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Ireland

Exporter Guide

Annual

2006

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Report Highlights:
While the Irish food market is relatively small, it is vibrant with affluent consumers who like quality and healthy food products. Keen to try new foods and expand taste-buds, the Irish are prepared to pay for quality and “new-to-the-market” food products. Opportunities exist for U.S. exporters especially for exports of ethnic foods, sauces and dressings, and snack foods.

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Section 1. Market Overview

General Economy

Ireland is enjoying its most propitious macro-economic environment in four years, reminiscent of the high-growth Celtic tiger period of the 1990s. According to the Irish Central Bank, real annual GDP growth in 2005 reached 5 percent and an even stronger performance is expected in 2006. Ireland is one of the world's most open economies, and the country's robust performance in 2004 and 2005 partly reflects a global recovery from the post-9/11 economic downturn.

In recent years, Ireland has the second highest GDP per capita in the EU. Ireland's economic growth has been driven primarily by low corporate tax at 12%, a highly-educated population, investment in high-tech, insurance, banking, as well as in the construction industry. Inflation in Ireland was 2.5 percent in 2005; while for 2006 inflation is estimated at 4.2%. A number of external factors are contributing to an increasing inflation rate and in particular rising fuel prices are having a serious effect. Recent Government-commissioned studies show that Ireland is the second most expensive country in the eurozone for consumer goods and services. Unemployment, at 4.5 percent, suggests that the economy is as close to full employment as possible.

Food and the Economy

The Irish food market is relatively small, with a population of just over 4.2 million and a per capita disposable income of approximately $26,110 in 2005. There has been annual growth in population since 1991. This is mainly because of the booming economy with the resultant return of former emigrants and an upsurge in immigration. Over one-third of the population resides in and around the country's capital, Dublin. The next major city is Cork with a population of about 150,000. While Ireland still has a relatively large rural population compared with other developed countries, a rapid growth in urban population (with a decrease in the rural population) has been recorded since the mid 1960's.

About 53% of the Irish population is under 35 years old. However, the population structure is changing with lower fertility rates than those in the 1960's and 1970's being recorded in recent years. About 80 percent of Irish families own their own homes. Consumer surveys indicate that about 98 percent of all homes have refrigerators and/or freezers and that about 60 percent have a microwave. Nearly every home has a TV, which makes this a useful advertising medium for food firms.

The Irish consumer is demanding more and more quality and healthy foods when shopping for foods. While women still tend to be the dominant buyer in rural populations, men especially in urban areas now share the weekly food purchasing chores. Home preparation of food is still the norm but convenience ready meals especially from the chilled cabinet are becoming more fashionable.

Dining out continues to be popular. Restaurants serving international foods are in abundance. The foods served are usually prepared from fresh food sourced from Ireland or other EU countries. There has been a growing awareness of Ireland’s vast “natural” food resource and “Irish” restaurants serving “Irish foods” are now becoming popular. The Irish Food Board (Bord Bia) has introduced a scheme of registering restaurants that use Irish meat products. Irish beef producers have opposed the importation of beef especially from southern American countries; and prominent hotels and restaurants that serve 'foreign beef' have been publicly admonished. Legislation now requires all food service operations to clearly label the country of source for beef sold on the premises. There are plans to expand this to other meats. TexMex restaurants are beginning to emerge as an alternative style of dining. Following the surge of interest in dining Chinese and Asian, most stores now stock a number of ranges of Chinese and Asian style sauces and foods. A similar trend is emerging for TexMex items.

Irish consumers are prepared to pay for quality and new-to-the-market food products. This has been evident in recent years with the increase in sales of consumer-ready chilled and frozen food products.

Advantages and Challenges facing U.S. Products in Ireland

Advantage	Challenge
Retail market very competitive	Ensure products are priced to attract consumers attention
Economic boom gave many consumers higher purchasing power and greater demand for quality	Importers need to be made aware of "new to the market" products
English speaking population	Exporters must ensure that Irish tastes are not confused with English (UK) tastes
U.S. looked on favorably in Ireland	Overcome strict (EU) labeling requirements
Familiarity with U.S. products	Competing EU products offer cheaper alternative
U.S. foods generally considered safe	Overcome consumer fears on GMO and Food Safety

Section II. Exporter Business Tips

The Irish retail sector watches worldwide trends in food consumption and is very aware of new to market ideas. A high proportion of retailers and importers/distributors attend international food shows and often use these as the basis for finding "new" products.

To help promote a product at retail level, importers and retailers need good POS material. This does give a new product an advantage on retailers' shelves.

While we share a common language, the Irish and British consumers are very different and exporters should note that tastes are often different. Exporters should consult with their importers to ensure that the product (and product taste) matches the market.

Exporters should be aware that a food safety culture is now very evident in the EU and is growing stronger by the day in Ireland. Consumers are demanding to know the origin and content of the food that they are buying and eating. As a result, importers prefer to deal directly with manufacturers, rather than through brokers, to ensure that quality standards at all stages of production are maintained. The Food Safety Authority of Ireland (FSAI) is the agency that has oversight of all food safety issues in Ireland. Website: www.fsai.ie

Ireland follows EU policies regarding labeling and ingredient labeling. More information on these EU requirements can be obtained from the FAS homepage at www.fas.usda.gov. The office of the Director of Consumer Affairs regulates general labeling requirements in Ireland and it has a useful document located at: www.odca.ie/pdfs/labelling2004_leaflet.pdf

The Customs Branch of the Irish Revenue Commissioners is responsible for the clearance of all goods into Ireland. U.S. exporters of food and agricultural products should note that an import license may be required to import food items into the country and that this is obtainable from the Irish Department of Agriculture and Food. Importers are aware of these requirements. In addition, imports of food products may be subject to EU tariffs and import duties. VAT is payable at point of entry into the state. Once again, exporters can ascertain that information on submission of details of the product to the Revenue Commissioners. (Website: www.revenue.ie)

As Ireland is a relatively small market, small shipments can add to the cost of getting products to the consumer. Importers often consolidate shipments from the U.S. or transship through UK ports or Rotterdam, The Netherlands.

Section III. Market Sector Structure and Trends

The Irish grocery market is valued at between $10 and $13 billion annually, with three large players dominating the sector. Tesco is the biggest retailer accounts for approximately 26 percent of sales. Dunnes Stores accounts for 22 – 23 percent and Musgrave/SuperValu chain reportedly has a similar share of the market. Superquinn has a market share of about eight percent. Tesco Ireland is part of the UK-based Tesco group. Two German-owned supermarket chains - Aldi and Lidl, commenced operations in Ireland about five years ago; and mainly site their smaller sized stores in urban areas throughout the country. From small beginnings they have reportedly gained a six percent market share in that short time.

Symbol groups of retailers (Gala/Spar/Centra) are independent retailers who source the bulk of their produce from a central buyer and operate their stores using a common trading name, while still maintaining their independence. As a consequence own label products (products sold under a retailers rather than a manufacturers name) have become important.

Retailing units attached to gas stations have become more important in the retailing sector over the past few years. They offer convenience and longer opening hours to consumers who are either in transit or living near the outlets. These outlets are complementing some of the "mom-and-pop" stores (corner shops) at the moment and may in fact take over this aspect of the retail sector in the future. These operations, which are mainly independently owned, source supplies through the symbol groups central buying facilities or cash and carry facilities.

Retailers generally use an importer to handle their imported product requirements. Many of the multiple stores monitor developments in retail markets in other countries and often source new product lines themselves. The actual purchase and logistics of importing is then handed over to known importers/distributors.

A large number of importers, many of them quite small, serve the retail trade. These companies may also be wholesale agents for Irish produced goods and/or be manufacturers themselves. Most importers of non-frozen and chilled foods have in-house distribution networks and warehousing. The main fruit and vegetable importers and distributors have packing facilities for pre-packs, for which there is increasing demand. Importers of wine and beers usually carry an extensive portfolio of products, both from Ireland and other countries, and have distribution arrangements to most parts of the island within the Republic of Ireland.

For more information on the retail sector please refer to the Retail Sector Report for Ireland which can be accessed through the FAS website at www.fas.usda.gov

The Irish food industry is strong at marketing and Irish consumers tend to purchase home produced (Irish) food items first and then purchase imported foods on quality and value criteria.

Surveys have indicated that over 80 percent of all housewives currently claim to buy an own label/generic product each month. These products made rapid inroads during the 1980's with over 90 percent penetration. Own label products have a relatively classless appeal and are particularly favored by larger, younger families living in both urban and rural areas.

Section IV. Best High Value Product Prospects

(a) Breakfast cereals
(b) Cookies - in Ireland known as biscuits
(c) Coffee- especially flavored
(d) Snack foods
(e) Pet Food
(f) Fish
(g) Fruit and Vegetables
(h) Soft drinks and fruit juices
(i) Wine and Beers
(j) Sauces and salad dressings other than mayonnaise
(k) Ethnic foods such as TexMex

Section V. Key Contacts and Further Information

Office of Agricultural Affairs
American Embassy
42 Elgin Road
Ballsbridge
Dublin 4
Tel: +353-1-630-6254
Fax: +353-1-668-7423
Email: agdublin@usda.gov

Import licenses:

Department of Agriculture and Food
Agriculture House
Kildare Street
Dublin 2
Tel: +353-1-607-2000
Fax: +353-1-661-6263
Website: www.agriculture.gov.ie

For information on tariffs:

Office of the Revenue Commissioners
Tariff Classification Unit
Government Building
St. Conlon's Road
Nenagh, Co. Tipperary
Tel: +353-67-33-533
Fax: +353-67-32-385
website: www.revenue.ie

For information on food labeling:

Office of the Director of Consumer Affairs
4 Harcourt Road
Dublin 2
Tel: +353-1-402-5555
Fax: +353-1-402-5501
website: www.odca.ie

General food market information (mainly for Irish exporters) but has an overall view of the Irish market

Bord Bia (Irish Food Board)
Clanwilliam Court
Lr. Mount Street
Dublin 2
Tel: +353-1-668-5155
Fax: +353-1-668-7521
website: www.bordbia.ie

Food Safety Issues:
Food Safety Authority of Ireland
Abbey Court
Lower Abbey Street
Dublin 1
Tel: +353-1-817-1300
Fax: +353-1-817-1301
Website: www.fsai.ie

Appendix I. Statistics

A. Key Trade & Demographic Information

Agricultural Imports from All Countries ($Mil)/U.S. Market Share (%)		4,825/6
Consumer Food Imports from All Countries ($Mil) /U.S. Market Share (%)		3,364/1
Edible Fishery Imports from All Countries ($Mil)/U.S. Market Share (%)		112/1
Total Population (Millions)/Annual Growth Rate (%)		4.23/2.5
Urban Population (Millions)/Annual Growth Rate (%)		1.6/n.a.
Number of Major Metropolitan Areas [1/]		1
Size of the Middle Class (Millions)/Growth Rate (%)		n.a.
Per Capita Gross Domestic Product (US$)		48,450
Unemployment Rate (%)	2005	4.4
Per Capita Food Expenditures (US$)	2005	3,588
Percent of Female Population Employed [2/]	2005	46.9
Exchange Rate	US$ = Eur	1.2418

All data relate to 2005 unless otherwise specified
1/ Centers with population over 1,000,000
2/ Percent against total number of women (15 years old or above)
Source: Various GOI statistical releases.

B. Consumer Food & Edible Fisheries Products

Ireland Imports (In Millions of Dollars)	Imports from the World 2002	2003	2004	Imports from the U.S. 2002	2003	2004	U.S Market Share 2002	2003	2004
CONSUMER-ORIENTED AGRICULTURAL TOTAL	2,717	2,971	3,364	31	38	44	1	1	1
Snack Foods (Excl. Nuts)	323	358	418	1	1	1	0	0	0
Breakfast Cereals & Pancake Mix	70	67	73	1	1	1	0	0	0
Red Meats, Fresh/Chilled/Frozen	103	126	180	1	1	0	0	0	0
Red Meats, Prepared/Preserved	152	188	225	0	1	1	0	0	1
Poultry Meat	103	148	169	0	0	0	0	0	0
Dairy Products (Excl. Cheese)	168	237	290	1	1	1	0	0	0
Cheese	86	121	119	1	1	1	0	0	0
Eggs & Products	14	17	16	1	1	1	5	3	7
Fresh Fruit	167	187	202	2	4	4	1	2	2
Fresh Vegetables	125	151	152	1	1	1	0	0	0
Processed Fruit & Vegetables	208	245	260	3	3	4	2	1	1
Fruit & Vegetable Juices	75	96	98	1	1	1	1	1	1
Tree Nuts	6	7	9	1	1	1	7	6	8
Wine & Beer	399	379	462	18	21	22	4	5	5
Nursery Products & Cut Flowers	61	63	79	1	1	1	0	0	0
Pet Foods (Dog & Cat Food)	38	36	39	1	1	1	0	0	1
Other Consumer-Oriented Products	620	545	573	6	7	9	1	1	2
FISH & SEAFOOD PRODUCTS	112	106	125	1	1	2	1	1	1
Salmon	10	11	14	1	1	2	8	8	12
Surimi	1	1	1	0	0	0	0	0	0
Crustaceans	22	21	27	1	1	1	0	0	0
Groundfish & Flatfish	18	21	35	0	0	1	0	0	0
Molluscs	2	2	3	1	0	1	0	0	1
Other Fishery Products	60	50	46	1	1	0	0	0	0
AGRICULTURAL PRODUCTS TOTAL	3,897	4,315	4,825	250	256	305	6	6	6
AGRICULTURAL, FISH & FORESTRY TOTAL	4,490	5,084	5,756	282	288	342	6	6	6

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

C. Top 15 Suppliers of Consumer Foods and Edible Fisheries Products

Ireland - Top 15 Suppliers

CONSUMER-ORIENTED AGRICULTURAL TOTAL

($1,000)	2002	2003	2004
U.K.	1517083	1595468	1804466
Netherlands	239860	293708	304061
France	169043	200559	217669
Germany	153599	185778	182210
Free Zones	73748	47829	100387
Belgium	76901	90872	98677
Spain	83239	85567	91168
Australia	39616	48348	70001
Italy	46545	57562	67919
Chile	33459	36751	49947
Brazil	35615	44262	49712
United States	31329	37886	43961
Denmark	25383	30277	43649
South Africa	25638	32109	40643
Costa Rica	22761	19274	21129
Other	143159	164890	178416
World	2717023	2971181	3364047

Source: United Nations Statistics Division

FISH & SEAFOOD PRODUCTS

($1,000)	2002	2003	2004
U.K.	69465	80144	90065
Free Zones	1544	1350	5446
Germany	4029	5170	4989
Denmark	6932	4810	4964
Iceland	1326	738	2993
Netherlands	6376	2606	2358
Canada	1306	2268	1886
United States	864	965	1647
Thailand	813	636	1407
France	610	1055	1162
India	72	897	1068
New Zealand	15	0	940
Colombia	504	357	623
Spain	70	178	458
Sweden	274	334	428
Other	17374	4707	4293
World	111568	106213	124742

Source: United Nations Statistics Division