



IRISH EXPORTERS ASSOCIATION

IRISH EXPORTERS CONTINUE TO
SHOW RESILIENCE AND FORESIGHT

ANNUAL REPORT

2019



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President's Statement



David Carthy
IEA President 2020

Dear valued member,

Irish exporters continue to meet challenges with resilience and foresight. Uncertain trading arrangements with the United Kingdom from 1st January 2021, global trade tensions and the climate crisis are just some of the issues exporters are meeting head on. The Irish Exporters Association remains your partner throughout your export journey.

Looking beyond 2019, we know that challenges will continue to arise, however I have every confidence that exporters will overcome them, turn them into opportunities and continue to drive the Irish economy forward. The Irish Exporters Association continues to mark the achievements of Irish exporters through our annual Export Industry Awards, which was in its 19th year in 2019.

Every year, the competition to be crowned Exporter of the Year intensifies. In 2019, East Coast Bakehouse won the highly sought-after award in recognition of their rapid expansion into 23 countries, the innovative products they manufacture and the contribution that the business has made to their local area in the form of employment and charitable activity. Irish exporters, like East Coast Bakehouse and our other winners and competitors deserve recognition for their drive, resilience, and contribution they make to the Irish economy.

Brexit continues to be a major issue of concern for Irish businesses. The Irish Exporters Association has continued to engage with the Government and the EU on your behalf to shed light on the impact on the ground. Your voice has been heard and due to your strong engagement with us we have been able to effectively bring your concerns to the table at the highest political levels nationally and in Europe. We will continue to highlight your concerns through our involvement in all of the key Government stakeholder groups. We will continue to lead on this debate and progressing policy on the issues of relevance to you.

Responding to the climate crisis will dominate international, EU and Irish policies on trade, transport and economic growth. Sustainable trade is the way forward and we want the Irish Exporters Association to lead the debate on business practice and appropriate regulation. The green supply chain and sustainable business practices are key to ensuring that Irish exporters play our part in tackling climate change. A green supply chain is an enabler to business growth and we want Irish exporters to deliver on this opportunity.

It would be remiss of me to not reference COVID-19 and the impact it is having on the Irish economy and your businesses. The global landscape in 2019, the year this Report is based on, was very different to where we are now. It must be said that we value your membership of the IEA and we work for you through COVID-19, through Brexit and through the obstacles and opportunities you face in your trading journey.

We remain your voice and partner through the challenges and opportunities that lie ahead. The organisation is rooted in looking after the welfare of exporters, supporting their growth and making our contribution to the Irish economy and society. Since 1951, the IEA has stuck to its aims and will continue to do so in your interest.

Yours sincerely,

David

IEA President 2020 - 2021

Chief Executive's Review of 2019



Simon McKeever
Chief Executive

The benefits of an open, rules-based, multilateral system go well beyond the imposition of lower tariffs and other barriers to trade. A free and fair-trading environment will always trump a trading system overrun on political tensions. Irish exporters are accustomed and fortunate to operate under a trade agenda that is driven and led by the European Union.

In terms of trade, Ireland's membership of the EU brings many benefits. EU membership is invaluable to Ireland's small open economy and Irish exporters alike. Our membership, since 1973, ensures that we negotiate trade agreements as part of a bloc of 27 states – and can therefore punch above our size when it comes to accessing global markets.

Our membership of the EU single market bestows four freedoms – the free movement of goods, services, capital and people. Irish businesses have reaped the benefits of these freedoms, in particular access to the EU market. In December 2019, the Irish Central Statistics Office (CSO) recorded that the EU (excluding the UK) accounted for 48% of total exports. The proportion of Irish exports destined for the EU demonstrate the importance of this market for Irish goods. Ireland's access to over 40 EU trade agreements that cover over 72 countries is a major plus for exporters. From these figures alone we can see that Ireland's place is in the EU and we continue to work on your behalf to make the most of our membership of the Single Market in your interest.

Brexit was and continues to be a major concern. What is certain is that our trading relationship with the UK will be different from 1st January 2021 when the transition period comes to an end. Our trade volumes with the EU will also be different given the importance of the UK market to Irish businesses. The CSO reported that the largest product categories exported in 2019 were food and live animals (€4,009 million) and chemicals and related products (€3,964 million). Exports to Great Britain accounted for 9% of total exports in 2019. While the percentage is not comparable to the degree of trade with the EU, the UK's departure from the EU has serious ramifications for Irish businesses. What we do know is that trading with the UK will not be the same as it currently is, and we are urging our members to prepare for this rapidly approaching reality. Businesses need to get up to speed with customs, SPS and the regulatory requirements that will apply when the transition period comes to an end. We welcome the Government's commitment to roll out customs training to businesses through the Skillnet Clear Customs programme again this year, and we believe that the current skills gap in customs clearance needs to be addressed with urgency.

We continue to develop our IEA training courses to meet the needs of our members and the wider business community. Training in customs, Incoterms® and international trade were among the most sought after of our courses taken up by businesses. In 2019, we launched our Certificate in International Trade alongside the Minister for Foreign Affairs, Simon Coveney, TD and Martin McVicar, Managing Director of Combilift. The Certificate is a new educational programme aimed at supporting and promoting practical, on the job learning, to meet the growing skillset required for anyone working in international trade operations and regulations. The course modules are designed to improve existing capabilities and lead to on-the-job application. We ran three intakes in 2019: April, September, and October, with each set of students covering 6 one-day modules delivered every 12 weeks.

We continue to run our successful Certificate with graduates commenting on completion that the course gave them the platform to build their career in the supply chain sector and gave them a greater understanding of import/export documentation & procedures and tariff codes & classification modules.

In 2019 we had many highlights, these include:

- **Launching our Certificate in International Trade** with the support of the Minister for Foreign Affairs, Simon Coveney TD and Martin McVicar, Managing Director of Combilift and welcoming three intakes of businesspeople. The relevance of the IEA's Certificate in International Trade is particularly valuable to any business exporting to or importing from the UK and any 3rd country outside of the EU Single Market. The feedback we have received illustrates how important knowledge of international trade is to businesses.
- **We continued to partner with Government**, particularly on Brexit. Our involvement in the Department of Foreign Affairs' Brexit Stakeholders Forum, the Export Trade Council as well as the Department of Business, Enterprise and Innovation's Enterprise Forum on Brexit and Global Challenges gave us the platform to bring our members concerns directly to the attention of policy makers.
- **Assisting and supporting our members with Brexit preparedness planning** was a major part of our work in 2019. Our work has continued and evolves as negotiations develop. We closely followed Brexit developments to ensure that our members know what is required of them.
- **Membership engagement is key to our work.** The input and feedback we received from our members allowed us to effectively communicate with the Government and the EU and take part in public consultations at both national and EU level. Our 2019 Supply Chain series of events was an important forum to further engage with our members and get your insights on the issues that matter to you and to find collective solutions how to address them.
- **2019 Export Industry Awards marked its 19th year.** East Coast Bakehouse was the very worthy winner of the 2019 Exporter of the Year. They showed impressive innovation, technology, and growth strategy. The judges were particularly impressed by the leadership's experience and expertise which lead to their fast-growing success in a very competitive market. The company also demonstrated remarkable Corporate Social Responsibility initiatives through their Bakers' Dozen Fund that contributes the profits from every 13th biscuit to benefit Irish charities who work to improve the communities we live in.

On a global scale, trading arrangements in 2019 were faced with growing trade tensions between China and the US, market pressure and the onset of Brexit. Irish exporters were successful in navigating these different challenges and met them with resilience. We believe that education in the intricacies and workings of international trade is key to Irish exporters' success and our ability to continue punching above our weight on a global scale, as well as to driving economic growth in Ireland. The IEA will continue to develop and adapt our training courses to meet the needs of our members.

Membership engagement is key to our work. We continue to develop member-focused services which ensure that you get the most of your IEA membership and the support you need throughout your trading journey. Be it training, trade support, facilitating the growth of your network or representing your interests to Government, Department Officials, at EU level, and in the media. The IEA team remain available and open to you.

I remain confident that Irish exporters will continue to drive economic growth in Ireland and lead the way on the many issues facing businesses in the years to come.

2019 Government Relations & Submissions

The IEA is an established, active and key partner with Government on the issues relevant to the industry. In order to represent our members, we have actively engaged and lobbied the Government, Government Departments and State Agencies through one-to-one meetings, stakeholder consultative forums and written submissions.

We engaged on all levels with:

- The Department of the Taoiseach;
- The Department of Foreign Affairs and Trade (DFAT);
- The Department of Business, Enterprise and Innovation (DBEI);
- The Department of Finance, Public Spending and Reform (DFPR);
- The Revenue Commissioners;
- The Department of Transport, Tourism and Sport (DTTAS);
- The Department of Education and Skills (DES);
- The Department of Communications, Climate Action and Environment (DCCAE)
- Enterprise Ireland;
- Intertrade Ireland; and
- Bord Bia

Our participation on Government stakeholder groups has grown and we will continue to expand upon the number of groups we contribute to in 2020. Our involvement in the Department of Foreign Affairs' Brexit Stakeholders Forum and its Export Trade Council as well as the Department of Business Enterprise and Innovation's Enterprise Forum on Brexit and Global Challenges; which are chaired by (former Tánaiste and) Minister for Foreign Affairs Simon Coveney T.D., and former Minister for Business Enterprise and Innovation Heather Humphries T.D., and with the participation of representatives from all relevant Government Departments and State Agencies continues to be an important means for us to communicate Irish exporters' concerns.

The IEA was involved in ongoing discussion with the relevant public representatives and Government officials to voice the very real concerns that Irish exporters have as we head towards a potential no-deal Brexit. Our contribution to the Revenue Commissioner's Customs Consultative Committee centres on addressing customs and taxation related queries and raising concerns directly with Revenue, which is particularly important with Brexit looming. Our involvement in the Department of Foreign Affairs' Brexit Stakeholder Forum, jointly chaired by the Minister of Foreign Affairs and the Minister of State for European Affairs and our participation to the Department of Business, Enterprise and Innovation's Enterprise Forum on Brexit and Global Challenges is key to our Brexit work on your behalf.

On behalf of our membership, the IEA in 2019 engaged with Government on a wide-ranging amount of issues. Beyond Brexit, we continue to work towards a greater share of global trade for Irish exporters. This involves building a framework of national competitiveness for Irish exporters, building a multi-modal transport infrastructure that fosters Irish exports to the world and preparing Irish exporters for a changing global environment. In the years ahead, preparing Irish businesses for a changing climate and increasing sustainability, maximising our EU membership, and promoting market diversification and the facilitation of market access for Irish exporters will drive our work.

The IEA supports the Regulation of Lobbying Act 2015 and the obligation for those who lobby designated public officials to register and report on their activities. All IEA lobbying activities can be found under: <https://www.lobbying.ie/organisation/665/irish-exporters-association>.

Public Consultations and Policy Submissions

The IEA regularly responds to national and European public consultations and provides both verbal and written submissions. In 2019 these included:

- Consultation on the European Commission negotiating mandates for EU-US trade talks
- IEA response to planned EU commercial policy measures under the WTO DSU
- IEA response to the CAR on the draft Determination for the Maximum Level of Airport Charges at Dublin Airport 2020-2024
- IEA Budget 2020 submission
- IEA response to Fingal County Council draft Dublin Airport Local Area Plan

All IEA Policy Submissions and responses to public consultations can be found under: <https://irishexporters.ie/submissions/>

Budget 2020

As an open, free-trading nation, our economic performance can be heavily influenced by global political and economic dynamics. Considering the many uncertainties in the global trade environment, including any potential Brexit fallouts and impacts from global trade wars, we anticipated that 2020 would be an overall challenging year for Irish exporting businesses. Like all budgetary proposals, Budget 2020 was a crucial tool for the Government to insulate Ireland's economy from any external economic shocks and prepare the business community to continue its global growth trajectory.

To facilitate this, we called on the Government to prepare a prudent Budget 2020 and be ready to respond to potential economic shocks through a mid-term Budget in early 2020. Specifically, we asked the Government to continue its commitment to:

- Preparing Irish businesses for all Brexit eventualities
- Improving Ireland's National Competitiveness
- Addressing the structural skills and talent gap
- Further increasing Ireland's role in and its share of global trade
- Enable the swift transition to a zero-emissions economy

In response to Budget 2020, we cautiously welcomed the Government's proposals to prepare businesses for a no-deal Brexit. We particularly welcomed the Government's announcement to stand ready to provide significant financial supports for the Irish exporting industry and the Minister's announcement that the Government will make €1.2 billion available (without EU funding) to tackle potential Brexit challenges, especially for vulnerable companies. In particular, we welcomed the announcement that the Government will make €650 million available to support businesses in the agriculture, exporting and tourism sectors – including by encouraging further connectivity of Ireland's rural ports and airports.

We supported the Government's commitment to address the challenges of climate change and decarbonising the transport industry by 45-50% by 2030. While we welcomed the additional funding to the Department of Transport, Tourism and Sport and the Department of Communications, Climate Action and Environment to transform our approach to transport, a specific and sustainable solution must be found for the heavy road freight industry and to support the development of a sustainable multimodal transport infrastructure. Overall Budget 2020 was progressive and forward thinking. However, more will have to be done in future Budgets for Irish businesses facing the onset of a no-deal Brexit and transition operations to be in line with international EU climate change policies.

Export Industry Awards



Launching the 2019 Export Industry Awards – Driving Growth Through Global Headwinds

We were delighted to host the 19th Export Industry Awards at a Gala Dinner on Friday, 8th November 2019 in the Convention Centre Dublin. Our annual awards ceremony is our flagship event that recognises the remarkable achievements of companies working in the export industry. Companies entered across 12 categories and were in with a chance to be selected as the 2019 Exporter of the Year. The 2019 Export Industry Awards were supported by platinum sponsors KPMG and Trinity Business School, Trinity College Dublin, and by category sponsors Facebook, Dixon International Logistics, Bord Bia, Enterprise Ireland, GS1 Ireland, DHL Global Forwarding, ByrneWallace and the Sunday Times. We would like to thank all our sponsors for their support.

The theme for the 2019 Awards was ‘Driving Growth through Global Headwinds’ and was fitting as it recognised that Irish exporters often face challenges with resilience. The Export Industry Awards Alumni Programme, was designed in conjunction with platinum sponsors Trinity Business School, Trinity College Dublin and KPMG, and was open to past category winners and former shortlisted companies in the 2019 Awards. We also added two new categories in 2019, the Financial Services Partner of the Year and Private Private Irish Business of the Year. We will continue to expand on the Export Industry Awards in the coming years.

Every year, the competition to become Exporter of the Year intensifies and this is a testament to Irish exporters across every sector. Irish exporters continue to punch above their weight on a global scale. Louth-based East Coast Bakehouse was crowned the overall 2019 Exporter of the Year after winning the Small & Emerging Exporter of the Year earlier in the evening. With 12 high-profile companies winning awards across the 12 categories, this year saw one of the most competitive processes in the Awards’ history.

Established in 2015 by Michael Carey and Alison Cowzer, East Coast Bakehouse is already sold in over 20 countries. The Irish biscuit producer has their Bakehouse based in Drogheda, Co, Louth. East Coast Bakehouse has developed innovative products and is one of the fastest growing food manufacturers in Ireland. The company also plays an important part in their local community employing over 60 people in Drogheda and has launched the “Baker’s Dozen Fund” which donates the profits from every 13th biscuit to Irish charities.



CEO of the Irish Exporters Association, Simon McKeever with the East Coast Bakehouse team, including Michael Carey and Alison Cowzer & 2019 IEA President Marie Armstrong, KPMG.

East Coast Bakehouse showed impressive innovation, technology and growth strategy and are worthy winners. The judges were particularly impressed by the leadership's experience and expertise which lead to their fast-growing success in a very competitive market. The company also demonstrated remarkable Corporate Social Responsibility initiatives.

2019 Export Industry Awards category winners

<p>Combilift Export Innovation of the Year (Sponsored by KPMG Ireland) Shortlisted: <u>Ardmac</u>, Dublin <u>Combilift</u>, Monaghan <u>Dolmen Design and Innovation</u>, Dublin <u>Irish Dog Foods</u>, Kildare <u>UrbanVolt</u>, Dublin <u>Ventac</u>, Wicklow</p>	<p>East Coast Bakehouse Small and Emerging Exporter of the Year (Sponsored by Facebook) Shortlisted: <u>Adams & Butler</u>, Dublin <u>Blanco Niño</u>, Tipperary <u>East Coast Bakehouse</u>, Louth <u>Entekra Ltd.</u>, Monaghan <u>Kora Healthcare</u>, Dublin <u>Tap Creations</u>, Dublin</p>
<p>Entekra Ltd. Services Exporter of the Year (Sponsored by Trinity Business School) Shortlisted: <u>Ardmac</u>, Dublin <u>Entekra Ltd.</u>, Monaghan <u>Ventac</u>, Wicklow <u>Wisetek</u>, Cork</p>	<p>Silver Hill Foods Food and Drink Exporter of the Year (Sponsored by Bord Bia) Shortlisted: <u>ABP Food Group</u>, Louth <u>East Coast Bakehouse</u>, Louth <u>Irish Distillers</u>, Dublin <u>Oakpark</u>, Tipperary <u>Ribworld</u>, Tipperary <u>Silver Hill Foods</u>, Monaghan <u>William Grant & Sons Irish Brands</u>, Offaly</p>
<p>Abbott Ireland, Vascular Division Life Sciences Exporter of the Year (Sponsored by Dixon International Logistics) Shortlisted: <u>Abbott Ireland, Vascular Division</u>, Tipperary <u>Alexion Pharmaceuticals</u>, Dublin <u>Chanelle Pharma</u>, Galway <u>Hovione</u>, Cork <u>Kora Healthcare</u>, Dublin</p>	<p>Nova Leah High-Potential Exporter of the Year (Sponsored by Enterprise Ireland) Shortlisted: <u>East Coast Bakehouse</u>, Louth <u>Hanley Energy</u>, Meath <u>Joulica</u>, Galway <u>Nasal Medical</u>, Dublin <u>Nova Leah</u>, Louth <u>UrbanVolt</u>, Dublin</p>
<p>Chanelle Pharma Multinational Exporter of the Year (Sponsored by GS1 Ireland) Shortlisted: <u>Abbott Ireland, Vascular Division</u>, Tipperary <u>Chanelle Pharma</u>, Galway <u>Irish Distillers</u>, Dublin</p>	<p>SF Engineering Medium Size Exporter of the Year (Sponsored by DHL Global Forwarding) Shortlisted: <u>Hanley Energy</u>, Meath <u>Hovione</u>, Cork <u>SF Engineering</u>, Sligo <u>Turmec Teoranta</u>, Meath <u>William Grant & Sons Irish Brands</u>, Offaly</p>

<p>Portwest Private Irish Business of the Year (Sponsored by ByrneWallace) Shortlisted: <u>ABP Food Group</u>, Louth <u>Ardmac</u>, Dublin <u>Oakpark</u>, Tipperary <u>Portwest</u>, Mayo <u>SF Engineering</u>, Sligo</p>	<p>Micro Focus Galway Ltd. Technology Exporter of the Year (Sponsored by the Sunday Times) Shortlisted: <u>Cora Systems</u>, Leitrim <u>GGL Monitoring Services Ltd.</u>, Limerick <u>Hanley Energy</u>, Meath Joulica, Galway <u>Micro Focus Galway Ltd.</u>, Galway <u>Nova Leah</u>, Louth</p>
<p>HSBC Ireland Financial Services Partner of the Year Shortlisted: <u>Bibby Financial Services Ireland</u>, Dublin <u>HSBC Ireland</u>, Dublin <u>Investec Bank Plc. (Ireland)</u>, Dublin</p>	<p>Rhenus Logistics Ltd. Logistics and Supply Chain Company of the Year Shortlisted: <u>Ace Express Group</u>, Dublin <u>CMA CGM Shipping Ireland</u>, Dublin <u>Expeditors Ltd. Ireland</u>, Dublin <u>Maersk Ltd. Ireland</u>, Dublin <u>McArdle Skeath</u>, Louth <u>Rhenus Logistics Ltd.</u>, Dublin <u>DHL Global Forwarding</u>, Dublin</p>

IEA Supply Chain Series



IEA CEO Simon McKeever with IEA Supply Chain Series Sponsors Glen Carr, General Manager Rail Freight & Rosslare Europort, Iarnród Éireann/Irish Rail; Managing Director, Rhenus Logistics Ireland

In association with Rhenus Logistics, Iarnród Éireann – Irish Rail and Fleet Transport Magazine, we ran our redesigned 2019 Supply Chain Series of events and activities. This initiative featured four large seminars and four manufacturing roundtables across the country, supplemented by a far-reaching digital offering of webinars and newsletters providing up-to-date information and content on international trade matters.

Redesigned for its third year, the 2019 Series focused on the practical and operational challenges for importers and exporters addressing issues around customs, skills and training, transport, digitalisation, R&D and competitiveness.

Providing a platform for leaders in supply chain and international trade, participants received solutions and practical support from sectoral and industry experts as well as the opportunity to network with other exporting companies all of whom are facing the challenges of a changing global trading environment and maximising the opportunities of digitisation and new technologies in air, road, sea and rail freight services.

2019 Supply Chain Series of events

Supply Chain Seminars	Supply Chain Roundtable <i>(By invitation only)</i>	Supply Chain Webinars
12 March (Dublin) - Brexit	07 March (Cork) – Access to Skills	20 March
17 April (Dundalk) - Digitalisation	09 May (Tullamore) – Transport & Infrastructure	09 April
17 September (Cork) – Life Sciences	25 September (Galway) – National Competitiveness	29 May 25 June
26 November (Limerick) – R&D	17 October (Wexford) – Warehousing and Transport	24 September 24 October

IEA Regional Councils

Since 2016, the IEA has expanded its regional outreach to strengthen our connection with members throughout Ireland. We set up regional groups that are made of representatives of local exporting businesses and service providers to the industry. Our Western Regional Council is chaired by John Carr, Flextronics and the Southern Regional Council is chaired by Tim Daly, Director of Operations at McAfee Ireland.

The Regional Councils reinforce the IEA's work as a national body, ensuring the association's continued presence at regional level and provides a platform for an exchange of views between the local export community and the IEA. Our regional groups continue to drive our work at EU and national level. Our regional meetings directly feed into our communications and public affairs work. Our Regional Councils are fundamental to the work of the IEA.

Acknowledgement

Since 1951, the Irish Exporters Association has worked to ensure that the exporting community has a forum for discussion, networking, and representation. Almost 70 years on, the organisation is as relevant as it was when a group of exporters came together to look after the welfare of exporters and grow their business on and off Ireland.

I want to thank the IEA National Council for their ongoing guidance, enthusiasm, engagement and direction. Your drive ensures that we are pertinent and involved in the topics that are most important to our members. Marie Armstrong served as our President in 2019, alongside David Carthy as Vice-President, Ronnie O'Toole as Honorary Treasurer, Kieran Spellman as Treasurer, John Carr as Chair of the Western Regional Council and Tim Daly as Chair of the

Southern Regional Council – thank you for your time and commitment to the IEA. We are fortunate to have had such a high calibre of people serving these positions and I am sure that will continue.

I would like to take this opportunity to thank the sponsors of our 2019 Export Industry Awards, without whose support our events would not be possible – platinum sponsors were KPMG and Trinity Business School, Trinity College Dublin and our category sponsors Facebook, Dixon International Logistics, Bord Bia, Enterprise Ireland, GS1 Ireland, DHL Global Forwarding, ByrneWallace and the Sunday Times. Our Supply Chain series would not have been such a success without the sponsorship of Rhenus Logistics, Iarnród Éireann – Irish Rail and Fleet Transport Magazine.

The IEA team are the boots on the ground. Answering members queries, developing our membership relations, running events, organising training sessions, delivering the strategy of the organisation and communicating our position are just some of the tasks that the highly competent IEA team undertake in your interest. I would like to thank our team, without their commitment to this organisation we would not be where we are today.

Undoubtedly, 2019, the year of this Annual Report, seems worlds apart from 2020. It would be remiss and insensitive of me to not reference COVID-19. As early as January 2020, we were noticing the impact that the pandemic was having on Irish exporters (and importers) and we acted accordingly by highlighting this to Government and calling for businesses support. Ireland has come through previous economic crises, with exporters driving the recovery. While the origins of this crisis are like no other we have experienced, the recovery does require a range of strategies and our members have a huge part to play in this. We will work to ensure that our valued members can continue to trade. Thank you for your membership, without you we would not have existed since 1951 – we are here, we are open, and we are available for you in times of challenge and opportunity.

Keep in touch,

Simon

Chief Executive

2019 Economic Review: Spotlight on exports



Irish exports reached new records in 2019. Exports were worth €152.5 billion, a jump of 8% on exports for 2018.

In terms of imports, in comparison to 2018, the amount of goods imported in 2019 decreased, falling by €2.7 billion (-3%) to €89 billion.

2019 figures show that the US was the largest export destination (31%), the EU (not including the UK) accounted for 48% of total exports and the UK, the third-largest export market for Irish goods, but plays a key role in terms of agriculture and food products.

Source: CSO

A focus on trade with Great Britain

When reporting trade figures, the CSO now differentiates trade with the EU and Great Britain. 2019 saw a decrease in exports to Great Britain by 4% to €13.5 billion. Ireland recorded a trade deficit of €5.2 billion with Great Britain importing €18.7 billion worth of goods. Exports to Northern Ireland accounted for a further €2.1 billion.

The biggest product categories imported in 2019 from Great Britain were machinery and transport equipment (€4 billion) and food and live animals (€3.3 billion). Imports from Great Britain accounted for 21% of total imports in 2019.

Source: CSO

Medical and pharmaceuticals drive export growth

The sector, across medical devices, pharmaceuticals and biopharmaceuticals directly employs over 50,000 people in Ireland with six of the top seven diagnostics companies operating in Ireland. This has built up a worldwide recognition that Ireland is the global centre for life sciences. In 2019, growth continued in the sector, with medical and pharmaceutical products accounting for the largest category of exports accounting for 33% of all exports.

Source: CSO

Irish food and drink exports strong performance

Bord Bia recorded a standout 2019 performance by Ireland's food, drink and horticulture industry. Exports reached €13 billion for the first time, according to Bord Bia's Export Performance and Prospects Report 2019/2020. According to the report, the combined sectors experienced an increase of almost €1 billion, a growth of 7%, from the €12.1 billion recorded in 2018.

Source: Bord Bia

Review of Irish export performance in 2019 and outlook for 2020/2021



Dr Ronnie O'Toole
IEA Honorary Economist

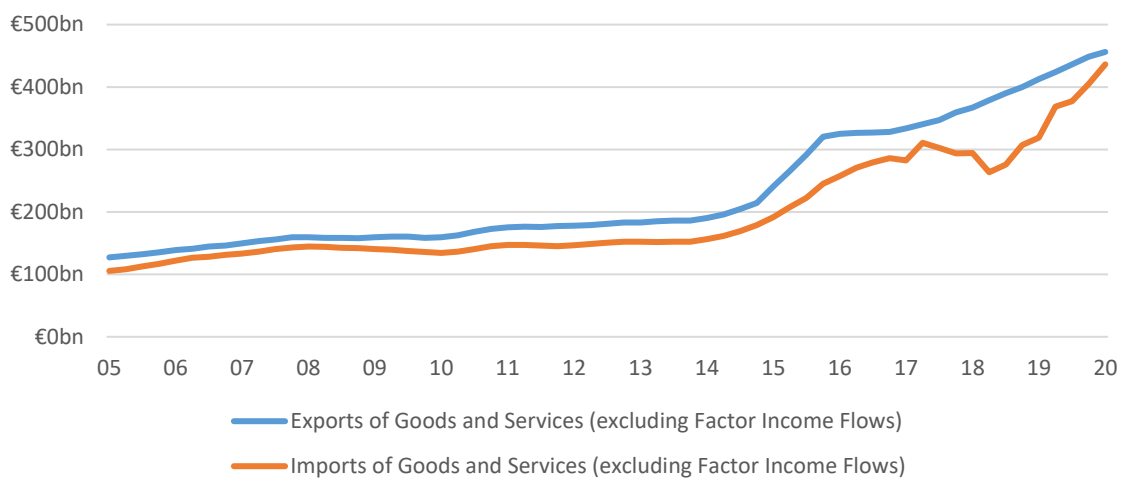
This millennium has already seen two of the most severe post-war global economic shocks. The financial crisis of 2008 has now been followed little over a decade later by the COVID-19 pandemic, which has had a huge economic, social and human cost globally. The intervening decade has seen Ireland recover from economic collapse to record six years of strong consecutive growth, with the country only returning to full employment in the last two years.

In this update we review the performance of the Irish exporting sector up to the emergence of the COVID-19 pandemic, and assess the immediate impact of the pandemic on economic activity.

The calm before the storm

Prior to the emergence of the COVID-19 pandemic in early-2020, Ireland had enjoyed a sustained period of growth, both in terms of exports but also in the wider economy. Over the six-year period to 2019, exports grew by 140%, with an even faster growth in imports. This performance represented the eleventh consecutive increase in yearly exports since 2008, just before the global recession. The COVID-related restrictions introduced early in 2020 did not have a large impact on the Q1 figures, which were 21% higher than the same quarter in 2019.

Annual Exports/Imports



Source: CSO

The growth in trade volumes drove a strong increase in employment in exporting firms. Aggregate employment in the IDA and Enterprise Ireland surpassed 427,000 in 2019, an increase of 4.6% on 2018 levels, continuing the trend of strong growth in employment since 2011. The 2019 total compares to just over 300,000 in 2010.¹ Irish-owned companies accounted for almost 192,000 full-time jobs in 2019, while foreign-owned companies accounted for over 235,000. Dublin now accounts for two in five of these jobs, as does the South & East, with the Border/Midlands/West region accounting for one in five. This represents a growth in the share of all export jobs in Dublin over the last ten years from 35% to 39%.

Employment in Agency Supported forms by Region, 2010 and 2019

	2010		2019	
	Number	%	Number	%
Dublin	98,506	35%	165,241	39%
South & East	123,754	44%	176,864	41%
BMW	57,951	21%	85,046	20%
Ireland	280,211	100%	427,151	100%

Source: Employment Survey, Department of Business, Enterprise and Innovation

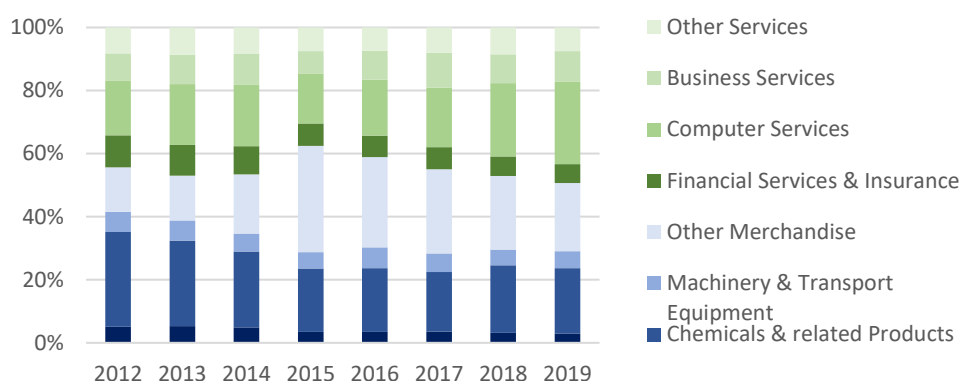
¹ <https://dbe.gov.ie/en/Publications/Publication-files/Annual-Employment-Survey-2019.pdf>

Ireland has a defensive export mix

The restrictions brought about by COVID-19 have had a massive impact on the exporting and importing sectors, and are likely to have an ongoing impact for the near-to medium-term future. Within the context of unprecedented social restrictions, Governments around the world have recognised the importance of maintaining trade links, both to ensure the supply of essential products and to send a signal of confidence for the global economy.²

Ireland retains a diverse industrial base concentrated in more ‘defensive’ sectors which may fare better during the pandemic. The fact that half of Irish exports are in services are likely to have significantly helped performance in 2020, with these sectors offering much greater “stay at home” potential than other sectors. The figure below shows the structure of Irish exports from 2012-2019.

Goods and Services Exports by Sector, 2012-2019



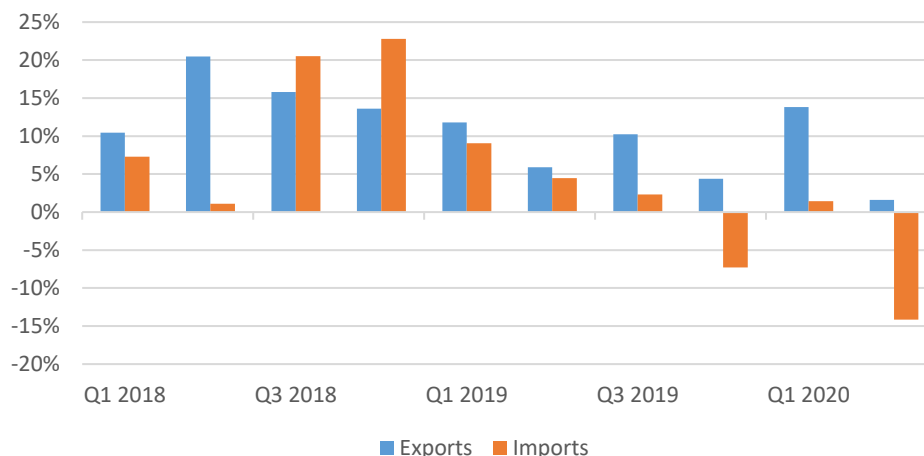
Source: CSO

With respect to goods trade, the immediate impact on Irish exports appears to have been more muted than other areas of the economy, with goods exports continuing to grow.

In particular, sectors such as high-tech manufacturing, and the pharmaceutical/chemical sector appear to have been less affected than many other areas of the economy. However, imports in Q2 were 14% below the 2019 level. The OECD forecasts that Ireland’s export sector will be the least impacted of all EU countries by the pandemic.

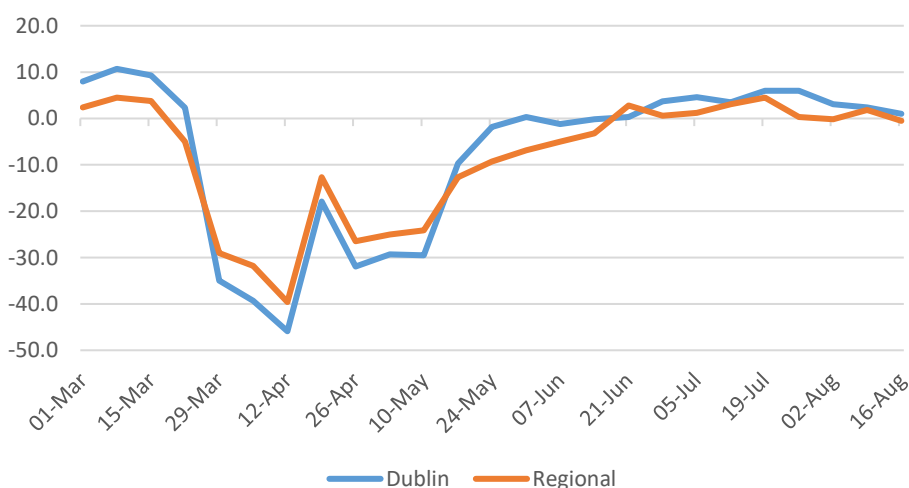
² OECD (2020)

% Year on Year change in Goods Exports and Imports



An early indication of trading volume can also be seen in weekly HGV traffic following the introduction of restrictions in March, with traffic in Dublin and in regional locations down around one-third compared to levels seen in 2019. This subsequently recovered over the course of May, and since June HGV traffic has been close to, and even exceeded, volumes last year. This is illustrated in the next figure which shows HGV traffic for Dublin and the rest of the country tracked on a weekly basis.

Change in Weekly HGV Traffic, 2019-2020



The surprising strength in activity following the original lockdown early in the year is also reflected in figures for retail sales. These show that in Q3 consumer expenditure levels were running well ahead of 2019 levels, despite the ongoing restrictions on movements, including restrictions on foreign visitors coming to Ireland.

This picture of overall strength reflects sharp changes in underlying consumer behaviour patterns, with some areas showing sharp declines, while other areas are very strong. In July 2020 purchases on bars (-53%), books, newspapers and stationery (-40%), department stores (-16%) and fuel (-11%) were well down on July 2019, other areas showed strong expenditure. The volume of retail sales was higher in July 2020 compared to the same

period of last year in electrical goods (+26%), furniture & lighting (+21%), hardware, paint & glass (+19%) and food, beverages & tobacco (+16%).

Looking forward to 2021

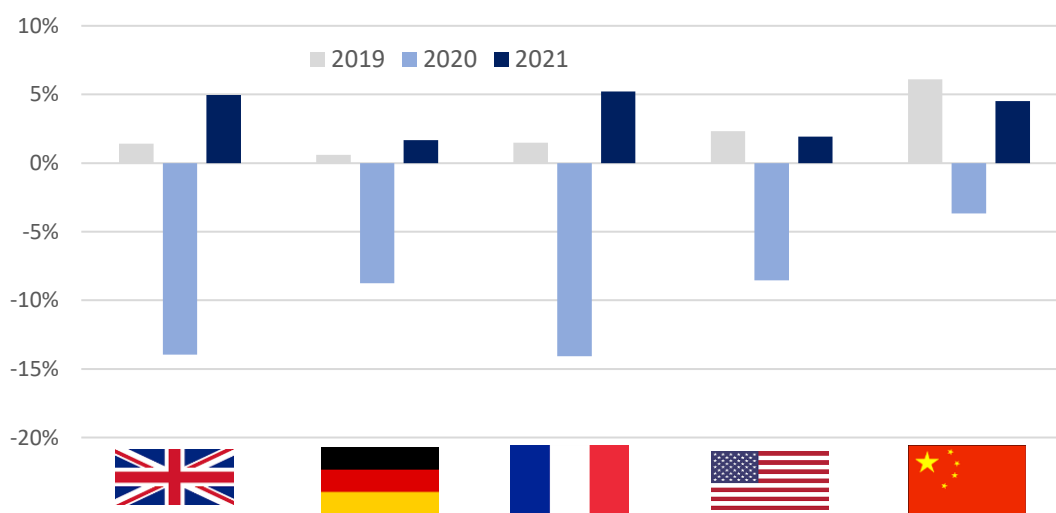
Economic growth forecasts are being continually reviewed and updated as the extent and impact of the pandemic becomes apparent. The level of uncertainty is likely to remain highly elevated with respect to individual countries COVID-19 infection rates, the timing and success of a vaccine rollout, the duration of any future shutdowns, and the implementation of fiscal and monetary policy support.

What is clear already is that the global economy is now experiencing the deepest recession since the Great Depression in the 1930s, with GDP declines of more than 20% and a surge in unemployment in many countries. Even in countries where containment measures have been relatively light, early data are already making clear that the economic and social costs of the pandemic will be large.³

Current forecasts suggest that there will be a modest rebound of economic activity in 2021, as shown in the next figure. These suggest that about one quarter of the economic declines experienced in Western economies in 2020 will be recouped in 2021. The countries that are projected to experience the steepest declines (for example, the UK and France) are also expected to experience the bigger rebounds.

While technically these forecasts suggest that western economies will move out of recession in 2021, there will likely be substantial unused resources within these economies in terms of elevated unemployment and underutilised retail and industrial space. A number of years of growth are likely to be needed to return these economies to the level of full employment which had been reached prior to the outbreak of COVID in early-2020. Even China, which has been experiencing much higher growth rates in recent decades, is only expected to return to 2019 levels of activity in 2021.

World Economic Growth Prospects



Source: OECD, May 2018

³ OECD (2020)

Given the scale of uncertainty surrounding the economic outlook, the Central Bank of Ireland has published two different scenarios for future Irish economic growth. In the “baseline” scenario, the gradual reopening of the economy would allow for an initial rebound in economic activity over the near term. However, recovery is expected to be gradual, in line with a projected gradual recovery in employment and incomes and a slow unwinding of precautionary behaviour by consumers. The unemployment rate is set to decline from its second quarter peak of about 25 per cent, before averaging just over 9 per cent next year and 7 per cent in 2022. The baseline scenario sees output recovering to its pre-crisis level by 2022.

In the “severe” scenario, the strict lockdown period is assumed to have a more damaging impact on economic activity and is not successful in effectively containing the virus. Stringent containment measures would remain in place, or re-instated, and assumes a resurgence of the virus. In this scenario, there is a subdued economic recovery with a larger permanent loss of output. In this scenario, the projected recovery in growth in 2021 and 2022 would not offset the loss of output this year, leaving the level of GDP in 2022 about 5 per cent below its pre-crisis level.

Both of these scenarios assume that a Free Trade Agreement (FTA) between the EU and the UK, with no tariffs and quotas on goods, takes effect in January 2021. If such an agreement is not reached, growth in the Irish economy will be weaker than outlined in the above scenarios.

For any comments or queries contact Dr Ronnie O’Toole: ronnie.otoole@gmail.com

Audited Accounts for year-to-end 31 Dec 2019

INCOME AND EXPENDITURE ACCOUNTS

for the year ended 31 December 2019

	2019 €	2018 €
Income	2,057,416	1,554,489
Expenditure	(2,054,957)	(1,551,658)
Surplus/(deficit) before interest	2,459	2,831
Interest payable and similar expenses	-	-
Surplus/(deficit) before tax	2,459	2,831
Tax on surplus/(deficit)	544	578
Surplus/(deficit) for the year	3,003	3,409

BALANCE SHEET

For the year ended 31 December 2019

	2019 €	2018 €
Fixed Assets		
Intangible Assets	19,674	29,150
Tangible Assets	12,423	11,903
	32,097	41,053
Current Assets		
Debtors	624,012	495,117
Cash and cash equivalents	224,952	258,889
	848,964	754,006
Creditors: Amounts falling due within one year	(694,090)	(611,091)
Net Current Assets	154,874	142,915
Total Assets less Current Liabilities	186,971	183,968
Reserves		
Income and expenditure account	186,971	183,968
Members' Funds	186,971	183,968

2019 IEA National Council members

IEA President – Marie Armstrong, *KPMG*

IEA Senior Vice-President – David Carthy, *DLA Piper International LLP*

IEA Junior Vice-President – Barry Cullen, *Silverhill Farm*

IEA Honorary Treasurer – Kieran Spellman, *Betbright*

IEA Honorary Economist – Ronnie O'Toole

Tim Daly, *McAfee Ireland*

Colin Dunne, *IWT*

James McGee, *Athlone Extrusions*

John Carr, *Flextronic*

Michael Sanfey, *IAG Cargo*

Paschal McCarthy, *Paschal McCarthy Management and Consulting Services*

Patrick Joy, *Suretank*

Nicola Byrne, *Cloud90*

Glenn Carr, *Rosslare Europort/Irish Rail*

Simon McKeever, *Irish Exporters Association*

2020 IEA Executive Staff

Simon McKeever – *Chief Executive*

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Michael Naughton – *Consular Services Assistant*

michaelnaughton@irishexporters.ie / Tel: 01 642 4176

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Max Henderson *Digital Marketing & Brand Lead*

maxhenderson@irishexporters.ie / Tel: 01 642 4170

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Liming Tao – *Bookkeeper*

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Ray Hunt – *Independent Financial Controller*

External

Transport and Logistics

Howard Knott – *Logistics Consultant*

howardknott@irishexporters.ie / Tel: 01 661 2182

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