




Selling to Ireland

Opportunities for UK goods and services





"The Republic of Ireland grocery market is valued at in excess of €9bn with 11% growth expected in the next 5 years."

Introduction

The Republic of Ireland is a significant trading partner of the United Kingdom and is an obvious and conveniently located market for British companies looking to sell goods and services abroad. Ireland has a well-developed infrastructure and many similar legal and other business structures to the UK.

With English as a shared language and many cultural and business ties, it makes common sense to consider the Irish market as a destination for UK exports. In fact Ireland (£27.86bn in 2014¹) is already one of the UK's largest trading partners and buys more British goods and services than countries such as China (£14.1bn, 2014²) or Brazil (£2.5bn, 2013³).

Dublin is the capital city and Greater Dublin has a population of 1.8m people. Other major urban centres include Cork, Galway, Limerick and Waterford. There are many air and sea routes between Ireland and the UK notable for their short journey times and high frequency.

With a population of 4.6 million⁴ and a politically stable parliamentary democracy, Ireland is a long standing member of the EU and the Eurozone.

Economy – Some Key Facts

The European Commission have rated the Irish economy as one of the fastest growing in Europe⁵. Following significant economic challenges in the years following a banking and property crash in 2007, business and consumer confidence has returned with a strong increase in employment and economic activity.

Ireland attracts high levels of inward investment notably from the US and cities such as Dublin, Cork and Galway are leading locations for global IT operations such as Apple, Microsoft, Google, Facebook and LinkedIn. Other sectors attracting significant investment include financial services, pharmaceuticals and life sciences.

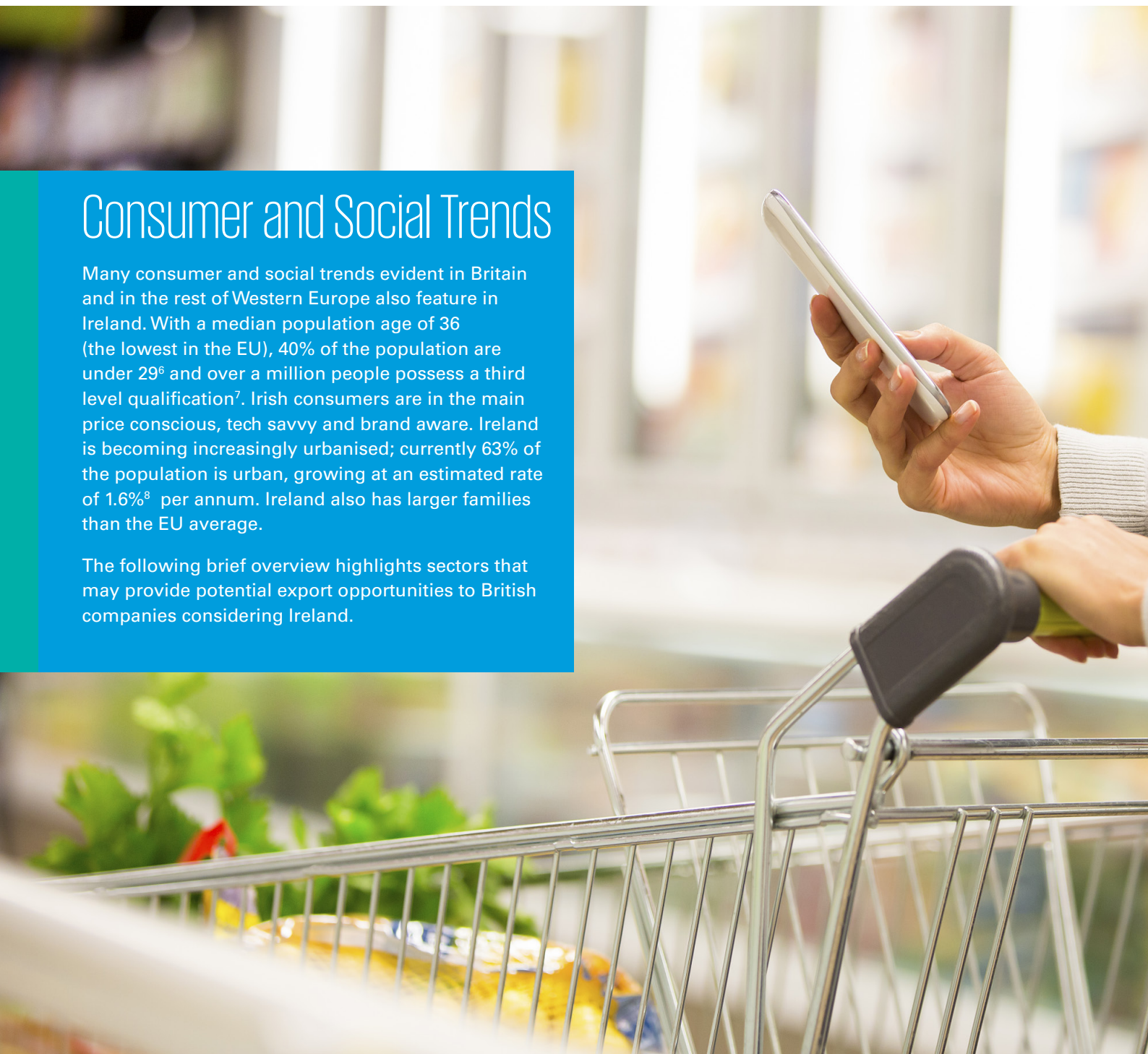
Notable features of the Irish economy include a youthful population with a high birth-rate, inward migration from elsewhere in the EU including many highly skilled people working in technology and related sectors. Ireland ranks in the world's top 20 countries by Gross Domestic Product (at purchasing power parity) per capita.

Ireland is regularly listed as one of the best countries in the world in which to do business. Tangible factors such as the favourable taxation regime and the regulatory environment and intangible aspects such as a 'can do' attitude have been instrumental in Ireland's success.

Consumer and Social Trends

Many consumer and social trends evident in Britain and in the rest of Western Europe also feature in Ireland. With a median population age of 36 (the lowest in the EU), 40% of the population are under 29⁶ and over a million people possess a third level qualification⁷. Irish consumers are in the main price conscious, tech savvy and brand aware. Ireland is becoming increasingly urbanised; currently 63% of the population is urban, growing at an estimated rate of 1.6%⁸ per annum. Ireland also has larger families than the EU average.

The following brief overview highlights sectors that may provide potential export opportunities to British companies considering Ireland.





Food and Drink

Ireland is a major food and drink producer and exporter with agri-food and drink exports amounting to €10.8bn⁹. Household names such as Guinness, Baileys, Kerrygold and Jameson are widely known internationally. Irish agribusiness companies such as Glanbia and Kerry are hugely successful multinationals with a significant global footprint. Other major players exist in dairy, beef, pork, chicken, fisheries and horticulture.

The grocery market is dominated by multiples including Musgraves, Tesco, Dunnes, Aldi and Lidl. Other UK supermarket groups, with the exception of the aforementioned Tesco and M&S, have not yet entered the market. The Republic of Ireland grocery market is valued at in excess of €9bn with 11 % growth expected in the next 5 years¹⁰.

Competition is intense and is primarily price led. There is strong national loyalty to Irish produced food and drink and this is a factor in a large part of the grocery sector where such produce is visibly labelled and promoted. However there is a market for high quality imported products that remain price competitive and there are opportunities to exploit this further.

There is also a significant artisan food sector. According to Mintel¹¹ the specialised food sector grew at a strong rate to €632 million in value in the last 2 years including successful cheese and craft-brewing businesses.

Other retail sectors have a strong UK presence notably in fashion, home ware, electronics and white goods – all competing successfully with a range of domestically owned chains.

“The specialised food sector grew at a strong rate to €632 million in the last 2 years.”



Tourism

Ireland is a major tourist destination regularly named as one of the worlds 'must see' destinations by the likes of Lonely Planet.

With a scenic and unspoiled landscape and a range of vibrant cities rich in culture and entertainment opportunities the tourism product ranges from golf to city breaks and longer stay holidays. Dublin Airport is a major European airport with in excess of 25 million passengers annually and is a well-established hub for North Atlantic traffic from Britain and continental Europe.



Construction

According to a recent survey the construction sector accounted for approximately 6.9 per cent of GNP in 2014 and is expected to reach a value of €12.5 billion or 7.5 per cent of GNP this year¹².

The survey suggested that FDI is expected to generate significant opportunities for the construction industry, with existing and new FDI companies seeking to expand their Irish presence. Among the examples quoted were high value end manufacturing plants and new manufacturing facilities¹³.

Engineering

As a consequence of sustained economic investment, there are a range of engineering opportunities including: medical devices, environmental, bio medical, ICT, aerospace and energy¹⁴.

Ireland has also become a noted European hub for pharmaceuticals and has attracted significant inward investment from companies such as Allergan and Pfizer.



“Excellent port facilities exist at Dublin, Roslare and Cork with multiple daily freight services to Britain.”

Infrastructure

Telecommunications

Ireland has one of the most advanced and competitive telecommunications infrastructures in Europe. With a fully de-regulated market, many companies have successfully entered and thrived here. Significant investment in telecommunication infrastructure have resulted in fast connectivity and a highly digitally literate consumer base¹⁵.

Commercial Property

As the Irish economy posts continued growth, the income profile from the Irish market continues to appeal to investors. As the recovery broadens, Ireland's commercial property market has retained its competitive position and rental growth is expected to continue¹⁶.

Factors noted include investors moving beyond core, aggressively priced markets such as London to seek higher yielding real estate; the prospect of strong rental growth in Ireland and a recognition that Dublin in particular benefits from a diverse and strong economy with a transparent real estate market. Recent surveys have indicated that Dublin is high on the radar of investors, reflected in findings which showed Dublin was the third most favoured market in Europe¹⁷.

Utilities / Energy

Energy infrastructure is a critical component in attracting business to Ireland. There is a focus on renewable energy from wind and hydro sectors and current projects to

develop high voltage infrastructure will improve Ireland's already impressive network¹⁸.

Transport

Excellent port facilities exist at Dublin, Rosslare and Cork with multiple daily freight services to Britain. There are major international airports at Dublin, Cork, Shannon and Knock with high frequency connectivity to British cities.

Ireland has an excellent motorway network connecting all the major cities and has a well developed rail network with good service capacity and reliability¹⁹.

"There is a market for high quality imported products that remain price competitive."





Doing Business

Ireland has a reputation for friendliness and informality which extends into business. Nevertheless buyers will inevitably seek the best prices and terms and will be thorough in exploring how they may secure the best deal.

Relations between the two countries are good and Irish business people are familiar with UK business and current affairs issues given the high level of media overspill from Britain to Ireland. As noted, Ireland is also highly committed member of the EU with significant strong all party political consensus in favour of EU membership. People generally regard themselves as both Irish and European.



Conclusion - Why Ireland?

If you are a British business looking to sell more goods and services abroad, it makes sense to assess the possibilities afforded by the nearby Irish market. Ease of access, cultural and business similarities and a relatively affluent and English speaking population are just some of the reasons why Ireland presents significant opportunities for British exporters.





Eitiltí Isteach Arrivals



Footnotes

1. UK Trade & Investment, Ireland Export Overview (section 1), <https://www.gov.uk/government/publications/exporting-to-ireland/exporting-to-ireland>
2. UK Trade & Investment, UK and China Trade (section 4), <https://www.gov.uk/government/publications/exporting-to-china/exporting-to-china>
3. UK Trade & Investment, UK and Brazil Trade (section 4), <https://www.gov.uk/government/publications/exporting-to-brazil/exporting-to-brazil>
4. World Bank, <http://data.worldbank.org/country/ireland>
5. European Commission, Winter 2016 Economic Forecast: Weathering new challenges, http://ec.europa.eu/economy_finance/eu/forecasts/2016_winter_forecast_en.htm
6. IDA Ireland, Facts about Ireland, Autumn 2015, http://www.idaireland.com/docs/publications/Facts_Ireland_2015, page 3
7. Expert Group on Future Skills Needs publishes its Report on "Monitoring Ireland's Skills Supply 2015 Report", <http://www.skillsireland.ie/Publications/2015/EGFSN-Monitoring-Skills-PressRelease-2015-FINAL.pdf> July 2015.
8. Central Intelligence Agency, The World Fact Book: Ireland, <https://www.cia.gov/library/publications/the-world-factbook/geos/ei.html>
9. Bord Bia, Factsheet on the Irish agriculture and Food & Drink sector, <http://www.bordbia.ie/industry/buyers/industryinfo/agri/pages/default.aspx>
10. Bord Bia, ROI Grocery Market Review, <http://www.bordbiavantage.ie/market-information/irish-market/>
11. Mintel, Artisan Food – Ireland, June 2015.
12. Society of Chartered Surveyors Ireland, Irish Construction Prospects to 2016, https://www.scsi.ie/documents/get_lob?id=538&field=file, Page i
13. Society of Chartered Surveyors Ireland, Irish Construction Prospects to 2016, https://www.scsi.ie/documents/get_lob?id=538&field=file, Page 28.
14. IDA Ireland, Engineering, <http://www.idaireland.com/business-in-ireland/industry-sectors/engineering/>
15. IDA Ireland, Facts about Ireland Autumn 2015, http://www.idaireland.com/docs/publications/Facts_Ireland_2015
16. The Irish Times, Is there still value in the Irish commercial property market? Jan 04 2015, <http://www.irishtimes.com/business/commercial-property/is-there-still-value-in-the-irish-commercial-property-market-1.2064414>
17. Irish Independent, Does Ireland still look good to foreign investors? 11 Feb 2016, <http://www.independent.ie/business/commercial-property/does-ireland-still-look-good-to-foreign-investors-34442044.html>
18. IDA Ireland, Infrastructure, <http://www.idaireland.com/invest-in-ireland/ireland-infrastructure/>
19. IDA Ireland, Infrastructure, <http://www.idaireland.com/invest-in-ireland/ireland-infrastructure/>

1 Stokes Place
St Stephen's Green
Dublin 2

Tel. +353 1 410 1000
Fax. +353 1 412 1122

1 Harbourmaster Place
IFSC
Dublin 1

Tel. +353 1 410 1000
Fax. +353 1 412 1122

90 South Mall
Cork

Tel. +353 21 425 4500
Fax. +353 21 425 4525

Dockgate
Dock Road
Galway

Tel. +353 91 53 46 00
Fax. +353 91 56 55 67



© 2016 KPMG, an Irish partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Ireland.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are registered trademarks of KPMG International Cooperative ("KPMG International"), a Swiss entity. If you've received this publication directly from KPMG, it is because we hold your name and company details for the purpose of keeping you informed on a range of business issues and the services we provide.

If you would like us to delete this information from our records and would prefer not to receive any further updates from us please contact us at (01) 410 2665 or e-mail sarah.higgins@kpmg.ie. Produced by: KPMG's Creative Services. Publication Date: February 2016. (1573)