

ANNUAL REPORT

2016

Annual Report 2016

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President's Statement

Exports continue to lead the way in driving the Irish economy forward and are the most significant contributor to making Ireland one of the fastest growing economies in the world, helping to reduce unemployment, create new employment in fast growing innovative companies, and reduce our national debt. Exporting is the success story of the Irish economy and has helped to restore the country's image abroad and to attract greater Foreign Direct Investment as well as to foster the development of home grown Irish companies by encouraging more and more entrepreneurs to grow their businesses internationally. As a small, open economy, Ireland can be particularly vulnerable to economic fluctuations in global markets.

On the 23rd June 2016 the UK voted to leave the European Union, with 51.9% voting in favour of an exit. Given our unique position and the close bi-lateral trade between Ireland and the UK, this has put the Irish export industry at a distinct disadvantage. 94% of IEA members surveyed do business with, or export to, the UK. We are now one year on from the referendum and the prognosis for the Irish export industry shows that the impact will be severe. The IEA are aware that Brexit shouldn't dictate everything that we do for the next 2 years but it is important that we plan for Ireland's future and invest strategically in the possible opportunities that exist here. We should use this opportunity to put procedures in place that safeguard Ireland's future, support Irish business and help exporters to diversify their export markets. Ireland's commitment to openness helped us to navigate through and recover from the economic crisis of 2008 and we now need to put procedures in place to assist us to strengthen this openness so as not to leave us over-reliant on a single market in the future.

Although the value of Irish exports as a whole rose to nearly €117 billion in 2016, the highest annual total on record, the fluctuation of sterling resulted in a loss of nearly €600 million in the value of exports to the UK, half of which was in food and live animals.

Despite being a strong, open economy, Irish exports remain heavily dependent on three main export markets. In 2016 the EU accounted for 38% of total Irish exports (excluding the UK), the USA accounting for 26% and the UK accounted for 13%, showing our reliance on traditional European and US markets remains too high. The decision by the UK to leave the EU, and the uncertainty that this brings to Irish exporters, highlights more than ever the need to support Irish exporters in the diversification of their export markets so that an overreliance on any particular single market does not have the potential to put our economy under a similar threat in the future. More focus needs to be given to high growth markets like China, India, Africa, South America, and on the emerging opportunities in places like Iran, so that Ireland can become less dependent on our trade relationships with the EU, USA and UK.



NICOLA BYRNE
PRESIDENT 2017

The IEA will continue to fulfil its responsibilities to its members and support Irish exporters through this transitional period and will continue to work with the Irish Government to support business in Ireland.

In order for Ireland to maintain economic growth and for Irish exports to continue to develop in world markets, the IEA represents its members under the four key policy pillars:

1. Maintaining and improving our National **Cost Competitiveness**;
2. Putting measures in place that will combat the **War for Talent**;
3. Broadening our Export Base and **Diversification of our Export Markets**; and
4. Encouraging and fostering **Entrepreneurship**, particularly focusing on services.

The Irish Exporters Association (IEA) assists its members to grow their exports to world markets. We drive and support the growth and development of all exporting businesses based in Ireland by:

- **Representation** – leading the export agenda as the voice of Irish exporters
- **Membership development** – enhancing the export knowledge and skillset of members through a range of training services and export development programmes
- **Networking & Connectivity** – connecting our members with government and business stakeholders domestically and in market
- **Export Services** – enabling our members with practical assistance and critical support services

The IEA represent the whole spectrum of companies within the export industry including SME's who are beginning to think about exporting for the first time right through to global multinational companies who are already extensively exporting from Ireland. It is the connecting force for Irish exporters, providing practical knowledge and support across the Island of Ireland and in foreign markets.

Chief Executive's Review of 2016

Last year proved to be an incredible year for the Irish Exporters Association. In May we celebrated 65 years in business, the business of helping our members to grow their exports. We launched our regional development strategy to increase our presence across the country, enhance our ability to understand and develop solutions for the local issues that are affecting our members, and to ensure we strengthen the regional input into the main IEA National Council and ultimately how we address these issues on behalf of our members, both in our strategy and in what we speak to Government about. We have established a Cork Regional Council and a West Regional Council. 845 exporting professionals used our training programmes in 2016, the most sought after being: Good Distribution Practice, Customs and Warehousing. We are ramping up our Training Department in 2017, expanding our educational offering to the export community with new courses such as *Brexit in the Office* and *Food Law and Labelling*. Our SME programme, the National Export Hub, launched a new educational initiative in January, the Export Knowledge Programme which took participants through a support led journey to improve their capability to export into existing and new markets internationally. An infographic of all of our activity in 2016 can be found on page 17 of this report.

Last year proved to be a challenging one for the Irish export industry. In June a slim but majority of the UK electorate took the decision to leave the EU and this heavily impacted the price of Sterling, which in 2016 fluctuated from as low as 70 pence to a high of above 90 pence. Our advice for Irish exporters with exposure to the UK market is to do an impact assessment, especially in relation to the exchange rate and customs, and to look at your supply chains and the potential impact of changes in currency, customs, tariffs, VAT, visa requirements and EU regulations & legislation on your business. The IEA stresses the importance of the Irish-British trading relationship and whilst calling for its protection we must identify and maximise any and every single opportunity that arises for the country.

What Brexit highlights is the need for Ireland to diversify its export markets. The IEA has been at the forefront of the public debate on Brexit. We were the first business organisation to shout out the potential impact of Brexit and whilst we will continue to lead the public debate on Brexit, we will shine a greater spotlight on the opportunities in further flung markets to our members in 2017. As a community of exporters, it is vital that we gear up and focus more of our attention on high growth markets like China, India, and the ASEAN nations, Africa, South America, and on the emerging opportunities in places like Iran, and become less dependent on our trade relationships with the EU, US and UK.



SIMON MCKEEVER
CHIEF EXECUTIVE

Some highlights for the IEA in 2016 include:

1. Visa and legalisation services increased by 16%
2. The top five countries for visa applications were China, India, Russia, Nigeria and Saudi Arabia
3. Africa and Asia are the fastest growing markets with visa applications to Kenya, Iran, Pakistan and Ghana all on the rise and the IEA has seen a growing interest in companies looking to do business with Vietnam, Algeria and Indonesia
4. Over 700 professionals were trained in Good Distribution Practice and 89% of attendees on our Customs Compliance courses would recommend our training courses, with 100% saying they are likely to attend future training courses with us
5. Over 3,300 people attended our market and industry focused events all around the country
6. The National Export Hub launched the Export Knowledge Programme, an education initiative for first-time exporters, and 18 companies graduated in the inaugural class
7. The National Export Hub assisted over 100 SME companies on their export journey with introductions to potential business partners in international markets
8. 48% of our assists to members were introductions to potential business partners and key stakeholders, helping them to enter new markets

Lobbying

We continued to lobby and work actively and widely with Government in order to grow Irish exports, in particular: the Department of Foreign Affairs and Trade; the Department of Jobs, Enterprise and Innovation; the Department of Finance; the Department of Transport, Tourism and Sport; the Department of Agriculture; the Department of the Taoiseach; Bord Bia; InterTrade Ireland; and Enterprise Ireland.

The IEA remains a very active member on the Export Trade Council (ETC) which is Chaired by the Minister for Foreign Affairs and Trade, with four other Ministers including Minister for Jobs, Enterprise and Innovation, Minister for Agriculture, Food and the Marine, Minister for Transport, Tourism and Sport, Minister for Education and Skills and Minister of State for Trade and Development, along with senior officials from the various departments, the heads of Enterprise Ireland, the IDA, Bord Bia, Science Foundation Ireland and Tourism Ireland. The IEA also is an active member of the Customs Consultative Council.

In 2016, the IEA lobbied on a number of key issues for exporters including:

- All-Island Civic Dialogue on Brexit
- Brexit and Ireland's relationship with the UK and EU post UK EU referendum
- British Irish Parliamentary Assembly
- Budget 2017
- Building SME export competence
- Customs Consultative Committee
- Department of Taoiseach Brexit Group
- Department of Jobs, Enterprise and Innovation Statement of Strategy
- Entrepreneurship
- Expansion of our export base and market diversification
- Export Finance

- Export Trade Council
- Hedging strategies for SMEs
- Infrastructural improvements, such as broadband in the West
- Lord Mayor's Brexit Taskforce Forum
- Migrant crisis
- National Civil Aviation Development Forum
- National Economic Dialogue
- Public Sector Wages and the effect on our cost competitiveness
- Reform in the education sector, the skills shortage and the development of a new National Skills Strategy to 2025
- T-TIP

We must continue to build our footprint in higher growth markets, but not at the expense of resources in developed markets - for as every company knows, it is easier to get more business from existing customers than to develop a whole new client base. We urge a balanced approach in this regard and called on government to expand and develop the number of support resources available in market through the employment of less expensive, better connected local talent and closer connectivity with Irish and local business networks.

The IEA sits on the Customs Consultative Committee. The Committee provides a forum for key stakeholders to discuss new EU customs legislation and proposed procedures. In addition, it gives us the opportunity to promote the advancement of simplification and facilitation of procedures with customs and other matters of mutual interest.

The Regulation of Lobbying Act 2015 came into effect from 1st September 2015 and with it, the requirement for those who lobby designated public officials to register and report on their lobbying activities. The IEA welcomed this transparency and all IEA lobbying activity can be viewed at the following website link: <https://www.lobbying.ie/organisation/665/irish-exporters-association>. In 2016 the IEA made 26 returns to the register of our lobbying activity.

Budget 2017

The IEA lobbied very particularly in Budget 2017 in the areas of: maintaining and improving our national cost competitiveness; the war for talent; broadening our export base and diversification of export markets; and encouraging and fostering entrepreneurship. We welcomed the government's support geared at SMEs and business start-ups, the changes in USC and preservation of Ireland's 12.5 per cent corporation tax rate; however, more could have been done for indigenous Irish companies and the farming sector to prepare for challenges that face exporters with the UK's Brexit decision and Ireland's ability to compete internationally.

Whilst paltry, we welcomed the reduction to the three rates of Universal Social Charge. The 1 per cent reduced to 0.5 per cent, the 3 per cent level to 2.5 per cent, and the 5.5 per cent level to 5 per cent. This reduction is a step in the right direction but, more must be done if we are to retain and attract the best talent, so we look forward to the government going further in next year's budget to phase out USC, increase the band ceiling and the exemption threshold to reduce the impact on all. Similarly, the reduction in the rate of Capital Gains Tax for entrepreneurs (Entrepreneurs Relief) from 20% to

10% was welcomed, but this does not bring us onto the racetrack. From a competitiveness point of view the rate is now the same as in the UK, but the €1m ceiling here is laughable compared to the ceiling of £10m in the UK. We also believe that the increase in the Earned Income Tax Credit by a mere €400 to €950, which the Government says will benefit over 147,000 self-employed people is a real sucker-punch to them. In a situation where exporters are beginning to consider shifting production to the UK in order to secure their business there, we need to ask what signal this Government is really sending out to the people who are creating the greatest share of employment in this country.

We were disappointed by the discouraging measures against the farming and fisheries sector and we did not welcome the increase in farmers VAT flat-rate from 5.2% to 5.4%. Despite this we have seen some steps to encourage the sector with the extension of the farm restructuring relief scheme to be extended to year end 2019 and a new income averaging 'step out' for farmers. We also welcomed a new fisher's tax credit of €1,270 per year.

The IEA was disappointed that more was not done in relation to protecting business against sterling depreciation, restraint in public pay, the war for talent and that Enterprise Ireland, Bord Bia and our Embassies did not receive further funding to increase resources in high-growth markets specifically. Finally, we believe that the IEA should be given a specific role for a campaign in partnership with Government & funded by them to drive our exports.

Policy Submissions

The IEA presented a verbal policy submission to the Joint Oireachtas Committee on Jobs, Enterprise and Innovation on the likely economic impact of Brexit with particular emphasis on jobs and enterprise and the steps being taken to mitigate these risks

The IEA also provided written submissions on:

- EU Commission – Re-launch of the Common Consolidated Corporate Tax Base (CCCTB)
- International Civil Aviation Organization's Draft Policy Proposal for a Global Market Based Measures Scheme (GMBM)
- National Competitiveness Council's Competitiveness Framework
- North Runway Scoping Process for Proposal to Change Permitted Operations
- Department of Transport, Tourism and Sport: Statement of Strategy for 2017 – 2019

Gold Medal Award

The IEA Export Gold Medal Award for 2016 was presented to Colm Lyon, CEO and Founder of Fire Financial Services Limited and Founder & Former CEO of Realex Payments. The award was presented at the annual IEA President's Lunch, a flagship event in the export industry calendar which recognises excellence in export industry development. Over 250 guests including key figures from the export industry, Government and diplomatic services came together to celebrate this occasion in association with Barclays Bank Ireland at the Intercontinental Hotel Dublin.

The prestigious IEA Gold Medal is awarded annually to an individual who has made an exceptional impact on Irish export industry development. Ireland has become a hotbed of innovation for the Financial Technology (Fin Tech) industry. This has been a natural progression of our booming Financial Services sector and having a world-renowned reputation as an innovative Tech Hub, being home to the top 10 "born on the internet" companies. Our rapidly growing Fin Tech sector has been a result of the establishment of globally successful firms such as Realex and Fire Financial Services Ltd. and the 2016 award recognised the exceptional impact that Colm Lyons has made to the indigenous Fin Tech sector here in Ireland and his great achievements internationally.



L-R: Paschal McCarthy, President, Irish Exporters Association; Colm Lyon, CEO of Fire Financial Services Ltd; and Sasha Wiggins, CEO, Barclays Bank Ireland.

On accepting the Gold Medal Award 2016, Colm Lyon, CEO of Fire Financial Services Ltd stated: *"I am really delighted and honoured to have been selected by the Irish Exporters Association for the Gold Medal Award for 2016. Scaling and growing businesses internationally is a core strategic objective of every Irish business and the Association plays a critical role in helping its members achieve this goal. In accepting the award I would like to thank all the people who have helped me along the way. I have been very fortunate in meeting people who have aspired to things*

beyond the ordinary and who were prepared to work tirelessly to achieve our success. Thank you."

Export Industry Awards

The Export Industry Awards is the premier event recognising the remarkable achievements of companies working in the export industry in Ireland. 9 companies won 11 individual category Awards across a range of sectors. The Chanelle Group took home the overall Exporter of the Year Award 2016 after winning both the Life Sciences Exporter of the Year and Export Innovation of the Year award categories. Over 500 export industry professionals attended the black-tie Awards Ceremony and Gala Dinner which took place on Friday, 25th November at the Convention Centre, Dublin. Tadhg Enright, Journalist & Presenter, MC'd the event which included a keynote address by Martin McVicar, Managing Director and Co-Founder of Combilift, two-time winner of the Exporter of the Year Award in 2008 and 2015.

The Chanelle Group provides a spectrum of services in areas of research and development, and registration and production of generic pharmaceuticals for both Human and Veterinary Pharmaceuticals. Headquartered in Loughrea, Co. Galway, The company was founded in 1983 by Michael Burke, a Veterinary Surgeon. Chanelle Group currently employs 385 people, over 300 of whom are based at its headquarters in Loughrea. The company plays a pivotal role in employment in the area and exports to over 80 countries worldwide, with key markets in the EU, Australia, New Zealand, Japan, South Africa and the Middle East.



Beatrice Cosgrove, Area General Manager for Northern Europe at Etihad Airways and Paschal McCarthy, President of the Irish Exporters Association presenting the Exporter of the Year Award 2016 to Michael Burke, Managing Director, and staff of Chanelle Group.

The Export Industry Awards 2016 is supported by a number of corporate and industry sponsors: Bank of Ireland, Etihad Airways, KPMG, Kuehne + Nagel, UCD Smurfit School of Business, Bord Bia, Enterprise Ireland, Irish Rail and the Irish Maritime Development Office.

2016 Export Industry Award Categories & Winners

- **Exporter of The Year 2016** sponsored by Etihad Airways: The Chanelle Group, Loughrea, Co Galway
- **Export Innovation of the Year**, sponsored by KPMG: The Chanelle Group, Loughrea, Co Galway
- **Services Exporter of the Year:** Roomex.com, Dublin
- **Life Sciences Exporter of the Year**, sponsored by Kuehne+Nagel: The Chanelle Group, Loughrea, Co Galway;
- **Medium Size Exporter of the Year**, sponsored by Bank of Ireland: eShopWorld, Swords, Co Dublin
- **Small & Emerging Exporter of the Year:** Keogh's Crisps, Oldtown, Co Dublin
- **Multinational Exporter of the Year**, sponsored by Iarnród Éireann, Irish Rail: Green Isle Foods, Naas, Co Kildare
- **Food & Drink Exporter of the Year**, sponsored by Bord Bia: Dawn Farms, Naas, Co Kildare
- **High Potential Exporter Award**, sponsored by Enterprise Ireland: ChannelSight, Dublin
- **Maritime Services Company of the Year**, sponsored by the Irish Maritime Development Office: Irish Continental Group, Container & Terminal Division, Dublin
- **Technology Exporter of the Year:** eShopWorld, Swords, Co Dublin
- **Logistics Exporter of the Year:** Ace Express Freight, Lusk, Dublin

2016 Independent Judging Panel

Chaired by Mr. Pat Higgins, Head of Business Development Queally Group and supported by:

- Niall Campbell, Partner, KPMG Ireland
- Kieran Comerford, Head of Enterprise, Local Enterprise Office – Carlow County Council
- Kilian Duignan, Director, Business Boost International Ireland
- Tommy Fanning, Head of Biopharmaceuticals & Food, IDA Ireland
- Maree Gallagher, MGA Food Law & Of Counsel, Beauchamps Solicitors
- Thomas Hunter McGowan, Chief Executive Officer, InterTradelreland
- Howard Knott, Logistics Consultant
- Mary Lambkin, Professor of Marketing, University College Dublin
- Vanessa Markey, Head of Great Britain, Tourism Ireland
- Brid O’Connell, Executive Director, Guaranteed Irish
- Pat Tracey, CEO, Chartered Institute of Logistics & Transport
- Padraic White, Chairman, Certification Europe

National Export Hub and the Export Knowledge Programme

The Irish Exporters Association’s National Export Hub in partnership with InterTradelreland launched the Export Knowledge Programme in early 2016. This is a new educational programme aimed at supporting SME’s to improve their exporting capabilities. The exciting new initiative was launched by then Minister for Jobs, Enterprise and Innovation, Richard Bruton TD at an event at the Irish Office of the European Commission in January 2016.



L-R: Simon McKeever, Chief Executive, Irish Exporters Association; H.E. Robin Barnett, British Ambassador to Ireland; and Sarah O’Connor, Co-founder, Cool Beans and Export Knowledge Programme graduate at the National Export Hub breakfast seminar in Dublin on 17th October 2016.

The National Export Hub is a public-private partnership designed to increase the number of Irish businesses exporting for the first time, assist Irish businesses to enter new export markets and support Irish exporters to grow their exports in existing markets. The key partners in 2016 were AIB, Euler Hermes, DHL, ABP Food Group, PwC, Bord Bia and the Department of Trade and Foreign Affairs.

The Export Knowledge Programme aims to take selected participants through an educational and support led journey to improve their capability to export into existing and new markets on the Island of Ireland and internationally. Applicants are initially assessed to ensure that their business has the structure and resources to support growth and entry into new export markets. A total of 20 businesses were selected in early 2016 to embark on a seven month educational workshop programme covering every aspect of the export journey. Then Minister for Jobs, Enterprise and Innovation, Mary Mitchell

O'Connor TD conferred the inaugural graduating class of 2016 at a ceremony at the Royal College of Physicians, Dublin in July. 18 companies from sectors such as Food & Drink, Manufacturing and Pharma were graduated having attended 6 workshops in the areas of: Trading Safely in New and Existing Markets; Knowledge of International Legal, Contract and IP Issues; International Financial Management; E-commerce Skills and Social Media Skills; Marketing Mix Skills; International Logistics; Researching Markets and Finding Opportunities; and Tendering. 20 further companies were selected and began the second wave of the Export Knowledge programme in November, due to graduate in May 2017.



Minister for Jobs, Enterprise and Innovation, Mary Mitchell O'Connor TD, Paschal McCarthy, President, Irish Exporters Association and the first Export Knowledge Programme class at a graduation ceremony at the Royal College of Physicians, Dublin in July, 2016.

This first year of the Export Knowledge Programme was a resounding success. We have received great feedback from the participants of the initiative and their enthusiasm has been an integral part of this landmark achievement. This programme is the first of its kind and will enable and empower small and first-time exporters to grow their business through exporting.

Top 150 Born in Ireland 2016 publication

The Investec sponsored IEA's Top 150 Born in Ireland 2016 report was launched in October. This was a new publication which provides an analysis of the leading homegrown companies and concluded that the Consumer Goods, Food & Beverage and Agri sector which generates a combined turnover of €40 billion (out of €139.5bn) was the leading indigenous Irish sector by turnover.



L-R: Paschal McCarthy, President, Irish Exporters Association, Orla Ni Cholmain, Credit Analyst Investec and Eamonn McKee, Director General, Trade Division, Department of Foreign Affairs and Trade.

The Top 150 Born in Ireland 2016, which is an evolution of the Top 250 Irish Exporters report published jointly by IEA and Investec for six years, highlights that the top two indigenous Irish companies measured by turnover (according to their most recent filed accounts) are: CRH plc in first place with a turnover of €23.6 billion and DCC plc the second largest at €14.5 billion.

Vision-net compiled the data for the report, which is the only one of its kind, listing the leading 150 Irish owned companies which are drawn

from multiple sectors with different business models – some based exclusively in Ireland, many with global reach, with others having a particular focus on export markets. This publication is an important reference document for all within the export industry, as well as an up-to-date economic commentary on Irish owned trade.

Export Leadership Forum



In February, the IEA held its two day conference, the Export Leadership Forum, at Croke Park with keynote addresses from H.E. Kevin O'Malley, U.S. Ambassador to Ireland, Dominick Chilcott, former British Ambassador to Ireland, Kęstutis Sadauskas, Director Green Economy, European Commission, Pascal Saint-Amans, Director, Centre for Tax Policy and Administration, OECD, Bryon Angvall, Director-Global Trade Controls, The Boeing Company and Anton Brummelhuis, Senior Director-Sustainability at Philips.

Throughout the two days, 60 speakers addressed over 400 delegates across eight streams: Innovation Economics, Life Sciences, Launch Export for SMEs, Export Plus, Food & Drink, Services, Compliance & Risk, and the Supply Chain. Delegates heard from Senior Executives and representatives of Irish businesses such as Google, Teeling Whiskey, Airbnb and American Airlines.



The aim of the Export Leadership Forum was to highlight the impact exporting has on Ireland's economy and how exports off the island of Ireland contribute to both the Irish and the global economy. Our conference included best practice case studies from both Irish and International business leaders, and highlighted the innovative strategies that other countries are adopting to boost their exports.

Top picture L-R: Tom Hall, Head of AIB Customer Treasury Services, AIB Group Treasury; Simon McKeever, Chief Executive, Irish Exporters Association; Dominick Chilcott, former British Ambassador to Ireland; Nicola Byrne, Vice-President, Irish Exporters Association; and Paschal McCarthy, President, Irish Exporters Association.

Middle picture L-R: Simon McKeever, Chief Executive, Irish Exporters Association

Lower picture L-R: Delegates enjoying networking at the Export Leadership Forum

Brexit Briefing



L-R: Ana Boata, European Economist, Euler Hermes; H.E. Dominick Chilcott, former British Ambassador to Ireland; Pat Cox, Former President of the European Parliament; Bryan Bourke, Managing Partner, William Fry; Simon McKeever, Chief Executive, Irish Exporters Association.

On the 28th July, the IEA, in association with William Fry, held a Brexit Briefing Seminar to educate and inform IEA members and stakeholders of the potential implications of Brexit on the Irish export industry. Over 200 guests attended the event at William Fry in Dublin 2. Conor Brophy, RTÉ was MC for an extensive panel of speakers which included keynote addresses from Rory Montgomery, Second Secretary General, Department of the Taoiseach; H.E. Dominick Chilcott, former British Ambassador to Ireland; Ana Boata, European Economist at Euler Hermes; Pat Cox, former President of the European Parliament; and

Bryan Bourke, Managing Partner at William Fry. The event also included a comprehensive Expert Advisory Panel discussion and briefings from industry speakers, such as Owen O'Byrne, Head of Product at Fire Financial Services Limited and Martin McVicar, MD of Combilift and the 2015 Exporter of the Year. Other speakers included AIB and Revenue.

Supply Chain Ireland

The Supply Chain Ireland Seminar series held regional events during the year to inform exporters with multimodal supply chain, logistics and customs issues on a number of regulatory changes taking place in 2016. Major changes in EU customs came into effect on 1st May and SOLAS VI Container Weight Verification rules which came into effect on 1st July both having significant implications for all parties along the supply chain. The events brought together industry specialists from the air, road, sea and rail sectors with government and key stakeholders. The Supply Chain Ireland events in 2016 were sponsored by Aer Lingus Cargo, Crowe Horwath and Irish Rail to grow and promote Ireland as a leading player in the global supply chain. Events included:

- 13th April 2016 - Woodlands Hotel, Waterford
- 16th June 2016 - Radisson, Little Island, Cork
- 12th October 2016 - McWilliam Park Hotel, Claremorris, Mayo

65th Anniversary

The IEA celebrated 65 years in business on 6th May 2016 with a lunch event in Cork for key exporters and stakeholders in the Munster region. The event was held at the Radisson Blu, Little Island, Cork with thanks to sponsors Port of Cork and Cork Airport.



L-R: Paschal McCarthy, President, Irish Exporters Association and Simon McKeever, Chief Executive, Irish Exporters Association.

The well attended event included keynote addresses from Cllr. Chris O'Leary, Lord Mayor of Cork City and Neil Holland, Deputy British Ambassador. Brendan Keating, CEO of Port of Cork and Niall MacCarthy, Managing Director of Cork Airport also addressed the audience as local representatives in the export sector.

On the 1st May 1951, a small group of exporters gathered together to form an association to look after the welfare of exporters and grow business in Ireland, helping it get back on its feet after WWII. Since

its establishment, the IEA has driven and supported the growth and development of all exporting businesses in Ireland, leading the export agenda as the voice of Irish exporters, promoting their interests and driving them forward.

Since the beginning of the IEA, the most dramatic change in the Irish economic landscape has been the expansion and diversification of the types of goods and services being exported. In the early 1950's, Irish exports were heavily dependent on agriculture, cattle in particular, and exporting was less about growing market share and more about disposing of surplus product. We were also heavily dependent on the UK as our main trading partner, in 1949 91% of our exports went to the UK. In the early 1950's exports were around 30% of GDP, in 2016 this figure was nearly 120%.

Regional Business Roadshow with Ulster Bank

The IEA teamed up with Ulster Bank to hold a series of six regional business seminars in 2016. Attendees at each event heard from experts on our Export Industry Panel and Industry Speakers on industry opportunities and challenges relevant to the specific region. The Irish Exporters Association is delighted to team up with Ulster Bank on our regional seminar series. This series focuses on key international markets and provides a platform for driving the IEA's regional growth and development strategy. It is imperative that we support export-oriented businesses in Ireland, a major source of economic development and job creation.

Events included:

- Cork - 9th June 2016 – The Maryborough Hotel, Cork
- Galway - 14th June 2016 - The Clayton Hotel, Galway
- Midlands - 14th September 2016 - Sheraton Hotel, Athlone
- Shannon & Mid-West Corridor - 13th October 2016 - Shannon Airport
- Dublin - 7th December 2016 - Ulster Bank, George's Quay, Dublin 2
- East - 13th December 2016 - Clayton Hotel Dublin Airport



L-R: Michael Ashe, Sales Manager, Ulster Bank; Pat Horgan from Ulster Bank; Alan Fehily, Cork Council Regional Chairman, Irish Exporters Association; Paschal McCarthy, President, Irish Exporters Association and Declan Daly, Senior Manager, South West, Ulster Bank at The Importance of Cork to the Irish Export Industry event, The Maryborough Hotel, 9th June 2016

Regional Councils

The IEA established its regional growth and development strategy in 2016, a mandate of which was to establish a number of IEA Regional Boards to be made up of representatives from exporting businesses around the country. In June 2016 the West Regional Council was established which is Chaired by John Carr, VP Supply Chain Solutions of Flextronics and the Cork Regional Council which is Chaired by Alan Fehily of DePuySynthes.

The Regional Councils were established to: increase IEA presence on the ground, enhance our ability to understand and develop solutions to the local issues that are affecting our members, and to ensure we strengthen the regional input into the main IEA National Council.

The remit of the IEA Regional Councils is to: provide a local point of contact to members; act as an advocate for the region, and the export requirements of members; and provide a succession platform to the IEA National Council. The IEA aim to be within arm's reach and available to members around the country providing a platform for businesses to be heard on local issues. The model of the Regional Council is 8-10 companies meeting around 4 times per year.

IEA National Council

A number of subcommittees reporting to the National Council were maintained in 2016 in order to give guidance on matters of key importance to the Association. These include:

1. The Executive Committee
2. The Finance & Risk Committee
3. The Membership Development Committee
4. The Policy Subcommittee
5. The Training Committee

The value of the guidance and support of the members of these committees cannot be underestimated.

Acknowledgements

I would like to acknowledge the support and commitment of the National Council, their continued guidance and support to the Association has been invaluable. I am particularly grateful for the support, guidance and time commitment that members of the Regional Councils and subcommittees give to the organisation.

I would like to thank the Executive Council of 2016 for their support and ongoing contribution in their tenure: President Paschal McCarthy, Vice President's Daniel Hickey and Nicola Byrne and Honorary Treasurer Marie Armstrong. I would also like to thank Nicola Byrne, the current President of the Association since July 2017 and wish her well in her tenure.

I welcome Ronnie O'Toole as our Honorary Economist and appreciate his commitment to the IEA and I look forward to working with him.

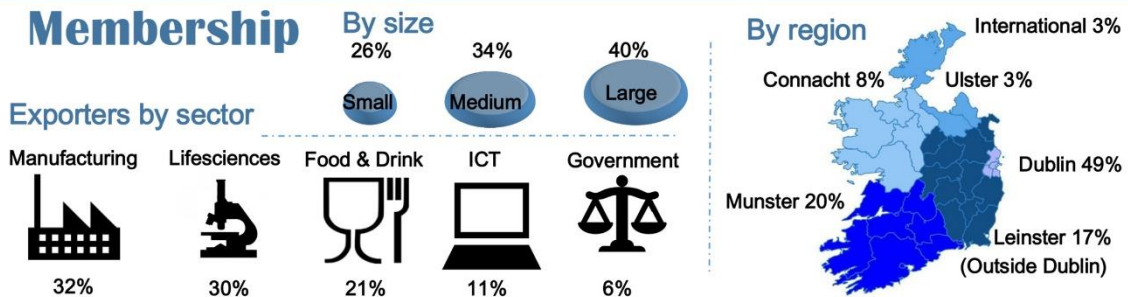
I would also like to thank the team in the IEA for their dedication to the Association and for all the hard work and time they devote to delivering support to our members and helping us in our mission to assist our members to grow their exports to world markets.

I am very grateful to the many partners we have in business who work with us and sponsor our various initiatives and also to our partners in Government and the Agencies who support us in our endeavours to serve our members.

Finally, and most importantly, it would be impossible to do all that we do without the support of you, our members, and without the generosity of our varied sponsors of which there are many. I would especially like to express to you my gratitude for your continued support.

IRISH exporters association 2016 at a glance

Membership



Training

700+ professionals trained in

Good Distribution Practice



Consular

Visa & legalisation services up 16%



Top 5 Countries for Visa Applications



Council

June 2016—IEA establishes Cork & West Regional Councils

Alan Fehily, DePuySynthes, Cork Chairman.

John Carr, Flextronics, West Chairman.

Export Services & Events

3,300 attendees at 42 IEA events across Ireland



Assists



7 Export Knowledge Workshops

18 Companies graduated

2 Large Regional Seminars
200+ attendees

Over 100 SME Companies assisted in 2016!

Review of Irish Export Performance in 2016 and Outlook for 2017

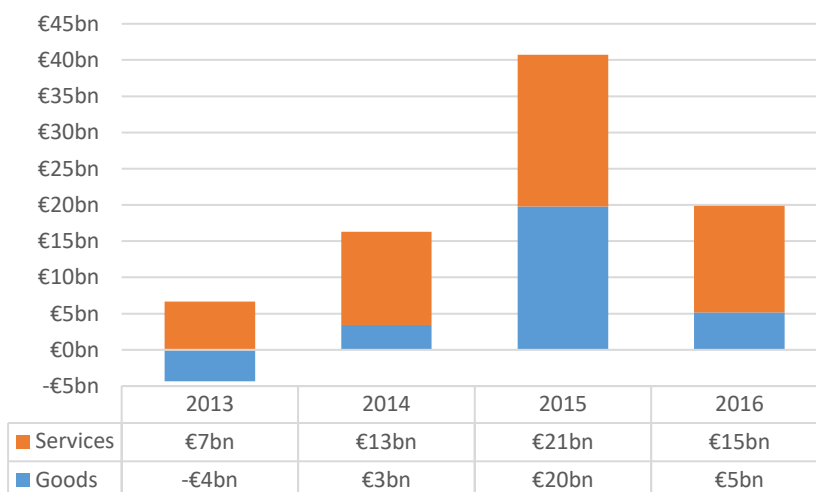
Overview – another record year for Irish exports

Ireland posted another record year of exports in 2016. Aggregate exports reached €259bn, a rise of €20bn on the very strong 2015 total. Services industries were the major source of growth, increasing by €15bn on the year. Merchandise goods exports also performed strongly, rising by €5bn to build on the stellar growth in 2015. Irish exports have now averaged 12.5% growth per annum since 2013, posting an 8.3% increase in 2016. This compares to the typical export growth across the major developed OECD economies of 0-3% in 2016.



DR. RONNIE O'TOOLE
IEA HONORARY ECONOMIST

Year on Year Growth in Exports



Ireland's 2016 Export Performance in Figures

Goods: €118bn

Services: €141bn

Total: €259bn

Export growth is helping fuel a strong recovery in Ireland's domestic economy. Ireland is second only to Luxembourg in terms of the openness of its economy to international trade, and the strong export performance is feeding through to increased domestic employment, industrial output and exchequer revenues. Irish GDP is forecast by the OECD to increase by 3.7% in 2017, more than double the Euro-area average. Ireland is on course to be the fastest growing economy in the euro zone for a fourth straight year.

Growth in goods exports driven by machinery and chemicals

The rise in the export of goods of 5% in 2016 followed on from the 21% growth experienced in 2015. The growth in 2016 was driven mostly by the performance of two sectors, namely machinery (+€2.9bn) and chemicals (+€2.2bn). The rise in machinery was as a result of a rise in sales of electrical equipment, in particular a rise in shipments to non-EU countries, particularly the US, China and Israel.

The rise in the export of chemicals was driven by a rise in shipping of inorganic chemicals. While these two sectors are dominated by foreign-owned multinationals, indigenous firms posted a strong employment increase of 9,000 to 201,000¹ in 2016. The important food sector also reported growth of 2% in 2016, while beverages exports grew by 3%. The rise in food was in part due to a rise in the export of infant food preparation into China. The rise in beverages exports was helped by a rise in Whiskey exports to the important US market.

Goods Exports Classified by Sector

	2014 €million	% Change	2015 €million	% Change	2016 €million
Total food and live animals	9,350	6%	9,877	2%	10,095
Beverages and tobacco	1,147	12%	1,288	3%	1,331
Crude materials, inedible, except fuels	1,795	-1%	1,771	-14%	1,527
Mineral fuels, lubricants & related materials	847	-9%	773	-11%	691
Animal and vegetable oils, fats & waxes	62	-7%	57	37%	78
Chemicals and related products, n.e.s.	51,569	25%	64,224	3%	66,416
Manufactured goods classified by material	1,871	13%	2,105	2%	2,143
Machinery and transport equipment	12,101	39%	16,808	17%	19,668
Miscellaneous manufactured articles	12,627	13%	14,298	3%	14,663
Commodities and transactions n.e.s.	1,248	-3%	1,207	-20%	966
Total Goods Exports	92,616	21%	112,407	5%	117,578

Overall, exports of agricultural produce in 2016 were held back by a fall in shipments to the UK. Since the start of 2017 there has been a rebound in UK sales, with a year to date (Jan to May) rise in food exports to the UK of 8% compared to the same period in 2016. This has helped fuel an overall increase in the sector of 11% so far in 2017. While the immediate impact of Brexit on exporters will be felt through the fluctuations in the value of Sterling, the longer-term implications will depend on the negotiation outcomes and a possible realignment of the UK economy towards greater self-sufficiency, lower imports from countries such as Ireland, and less industrial specialisation.

Service exports ratio one of the largest in the EU

Services exports experienced a €15bn (12%) increase in value in 2016. This was a broadly-based increase, with double-digit percentage rises in repairs and processing; transports; computer services; royalties/licences; and business services. Computer services is now by far the largest services sector having grown by 31% over the last two years, and now accounts for €1 in every €4 of total Irish export revenue. Services now accounts for 54% of all Irish exports, one of the highest ratios in the EU.

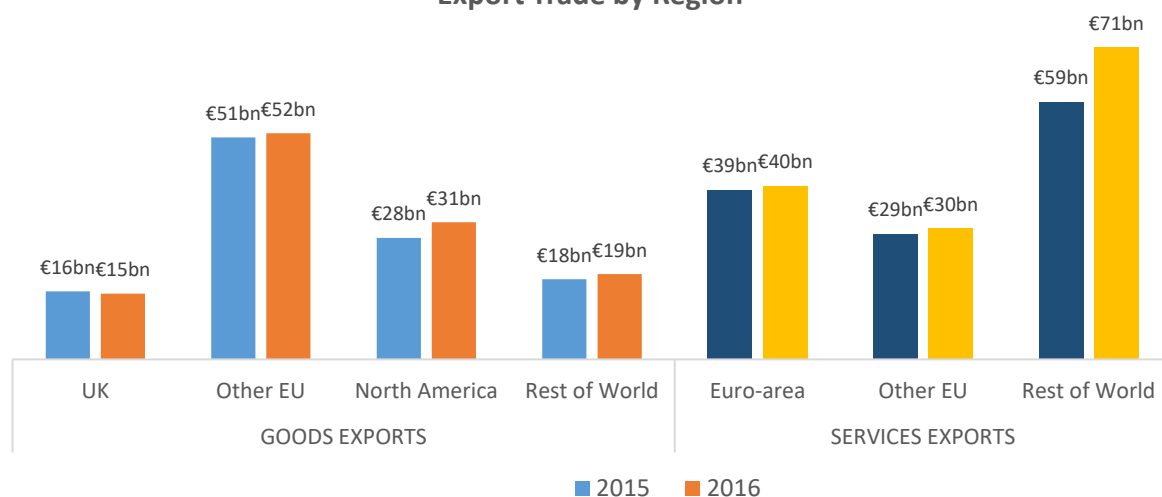
¹ Total employment of Enterprise Ireland clients.

Services Exports Classified by Sector					
	2014 €million	% Change	2015 €million	% Change	2016 €million
Repairs and processing	1,223	29%	1,582	10%	1,738
Transport	5,193	26%	6,553	11%	7,300
Tourism and travel	3,656	18%	4,320	8%	4,685
Communications	569	20%	684	-6%	643
Insurance	8,723	18%	10,316	-10%	9,243
Financial services	8,970	27%	11,366	4%	11,869
Computer services	49,166	17%	57,479	12%	64,577
Royalties/licences	5,242	40%	7,329	18%	8,624
Business Services	20,706	11%	23,073	31%	30,337
Other services not elsewhere stated	1,882	91%	3,586	-45%	1,956
Total Services Exports	105,327	20%	126,283	12%	140,971

Irish exporters extend their global footprint

2016 marked another year where the global reach of Irish exports stretched further, with non-EU markets becoming increasingly important. This is particularly evident for services trade. While the CSO will not release 2016 country data for services exports until November 2017, existing data suggests that the surge in services exports in 2016 was largely attributable to countries outside of the EU. In 2015, by far the largest non-EU market for Irish services exports was the US, with significant exports also to the large Asian markets. The EU, however, still constitutes around half of Irish goods and services exports, or 57% and 49% respectively. Around one sixth of all exports is with the UK, with a higher percentage of services exports going to the UK than goods. Irish goods exports to the UK fell in 2016, with many sectors hit by the fall in Sterling following the Brexit referendum. Goods exports to all other regions experienced year-on-year growth.

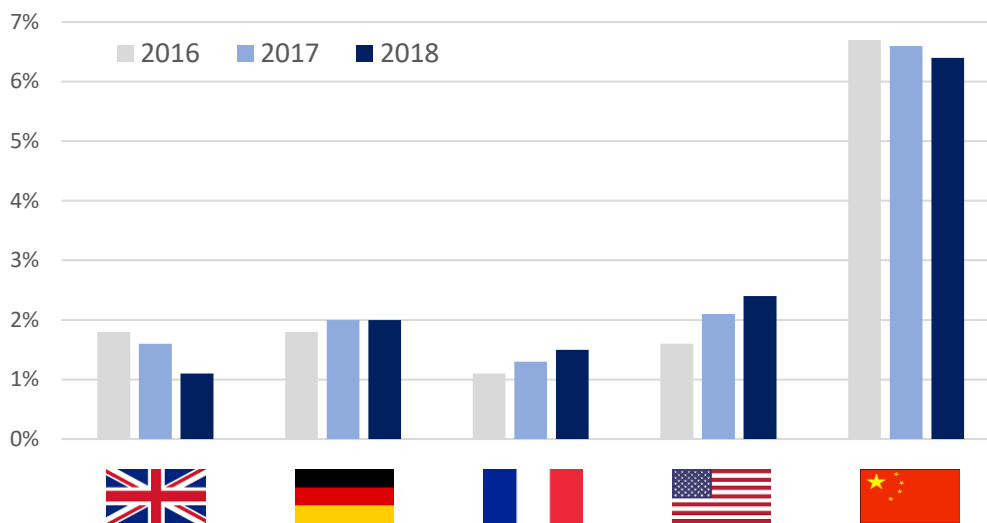
Export Trade by Region



Preliminary Outlook for 2017

World economic growth prospects are improving. The GDP growth rate in most of Ireland’s major export markets are expected to increase in 2017 and into 2018. This is particularly evident in non-EU markets, which are increasingly important to Irish exporters. Consumer and investor confidence is strengthening, unemployment has fallen, and interest rates remain low. Further, political uncertainty has eased following the victory of Emmanuel Macron in the French presidential election in May 2017. While monetary policy is likely to start tightening over the next 12-18 months, the overall prospects for Ireland’s major markets looks more stable than for many years.

World Economic Growth Prospects



Source: OECD, June 2017

The one exception is the UK owing to uncertainty about the outcome of the Brexit negotiations. GDP growth in the UK is expected to slow in 2017, though much more sharply in 2018. This will be driven by weaker business investment, as well as the impact of higher inflation eating into real take-home pay. As well as weak demand, Irish exporters will also have to continue to contend with a weak sterling, though many forecasters are predicting a modest strengthening of the pound by mid-2018.

For any comments or queries: ronnie.otoole@gmail.com

Date: 29th July 2017

Services source: CSO, Balance of Payments

Goods source: CSO, External Trade

Audited Accounts for year-end 31st Dec 2016

INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 December 2016

	2016	2015
	€	€
Income	1,512,321	1,637,780
Expenditure	(1,504,732)	(1,657,318)
	_____	_____
Surplus/(deficit) on ordinary activities before interest	7,589	(19,538)
Interest payable and similar charges	(3,526)	(9,951)
	_____	_____
Surplus/(deficit) on ordinary activities before tax	4,063	(29,489)
Tax on surplus/(deficit) on ordinary activities	-	(752)
	_____	_____
Surplus/(deficit) on ordinary activities after taxation	4,063	(30,241)
	_____	_____
Surplus/(deficit) for the year	4,063	(30,241)
	=====	=====

BALANCE SHEET

as at 31 December 2016

	2016	2015
	€	€
Fixed Assets		
Tangible assets	9,925	11,313
	<hr/>	<hr/>
Current Assets		
Debtors	260,754	535,308
Cash and cash equivalents	185,400	59,119
	<hr/>	<hr/>
	446,154	594,427
Creditors: Amounts falling due within one year	(264,859)	(418,583)
	<hr/>	<hr/>
Net Current Assets	181,295	175,844
	<hr/>	<hr/>
Total Assets less Current Liabilities	191,220	187,157
	<hr/> <hr/>	<hr/> <hr/>
Reserves		
Income and expenditure account	191,220	187,157
	<hr/>	<hr/>
Members' Funds	191,220	187,157

National Council of IEA of 2016

IEA President

Paschal McCarthy, GE Healthcare Ireland

IEA Senior Vice President

Daniel Hickey, AllinAll Ingredients Limited

IEA Junior Vice President

Nicola Byrne, Cloud 90

IEA Honorary Treasurer

Marie Armstrong, KPMG

John Carr, Flextronics

David Carthy, William Fry

Patrick Daly, Alba Consulting

Colin Dunne, IWT

Alan Fehily, J&J DePuySynthes

Andrew Fleming, Rosderra Irish Meats Group

Patrick Joy, Suretank

Hugh Kelly, Associated Marketing

James McGee, Athlone Extrusions

Bill O'Connell, EMC

Michael Sanfey, Aer Lingus Cargo

Suzanne Trehy, CRH

David Walsh, Netwatch

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Ray Hunt, Financial Controller

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