food technology, driving innovation and enhanced sustainability across the dairy supply chain. The VistaMilk Centre involves a unique collaboration between agri-food and ICT research institutes and leading Irish/multinational food and ICT companies.
- **APC Microbiome Institute** is a gastrointestinal health research institute exploring the role microbes (microbiome) play in health and disease. The microbiome is a target for treatment and prevention of disease, and a source of functional food ingredients, new drugs and disease biomarkers.

- DAFM introduced a portal [www.marketaccess.agriculture.gov.ie](http://www.marketaccess.agriculture.gov.ie) for companies wanting access to third countries. The portal initially will provide information across some of the major agricultural export sectors of dairy, meat, seafood and live animals. It will be reviewed on an on-going basis and additional categories added as the need is highlighted.
- Bord Iascaigh Mhara, BIM, Ireland's Seafood Development Agency, **supports development and value creation in Irish seafood sector across the supply chain, from catch to consumer**. The BIM Seafood Development Centre (SDC) offers **test facilities to trial innovative product and process ideas** prior to full commercialisation and capital investment. Marine Institute provide scientific, technical, R&D and regulators support for seafood and safety.
- DBEI commenced a pilot scheme for the provision of **750 permits for meat processor operatives** to address the shortage of labour availability. A quota of **500 permits for horticulture workers**, and **50 permits for dairy farm assistants** from outside the EEA, was also announced by Minister Humphreys in May 2018.

## Relevant Reports

*Click on the hyperlinks below*

- [Food Wise 2025](#)
- [Steps to Success 2018](#)
- [DAFM Annual Review and Outlook 2018](#)

## Key actors

**Government:** Department of Agriculture, Food and the Marine (DAFM), Department of Business, Enterprise and Innovation (DBEI)

**Agencies:** Bord Bia, Enterprise Ireland, BIM, Teagasc, Marine Institute

## Recent Developments

### Company Developments

- Irish agri-business Aurivo has announced the investment of €48mn as part of its Engage 2022 strategic growth plan. The expansion program incorporates a range of projects across its dairy ingredients, consumer foods and agri-businesses and will grow employment (August 2018)
- Construction work is set to start in September on the €130m Glanbia Cheese facility at Togher in Portlaoise, which will bring 78 full-time jobs to the county (August 2018)
- A new purpose-built finishing and packing facility, involving €3.3mn investment by Volac, based near Kells, Co. Meath will produce milk replacers in Ireland. The investment will create up to 16 new, high quality, manufacturing jobs (June 2018)



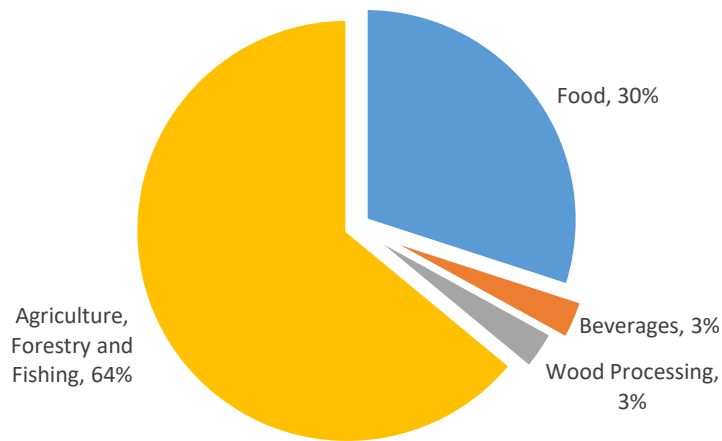
- Dairygold has applied for planning permission for their Jarlsberg Factory Cork (a €77mn investment) as part of their Brexit mitigation plans with 300 million litres of its 1.3 billion litre milk pool destined for the UK's cheddar cheese market, this planned investment is part of its strategy to diversify its product portfolio and focus on developing alternative routes to market (April 2018)
- Glanbia make €160mn investment to create IF capacity in South Kilkenny with 86 jobs to be created (March 2018)
- Newbaze, a Chinese food production company, spent almost €2 million to set up an Irish production facility to take advantage of the fast-growing demand for baby formula in China. The company will use the 8,680 sq m facility in Carrickmacross, Co Monaghan, formerly occupied by Bose (November 2017)
- 26 new roles created in PepsiCo's R&D Nutrition Fruit and Vegetable Centre in Cork, alongside the dairy and snacks R&D teams totalling 40 new roles (October 2017)
- Dairygold opened new state of the art €86m Nutritionals Campus in Mallow. The new milk processing facility is now capable of producing the full range of nutritional dairy ingredient powders in volumes of up to 1,750 tonnes/week (September 2017)
- Lakeland Dairies opened their €40mn expansion of milk powder operations at Bailieboro, Co. Cavan. The technologically advanced dairy plant will produce 160,000 tonnes of milk powders and 50,000 tonnes of butter on a single site (September 2017)
- Coolmore Foods, cake manufacturer servicing the Irish market and exporting to 12 countries, in partnership with the local Lisavaired Dairy Coop, is expanding its product range to seek new markets, both domestic and foreign and will be hiring for two new positions (April 2017)
- Dawn Farms, one of Europe's leading suppliers of cooked and fermented meat ingredients to international foodservice chains and food manufacturers plans to create 150 new jobs over the next five years. The investment by Dawn Farms of over €25m over the period will enhance the company's R&D capabilities at its Meat Science & Innovation Centre in Naas (February 2017)
- Glanbia has announced 50 new positions in its 2017 graduate programme (September 2016)

### Sector Developments

- A pilot, quota-based scheme to address immediate labour shortages in the horticulture, meat processing and dairy sectors was announced with a quota of 500 permits granted for horticulture workers, 700 for meat processing operatives and 50 for dairy farm assistants from outside the EEA (May 2018)
- Two new Irish whiskey distilleries opened in 2017 bringing the total to 18. At least five more Irish whiskey distilleries are due to open in 2018.

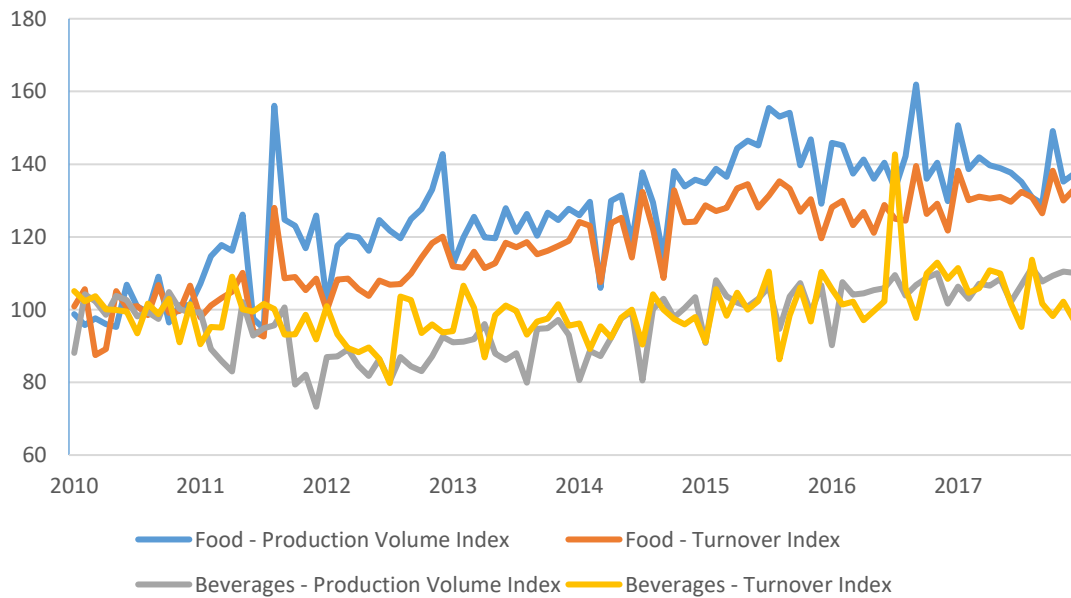
## Data Trends

### Employment



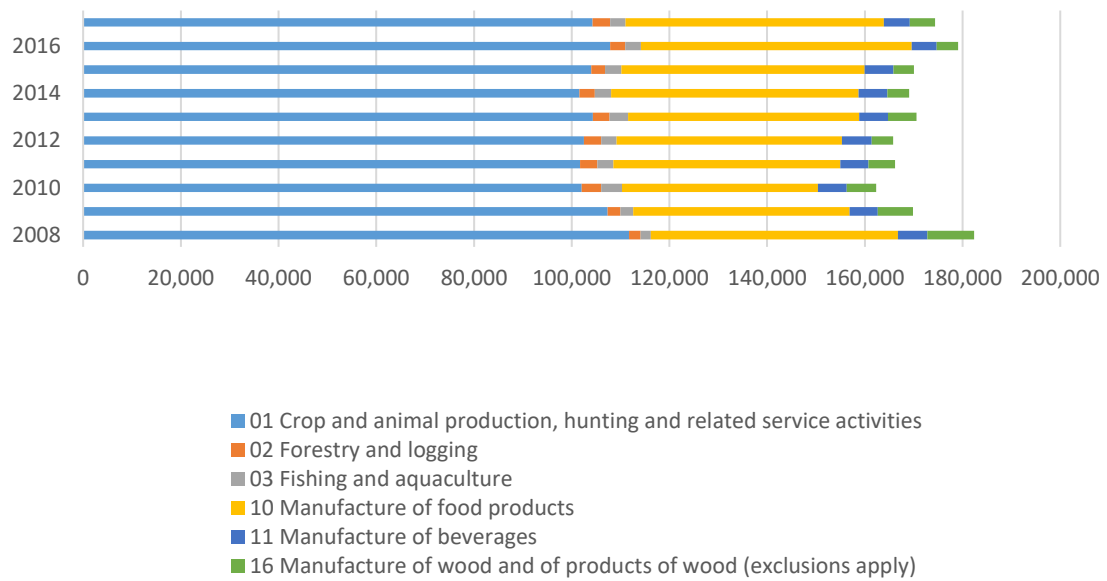
Source: CSO

### Production and Turnover in the Food and Beverages Sector, 2010 – 2017



Source: [Central Statistics Office, Irish Industrial Production by Sector.](#)

### Employment in the Food and Beverages Sector, 2008 – 2017



Source: Central Statistics Office, Labour Force Survey 2017

### Value of Irish agri-food exports, 2017 and Top 20 destinations

