

# Export Performance & Prospects

Irish Food, Drink  
& Horticulture

2019-2020



**BORD BIA**  
IRISH FOOD BOARD

# Ireland's Agri-Food Sector

**Ireland's agri-food sector encompasses primary production (agriculture, fishing and forestry) as well as food, beverage and horticulture production and wood processing.**

According to the most recently available annual data (2018) from the Department of Agriculture, Food and the Marine (DAFM), employment in the agri-food sector accounts for approximately 173,000 jobs or 7.7% of total employment in Ireland.

It represents 7.7% of modified Gross National Income and 10% of total exports. Data from the Central Statistics Office (CSO) shows that the food and beverages sector accounts for 21% of all industrial turnover and 23% of all manufacturing industry turnover.

**BORD BIA**  
IRISH FOOD BOARD



An Roinn Talmhaíochta,  
Bia agus Mara  
Department of Agriculture,  
Food and the Marine

## DISCLAIMER

This publication has been produced solely for information purposes and has been prepared on the basis of information that is publicly available, internally generated or from other sources, which are believed to be reliable. Projections and forecasts are estimates only, based on assumptions involving subjective judgement and based on analysis that may or may not be correct. Reasonable care has been taken in the preparation of the information in this publication and we do not guarantee the accuracy or completeness of the information contained therein.

DAFM and the CSO statistics for the agri-food sector include food, drink and edible horticulture along with non-edible items such as live horses, animal foodstuffs, forestry and amenity horticulture, and animal hides and skins.

Exports of non-edible agri-food sector goods are estimated by DAFM at €1.5bn in 2019.

Adding this estimate to the Bord Bia figures for the food, drink and horticulture sectors, which are the focus of this report, indicates that total agri-food sector exports in 2019 amounted to €14.5 bn.

**AGRI-FOOD  
SECTOR  
EXPORTS**

**€14.5bn**

In 2019



**PEOPLE  
EMPLOYED**

**+10k**

Since 2010



**NON-EDIBLE  
ITEMS**

**€1.5bn**

In 2019







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# Irish Food & Drink Exports

## DESTINATIONS



INTERNATIONAL MARKETS

**31%**



EU MARKETS

**35%**



UK MARKET

**34%**



MARKETS WORLDWIDE

**+180**

Irish food and drink is sold in more than 180 markets worldwide

FOOD  
& DRINK  
EXPORTS  
**€13bn**

**10th**  
YEAR OF  
EXPORT  
GROWTH

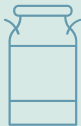
**Up 67%**  
Since 2010

in volume  
terms since  
2010

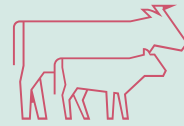


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## CATEGORIES



DAIRY  
**34%**



MEAT & LIVESTOCK  
**30%**



PREPARED FOOD  
**18%**



ALCOHOL  
**11%**



SEAFOOD  
**5%**



HORTICULTURE  
**2%**

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# Executive Summary

## FOOD & DRINK EXPORTS

€13bn

7% INCREASE

Up 67%  
Since 2010



## DESTINATIONS



UK 34%

Rest of EU 35%

International 31%

## KEY DRIVERS OF EXPORT PERFORMANCE

1. Global consumer spending remained strong
2. Increase in demand for proteins globally
3. Lower EU demand and supply challenges reducing beef and sheepmeat exports
4. Brexit uncertainty curtailing GDP growth and business confidence in the UK
5. Weakening Euro improving competitiveness for Irish exports internationally

## PERFORMANCE AND OUTLOOK

The estimated value of food, drink and horticulture exports from Ireland for 2019 is €13bn - capping a decade of extraordinary growth where the value of Irish food and drink exports increased 67%. This has been achieved through sustained, incremental increases in value and volume across Ireland's food and drink categories, and across its key markets. In addition to this picture, the 2019 figures also reverse one aspect of the previous year's performance, with the value of growth once again outpacing volume increases. The 2019 exports were 7% higher than the 2018 figure, while volume output grew by 5%.

Irish food and drink sustained its position as by far the most global of Ireland's indigenous industries, with its products finding markets in over 180 countries. It was a year when diversification gained pace and, across many categories, there was significant growth in markets that, at the start of the decade, would have been seen as of only the most marginal interest for Irish exporters. This is growth very much in line with Bord Bia's long-term strategy for the industry and towards which the organisation's resources continue to be geared. Ireland's enduring reputation as a source of high quality, safe and sustainable food and drink provides a strong foundation for future development in this regard.

Strong growth of 7% to reach that record export value of €13bn was achieved because of a positive global supply/demand dynamic for animal

protein and dairy driving sustained increase in demand for Irish product. This was achieved in an increasingly complex trade environment where weakening confidence in the global economy, volatility in key currencies and shifting commodity prices played instrumental roles. It was also a year when the increased use of tariffs as an expression of trade policy by the US government impacted directly on Irish food and drink exports. This complex overall environment can be seen to have impacted on sectoral performances in different ways.

Dairy exports grew more than 11%, despite a weakening in some of the key commodity prices. For the beef industry, the repercussions of a difficult 2018 as well as weakening demand in key markets brought the issue of the price being paid to producers to the fore in the latter half of the year. This led to circumstances where exports of beef and sheepmeat were heavily curtailed for a number of weeks, reducing exports in both categories in 2019.

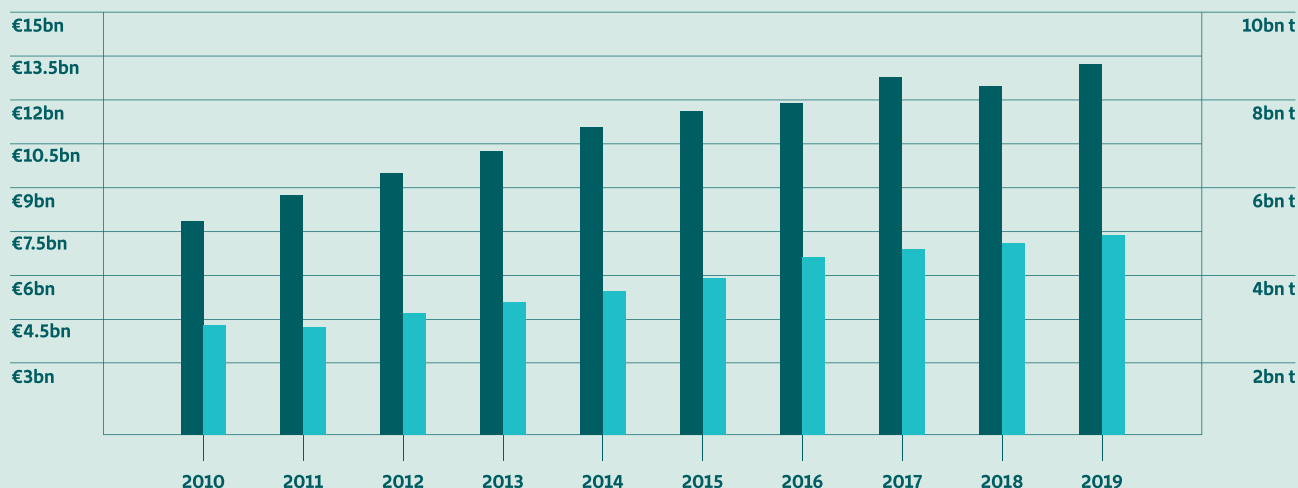
As a result of African Swine Fever's effect on global animal protein demand, pigmeat prices were significantly up, leading to a record high in that sector's export value.

Prepared Food grew 12%, driven by strong demand in the UK market, while alcohol's 8% growth was to a great extent the result of Irish whiskey's continued success in the US. Seafood exports grew 6% as Asian demand for high value products delivered returns.



## A DECADE OF EXTRAORDINARY GROWTH 2010-2019

■ Value  
■ Volume



### MARKET CHALLENGES

Significant challenges presented themselves at all levels of the global economy in 2019. The issue of Brexit presented by far the most immediate threat to the food, drink and horticulture industry, as the risk of the departure of the UK from the EU without any deal in place became a critical concern on occasion.

It was, however, in anticipation rather than in occurrence that Brexit was ultimately of consequence, with stocking forward, currency volatility and weakening business sentiment proving significant to a number of category performances in Ireland's most important export market. The end of the year brought ratification of the Withdrawal Agreement. The agreement anticipates a trade deal in place by the end of 2020. Most observers consider this an extremely challenging timeline.

It was also a year when trade disputes between the world's major trading economies continued to sap confidence in global markets. The introduction of ad valorem tariffs by the US on EU imports in October spilled over into real disruption for the Irish dairy and alcohol industries. The tariffs present a significant challenge for Ireland's butter, cheese and cream liqueur producers in particular as they plan for the year ahead.

Further trade stand offs between the US and China did little to assuage fears that a global slowdown was approaching, while China's internal difficulties with African Swine Fever (ASF) have had a decisive impact on global agriculture prices.

The world's second largest economy opened its doors wider to protein imports while it sets about rebuilding its pigmeat sector. That opportunity

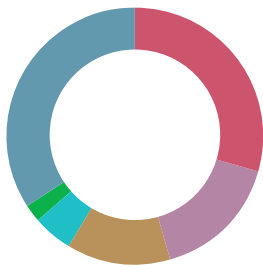
countered sluggish demand across the EU, as the European Commission estimates per capita consumption of meat to fall by 0.5% in 2019.

A trade milestone with particular resonance for Irish agriculture was reached in mid-2019 when, following two decades of negotiations, the EU-Mercosur Association Agreement was concluded. If ratified and implemented, it will result in significantly increased flows of beef from South America to the EU. However, ratification in its current form remains an open question as Brazil's environmental record in meat production raised concerns at intergovernmental level in the EU in 2019.

Climate change continued to be a disruptive force in agricultural production around the world, with drought, flooding, and hurricanes among the climate and environmental

# Executive Summary

## ALL MARKETS SECTORAL PERFORMANCE



**Dairy 34%**  
**Meat & Livestock 30%**  
**Prepared Food 18%**  
**Alcohol 11%**  
**Seafood 5%**  
**Horticulture 2%**

**DAIRY**  
**€4.4bn**

**Up 11%**  
 In 2019



pressures limiting production of key commodities in many major production hubs. According to EU data, drought was a significant contributor to the EU milk collection growing by just 0.5% compared to 2018. In Ireland, the issue of climate proved more benign in 2019 than 2018 as favourable weather conditions prevailed, benefitting increased output. However, with UN data showing July to have been the hottest month ever recorded and climate change expected to exert growing pressure on global agricultural productivity in the coming decades, it remains an issue of primary concern. The year's events served as a reminder that volatility in global agriculture is here to stay, and set to be governed by increasingly extreme and unpredictable events. How such events impact on Irish food and drink production and exports may not always be immediate or obvious but will need to be factored into future planning.

After an exceptionally difficult 2018, the better weather in 2019 delivered a welcome boost to Irish farming in terms of better grass growth, yield and animal thrive, and a reduction in the requirement for bought-in animal feed. Teagasc estimates that the average farm income increased by 7% in 2019, although the figure needs to be set against the 21% decline experienced in 2018. Beef farmers recorded marginal increases in income, largely the result of the exceptional aid provided by DAFM in the middle of the year and lower feed inputs. Farm gate prices were lower in dairy, beef, and sheepmeat, as a consequence of weakening commodity prices, while pigmeat and poultry exporters benefitted from robust export demand. Ireland's seafood and horticulture exporters also benefitted from a shift in production to higher value outputs.

The ongoing diversification of Irish food and drink exports was reflected in an overall division of market share that saw the UK as the destination for 34% of food and drink exports, Rest of EU account for 35%, with International markets accounting for 31% - higher than 30% for the first time.

This is also the first year that a larger proportion of Irish food and drink exports went to continental EU than those that went to the UK.

### DAIRY

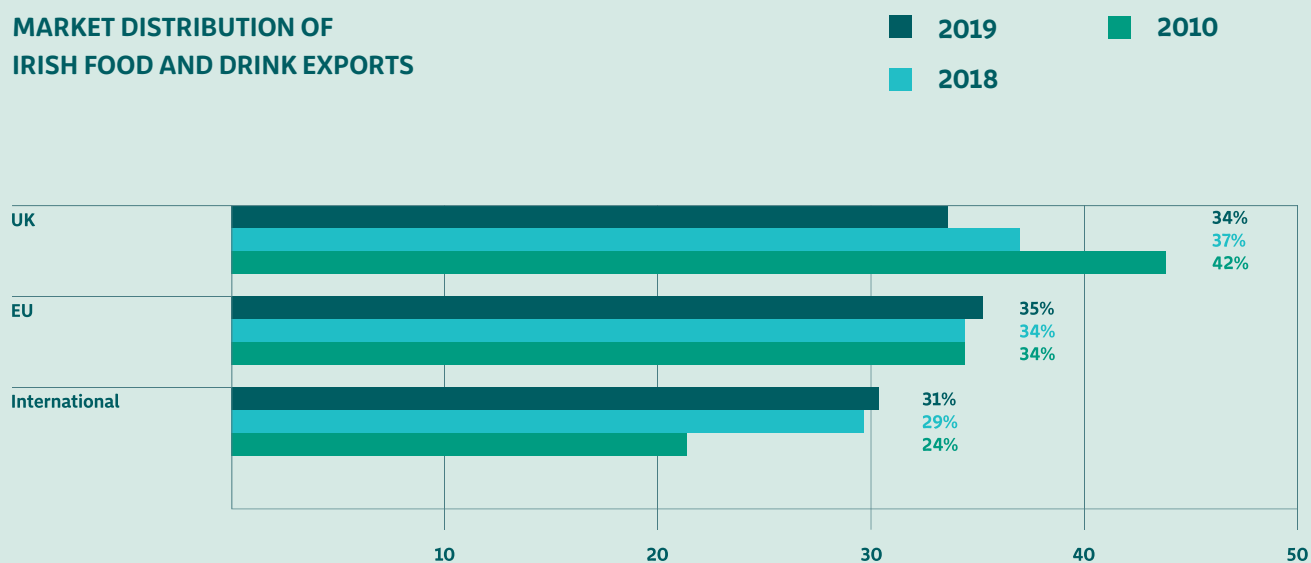
Ireland's dairy sector maintained its position as a pillar of Irish food and drink exports, growing in value by 11% in 2019 to €4.4bn in value. This was the third consecutive year in which the value of dairy exports exceeded the €4bn mark and was achieved despite weakening prices for key dairy categories internationally.

Driving this was exceptional performance in butter, cheese and dairy powders including skimmed milk powder (SMP), whey and casein - with value growth well ahead of volume in all these dairy powder categories.

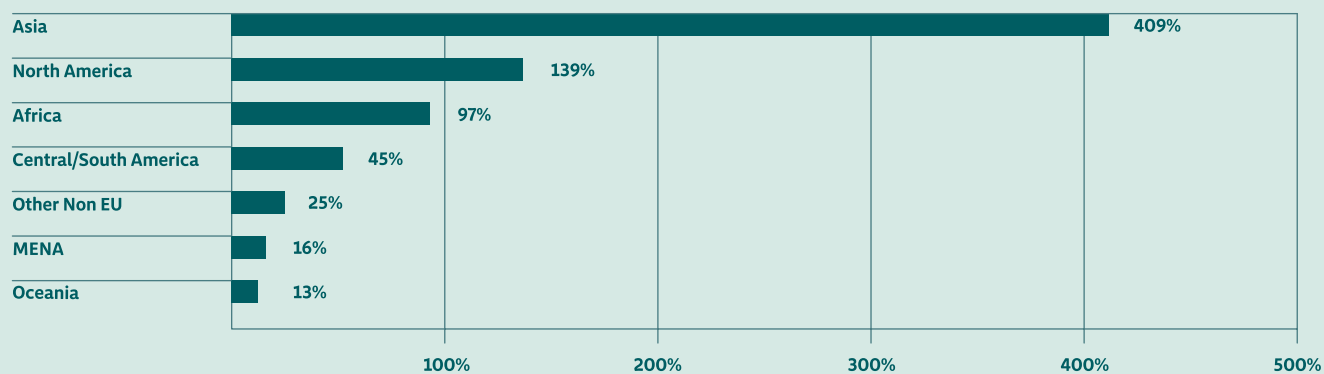
In value terms, butter continued to lead the way with 13% growth lifting the value of category exports to €1.1bn for the year. This was despite a fallback in prices, felt particularly in EU markets. The growth reflects some stocking forward in the US in anticipation of the tariffs that impacted the sector in Q4 2019. It was a strong year for Irish cheese exporters who saw increasing diversification deliver promising results for the sector. As a result of the clearing out of intervention stocks and the highest commodity prices since 2014, SMP exports increased in value 55% to €332m. It is expected that the positive demand dynamic will continue into at least Q1 2020.

Although the UK remains the primary market for Ireland's cheese exports - and cheddar is the mainstay of this - there was a strong performance in continental Europe, contributing to an overall increase in exports of 21%. The value of cheese exports to the US and China also grew strongly, albeit from a small base. The former linked to growing consumer interest in non-domestic offerings and the latter to demand in the foodservice sector, where it is a key ingredient in pizza.

### MARKET DISTRIBUTION OF IRISH FOOD AND DRINK EXPORTS



### GROWTH IN INTERNATIONAL MARKETS 2010 v 2019 % INCREASE IN EXPORTS



# Executive Summary

## FY 2019 ESTIMATES

CATEGORY	FY 2018 €	FY 2019 €	CHANGE %
<b>Dairy</b>	3,991,660,648	4,430,022,242	11%
<b>Meat and Livestock</b>	4,041,982,772	3,981,845,838	-1%
Beef inc offals	2,417,780,083	2,246,302,269	-7%
Pigmeat	835,490,602	940,993,138	13%
Sheep	315,366,109	293,966,537	-7%
Poultry	291,125,661	305,681,944	5%
Live Animals	172,402,463	167,034,694	-3%
Other Meat	9,817,854	9,326,961	-5%
<b>Prepared Food</b>	2,068,339,067	2,322,117,873	12%
<b>Alcohol</b>	1,338,714,079	1,448,550,314	8%
<b>Seafood</b>	570,273,630	605,288,756	6%
<b>Horticulture</b>	248,353,551	266,831,438	7%
<b>Total</b>	<b>12,259,323,747</b>	<b>13,054,656,459</b>	<b>7%</b>

## MEAT AND LIVESTOCK

It was a mixed year for Irish meat and livestock exports, the second pillar of industry exports. A 1% decline in the value of meat and livestock exports to €3.9bn reflects a challenging year for beef and sheepmeat which more than offset a strong performance in pigmeat. Beef and sheepmeat continued to grapple with difficulties created in the previous year, as production volumes were down and the issue of declining farmer returns came to the fore.

Beef production declined by 1.5%, with a 3% fall in throughput countered by a 1.5% increase in carcase weights, a result of better grazing conditions over the year. Beef prices in the key UK market continued to tighten as a result of weakening demand, and overall the market fell back by 6% to be worth

€990m. Exporters countered some of this by turning supply to the Rest of EU, which grew by 1% and through a trebling of exports to International markets, which were worth €147m. The mainland Chinese market, for which access was only gained in 2018, when combined with Hong Kong, now represents the largest international outlet for Irish beef, with China and Hong Kong absorbing €31m and €27m respectively.

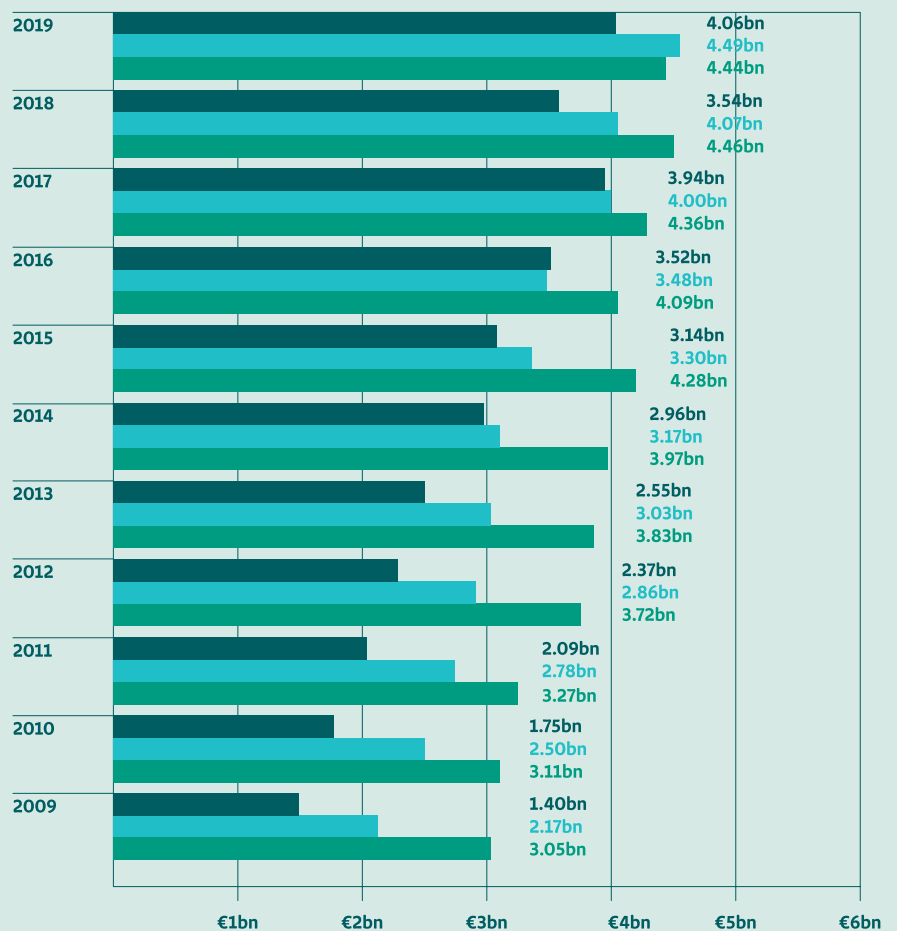
The sheepmeat sector also encountered a difficult year. This was driven by sustained pressure on prices in continental Europe as a result of aggressive supply from the UK, and by challenges in supply created by the blockade of key processing facilities in August and September.

Pigmeat prices started the year under downward pressure but rebounded

strongly as the year progressed, with record returns achieved in some instances as the year ended. The impact of ASF on supply across large swathes of Asia and reaching into Central and Eastern Europe, contributed to this upward trend as exports for the year were valued at a record €941m.

Increased demand also benefitted poultry producers who delivered another year of export growth, rising 5% to €306m. The UK remained a strong primary outlet, where much of the supply is destined for processing and onward export. The Rest of EU also saw strong growth on the back of a successful diversification effort, with the French market leading the way. Internationally, exports to South Africa remained strong in spite of expectations of a significant fallback this year. Exports of live animals fell

### DESTINATIONS OVER PAST 10 YEARS (€ VALUE)



back 3% to be worth €167m. The year was characterised by a strong increase in calf export numbers, which are of lower value than adult animals.

#### PREPARED CONSUMER FOODS (PCF) AND PREPARED FOOD (PF)

PCF represents a broad category of value-added convenience foods, and takes in elements of the meat, beverage and dairy categories. The sector delivered a strong performance in 2019 with export growth of 2% delivering overall value of €2.66bn. The UK retains a central role in the success of this sector absorbing 67% of

export output. However, 2019 also saw growing traction for the sector in the Rest of EU markets, which now account for 25% of PCF exports, worth €666m. Opportunities in the private label sector have influenced growth, with successes in the UK often key to unlocking this. Internationally, markets such as US and UAE also delivered growth for the sector. Recognising the value of strong customer relationship management in the UK market at this critical time, Bord Bia has supported the more tailored marketing and supply strategies being advanced within the PCF sector, as well as assisting in relationship building

with customers and supporting the innovation pipeline through the work of The Bord Bia Thinking House.

The PF sector, which is defined to include enriched dairy powders but excludes some PCF categories such as value-added meats, seafood, dairy, and juices, also delivered a strong performance in 2019, with exports up 12% to be worth €2.32bn in 2019. The enriched powders category delivered a strong performance with a 9% value increase to €725m and its six key markets - Netherlands, Nigeria, Germany, Poland, Iraq and Senegal - encompass three continents.



# Executive Summary

## ALCOHOL

Irish alcohol exports grew by 8% in 2019 to be worth €1.45bn. Historically, a category with a broad global footprint, Irish whiskey continued to be the pathfinder of new growth for the entire sector, and of the €137m in beverage export growth achieved in 2019, some 50% was in this category. Strong demand in the US, driven by its positioning in the premium and super-premium segment has been instrumental to this. Overall, the value of Irish whiskey exports grew by 11% in 2019 to €727m, with the industry's buoyancy reflected domestically in a pipeline of new distillery openings and the strong emergence of whiskey heritage tourism. For the cream liqueur sector, the year brought less to cheer about as the imposition of tariffs on EU dairy in the US and pressure from domestic suppliers in Canada impacted the key North American market. However, the category held its own in

terms of delivering overall export sales of 7.9m cases. Cider producers enjoyed a strong export performance in 2019 as a result of high demand and stocking forward in the key UK market, while beer production, increasingly diverse in both range and markets, enjoyed 1% growth, with strengthening demand in continental Europe. In the more niche categories of gin and vodka, there were also good export performances, the former on the strength of sustained popularity of gin in the UK and the latter accounted for by the positioning of Irish offerings in the premium segment.

## SEAFOOD

Against sometimes difficult trading circumstances, and a reality of reduced quotas, Ireland's seafood industry delivered a story of growth in 2019 as overall export values increased by 6% to €605m. Reduced quotas impacted on the ability to supply pelagic fish, including mackerel and horse mackerel, but was countered by strengthening prices internationally. The threat of a no-deal Brexit and its implications for access to waters drove a large proportion of the pelagic fleet to catch its quota in the early months of the year.

Whitefish exports suffered both reduced quotas and declining international demand. Meanwhile, a strong year for Irish farmed salmon exports ended abruptly as environmental and animal health issues forced the ceasing of supply for the final two months of the year. For Irish shellfish producers, it was a year of challenges as langoustine and mussel suppliers competed in crowded markets and prices for Irish brown crab fell on the back of weak demand in the Chinese market. In contrast, oyster producers had a strong year with a refocus on European markets including the UK.

In December 2019, quotas for 2020 were confirmed and those included a significant (40%) uplift in mackerel quota for Irish fish, alongside a 15% decline for prawn.

## HORTICULTURE AND CEREALS

Mushroom exports constitute 42% of edible horticulture exports from Ireland. The value of mushroom exports in 2019 was €104m, a 4% rise on 2018's value.

It was a challenging year for mushroom producers with continued consolidation of the sector and an increased focus on productivity gains to help insulate against currency volatility and other cost increases. Producers have been focusing on new and more profitable varieties including brown mushrooms.

In the UK, the destination for effectively all mushroom exports, the retail environment observed a decline in value of flat mushrooms, which carry lower profit margins, and stronger performances in brown, button and Portobello mushrooms - more profitable varieties.

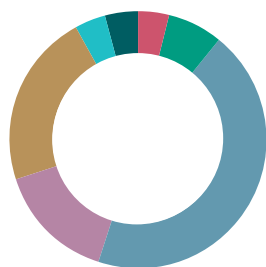
Exports of cereals from Ireland were worth €94m in 2019, with €74m of that going to Northern Ireland. Grain production in Ireland was 2.37m tonnes in 2019, a 30% increase on 2018's harvest, while the price environment was challenging.

Amenity horticulture exports stayed flat in 2019 at €18.5m. The UK is the only major destination for these exports and work continues for producers in diversifying away from that market. Hardy nursery stock had a strong year increasing the value of exports to €8.3m - growth of €1m which was limited by strong domestic demand.

## AGRI-FOOD INDUSTRY

The most recently available figures (2018) show that the agri-food sector in Ireland employs over 173,000 people, which is 7.7% of the total working population and an increase of more than 10,000 since 2010. Outside Dublin and the mid-east region, the sector provides between 10% and 14% of total employment.

## EXPORTS TO INTERNATIONAL MARKETS



Dairy 44%

Meat 4%

Pigmeat 7%

Prepared Food 15%

Alcohol 22%

Seafood 4%

Other 2%

## DESTINATIONS

2019 was a year when value growth returned to Irish food, drink and horticulture exports. It was also one where diversification confirmed its role in both driving future growth and balancing risk. The UK remains the key destination for Irish food and drink exports. However, the total percentage of exports destined there was 34%, the lowest proportion since Bord Bia began tracking export destinations. The Rest of EU accounted for 35% of the country's €13bn in food and drink exports. Difficulties encountered by exporters in the UK, which were largely the result of weakening economic sentiment, were in many instances mitigated by diversion of supply to the Rest of EU and International markets. The latter accounted for some 31%, of all Irish food and drink exports. 2019 was the first year that exports to markets outside of the UK and the EU accounted for more than 30% of the total.

Brexit remained an issue of cardinal importance in 2019 and brought continued uncertainty to Irish exporters. However, it has undoubtedly also resulted in many food and drink suppliers bringing a new focus on their customer relationship management strategy, which will play a role in navigating the post-Brexit terrain both in the UK and in markets elsewhere. Bord Bia's risk analysis tool - the Brexit Barometer - continued to supply valuable information on the industry's preparedness for Brexit and at the start of 2019 recorded a pronounced acceleration in planning and mitigation activities. Bord Bia also continued to offer its customised support services in response to the knowledge gaps that were identified by the Barometer. This has left Irish companies more informed about customs procedures, capable of managing a tighter supply chain and understanding the particulars of sanitary and phytosanitary controls.

Exports to continental Europe grew by €400m in value, to reach €4.5bn, representing 7% year-on-year growth. Dairy, poultry and seafood led the

## INTERNATIONAL MARKET PERFORMANCE

COUNTRIES	€ VALUE	% GROWTH YOY
North America	1,319m	+21%
Asia	1,340m	+18%
Africa	688m	+10%
MENA	330m	+2%
Other	219m	-9%
Central/South America	83m	+16%
Oceania	81m	+18%

## MAJOR EU PRIORITY MARKET PERFORMANCE

COUNTRIES	€ VALUE	% GROWTH YOY
Netherlands	1,147m	+19%
France	884m	+11%
Germany	773m	+5%
Italy	352m	+5%

way in delivering this growth although declines were seen in sheepmeat, pigmeat and prepared foods. The industry's performance in International Markets added a sense of momentum to the increased diversification of Irish food and drink exports. Impressive growth of 15% lifted the value of exports to rest of world markets to just over €4bn, a figure that now represents some 31% of total food and drink exports. This is a 131% increase on 2010's value, a year when just 24% of Irish food and drink exports left the EU.

In different sectors, and for different reasons, the world's two most powerful economies, the US and China have been drivers of some key elements

of this growth. The 2019 growth has also been aided by impressive performances in other priority markets that hold significant potential for the future. While issues such as tariffs, transfer pricing decisions, and plateaus in demand present distinct and significant challenges, there is significant scope for continued export value growth to be balanced between the established markets and the emerging markets. Bord Bia's ongoing market prioritisation work will fully support this.

# Overview

## THE GLOBAL ECONOMY AND IRISH EXPORTS

### GLOBAL ECONOMY

The International Monetary Fund's (IMF) most recent prediction is that global growth for 2019 will be 3.2%, expecting to pick up in 2020 to 3.5%. While Brexit, US trade protection measures, the increased use of tariffs, and heightening geopolitical tensions have contributed to this performance and outlook, emerging economies as well as reasonable economic performance in the US and EU have buttressed performance. Notably, while business confidence has fallen and investment decisions are being deferred, concerted monetary policy accommodation has to date provided something of buffer. Consumer spending and employment also remained resilient, largely as a result of strong performances in the services sector.

### UK OUTLOOK

While the political uncertainty surrounding Brexit on occasion reached crisis point in 2019, the world's fifth largest economy, and the most important market for Irish food and drink, remained resilient if subdued during the year. Overall GDP growth for the UK during the year is predicted at 1.2-1.5%, with the Bank of England reporting in November 2019 that 'underlying UK GDP growth slowed materially in 2019 as weaker global growth and Brexit-related uncertainties weighed on spending'. Following the UK elections of December 2019 which returned a Conservative majority, ratification of the proposed withdrawal agreement progressed in Parliament before Christmas.

An orderly departure from the EU in 2020 is expected to see GDP growth moderate to 1%, with predictions by the IMF and the UK's Office for Budget Responsibility that GDP growth will reach 2% by 2022 in the most favourable of circumstances.

Although the UK economy appeared

to come close to recession during 2019, largely as a result of weak industrial growth, resilience in the services sector served to sustain it on the path of moderate growth. Unemployment rose during the year but remained under the 4% threshold while wage growth at 3.8% ran ahead of the country's inflation rate of 1.7%. Consumer spending in the UK is forecast to grow by 1.6% in 2019, a figure appearing to show more confidence in the economy at personal level than by business. It is, nevertheless, a modest expansion that has come with some intense pressure on the UK retail sector.

In terms of currency movements, an underlying weakness in sterling since the 2016 Brexit Referendum result has been punctuated by occasional rallies that have generally coincided with expectations of progress on Brexit. In December 2019, sterling hit a 2.5 year high against the euro based on the return of a Conservative majority in the December General Election, reaching above 85p to one euro. Rates of 90p to one euro have been more typical over the period since 2016.

A slow growing UK economy presents its own risks and threats to Irish exports quite apart from the ongoing challenge of Brexit. This impacted on the performance of the industry during 2019, with a 2% contraction in export value. Ireland's Economic and Social Research Institute was among a number of voices arguing that the impact of a no-deal Brexit would be for such a contraction to spread to the entire Irish economy. However, this scenario was avoided in 2019.

In the event that the UK Houses of Parliament ratify the EU Withdrawal Agreement as now seems likely, debate will move to the future trading relationship. There is general agreement that the current date set for implementation of this, December 2020, is highly ambitious. Agriculture and food may prove to be among the most contentious areas of negotiation as data from the UK government shows the country to be 60% self-

sufficient in food production, a figure that has declined from 75% in 1991. In addition, the UK retail sector has made clear its concern about the risk to food security should current supply chains be disrupted.

It is well to note that, in the midst of this uncertainty, Irish food and drink exports to the UK have grown by some €400m in the three years since the 2016 Referendum result. More recently, the industry has made great strides in preparation for post-Brexit scenarios, with strategies in place to defend market share and grow new business. The industry's world leading positions in the areas of sustainability, via the Origin Green programme, and food safety and food quality through the Bord Bia's Quality Assurance Scheme play important support roles in this.

# The aggregate euro area unemployment rate in 2019 was 7.6% and is expected to decrease to 7.3% by 2021

## EURO AREA

The European Commission's economic forecast for 2019 predicts the world's largest trading bloc delivering its seventh consecutive year of growth, with labour markets remaining strong and unemployment declining. Nevertheless, it notes that both the European and global economies have weakened in the last year and expects euro area GDP growth to slow to 1.1% in 2020 from 1.9% in 2019, and only marginally improving to 1.2% by 2022. The Commission also expresses the hope that, by 2021, the economy will have absorbed the most significant disruptions, stating that 'some of the shocks that have dampened activity in the euro area are expected to fade over the forecast horizon'. Its forecast also notes that, with the exception of Ireland, investment growth in the euro area will be weak up to 2021.

Inflation remained low in the euro area over 2019, reaching just 1% in November, below the European Central Bank target of 2%. However, the resilience of labour markets in spite of weakening business sentiment has supported the EU's overall economic

performance. The unemployment rate for the EU-28 fell to 6.3 % in October 2019, the lowest recorded since EU-wide figures began to be measured in January 2000. Total employment rose to 241m, its highest level ever.

The aggregate euro area unemployment rate in 2019 was 7.6% and is expected to decrease to 7.3% by 2021. Wages across the EU also continued to rise during the year, a trend that was more pronounced in Central and Eastern European countries and resulting in greater wage convergence across the EU. However, while this increase has helped to sustain consumer spending, private consumption growth in the euro area is expected to moderate to 1.1% in 2020, from 1.4% in 2019, and remain at this level as both employment and income growth slow. A moderation in consumer spending may impact Irish food and drink exports to the euro area, which have increased significantly in recent years. In addition, the impact of weakened demand in manufacturing and industry, if sustained in 2020, may have more pronounced consequences

on the euro area economy than was seen in 2019.

The value of the euro against the dollar continued to decline over 2019. Having started the year buying \$1.14, one euro was worth \$1.10 by December. This contrasts to \$1.20 at the beginning of 2018, with some analysts arguing the euro is now significantly undervalued. In the absence of any correction, the weakening of the euro is good news for exporters in 2020, particularly those that now need to factor in tariffs to their supply costs.

# Overview

## USA

Growth in the US economy slowed in 2019 after a strong 2018, as manufacturing weakened and business sentiment was impacted by growing US-China economic tensions and uncertainty surrounding trade policy. Policy easing by the US Federal Reserve reduced borrowing costs and while not sufficient to stimulate business investment to the degree required, it served to buttress already resilient consumer spending. On the strength of strong growth in services, the unemployment rate continued to decline in 2019 to 3.5%. Overall, the US economy is expected to see growth of 2.3% in 2019 before moderating to 1.8% and 1.6% in 2020 and 2021 respectively, as investment remains weak. Consumer price inflation is expected to grow modestly over this time, as the impact of tariffs on imports is set to be felt.

## CHINA

The broad-based deceleration of the Chinese economy continued in 2019, with the IMF predicting growth of 6.1% over the year. Data from the first nine months of 2019 showed a moderation of GDP expansion of 6.4%, 6.2% and 6% over the first three quarters of the year. External pressures, most notably escalating trade tensions with the US, and weakening domestic demand have played their part in this. Consumption remains a growth driver but, as with GDP, has been on a downward trajectory during the year, as a slowdown in the economy brings with it more cautious consumer behaviour. Decreased demand for imported goods and a higher propensity to save have also fed into lower levels of business investment. Growth is set to drop to 5.8% in 2020 and 5.6% in 2021 as tensions with the US and the overall global slowdown impact on export performance, business sentiment and investment.

## OTHER ASIAN ECONOMIES

The significance of Asia as an engine for economic growth is reflected in IMF data showing that China and India collectively accounted for more than half of global growth in 2019. While India has seen its own deceleration in growth, matching China with a 6.1% increase in GDP in 2019, it will see this rise to 7% in 2020 on the back of a new economic stimulus package. Japan is currently experiencing more moderate growth of 0.9% in 2019 and expecting just 0.5% in 2020 as consumer spending falls. For the ASEAN-5 countries (Indonesia, Malaysia, Philippines, Singapore, and Thailand), the IMF sees weakening external demand impacting on GDP, which will stabilise at 4%-5% for the year.

## GLOBAL COMMODITY MARKET

Commodity prices followed broadly downward trends in 2019, led by energy, which the IMF projected to fall by 15% over the year, as economic tensions and weaknesses, coupled with falling goods trade, reduced confidence in manufacturing and lowered investment. These end of year projections represented a substantial reassessment from the IMF's spring review, and the decline is projected to continue into 2020.

This weakening will see oil prices fall from an average \$60 a barrel in 2019 to \$58 in 2020, reflecting the weak outlook for the global economy. Built into this is the assumption that the production cuts announced by OPEC in December 2018 will continue into 2020. Geopolitical threats in 2019, including mounting tensions between the US and Iran, and the attack on Saudi Arabian oil processing facilities, offer reminders that this downward trend in prices could be reversed due to sudden supply shortages. The IMF also predicts metal prices will fall 5% in 2019 and remain on a downward trajectory over 2020. Following projected falls in 2019, agricultural prices are expected to remain stable in 2020. A positive outcome to US China trade talks could see prices for

soybeans and maize rise, with lower energy prices reducing input costs.

## GLOBAL FOOD PRICES

The Food and Agriculture Organisation (FAO) predicts global milk production to reach 852m tonnes over the year, an increase of 1.4%. This is a lower rate of growth than expected earlier in the year and is the result of lessening supply in India and the EU. It estimates world meat production to fall to around 335m tonnes in 2019, 1% down on 2018. It assesses this as the first fall in total production recorded in two decades and a demonstration of the impact of ASF on China and other Asian countries. The FAO Food Price Index (FPI), which tracks agricultural commodity prices, averaged 177.2 points in November 2019, up 15.4 points or 9.5% from November 2018. The November 2019 figure, driven by an increase in meat and vegetable oils prices, was also the highest in over two years. The FAO Vegetable Oil Price Index averaged 150.6 points in November, its highest level since May 2018, while the FAO Dairy Price Index averaged 192.6 points in the same month, some 6% above the year earlier figure. The FAO Meat Price Index was up 8.4 points in November, the largest month-on-month increase since May 2009 and raising the index some 28 points (17.2%) above its year prior level. The increase in meat prices was concentrated in the last quarter of 2019. It is still 21.5 points (9.4%) below the peak reached in August 2014. Persistent strong import demand, particularly from China was key to this recent upturn.

This global dynamic hides regional specific dynamics. European meat prices have been depressed throughout 2019, countering the overall global trend reflected in the index.



**EURO v GBP, 2019****EURO v DOLLAR, 2019****EURO v RMB, 2019**

# Overview

## In spite of some fractures in the global economy, consumer purchasing power on the whole remained strong in 2019

### PROSPECTS FOR IRISH FOOD AND DRINK EXPORTS IN 2020

While the world economy is gearing towards a slowdown, shifts in consumer preferences in developing economies towards dairy and animal protein consumption, combined with production constraints impacting across global agriculture, provide reasons for cautious optimism that Irish food and drink exports can sustain the path of growth in 2020. In the key UK market, this will be contingent on 2020 delivering a firm step forward in the Brexit debate, with consumer and economic sentiment likely to be emboldened by a clearer picture of how the future relationship between the EU and the UK will take shape.

Passage of the Withdrawal Agreement bill in Parliament prior to Christmas far from removes all challenges from the table for Irish food and drink exports. The Agreement provides for maintenance of the status quo for just 12 months at which point a full trade deal is anticipated between the UK and EU. Most observers see that timeline as being extremely optimistic. This opens the possibility of no-deal Brexit being a reality again in twelve months time.

Britain will remain dependent on food and drink imports, and that fact will be some context in future relationship negotiations, however food standards

are likely to be a contentious part of the negotiations on the long term relationship between the UK and the EU.

Rabobank sees ASF and global trade disputes as presenting the key areas of risk and uncertainty for global food production in 2020. It notes, however, that the issue of sustainability remains as an enduring challenge for global agriculture. Ireland's food and drink industry, supported by Bord Bia's Origin Green, the world's first national sustainability programme, is well positioned to speak to buyers increasing needs on sustainability and to continue to evolve as the challenge demands.

The impact of weakening EU prices on beef production is also likely to be felt by Irish producers. The European Commission predicts that the 0.5% fall in per capita meat consumption in the EU in 2019 will go unchanged in 2020. Against this, the stabilising or falling of feed prices will deliver some opportunities to recover margins, and new export opportunities in Asia will help offset weakened demand for beef in the EU. Closer to home, clarity around Brexit and greater investment by the new UK government in 2020 may provide significant boosts to consumer sentiment and spending.

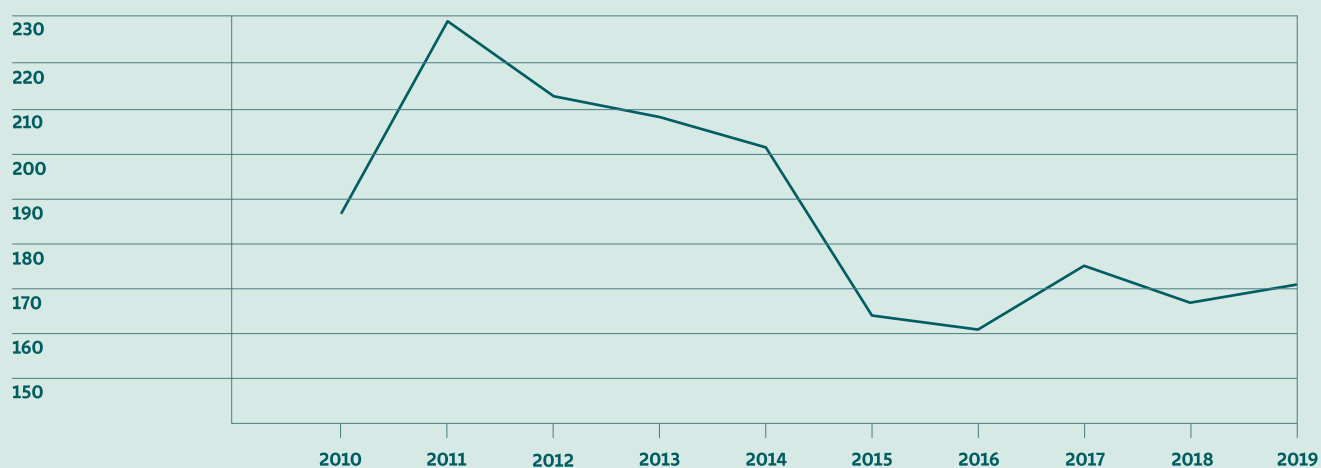
The global dairy market is expected to hold firm through to the first half of 2020, as global supply remains just

shy of demand. US trade tariffs aimed directly at EU dairy exports remain a challenge for butter and cream liqueur exporters if no political resolutions are found.

In spite of some fractures in the global economy, consumer purchasing power on the whole remained strong in 2019. A prolonged weakening of economic indicators in 2020 could undermine this. However, the potential for progress in Brexit and a resolution of trade tensions between the US and China may provide the much needed stimulus to improve global economic sentiment. With its strengthening global footprint and its credentials as a high quality, sustainable offering, the Irish food and drink industry is well placed to capitalise on this opportunity.

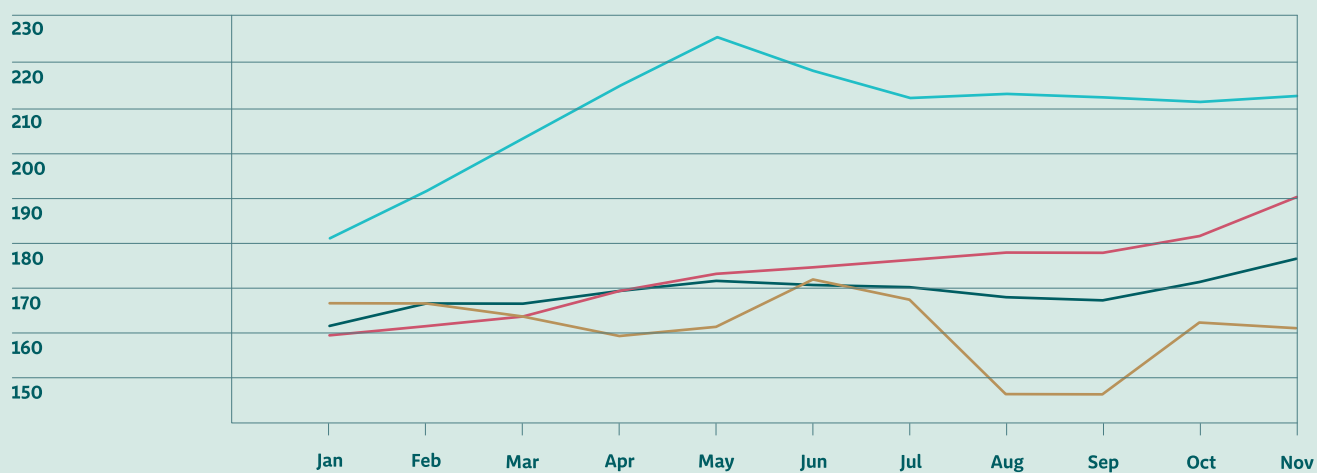
**FAO FOOD PRICE TOTAL INDEX HISTORICAL VIEW**

BASE 2002-2004 = 100

**FAO FOOD PRICE INDEX 2019**

BASE 2002-2004 = 100

— Food price      — Dairy Price  
— Cereals Price Index      — Meat Price





**DAIRY**





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**€4.4bn**

The value of dairy exports,  
an increase of 11% on 2018



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**+55%**

SMP export +55% to €332m



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**The top 5 markets**

Are the UK, the Netherlands,  
China, the US and Germany



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**€462m**

Value of exports to China,  
the largest International  
priority market



# Dairy

## OVERVIEW

Ireland's largest food export sector continued on its path of global growth in 2019, delivering an 11% increase on 2018 export values. It was an assured performance from the Irish dairy industry, and was delivered in spite of some considerable market challenges. These included a significant weakening in butter prices, the imposition of tariffs by the US on EU dairy imports, and the ongoing market pressures created by uncertainty surrounding Brexit. Given the central place of the UK for Irish dairy exports, the protracted uncertainty around the UK's withdrawal from the EU is creating a range of logistical challenges that cannot be effectively resolved without clarity on the future trading relationship between the two countries.

There is significant evidence of Irish industry capturing greater value. When leaving aside the specialised nutritional powders category, which has its own

unique dynamics, Irish dairy exports grew in value by 17.6% while the volume of those exports grew 12%, illustrating the greater value being captured by Irish industry.

The issue of falling butter prices was a pronounced one across the EU in 2019, with suppliers exposed to the downside of volatile trading conditions for dairy ingredients. The year closed with a striking if predicted 50% fall in EU butter prices, given the 2017/18 spike was widely recognised as unsustainable.

The issue of EU price declines were, however, counterbalanced by constraints to supply among Ireland's key competitors, among them New Zealand, the US, Australia and the Rest of EU, resulting in a tightening of global milk supply and setting the stage for a strong performance by the Irish industry.

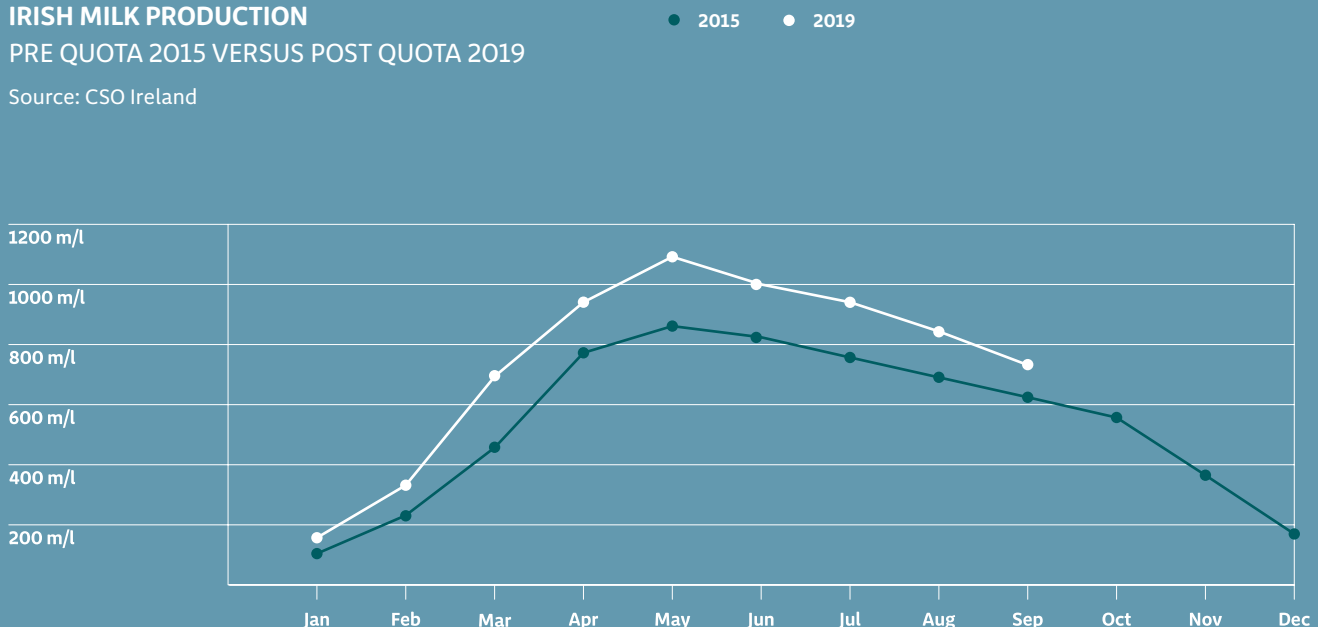
Much of the credit for the 2019 performance, however, rests with the industry itself and the central dynamics in the year's performance may be identified as

- continued growth in domestic milk production
- an intensifying industry focus on the development of new markets, and,
- an enhanced portfolio of value-added products and customer-focused applications

## IRISH MILK PRODUCTION

### PRE QUOTA 2015 VERSUS POST QUOTA 2019

Source: CSO Ireland



# Dairy

## GLOBAL OUTPUT

Global dairy supplies remained tight in 2019, with farmers in many producer countries unable to take advantage of higher farm gate prices. Regional constraints included extreme weather conditions, rising costs of production, and environmental limits on farm expansion.

## IRISH OUTPUT

Irish milk production increased by approximately 6% year-on-year in 2019, approaching a record 8bn litres. This strong performance was a result of both rising dairy herd numbers and improvements in productivity. The Irish dairy herd now numbers approximately 1.5 million head, an increase of 40% since the ending of the milk quota system in 2015. Improvements in productivity are demonstrated in higher returns in milk solids (fat and protein) which resulted in more output and value per litre at processing level. Milk solids have increased steadily in Irish milk supply over the decade, primarily as a consequence of investment in breeding. Milk fat as a percentage of content increased from 3.93% in 2010 to 4.22% in 2019. Year-on-year increases in quality can also be accounted for by diet and 2019 was a case in point, with excellent grass growing conditions, particularly in early spring, resulting in higher quality outputs. Irish farm gate milk prices averaged close to 33.6 c/l during the year, allowing farmers an opportunity to recoup costs and recover from the financial challenges of 2018 when heavy feed inputs were required to counter the impact of adverse weather and poor grass growth.

More favourable weather conditions in 2019 also allowed for greater silage harvests on farms, reducing overall input costs for the year.

Key market performances:

## NEW ZEALAND

The world's largest exporter of dairy products, New Zealand has a national dairy herd of some 6.4m and the sector has enjoyed sustained growth in recent years. Total dairy production in 2018 stood at 3.21m tonnes, representing growth of 2% on 2017. Rabobank predicts that, while prices will remain strong, the 2019/20 season will conclude with either a minor contraction (-1%) or zero growth in output.

## AUSTRALIA

With a national dairy herd of some 1.5m cattle, increasing marginally in size in 2018/19, Australia has a national milk supply pool of some 9.3bn litres. However, drought conditions which impacted the 2019 performances are set to continue in 2020. Rabobank predicts that Australian milk production will decline by 3% for the 2019/20 season.

## EU

In 2019, the European Commission estimates total EU milk collection to grow by just 0.5% on the year earlier figure. A 1% decline in the EU dairy herd, estimated at 22.9m in 2018, and drought conditions in some areas, are contributing to this. This marginal increase contrasts to the 6% achieved by Irish dairy suppliers during the year. However, Ireland remains a small player in the overall European context, accounting for just 5% of total EU milk production. The sharp fall in the EU butter prices has made EU butter more attractive in international markets. Cheese shipments have remained stable over the year, while exports of skimmed milk powder (SMP) are returning to levels last seen before the 2015/16 crash.

## DAIRY EXPORTS



**€1.2bn**

Butter exports continue to surge ahead, increasing by 13% in 2019



**€998m**

Cheese exports grew by 22% in 2019



**55.2%**

Skimmed Milk Powder exports rose 55.2% to €332m

# Dairy

## US

Milk production levels in the US dairy states were effectively flat during 2019, largely a consequence of a continued contraction in the size of the national herd. A modest pickup is predicted in 2020, with Rabobank forecasting supply growth of 1%.

## DESTINATIONS

Irish dairy exports found markets in 124 countries in 2019, with growth delivered across almost all categories, and led by strong performances in butter, cheese and SMP. The top five destinations in 2019 were the UK, the Netherlands, China, the US and Germany.

Exports to the UK sustained despite a number of hard Brexit cliffedges. Stockpiling activity led to a shortage of warehouse space available in the UK, diverting some product into continental Europe.

In the case of exports to the Netherlands, a relatively small amount is for domestic consumption. A good proportion of dairy exports to the Netherlands is further processed there before reexport to other parts of continental Europe and Asia.

It was a promising year for dairy exports to the US, which increased by an estimated 30% to be worth more than €411m. This has been driven by exceptional demand for Irish butter but also for cheese - in a short period of time, the US has grown to become the fourth largest market for Irish cheese export - and for powders with applications in sports nutrition.

Asian destinations were the location of some extraordinary growth figures for Irish dairy exports, particularly for ingredients, albeit these are coming from a very low base. Dairy exports to priority markets like Indonesia and Malaysia increased 85% and 50% respectively to be worth more than €50m cumulatively.

## CATEGORIES

### BUTTER

Butter is the largest category within Ireland's dairy export portfolio and, in 2019, accounted for €1.1 billion, or one quarter of total dairy export value.

This is the second year in which Irish butter exports surpassed the €1bn value mark. Achieved as a result of a 22% increase in volumes, which were up 48,000 tonnes on 2018 and despite downward pressure on prices. By September 2019, EU butter prices were around €3,500 per tonne, compared to a peak of over €6,500 per tonne in mid 2016.

Irish butter has enjoyed unprecedented demand in recent years, particularly in the US. Kerrygold is now that country's number two butter brand and the US is Ireland's second largest overall market for butter. Exports worth €218m represented 28% growth on the previous year. While consumer demand undoubtedly played a part in this, growth was also attributable to stocking measures undertaken to mitigate against prospective tariffs on EU dairy goods. This proved farsighted as, following a WTO ruling, a 25% ad valorem tariff impacting Irish butters and cheeses was imposed by the US authorities on October 18th, 2019.

Irish butter exports also grew in Japan and in South East Asia in 2019, with markets such as Singapore, Indonesia, and the Philippines all showing increased demand. Butter is a relatively new export product to China, where the bakery sector is the main driver of consumption. Irish butter exports increased from an extremely small base in 2019 to be worth €2.23m, with continued growth expected in 2020.

### CHEESE

Cheese was Ireland's second largest dairy category in value terms in 2019. While Brexit presents a distinct concern for suppliers, 2019 was largely positive in terms of both ongoing UK market receptivity and the broader story of diversification. A volume increase of

some 26% fed into the value of cheese exports increasing by 22% to €998m.

In the context of expected increases in milk output and a strategic requirement to defend existing market share while pursuing new opportunities, investment in innovation and new production facilities will be pivotal. Markets in Asia represent a key target and Japan has been identified as an opportunity for dairy growth through Bord Bia's Prioritising Markets study. This is due to its affluent and informed consumer base and ongoing dependence on imported dairy ingredients and products. The Japan-EU economic partnership has created the context for Irish cheese exporters to expand market share and capitalise on new opportunities in the years ahead.

The UK accounted for 45% of Irish cheese exports during the year, down from 50% in 2016. As with other food categories, some activity in 2019 can be attributed to shipments being maximised in response to Brexit. EU markets accounted for 32% of cheese exports by value with strong performances in Germany and France in particular, where exports increased by 40% and 23% respectively.

The dynamic in the UK, whereby space in chilled and frozen warehouses was short, drove some of the increase in supply into continental Europe

Cheese exports to the US increased by an estimated 36% to 9,500 tonnes and a value of €51m. From a small base, cheese exports to China continued to grow and were worth €5m in 2019. The foodservice channel is driving demand, with the opportunity for mozzarella, as a key pizza ingredient, leading to considerable investment in production facilities by international suppliers, including Ireland. Two Irish processors are set to release new products targeting this and other Asian markets in 2020.

### DAIRY POWDERS

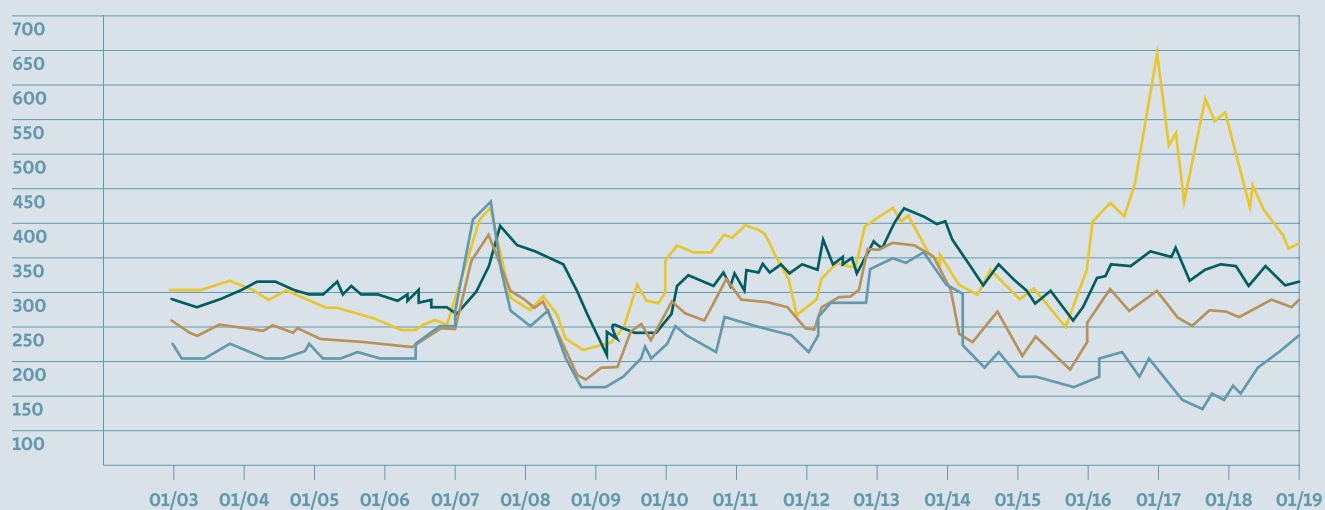
After a number of years of relative stagnation, the value of Ireland's SMP exports rose by 55% in 2019 to €331m.

### EU AVERAGE QUOTATIONS OF MAIN COMMODITIES (IN €/100 KG)

Source: DG AGRI - Reg. 2017/1185  
Art. 11 - Annex I.7

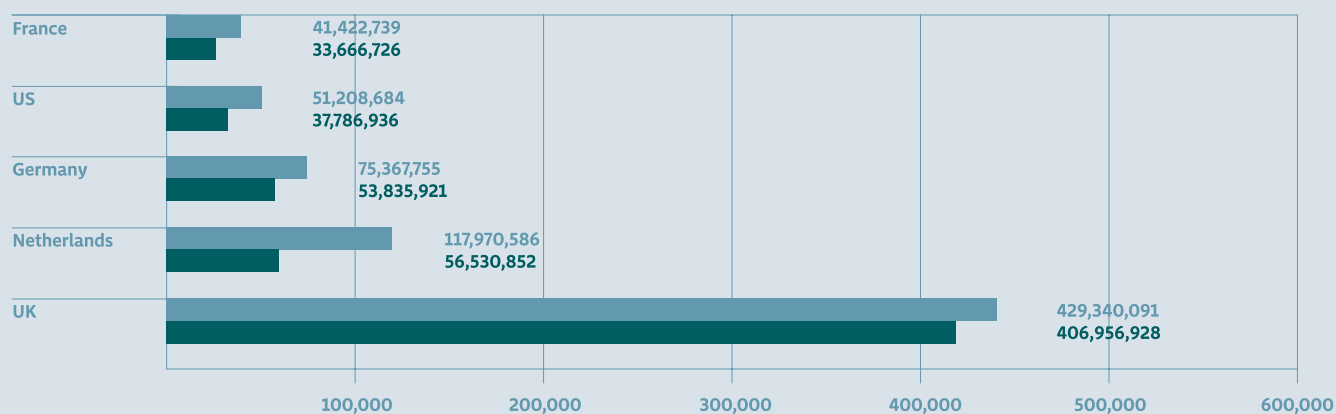
Volatility has been a feature of  
EU butter prices in recent years.  
A significant decline was seen  
in 2019.

— Cheddar  
— SMP  
— WMP  
— Butter



### TOP 5 MARKETS FOR IRISH CHEESE 2018 v 2019

■ 2018 ■ 2019



# Dairy

This was achieved with volume growth of 30.2% to 172,000 tonnes. All EU intervention stocks of SMP have now been released. A successful year for SMP exports was reflected in increases in most key export markets and across Europe in general. As reflected in the growth of value over volume, EU pricing for SMP is currently strong, and increased by 41% in the period January 2018 to June 2019. The pricing dynamic was positive and primarily shaped by exceptional demand from China through 2019.

## SPECIALISED NUTRITIONAL POWDERS

It was a more nuanced year in the specialised nutritional powders category, which includes infant formula, and where a decrease of 10.2% in value saw exports valued at €929m. Continued changes in accounting processes by a key multinational manufacturer contributed to this decline.

China and Hong Kong absorb 90% of Irish exports to Asia, with China alone accounting for 36% of total exports. Here values dropped 10% to €301m and were again attributable in part to accounting procedure changes.

While the world-class safety and quality credentials of Ireland's offering have underpinned its success to date, declining birth rates in key markets will ultimately set a limit on the potential for future growth, with the overall market for specialised nutritional powders currently flat. Greater competition from domestic manufacturers and economic uncertainty may further dampen demand for imported product.

Outside China there are other opportunities in Asia, with notable growth, albeit from a smaller base, recorded in Vietnam in particular, as exports for 2019 increased to €20.9m.

## WHEY

A category that incorporates a growing range of high specification products, whey powder exports for 2019 increased by 31% to €131m in value, with a corresponding volume rise of 20%. Recent value growth has been driven by demand in Asia for specialised demineralised whey powder, which is used in a number of specialised applications and is a product with significant opportunity for value capture.

## PROSPECTS

In 2020, dairy supply is expected to remain tight internationally, with the current general firmness in global markets likely to remain in place through to mid-2020. Rabobank is predicting a production growth increase of just 0.8% for the year, with pressure on margins, driven by rising costs of production, adding financial pressures to dairy farmers across all production regions.

Any potential slowing down of the global economy would also have a dampening effect on current demand. Escalations in geo-political tensions, and the deepening of trade wars and policy disputes could also bring uncertainty into the global trading environment. There are strong indications of a slowdown in the global economy in the second half of 2020,

and the European Central Bank ended 2019 by lowering rates and announcing quantitative easing.

The Irish dairy sector is well positioned to grow exports further in 2020. At production level, conditions at the start of the pasture season will be crucial to determining the overall performance of the sector for the remainder of the year. Brexit will also continue to be the great uncertainty on our doorstep, and there remain permutations and possible outcomes in 2020 that could seriously impact on the performance of the Irish dairy sector. The tariffs impacting Irish butters and cheeses in the US will also have an impact on the market performance there.

In spite of many caveats, 2020 offers the prospect of strong, continued growth - albeit at lower levels than seen in the last few years - based on ongoing demand in Europe and key international markets for Irish powder-based products, butter and cheese.

Looking to the future, the Irish industry can continue to differentiate itself from the larger global players. Key to its success will be identifying and pursuing value adding opportunities that show an understanding of the needs of the supply chain and a keen focus on end applications.



### WORLD - COMPARATIVE OVERVIEW OF SKIM MILK POWDER (SMP) PRICES IN RECENT YEARS

Source: CLAL

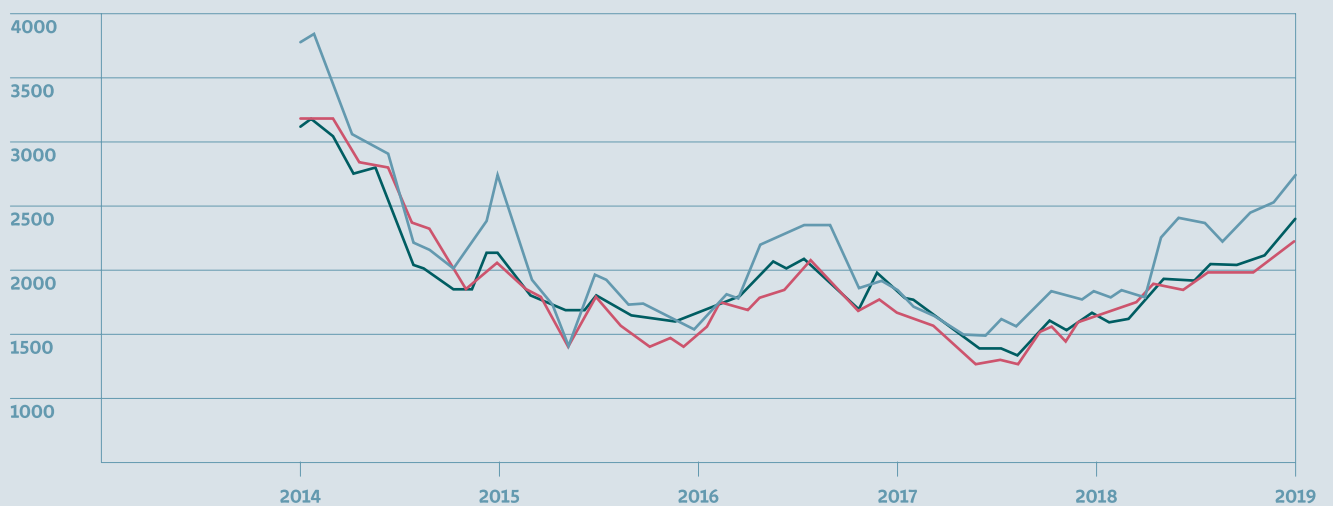
- Skim Milk Powder - Oceania
- Magermilchpulver ADPI-Extra - Germany
- Nonfat Dry Milk - US

Current Prices  
on 20th Dec 2019  
(€ per tonne)

2,591

**2,590**

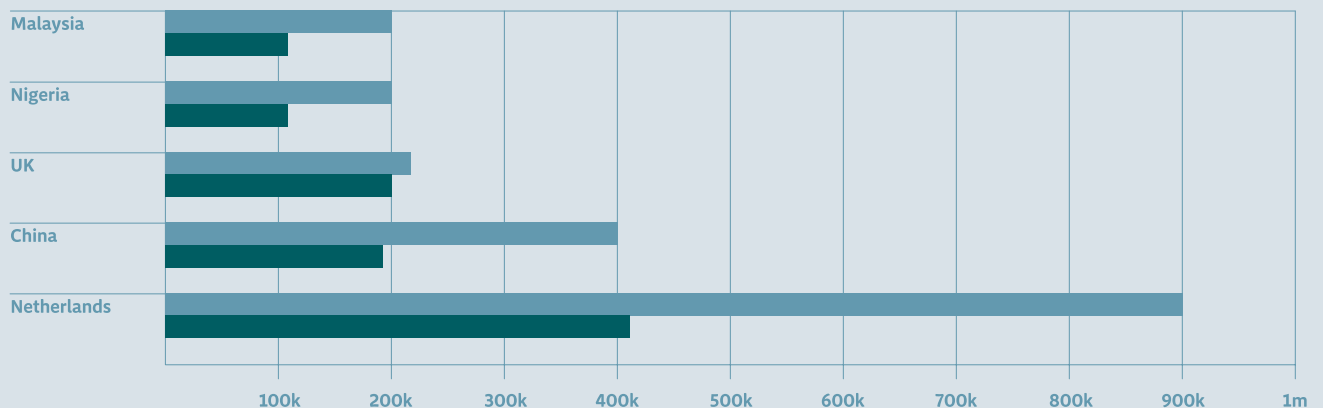
**2,467**



### TOP 5 MARKETS SMP 2018 v 2019

■ 2018

■ 2019





# **MEAT** and **LIVESTOCK**



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**€3.9bn**

The value of meat & livestock exports, a decrease of 1%



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**30%**

The value of meat and livestock as a percentage of total Irish food and drink exports in 2019



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**€2.25bn**

Beef exports were valued at €2.25bn, a decline of 7% on 2018



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**€941m**

Pigmeat export values were 14% higher than 2018



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**€305m**

Poultry exports increased by 5% in 2019

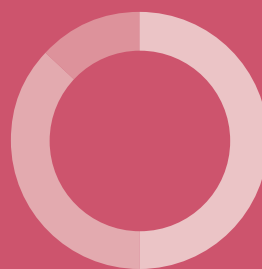


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**€294m**

Sheepmeat exports declined by 7% in 2019

# Meat and Livestock



**UK 50%**  
**Rest of EU 37%**  
**International 13%**

## SUMMARY OF MEAT AND LIVESTOCK PERFORMANCE

CATEGORIES	2018	2019	% CHANGE
Meat and Livestock	4,041,982,772	3,963,305,544	3%
Beef inc offals	2,417,780,083	2,246,302,269	-7%
Pigmeat	835,490,602	940,993,138	13%
Poultry	291,125,661	305,681,944	5%
Sheep	315,366,109	293,966,537	-7%
Live Animals	172,402,463	167,034,694	-3%
Other Meat	9,817,854	9,326,961	-5%

## INTERNATIONAL PERFORMANCE

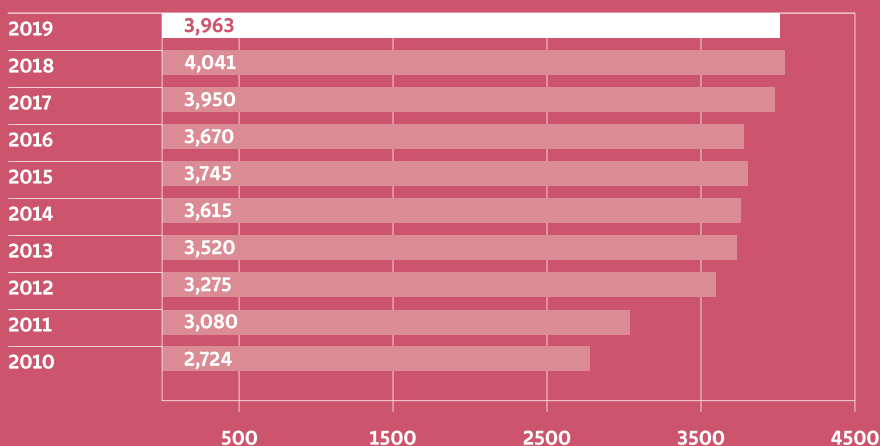
Source: Bord Bia estimates

COUNTRIES	CHANGE
China	+147% to €182m
Hong Kong	-17% to €70m
Japan	+15% to 51m
Philippines	+42% to €50m

## TRENDS IN MEAT & LIVESTOCK EXPORTS\* 2010 TO DATE (€m)

Source: Bord Bia estimates

\*includes beef offals





# Beef

## OVERVIEW

The largest category of Irish meat and livestock exports, the Irish beef sector experienced challenging marketing conditions in 2019 as a result of increasing price competition and sluggish demand in major markets. Total production of Irish beef over the course of the year declined by approximately 1.5% to 624,000 tonnes. Underpinning this decline was a more pronounced 3% fall in finished cattle supplies, mitigated by a 1.5% increase in average carcase weights, largely attributable to the improved grazing conditions of 2019.

Following a number of years of stable or increasing consumption levels, there was a 0.9% fall in the volume of beef consumption in the EU in 2019, with a further 0.8% decline expected in 2020. Data from the EU Commission shows this to be mirrored in production levels, with a 0.9% reduction in EU-28 beef production in 2019 to be followed by a 0.7% decrease in 2020.

Weakening demand for beef was confirmed by the downward trend in prime cattle prices. On average, R3 steer prices in Ireland and the UK fell by 7% compared to 2018, while R3 young bulls were 5% lower on average across the EU-15. Depressed pricing impacts directly on farm income and frustration among farmers at lower returns was expressed through protests at a number of meat processing plants during August and early September. These effectively closed the country's beef processing facilities for a number of weeks, impacting on the supply capability of exporters and resulting in a sharp decline in the value and volume of Irish beef exports in Q3 2019.

## EXPORTS

Net exports of Irish beef (excluding offal) totalled 560,000 tonnes for the year, to a value of €2.1bn, representing a decline of some 10% on the year earlier figure. Exports in offal mirrored the downward trend in beef, in both volume and value terms, and were worth €182m in 2019.

The UK, by far Ireland's single most important beef export market, was central to the sector's contraction in 2019. Muted demand, particularly in evidence in the foodservice sector, was reflected in a 15% fall back in the value of beef exports to the UK to €990m. Export volumes, at 265,000 tonnes, were down 11%. The UK now accounts for 47% of Irish beef exports, compared to 52% in 2018.

Exporters responded to weakness in UK demand by channelling exports to other markets, most notably continental Europe. Rest of EU markets collectively absorbed €995m of Irish beef exports during the year. While this represented a marginal 1% increase on the 2018 figure, it was aided by strong performances in the key markets of France, Italy and Germany, where there were increases of 4%, 2% and 3% respectively. Continental EU was in 2019 the destination for 250,000 tonnes, 48.2% of total Irish beef exports.

The story in International markets was also one of growth, with volumes reaching over 45,000 tonnes. The single most important market by volume for Irish beef was the Philippines, which accounted for over 18,000 tonnes, delivering €34m in value. The market showing most growth was China where the first year of full trading by Irish beef exporters saw volumes reach 12,000 tonnes worth €31m. At the same time, beef exports to Hong Kong more than trebled in value, to €27m. The US market continued to show strong growth. It accounted for almost 5,000 tonnes of Irish beef exports worth €19m. In total, international markets now represent 8% of Irish beef exports, an increase of 160% on the 2018 figures.

# Beef

## PROSPECTS

Rabobank predicts a continuation of weakening consumer demand in the EU in 2020. The opportunity presented by international markets, and Asia in particular, continues to grow, and will see Irish exporters compete with international suppliers, with Brazil, Argentina and New Zealand all predicted to increase beef output in 2020.

Figures from the EU Meat Market Observatory showed an 8% growth in beef exports from the EU-28 to international markets in 2019, and predicts a further 5% increase in 2020. The South American focus on Asia contributed to a 3% decline in its beef exports to Europe in 2019. China will be the main target for export growth by Brazil and Argentina in 2020.

The positive dynamics in the US market for beef will create some opportunity for Ireland's grass-fed, quality beef proposition.

The situation regarding Brexit remains one of complexity and unknowns for beef exporters. The successful ratification of the EU Withdrawal Agreement by the UK parliament in 2020 will likely contribute to a stronger sterling and improved consumer sentiment.

Any follow up EU-UK trade agreement would see agriculture and beef in particular at the centre of potentially contentious negotiations. However the fact that the UK is not self-sufficient in food production will create a need to reach agreement. The carryover of finished animals into early 2020, as a result of the halt in production in Irish

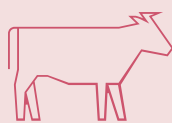
processing plants in August and early September will contribute to higher throughput in early 2020. However, the general expectation regarding cattle supplies for the year ahead, based on analysis of the Department of Agriculture, Food and the Marine's Animal Identification and Movement (AIM) database, is for a further slight decline on the 2019 figures.

## BEEF EXPORTS



**€2.25bn**

Beef exports valued at €2.25bn, a decline of 7% on 2019



**624,000 tonnes**

Total Irish production of beef decline 1.5% in 2019



**-1.5%**

Total Irish production of beef decline 1.5% in 2019



**8%**

International Markets accounted for a record 8%



**48%**

Continental EU markets accounted for the majority of Irish beef exports in 2019, with France, Italy and Germany leading the way



**47%**

The UK was the single most important market for Irish beef, absorbing 47% in 2019, down from 52% in 2018



# Pigmeat

## OVERVIEW

In a year that delivered a highpoint in export value for Ireland's pigmeat exporters, 2019 saw the sector benefit from a significant uplift in international prices and real pace entering the market from the end of Q2 onwards.

Irish pigmeat exports tipped towards the billion euro mark for the first time during the year, as the sector capitalised on strengthening international demand coupled with a tightening of pig supplies elsewhere in the EU. Producers were direct beneficiaries of improved demand, as prices hit record highs as the year progressed. In November, returns as high as €2/kg were reported for the first time, representing a dramatic improvement on year-earlier performances, facilitating ongoing producer recovery.

Globally, it would be difficult to overstate the impact of African Swine Fever (ASF) on international markets and supplier confidence. A major supply gap has emerged largely as a consequence of the disease hitting key production centres in Asia. This is most apparent in China and Vietnam. ASF has also affected production in Russia, the Caucasus region and some eastern and central European countries, including Poland, Romania, and the Baltic states. In Europe, particularly in Belgium, ASF has mostly been observed in wild boars, however the World Organisation for Animal Health had described ASF as a global threat and a Reuter's news report in November 2019 noted it has 'not only ravaged the Asian pig population, but also sent international pork prices rocketing.'

The impact on China, the number one global pigmeat producer, has been particularly severe, with the country forced to liquidate some 130m pigs or 40% of its national herd by September 2019, according to the Chinese Ministry of Agriculture. Pending a return to commercial production levels, for

which the Chinese government has set ambitious targets, escalating prices and restrictions on the availability of pigmeat will see many consumers in Asia switching to alternative meat proteins in the short to medium term.

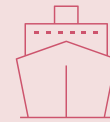
The decision by Chinese authorities to increase pork imports to more than 3m tonnes in 2019, at least 40% more than 2018, has been a catalyst for price growth, which filtered through to European suppliers towards the end of Q2. Average prices were, in fact, 1% lower in the first half of 2019 than year-earlier levels, as a consequence of weak demand continuing from 2018.

Optimism over sustained improvements in demand and the record prices recorded in many EU Member States, are tempered by concerns around ASF spreading further into Europe. Breeding pig numbers recorded in the June 2019 EU livestock survey were on average 3% lower, with Polish and Romanian herds mostly affected. A vigilant and cautious approach is being taken by many countries in central and northern Europe, in particular Germany, which borders a number of currently impacted countries.

## DOMESTIC MARKET

Irish consumption of pigmeat products is high by European standards at approximately 27.9kg per capita. What distinguishes the pork sector from other meats is the high percentage consumed domestically, the vast majority sold under the Bord Bia Quality Assurance Mark. Domestically, the pigmeat sector put in a reasonable performance in 2019 in the context of moderating demand. Overall pork purchase at retail was back 3.4%. This was spread across most sub categories, including sausages and pudding in the breakfast meats category. Rashers recorded a modest 0.6% growth driven by volume increases - the price per kilo for rashers reduced 1.7% at retail over 2019.

## PIGMEAT EXPORTS



**€941m**

Pigmeat exports valued at €941m, increase of 14% on 2018



**53%**

The UK was the key destination for pigmeat exports, absorbing 53% of exports to a value of €501m



**7.2%**

Pigmeat represented 7.2% of total food, drink and horticulture exports in 2019

# Pigmeat

## DISTRIBUTION OF IRISH PIGMEAT EXPORTS (% VALUE)

COUNTRIES	2018	2019
UK	56%	<b>53%</b>
Rest Of EU	21%	<b>18%</b>
International	22%	<b>29%</b>

## EU AND IRISH PIG PRICES (C/KG DW EXCL. VAT)

Source: DAFM & EU Commission

— Ireland  
— EU



Overall, retail sales of pigmeat in Ireland in 2019 were worth €412m. Pork chops and joints collectively accounted for 37% of the market; sales of bacon for 30% and sausages for 26%. Research from Bord Bia shows the Quality Assurance Mark to be highly regarded by consumers in the domestic market.

## EXPORTS

In supply terms, Irish pigmeat suppliers in 2019 largely repeated the picture of 2018, with 3.4 million head processed by export meat plants. A slight increase in carcase weights lifted total net production to 304,000 tonnes, a rise of 0.5% on the previous year. Despite this development, lower pigmeat imports were recorded due to higher raw material pricing across Europe due to exceptionally strong International demand. This had a knock on impact on availability of product, especially for secondary processors and resulted in total exports falling by around 4% to 254,000 tonnes.

The UK sustained its position as the most significant destination for Irish exports, accounting for 53% of total export value, and 38% of the volume. Exports to the UK fell by around 11% to over 96,000 tonnes for the year reflecting strong market conditions across International markets. Despite this volume reduction, the strong price available led to an increase of 8% to €501m in value terms for exports to the UK market

A similar trend around weakening demand in continental EU led to a decline of 24% to 48,000 tonnes in the volume of pigmeat exported, in value terms this was down from €176m in 2018 to €168m. This was heavily influenced by some redistribution of product from continental EU into Asian markets. This overall figure masked some strong performances in key markets. In Germany, pigmeat exports rose by 6% to €34m, driven by increasing demand for convenience foods, while the Netherlands saw 17% growth in value terms to €11m,

also thanks to higher demand for cooked pigmeat products. From a much lower base, there were also good performances in Poland, Portugal and Slovakia. France and Spain were largely stable, while significant declines were seen in the Czech Republic and Denmark.

Exporters countered weakening EU demand by diverting supply to more receptive markets in International markets, in particular China, where shoulder cuts traditionally aimed at the European barbeque market found greater returns. Overall exports to international markets rose by 18% to 110,000 tonnes. Demand for Irish pigmeat more than doubled in China from €73m to €151m, as Irish suppliers performed well in spite of strong competition from Spain, Germany, Canada, Brazil, and the US. China is now the largest international market for Irish pigmeat taking a record breaking 82,000 tonnes, and the second most important after the UK.

In Japan, a 19% increase lifted pigmeat exports to €44m, and the country is now the second most important international market outlet. It is a market particularly for cuts such as bellies, loin and some manufacturing product.

Other strong performances in the international market came from Australia, where pigmeat exports rose 42% from €18m to €25.5m and where strengthening demand for loin cuts was a particular feature.

In contrast, the US and South Korea both registered double-digit declines, with exports worth €15m and €11m respectively. Strong competition from US processors, and the greater returns available from China contributed to this.

## PROSPECTS

Rabobank believes that ASF 'overwhelms the outlook for 2020', impacting not just in pork but across all animal proteins. While the opportunity for continued export growth remains strong in 2020, it comes with caveats of risk and uncertainty, not least the threat of escalating trade disputes and the persistent challenge of Brexit. In spite of the best efforts of the Chinese authorities, it is likely to take a number of years for production levels there to return to pre-crisis levels. The country's 'backyard' producers, who accounted for 73% of total Chinese pigmeat production in 2003 are set to be effectively wiped out in the restructuring that takes place.

The year ahead will see pork production rise in Europe, North America and Brazil in response to the opportunities in Asia. China is already the number one destination for Brazilian pork and 2019 saw an increase in the number of meat plants approved for the Chinese market. In the US, the 2019 increase in supplies was largely in the context of strong sales to China, South Korea and the Philippines, while the withdrawal from use of the feed additive Ractopamine by producers for two of America's largest packers overcomes a significant hurdle to the expansion of US exports. The proposed removal of punitive tariffs on US pork and approval of new export plants could also help boost its imports to China in the first half of 2020.

In spite of caution around growing herd numbers, good supply side dynamics on animal feed costs will boost output in Europe, and a strong wheat harvest in 2019 will contribute to this.

# Sheepmeat

## OVERVIEW

Irish sheepmeat exporters confronted a challenging environment in 2019, with strong UK supplies for much of the year, a lacklustre demand in continental EU markets and a sharp tightening in supply during Q3, bringing export values for the year down by 7% to €294m.

There were positives at the start of the year with lamb prices 3% higher in the first two months with near ideal lambing conditions and good grass growth, boosting average carcase weights.

However Brexit related uncertainty, which among other things resulted in stronger UK lamb supplies from late March through to November, led to a competitive marketplace for Irish lamb across Europe for much of the year. The sluggish consumer demand for sheepmeat in key markets further impacted on demand for Irish lamb.

A slow down in UK and Irish supplies towards the end of the year helped drive a recovery in lamb prices with Irish prices moving ahead of 2018 levels again in the second half of November.

For the year average sheep prices stood at €4.80 per kilogramme, some 25c/kg behind 2018, and 5c/kg behind the five-year rolling average.

The first eight months of 2019 saw a 6% volume increase in total throughput in Ireland, lifting it to 48,700 tonnes. For the year Irish sheep throughput is expected to be around 2.8 million head, a 5% reduction on 2018 levels. Total production is set to decline by 3% to 67,500 tonnes. Processing of spring lambs fell back some 40,000 head; hogget throughput was down 91,000 head; while there was a 90,000 head reduction in the numbers of ewes and rams processed.

## EXPORTS

In a challenging trade environment, Irish sheepmeat exports to the UK grew by 4% in 2019. Reduced supplies of New Zealand sheepmeat helped facilitate this and looks set to be a long-term trend as the emerging opportunity in China secures the attention of the sheepmeat industries in New Zealand and Australia. Both enjoy preferential access on the strength of long-standing free trade agreements. Some 50% of New Zealand sheepmeat exports now finds a market in China, and the country's quota utilisation for the EU is expected to be less than 55% in 2019. Long-term drought in Australia has curtailed its export ability and helped to bolster international sheepmeat prices.

Brexit, or at least the threat of it, delivered a direct test to Irish exporters in 2019 as UK sheepmeat supplies were aggressively pushed in continental Europe in the months preceding the Brexit deadline of 31 October. The UK is the largest sheepmeat producer in Europe, accounting for over a quarter of the EU flock and a third of production volume. It sends 95% of its exports to continental EU countries, with France currently absorbing half of its 95,000 tonnes of exports, and Germany taking a further 10%.

While the pervading weakness of sterling and moderating consumer demand in the UK represented challenges, a relatively strong performance saw a 4% increase in the value of Irish sheepmeat exports to the UK at €57m.

This strength of competitive UK supplies on the Continent impacted on Irish exports for much of the year. The value of trade to the Rest of the EU stood at €195m, which was 16% lower than a year earlier. Declines were experienced in both traditional and newer EU markets: exports to France were down 16% to €87m; Germany was down 20% to €30m; Sweden was down 4% to €23m and Belgium declined 21%, also to €23m.

On the positive side, these figures offer their own comment on the successful diversification that has taken place regarding Irish lamb exports to the EU in recent years. If Brexit increases the difficulty of UK exports to EU, it would likely confer Ireland with some competitive advantage.

While international markets remain of relatively low importance for Irish sheepmeat processors, accounting for just 10% of exports, new opportunities continue to emerge. Although they account for relatively small volumes, Canada and Hong Kong represent the two most important international markets for Irish sheepmeat. With exports surpassing 1,000 tonnes in 2019, Canada has emerged as a growing destination market for Irish mutton exports.

## PROSPECTS

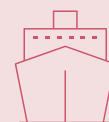
Irish sheepmeat exporters will expect a return to growth in 2020 assuming no unforeseen events curtail the sector's ability to supply, although pressure on pricing could remain a factor.

Seasonal surges in consumption are an important characteristic of the sector, a result of the long association of sheepmeat with key religious festivals in the Christian and Muslim calendars. These often occur in close proximity to each other and, in 2020, just 11 days will separate Easter, which falls on 12 April, with the commencement of Ramadan, which begins on 23 April. This will result in a period of significant high demand for lamb and an important supply opportunity Irish processors will look to fully capitalise on.

The devastating impact of ASF on the Chinese pigmeat sector has improved demand in that country for all imported proteins, contributing to record prices being achieved by southern hemisphere sheep farmers in 2019. For the first time since 2011, 2019 New Zealand sheep prices surpassed European prices, rising to \$8.50/kg. In spite of this, the New Zealand sheepmeat sector is taking a cautious approach to future planning, with data from Beef & Lamb New Zealand showing that, in the year to 30 June 2019, the New Zealand breeding ewe flock had decreased 1.1% to 16.97m. Severe drought in Australia has reduced its lamb throughput by 7% to 21.2m head in the year ending June 2019.

Steps to secure access for Irish suppliers to key international markets, including the US and China, continue with both markets offering the potential to secure better carcase value in the balance between cuts and offal. An official delegation of Chinese veterinary inspectors toured 14 beef and five sheepmeat export plants in 2019. All beef plants were approved for export while work progressed on a protocol for sheepmeat exports. The year also saw Ireland's sheepmeat exporters secure access into Japan. The commencement of trade there will represent a valuable niche opportunity while also enhancing our prospects in other key Asian markets.

## SHEEPMEAT EXPORTS



**€294m**

Sheepmeat exports valued at €294m, 7% decline on 2018



**-3%**

Irish sheepmeat production in 2019 was 67,500 tonnes, a 3% decline on 2018

# Poultry

## OVERVIEW

Exports of Irish poultry increased by some 5% to a value of €306m in 2019, a strong performance that built not only on the versatility and enduring appeal of white meat, but on the reputation for excellence that is enjoyed by Irish production centres, and supported by Bord Bia's Quality Assurance programme.

Significant in this regard was data showing that, as exports increased, imports of poultry decreased by an estimated 3% in volume terms, reflecting the increased preference for Irish product among consumers at foodservice level, in particular.

The growth in the overall value of the Irish poultry sector was facilitated by a 5% increase in the number of poultry birds being processed in Ireland, hitting a record 106m in 2019, and surpassing the 100m figure for the first time.

For the European poultry market generally, the story of 2019 was of weakened prices as a result of strengthening supply from Eastern Europe, increased imports from Brazil and the Ukraine, and lower feed costs. EU poultry imports grew by around 11% in 2019, moderating to an expected 8% increase in 2020.

The EU average price of €186/100kg for the year was slightly back on 2018 and contributed to European poultry exports performing well in key international markets. Shipments were 8% higher at 1.42 million tonnes for the first eight months of the year. The Philippines as a destination saw exports rising by 33% to 165,000 tonnes while key markets such as Ghana and the Ukraine also saw growth. Export volumes to South Africa were 83% higher at 101,000 tonnes.

## EXPORTS

On the back of strong output growth, Irish exports rose by around 10% to 150,000 tonnes worth €306m. The UK is the primary market for Irish poultry exports and absorbed 71% of total export share in 2019 or 91,500 tonnes, worth €218m in total. A significant amount of these exports are destined for onward export to international markets. The UK figures represented a decline of 2% on the year earlier figure, a consequence of some diversification that has seen the sector embrace the opportunity of Rest of EU markets. This did not extend to Northern Ireland where exports rose by an impressive 73% to be worth €47.5m.

An impressive 48% volume increase for exports to the Rest of EU market to 27,300 tonnes was the key story of the year for Irish poultry suppliers, and was achieved in a sector known for its competitiveness across a range of markets. Exports to France rose by 28% to 6,400 tonnes valued at around €14m. France is an important market in continental EU for this category, particularly for leg meat, which enjoys greater demand there than in Ireland. Denmark and the Netherlands showed exceptional growth during the year with exports to both countries combined growing by 73% to 17,700 tonnes.

Exports in value terms to Denmark more than doubled to €7.3m and the Netherlands delivered a 68% increase to €10m.

The International market remains relatively small for Irish exporters, worth 14% of the total export market share. The single most significant market is South Africa, the destination for some 75% of total Irish poultry exports outside the EU. Despite expectations that a new 'agricultural safety levy' of 35% on imported bone-in poultry cuts would effectively wipe out this market for Irish exporters, demand sustained such that only a marginal decline of 3% was observed, bringing export values to €31m.

## PROSPECTS

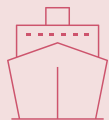
The USDA predicts global broiler meat production will grow by 4% during 2020 to a record 103.5m tonnes, surpassing pigmeat production in the process. China will account for more than half of this increase, driven by a combination of improved access to imported genetics and rising meat prices. This represents a marked policy shift by China, but needs to be understood in the context of the decimation of pork production as a result of ASF. Rising demand for protein imports in China, expected to be as high as 20%, will also boost production in Brazil and Thailand, both of which are expected to see record production levels in 2020. Growth in Brazil will be further driven by rising domestic demand. Restrictions around the highly pathogenic avian influenza (HPAI) will continue to keep suppliers such as the US out of the Chinese market.

Imports into the Philippines are also forecast to rise significantly as consumers there transition from pork to increasingly price-competitive poultry. Rising demand in Mexico as a result of growing affluence will see production increases. In contrast, EU and Russia production output is expected to be stagnant due to effective market saturation.

For the Irish poultry industry, the key obstacles to securing further growth are in the areas of politics and animal health. Brexit remains an existential threat to a sector that remains heavily dependent on the UK market. Safeguarding against the threat of HPAI meanwhile will require continued vigilance across the industry.



## POULTRY EXPORTS

**€306m**

Poultry exports valued at €306m, increase of 5% on 2018

**+48%**

Growth in value of Irish poultry exports to the Rest of EU

**€218m**

The UK is the primary market for Irish poultry exports and absorbed 71% of total export share in 2019 of 91,500 tonnes, worth €218m in total

**€14m**

France led the way with growth of 47% to €14m and is the most important market in continental EU

**+5%**

5% increase in the number of poultry birds being processed in Ireland, hitting a record 106m in 2019

# Live Animals

## OVERVIEW

Live cattle exports in 2019 continued the pattern of 2018, whereby a significant increase in numbers was matched by declining value terms. In all, there was a 20% rise on the 2018 figures as some 300,000 animals were exported, accompanied by a 3% decline in value to €167m. The explanation for this divergence is two fold. Number of head exported growth has been driven by a surge in calf exports, which have a far lower value per head than other categories, and the average price being paid across all categories of live cattle declined in 2019 compared to 2018. Prices being achieved for Irish exports declined in the same proportion as other European countries. Prices for calves reduced by the greatest proportion - 13% on 2018 prices, but prices for weanlings (-9%), stores (-8%) and finished animals (-6%) were all reduced in 2019.

In all, Ireland exported over 200,000 live calves in 2019, a 25% increase year on year. As an export category, it is highly seasonal, consistent with the calving patterns of the Irish dairy herd, and with supply peaking in the mid-March to early May period. Transport logistics and emerging activism around animal welfare represent a key constraint to these exports growing further. Irish calves reach Continental Europe via the French port of Cherbourg, with ferries operating three times a week. EU regulations require calves to be rested in a lairage in the vicinity of the port of arrival. The two lairages in Cherbourg can collectively hold up to 4,400 calves at any one time, meaning a maximum of 13,200 calves may be landed from Ireland there per week.

The two principal markets for Irish calves are the Netherlands and Spain, with calves accounting for 85% of the animals exported to the latter. The Dutch market has a particular focus on light Holstein-Friesian bull calves that are processed for veal, while Spanish feedlots have a preference for sturdier male calves that are finished as young bulls at 12-13 months. Exports of calves to France, Belgium and Poland were also significant in 2019.

Strong performances in other categories were a feature of 2019. Adult and finished cattle exports rose by 33% to 32,000; store cattle numbers remained level at 28,000; and weanling exports grew 13% to 38,000 head. The significant growth was to Northern Ireland, which increased by 50% and which accounts for some 80% of Irish live animal exports to the UK. These comprised mainly of finished cattle for slaughter and some dairy breeding animals. However, as with the sector in general in 2019, higher numbers did not translate into overall value increases, as export values to Northern Ireland were down 3% to €68m.

Total live animal exports to Continental Europe amounted to €64m, a 3% decline on 2018, although with significant variances across markets. Exports to Italy performed strongly, with a 4% increase on 2018 worth €15m. Hungary and Slovakia are also important outlets for Irish live animal exports, with values of €11.5m and €6.2m remaining largely in line with 2018 figures. In contrast, the Turkish market has remained subdued, largely due to the sustained weakening of the Turkish lira. The market is valued at €16.6m in 2019. In addition, some 15,000 head of cattle were shipped to Libya, while Morocco and Tunisia were the destinations for smaller shipments.

## OTHER LIVESTOCK

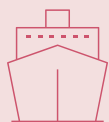
Live pig exports declined 10% in 2019 to €48m. The traditional and by far the most important market is Northern Ireland, a reflection of the strong sectoral linkages that have evolved between the two parts of the island.

Live sheep exports represent a tiny element of the live animal export trade, and this reduced further in 2019. Numbers exported fell back to just a third of 2018 levels, to an estimated 7,500 head. France absorbed the majority (67%) of these.

### BREAKDOWN OF IRISH LIVE CATTLE EXPORTS

	2018	2019
Weanlings	33,370	38,000
Stores	28,111	28,000
Calves	161,142	200,000
Finished	23,867	32,000

### LIVE ANIMALS EXPORTS



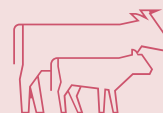
**€167m**

Live animal exports valued at €167m, decrease of 3% in 2019



**300,000**

Live cattle exported in 2019



**200,000**

A 25% increase in live calf exports in 2019 brought the total to 200,000



**€48m**

Live pig exports declined 10% in 2019 to €48m



**€64m**

Total live animal exports to Continental Europe amounted to €64m, a 3% decline on 2018



**50%**

The significant growth was to Northern Ireland, which increased by 50% and which accounts for some 80% of Irish live animal exports to the UK



**PREPARED  
CONSUMER FOODS  
and PREPARED FOOD**





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**+11%**

Exports of Enriched Dairy Powder  
+11% YoY, worth €741m



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**+4%**

Value Added Meat +4% YoY,  
worth €640m



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**1.8bn**

67% of all PCF exports  
went to the UK in 2019

# Prepared Consumer Foods and Prepared Food

## OVERVIEW

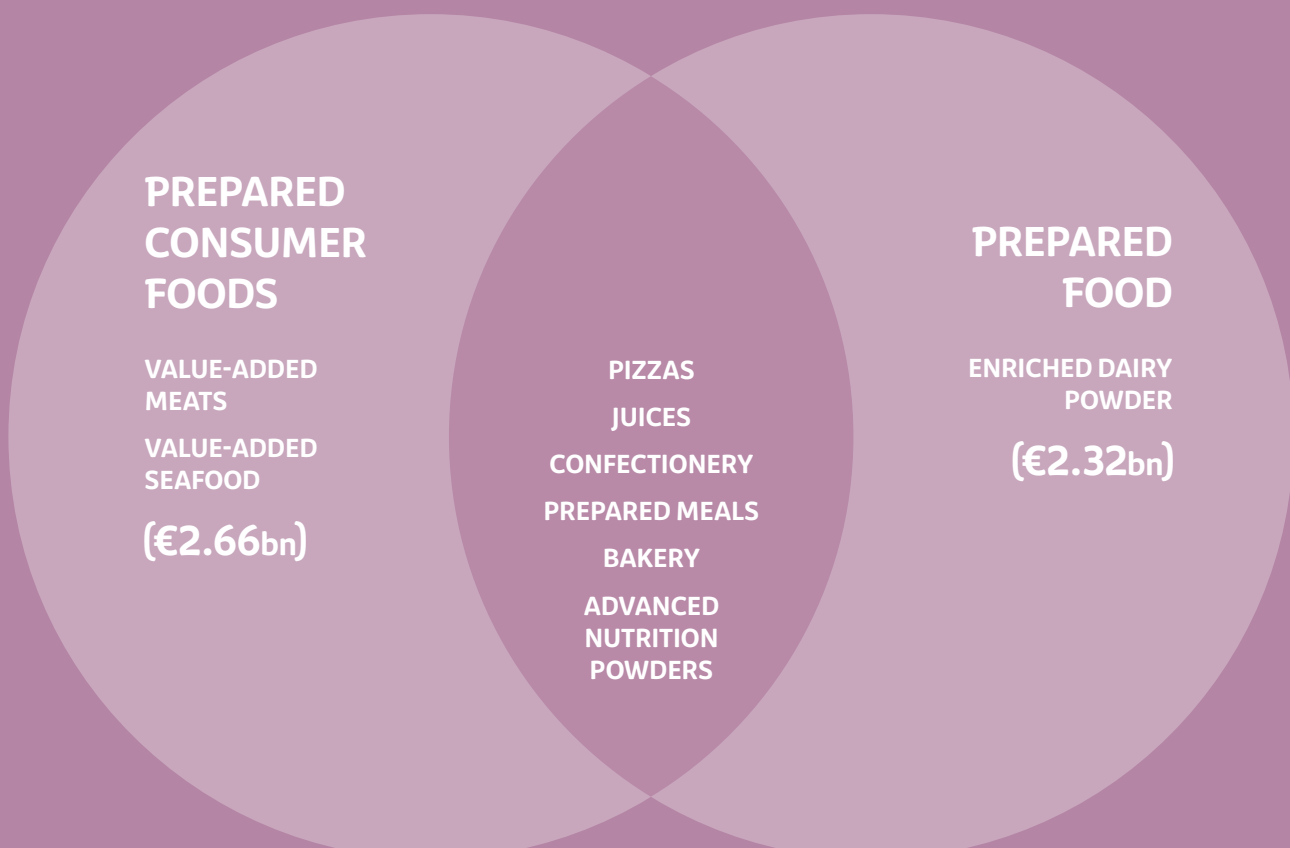
Prepared Consumer Foods (PCF) and Prepared Food are two closely interrelated categories that have emerged to serve different purposes within the food industry. Collectively, they capture the broad range of value-added food products that are manufactured in Ireland, usually involving innovation and/or new product development. PCF is a category that encapsulates virtually any consumer-facing food that has had a value-adding process applied.

Prepared Food, like PCF, incorporates value-added categories of pizza, confectionery, prepared meals, bakery and advanced nutritional powders. It also includes enriched dairy powders, which PCF does not, while excluding value-added meats and seafood, consumer dairy and juices, which are part of PCF.

Following a challenging 2018, both sectors witnessed returns to growth in 2019. Exports from the Prepared Food sector were estimated to be valued at €2.32bn in 2019, a 12% year-on-year increase.

Growth was largely driven by the performance of enriched dairy powders, which accounted for over a third (36%) of overall exports in this category. The most important markets in 2019 were Continental Europe and West Africa.

Exports in PCF were valued at €2.66bn, a 2% year-on-year increase. Despite the challenges and uncertainty of Brexit, the UK remained the largest export market for the sector, valued at €1.8bn in 2019 and accounting for 67% of sectoral exports, a 1% rise on 2018.





# Prepared Consumer Foods and Prepared Food

Continued diversification into European markets was also prevalent in 2019, with the EU now accounting for 25% of PCF exports, up 1.6% to an estimated €666m in value. Growth was seen in Germany (+11.6%), France (+7.7%), Belgium (+7.9%) and Sweden (+16.4%).

The private label route has provided an important opportunity for many PCF companies to enter continental European markets, often on the back of similar successes in the UK. More recently, the foodservice channel has emerged as an important opportunity for growth.

Growth was also evident in international markets, which in 2019 accounted for 8% of PCF exports, a growth of 1.6% on the 2018 figure and delivering value of €213m. The US is the most significant market outside the EU and grew over 22.7% in 2019, adding €7.2m in value terms. The UAE is also increasingly important, with growth of +29% in 2019 delivering €1.6m in value terms.

## CONFECTIONERY

Total chocolate exports from Ireland increased by 2% to be worth €256m in 2019. The UK market accounts for 92% of all Irish exports, which compete largely in premium retail, both as branded and private label, and benefit from consumers opting to 'eat less but better'. Exports of Irish chocolate outside of UK increased by 20% to €8.5m, with Germany, the Netherlands and Australia leading the way. Growth for 2020 is likely to follow a similar trajectory as Irish companies work on both premium branded and private label offerings. Innovative products that play on 'better for you' elements and sustainability are likely to become more prevalent.

## BAKERY

Growth in key export markets saw value outperform volume, with bakery exports worth more than €200m in 2019. Supporting this growth is increased consumer demand for superior quality, whether expressed through premium ingredients, product authenticity, Free From or ethical/plant based claims.

Biscuit exports also saw growth this year, mainly from the UK and in particular Northern Ireland. Emerging markets such as the UAE are also important. Total exports were worth €25m.

## CHILLED

Constraints in shelf life have limited chilled convenience exports largely to the UK market, where, after a long period of growth the market is currently flat. The challenges of Brexit, especially regarding 'just in time' delivery have put additional pressures on what is already a very price competitive category. In some cases, a switch to frozen has enabled companies in this category to both prepare for Brexit and to engage in exports in other markets across Europe. The focus in 2020 will continue on identifying European supply chain opportunities and enabling growth across the key priority markets.

## PCF and PF EXPORTS



**+10%**

The value of Prepared Food exports is €2.32bn



**+2%**

Total chocolate exports from Ireland increased by 2% to be worth €256m in 2019

# Prepared Consumer Foods and Prepared Food

## FROZEN FOODS

The UK continues to be the most significant market for Irish frozen foods exports, and the market accounts for the majority of the pizza and ready meal output and over half of ice cream exports. In a challenging year, due to Brexit consumer uncertainty and a lack of warehousing space, a continued strong export performance was delivered, reflecting both the resilience of the sector and its commitment to key customer management, diversification and innovation. The opportunity to diversify into priority European markets is enhanced by forecasts of steady volume growth over the next three years in Rest of EU markets. Successes have also been achieved in the Middle East, South Korea and Singapore, driven by their innovative product concepts, premium taste and lead generation initiatives.

## GROCERY

The Grocery category has shown double digit growth in 2019 driven by strong growth in the Italian category inclusive of pasta sauces as well as soups and extracts. Exports of Tea, Coffee and Spices saw a 32% YOY increase reflecting a 2019 value of €34.6m. Cereal based products saw a 48% YOY growth reflecting a 2019 value of €54.7m. Grocery Exports are predominantly going to the UK and this destination accounts for 98.13% of exports. Taking a closer look at the UK, Northern Ireland accounts for 22% of the UK grocery exports and is in significant growth +10% YOY.

Key challenges facing this sector in light of Brexit are demands placed on exporters to increase stockholding in both jurisdictions and potential cost increases due to Brexit. UK retailers are reluctant to pass on costs and duties to consumers and the sentiment among the industry is pessimistic as a result. Innovation in the sustainability and ingredient space and supply chain optimisation are seen as the key elements that will drive success for the sector.

## ENRICHED DAIRY POWDERS

Exports of enriched dairy powders increased by 11% to €741 million for the year. The top six markets for EDP are the Netherlands, Nigeria, Germany, Poland, Iraq and Senegal. Ireland is seen as a significant player in the category in the core export markets. Increased production capabilities combined with the growing demand (at the expense of WMP) for fat filled milk powder for use as a finished product or for manufacturing has seen this category grow year on year.

Exports of EDP to Africa performed well this year. Nigeria, the second largest export market for enriched dairy powders increased by 43% to €81m. Exports also increased to reach €50 million in Senegal and €38 million in Mali. EDP applications in these countries vary. A portion will be put on direct retail sale, with a portion further processed into other dairy products, in particular Specialised Nutritional Powders.

Exports of EDP to United Kingdom increased by 59% to reach €27 million.

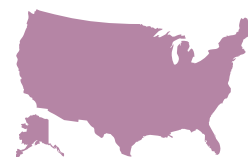
## VALUE ADDED MEATS

One of the largest PCF export sectors, value added meats delivered growth of 4% in 2019 to be worth €640m. Performance in this sector was underpinned by strong gains in the value of hams exported from Ireland, the largest single part of the value added meats sector, up more than 14%. This was driven by continued strong performance in the UK and new inroads in foodservice channels in continental Europe. Despite the challenges of a competitive and price sensitive market, Irish companies are gaining ground in markets such as Germany, particularly where they have strong credentials in the quick service restaurant (QSR) sector. QSR chains are growing ahead of their full-service counterparts in Europe, creating opportunities for Irish value-added meat suppliers who can deliver strong value propositions.



€666m

EU now accounting for 25% of PCF exports, up 1.6% to an estimated €666m in value



+22.7%

The US is the most significant market outside the EU and grew over 22.7% in 2019, adding €7.2m in value terms

# Following a challenging 2018, both sectors witnessed returns to growth in 2019.

## WATERS & NON-ALCOHOLIC BEVERAGES

Exports of non-alcoholic beverages grew 10% to €209m, with product shipped to approximately 50 international markets. The juice category saw growth of 11% and was worth €116m. This value increase reflects the continued success of market diversification to continental EU markets, as the UK market contracted by 13% value. Water exports grew by 2% to €74m, with encouraging growth from premium markets such as Japan, Norway and Iceland.

In terms of non-alcoholic beverages, the growth in the low/ no alcohol space is presenting early opportunities for Irish exporters outside of the UK. Functionality, quality and better-for-you will be the drivers of much of this new business as diversification intensifies.

## PROSPECTS

The PCF and prepared food sectors remain largely optimistic in spite of the challenges associated with Brexit, and there is a strong belief the UK will continue to be central to the sector's growth for the foreseeable future due to strong trading relationships, compatibility of product and challenges with shelf life options for some sectors. However, some serious additional challenges will also confront the industry as it plans for the future. Sustainability, especially in relation to packaging, is a key consumer issue that currently does not have an easy, short-term solution. Additionally, labour market challenges, linked to the overall performance of the Irish economy, may impact on the ability of PCF and PF companies to grow and scale.

Bord Bia recognises the many opportunities for the sectors to diversify into new markets and to respond to the increasing demands of consumers for products that deliver on convenience, health and taste.

PCF companies looking to continue to drive growth and increase their sales to the UK market and other European markets, will require a continued focus on consumer insight.

In terms of Rest of EU markets, Germany and France can become important focus markets for companies who see opportunities to use their UK gained expertise to expand in continental Europe. Foodservice, in particular, offers opportunities in these markets, where companies have begun to capitalise on emerging US-inspired trends. Sustainability and responsible sourcing, especially in relation to packaging are key considerations, and innovation and NPD will be key to meeting this growing consumer and customer requirement.



**ALCOHOL**



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**€1.45bn**

Value of Irish alcohol exports  
in 2019, up 8% on 2018



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**€727m**

Value of whiskey exports,  
a 370% increase in value  
since 2010



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## The top 5 markets

are the US, the UK, France,  
Germany and Canada



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**€10m**

Japan is the largest Asian  
market for Irish alcohol.  
The value of exports rose  
9% to €10m



# Alcohol

## OVERVIEW

### ALCOHOL BEVERAGES

Irish exports of alcohol were worth €1.45bn in 2019, as exporters built on the strong performances of recent years to deliver 8% value growth. As in recent years, Irish whiskey continues to be the pathfinder of the sector's international success. Some 55% of the €137m in export growth achieved in 2019 was in the Irish whiskey category, as total whiskey exports reached €727m.

Following a number of years of sustained growth, the cream liqueur sector repeated its year-earlier performance with sales stable at some 7.9m cases. It was an impressive performance in the context of pressure in the key North American market. Dairy-related tariffs imposed by the US authorities on EU products impacted directly on Irish cream liqueur exports. In addition, a more competitive environment has emerged in the Canadian marketplace.

Ireland's growing diversity of beer exporters were in growth territory during the year, although only just. The overall 2019 performance is expected to see 1-2% growth on the 2018 figures. New product introductions are credited with driving this growth.

For cider producers, 2019 brought a strong performance in the core UK market, following a challenging 2018. Good summer weather in Britain helped to lift consumption by an estimated 11%.

Gin has been a strong export performer in recent years, albeit starting from a low base. Exports in 2019 offered a continuation of this story, with 17% growth to €9m. While the continued popularity of gin among UK consumers, and its central role in the pervading cocktail culture, means growth can be expected to continue through to 2020. The US is a market with growing possibility for some manufacturers. Although a niche offering in the Irish export context, it has a part to play in the overall diversity of the sector.



**€1.45bn**

Value of Irish alcohol exports in 2019, up 8% on 2018



**€727m**

Value of whiskey exports, a 370% increase in value since 2010

# Alcohol

## DESTINATIONS

The US remains the key market for Irish beverage exports, accounting for overall 40% of exports in 2019 to a value of €676m. Whiskey dominates exports to the US and premiumisation is central to its growth, as the trend of drinking 'less but better' impacts on premium offerings.

In the Rest of EU markets, there was significant growth in a number of key markets, as the value of Irish exports increased by 10% to €418m. France proved especially receptive to the Irish proposition as exports there rose 45% to €86m. Germany also increased 20% to €84m, while Latvia also remained an important market, although declining 13% in value to €48m. Latvia is known to be a point of on-ward shipping for the Russian market, which remains difficult to ship directly to. Despite this, 2019 saw direct exports of Irish spirits to Russia, as some exporters adjusted their export strategies. Values remain very small currently.

The Netherlands saw strong growth, with exports rising 51% to €34m, although as with other sectors, the country's role as a global trading hub means a substantial amount of this was for onward export.

Canada, an important market for cream liqueur and an increasing one for whiskey, saw a 2% increase in exports to €72m.

## PROSPECTS

Although the UK absorbs a somewhat lower percentage of exports in the Irish beverage sector than in many other industries, Brexit remains a significant concern, particularly given the strong performance of whiskey, cider and gin in the market in 2019. The UK's exit from the EU will remove their participation in the EU's protected geographical indication designation scheme, of which Irish Whiskey is one. Beyond that, the US trade war with the EU continues and further expansion of tariffs to encompass Irish whiskey or other spirits cannot be ruled out.

Notwithstanding the issues of tariffs that now present a genuine impediment to growth for Ireland's cream liqueur sector in the US, America's strong performance and central role in the success of Irish beverages is likely to continue in 2020. Whiskey will continue to be the mainstay of that growth. The development of new distilleries and whiskey offering in Ireland speaks to the general positivity in the sector, which can reasonably be said to have been transformed in the space of a decade. However, the dependence for much of this growth on the US market brings its own risks, particularly in light of the potential for the sector to be inadvertently caught up in global trade disputes. For Irish cream liqueur producers, the challenges currently presented by the North American market undoubtedly represent a setback. The industry will redouble its efforts to remain competitive and recalibrate its marketing strategy accordingly. Assistance for the cream liqueurs category will be a priority for Bord Bia's spirits strategy in 2020, which will commit to protecting existing business while developing new opportunities.

Gin will continue its repositioning as a strong niche export category with double digit export growth expected in 2020 and the UK set to remain its core export market.

Ireland's beer production is expected to continue on its current trajectory of moderate export growth with the country's heritage and provenance in the category allowing it to find a distinct space in a crowded market.

Global travel and duty-free retail have long been conduits of Irish beverage sales. Growth in global air passenger numbers is set to remain strong and a fresh opportunity in duty free sales may be delivered through Brexit. However, the continued consolidation of global travel retail will also pose challenges for suppliers.

## ALCOHOL EXPORTS



€676m

The US remains the key market for Irish beverage exports, accounting for overall 40% of exports in 2019 to a value of €676m



€29m

€29m +67% alcohol exports to Netherlands YOY



**SEAFOOD**



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**€605m**

6% increase in Irish seafood exports in 2019 to €605m



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**+70%**

Seafood exports to Japan grew by 70% to €22m



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**+40%**

Seafood exports to China grew by 40% to €51m



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**+11%**

The UK market for Irish seafood performed strongly in 2019, growing by 11% to be worth €53m

# Seafood

## OVERVIEW

The value of Irish seafood exports increased by 6% in 2019 to €605m, a welcome return to growth in spite of sometimes difficult trading conditions. Brexit uncertainty, quota restrictions and political tensions across key markets left their mark on the sector which nevertheless saw increased export values recorded in almost all seafood categories, with the exception of whitefish.

Five core EU markets - France, Spain, UK, Italy and Poland - account for some 53% of Irish seafood exports by value. In all, continental European markets absorbed 64% of Irish seafood export output, worth €374m, with international markets the destination for a further 28%, worth €169m and the UK 9%, to a value of €53m. Three Asian markets - China, South Korea and Japan - are the sector's most important international markets and collectively accounted for over 14% of total seafood exports. The Japanese market recorded exceptional growth of 70%, to be worth €22m, while exports to China increased by 40% to €51m.

Nigeria continued to be the most important African market for Ireland's seafood sector, the destination for more than 50% of Irish seafood exports to Africa. Quota restrictions were behind the decline in export values of 18%, which saw the market worth €29m. Egypt grew in value by 86% to absorb €18m of Irish seafood. The UK market for Irish seafood performed strongly in 2019, growing by 11% to be worth €53m.

At the end of 2019, the quota allocations for 2020 were announced. Ireland's quota for mackerel was significantly expanded - +40%, while haddock (+30%) and monkfish (+7%) quotas were also increased. Prawns quotas were reduced 15%.



**€374m**

Continental European markets absorbed 64% of Irish Seafood export output, worth €374m



**+86%**

Egypt grew in value by 86% to absorb €18m in Irish seafood



# Seafood

## MAIN PRODUCT TRENDS

### PELAGIC

Quota cuts of 12% had a direct impact on pelagic volumes exported in 2019, with even steeper cuts in quota of 20% on Irish mackerel and blue whiting, and 25% on herring, all impacting on the sector's export potential. Concerns around Brexit and access to fishing rights had repercussions on fishing patterns during the year. Most of the Irish fleet's mackerel quota was caught at the beginning of 2019, which had major follow-on consequences in terms of storage costs. The processing sector was required to deal with all landings in one short season rather than the traditional two seasons. This also created continuity of supply issues with customers later in the year and effectively ruled out any new market development opportunities in 2019. In spite of these constraints, the processing sector sustained impressive export volumes. A key component of this was its success in attracting landings by foreign vessels for processing during the year.

Prices and demand for Irish mackerel was strong, particularly in Europe and Asia, resulting in export values increasing by 14% in spite of a 1% drop in volume. The core European pelagic markets performed well in 2019 delivering high double-digit growth, while demand for Irish pelagic fish increased by 89% in value in China and by 48% in Japan. The main African markets have shown signs of recovery however foreign exchange pressures continue to constrain their buying power.

### SHELLFISH

Export values achieved by Irish shellfish exporters were strong throughout the year, as demand continued to outstrip supply across many export markets. In all, value increased by around 5% as volumes fell back 1%. Highest growth was seen in the UK, where exports grew by 56%. In European and international markets growth was more moderate, with increases of 3% and 1% respectively. France remained the largest export market for Irish shellfish accounting for 27% of sales, followed by Italy (24%) and China (12%).

### LANGOUSTINES

The largest shellfish export category in 2019 was frozen langoustines, although oversupply in the market made for challenging conditions, and resulted in a decrease in export values to the main markets in Italy and Spain.

### OYSTERS

The Irish oyster sector had another strong year with export values increasing to over €30m. This was despite challenges in China, which has a preference for large size oysters of which there was reduced export values in 2019 by over 20%, and the political uncertainty in Hong Kong which dampened demand. Demand remained strong in the UK. France remained the largest buyer of Irish oysters, and the Netherlands grew strongly albeit from a low base.

Looking to 2020, the sector remains positive about further growth and new market opportunities in Europe and Asia, although mortalities in certain oyster growing areas impacted on supply towards the end of the year.

## SEAFOOD EXPORTS



**+5%**

The value of shellfish increased by around 5% as volumes fell back 1%



**56%**

Highest growth for shellfish was seen in the UK, where exports grew by 56%

# Seafood



**€169m**

The value of International markets is €169m



**53%**

Five core EU markets - France, Spain, UK, Italy and Poland - account for some 53% of Irish seafood exports by value



**+27%**

France remained the largest export market for Irish shellfish accounting for 27% of sales



**50%**

Nigeria continued to be the most important African market for Ireland's seafood sector, the destination for more than 50% of Irish seafood exports to Africa worth €29m



**+89%**

Irish pelagic fish increased by 89% in value in China and by 48% in Japan to more than €20m



**+14%**

Irish salmon exports recorded a value increase in the region of 14% over the year approaching €100m



**+14%**

Irish mackerel export values increased by 14% in spite of a 1% drop in volume to more than €120m

## CRAB

Irish brown crab exporters had a challenging year due to the drop in demand for processed crab in China. This had a negative impact on the returns and prices paid to fishermen, despite some strong performances in key European markets. Existing stocks are being cleared through at discounted prices and cashflow is now a challenge due to the build-up of stocks. Processors need to tightly manage margins as prices fall. Looking forward, this sector is facing a challenging 2020 and securing new customers in international markets will be critical to avoid an oversupply in the traditional European markets. Otherwise further price reductions are to be expected.

## MUSSELS

The European market is the main focus of Ireland's mussel exporters and, in 2019, was extremely competitive. This was partly the result of increased competition from Chile and Germany, resulting in a drop in demand from key markets such as France and the Netherlands. Increased Dutch production of mussels over the last few years has fed into this competitive environment, however Ireland's organic certified mussel offering has a clearly segmented position, which provides a certain level of market protection. This has worked particularly for Irish suppliers in France, which is Europe's second largest market for organic foods. The recent certification of the Irish mussel fishery to MSC offers the potential for further market development as demand for this certification grows.

## WHITEFISH

Exports of whitefish continue to be dominated by three European markets - France, Spain and the UK - which together accounted for around 80% of total whitefish exports, worth €9m. Performance of these species is directly related to quotas, which were relatively stable in 2019. However, difficult trading conditions led to declines being recorded for the category during the year.

## SALMON

Irish salmon exports recorded a value increase in the region of 14% over the year and Irish organic salmon is perceived as a premium quality product across the main organic markets in Europe. The 2019 growth came against the backdrop of some serious production challenges. Supply of fresh organic salmon ceased during the final two months of the year due to issues surrounding the impact of jellyfish and planktonic 'blooms' on salmon stocks on a number of fish farms.

Despite this effective shut down of supplies though to the end of Q4, the overall growth achieved over the year demonstrates the strength of the sector as salmon prices remain strong across key export markets.

## OUTLOOK

As the 2019 performance indicated, sectoral prospects for 2020 are varied depending on the category. In December 2019, the result of quota negotiations were announced. Ireland's mackerel quota was increased 40%, haddock 30% and monkfish 7%. This was tempered somewhat by a 15% reduction in the prawn quota. Beyond the quotas however the consequences of Brexit and, in particular, the potential impact on access to fishing rights remains a major uncertainty.

The industry in general remains positive about its ability to grow in an increasingly diverse range of markets across Europe, Asia and Africa. In spite of a challenging conclusion to 2019, the Irish salmon sector is optimistic supplies will improve in the year ahead, although shortages will limit the value of exports of fresh and smoked salmon, as well as the potential to exploit new growth markets in the short term.

Demand in China for Irish brown crab will govern the performance of that category in 2020, as suppliers continue to invest in market development initiatives that will unlock other opportunities in Asia.

Looking to 2020, the sector remains positive about further growth and new market opportunities in Europe and Asia, although mortalities in certain oyster growing areas impacted on supply towards the end of 2019. New market development in the langoustine sector will be key to unlocking opportunity as traditional European markets remain under pressure due to weak demand and oversupply.





**HORTICULTURE**









## €248m

Edible horticulture and cereal exports were worth €248m in 2019, an 8% rise in value on the 2018 figure



## €104m

The value of mushroom exports in 2019 was €104m, a 4% rise on 2018's value



## €94m

€94m is the value of cereal exports for 2019



## 99%

99% of all Irish mushroom exports are destined for the UK

# Edible Horticulture and Cereals

## OVERVIEW

Edible horticulture and cereal exports were worth €248m in 2019, an 8% rise in value on the 2018 figure.

Mushrooms and cereals make up the majority of this export category, with the UK the primary market for both.

## MUSHROOMS

The value of mushroom exports in 2019 was €104m, a 4% rise on 2018's value.

It was a challenging year for mushroom producers with continued consolidation of the sector and an increased focus on productivity gains to help insulate against consumer sentiment volatility in the context of Brexit. More positively, a greater focus on the supply of brown mushrooms, which carry the highest profit margins, has brought with it more security of income at farm level, while, in the UK retail market, a general inflationary trend has helped to lift the retail price of mushrooms without affecting the volume of sales.

## UK RETAIL

Pre-packed, closed cup mushrooms account for almost 50% of total mushrooms exports. Key market trends observed in the UK retail environment include a decline in value on flat mushrooms, which carry lower profit margins, and stronger performances in brown, button and Portobello mushrooms, which are higher margin. Innovation and new product development have been reflected in the introduction of Vitamin D and Vitamin B12 mushrooms. These have proved successful with consumers and point the way to other value-adding opportunities in the future.

## CEREALS

Irish cereal exports are primarily to Northern Ireland and were worth €74m in 2018, with a volume of 230,000 tonnes. Export volumes increased significantly in 2019, although the average price per tonne was lower, with total exports estimated at 342,000 tonnes and valued at €94m. In volume terms this equates to about 15% of domestic production.

There was little change in the overall plantings in 2018/2019, with land use at 261,000Ha. An increase in winter rather than spring crop planting was notable, and overall yields of the main grain crops were good, and in the case of spring barley very good. Total grain production was down in 2018 to 1.83m tonnes as a consequence of dry weather and reduced winter crops. However, this increased to 2.2m tonnes this year. Harvesting conditions were generally good for winter crops but deteriorated in spring, particularly in the west and north west. Grain prices fell back significantly on last season.

## OUTLOOK

The challenges of Brexit will continue to weigh on the sector, and the nature of any agreement reached in 2020, as well as the impact on sterling and consumer sentiment will be pivotal to the sector's performance during the year. Although, to date, volume sales have remained steady in the face of price inflation, consumer sentiment is already weak, with any further fall likely to lead to reduced consumer spending and even more pressure on the sector.

While still a niche sector, the success of vitamin enriched mushrooms and the growing popularity of varieties with higher profit margins points show the longer-term opportunity for sustainable returns to Irish producers.

# Amenity Horticulture

## OVERVIEW

The amenity horticulture sector relies heavily on the UK for sales and despite significant consumer sentiment challenges triggered by the Brexit referendum, growers of plants, and cut foliage all managed to maintain or increase exports to Great Britain and North Ireland. This is with the exception of the Christmas tree sector, which was in particular affected by the break up of a major UK Garden Centre Chain. In general demand for Christmas trees from Ireland was down as well. Bulb and daffodil exports were up on 2018. Total value of exports was steady at €18.5m, broken down as follows:

- Bulbs and flowers  
€1.7m
- Foliage  
€4.8m
- Christmas tree  
€3.7m
- Nursery stock  
€8.3m

Hardy nursery stock accounts for €8.3m worth of exports, an increase of €1 million over last year. There was the potential for this to be even higher, but domestic demand was strong, with some operators preferring to increase local sales. In 2019 there were 26 nursery stock producers exporting to Northern Ireland and Great Britain. There were also 5 bulb / cut flower exporters, who are exporting stock to Northern Ireland, Great Britain and continental Europe, with increased exports to the continent from a small base.

Challenges remain in exporting to the UK due to the exchange rate and have resulted in some UK buyers seeking to source more stock from the UK than before. In addition, the home market is more buoyant with the uplift in house-building. There are still good potential opportunities in the UK and with a proactive and professional approach to exporting the opportunities for Irish growers are positive. Likewise, those nurseries that are serious about growing turnover will only do so significantly by developing export markets. The disease free status of Irish stock, and the proximity to the UK market remain advantages for Ireland, but much will depend on finalised future trading relationships between the EU and the UK.



**€1.7m**

Total value of bulbs and flowers exports in 2019



**€4.8m**

The value of foliage exports in 2019 was €4.8m



**€3.7m**

The value of Christmas trees exports in 2019 was €3.7m

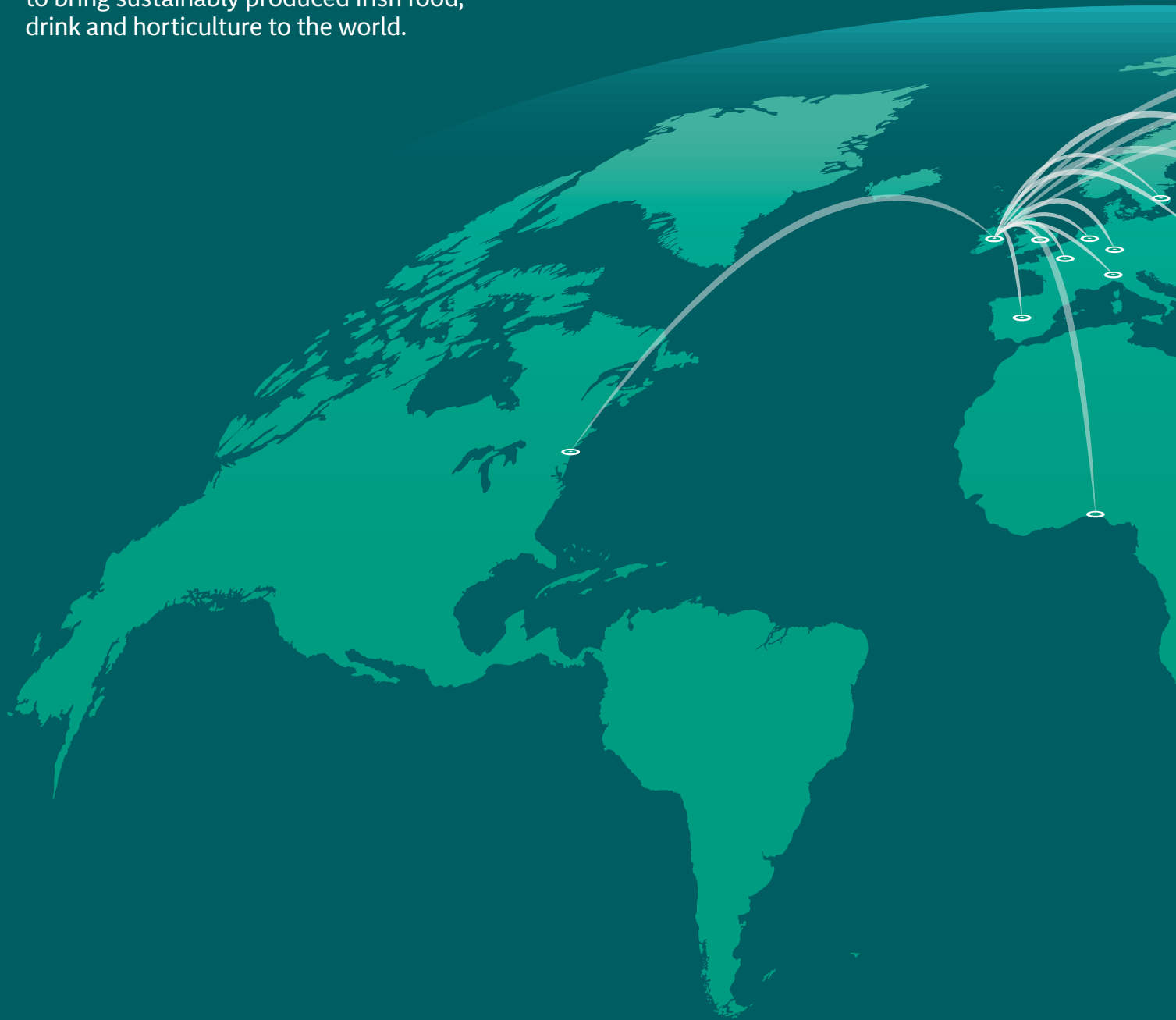


**€8.3m**

Nursery stock accounts for €8.3m worth of exports, an increase of €1m over last year

# Global Network

Bord Bia works in partnership with industry to bring sustainably produced Irish food, drink and horticulture to the world.





## Bord Bia International Offices

Dublin	Madrid	Stockholm
Amsterdam	Milan	Singapore
Dubai	Moscow	Tokyo
Düsseldorf	New York	Warsaw
Lagos	Paris	
London	Shanghai	

# Your Bord Bia Sector Team

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**Padraig Brennan**  
Head of Sectors

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**Mary Morrissey**  
Senior Sector Manager  
Dairy

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**Elaine Crosse**  
Sector Manager  
Consumer Dairy

**Margaret Butler**  
Sector Manager  
Dairy Ingredients

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**Joe Burke**  
Senior Sector Manager  
Meat and Livestock

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**Declan Fennell**  
Sector Manager  
Sheepmeat

**Mark Zieg**  
Sector Manager  
Beef

**Peter Duggan**  
Sector Manager  
Pigmeat and Poultry

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**Michael Hussey**  
Senior Sector Manager  
Alcohol and Seafood

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**Karen Devereux**  
Sector Manager  
Seafood

**Annette Kenny**  
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Seafood

**Denise Murphy**  
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**Karen Tyner**  
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Prepared Consumer Food

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**Fiona O'Shaughnessy**  
Business Development Manager  
Prepared Consumer Food

**Clodagh Slattery**  
Executive  
Prepared Consumer Food

**Margaret McCarthy**  
Business Development Manager  
Prepared Consumer Food

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**Gillian Willis**  
Small Business  
Development Manager

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**Mike Neary**  
Director of Horticulture  
and Farmer Engagement

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**Michal Slawski**  
Sector Manager  
Horticulture

**Carol Marks**  
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Horticulture

**Lorcan Bourke**  
Sector Manager  
Horticulture





