IEA

Irish Exporters Association

IRISH EXPORTERS ASSOCIATION

ANNUAL REPORT

2020

IEA
Irish Exporters Association

IEA
Irish Exporters Association

The leading independent representative body and voice for exporters based in Ireland

2020 Annual Report

Published September 2021

IEA
Irish Exporters Association

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Who We Are

- Established in 1951, we are the leading independent representative body and voice for exporters based in Ireland.
- We represent exporters and supply chain actors, of all sizes, across the country and work at regional, national, and European level, representing members in front of legislators to create a regulatory and legislative framework that supports, drives, and fosters Irish exports.
- We are the connecting force for Irish exporters, providing practical knowledge and support across the Island of Ireland and in foreign markets.

What We Do

- We represent the needs of members in the development of policy, lobbying, intervention at Government and EU level and in the media.
- We offer trade services in the form of practical training, and support, right across the supply chain including customs awareness, GDP, Sustainable Supply Chains Programme, visa and export documentation support, and general assistance with trade related queries.
- We have created knowledge networks among our membership to support them explore new markets and provide thought leadership through a series of events and webinars.

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IEA 2021 President's Statement

Barry Cullen, Head of Sales Silver Hill Duck

Dear Colleagues,

I am delighted to preside over the Irish Exporters Association for 2021, which is a very important milestone for the Association as it marks its 70th anniversary. I think it is safe to say that both 2020 and 2021 have been years like no other for Irish exporters, importers, supply chain actors and indeed society. In 2020 exporters faced the dual and compounding challenge of dealing with Covid-19 and preparing for the UK's exit from the EU.

Bychairing both the National Council and our Border-Midlands Network I see first hand the day-to-day and persistent challenges facing the IEA's broad membership base. Although being known widely as the voice of Irish exporters, the nature of trade means that the Association also represents importers and more broadly supply chain actors. Brexit and Coivd-19 have exposed the intricacies in supply chains from producer to end user and I believe that businesses, and indeed the public, are much more aware of how supply chains work given the widespread trade disruption.

At present, and for some time, exporters and importers are dealing with a critical supply side squeeze that is hampering business activity not just in Ireland but globally. Longer lead times for components, shortages in materials for packaging and lack of warehouse space are just some of the issues that have been simmering and are now coming to the fore. There is not just one root cause to current supply chain challenges that Irish businesses are facing. Soaring shipping costs, the inherent container shortage and the HGV driver shortage are all leading to increased transport costs. This supply size squeeze and ensuing supply chain restraints all point to the need to have an effective and reliable representative body such as the IEA to work with Government and the EU to keep members concerns front and centre, to make sure that Irish exporters and importers remain competitive and to safeguard Ireland as an attractive place to do business.

It has been an interesting time to serve as President of the Irish Exporters Association and I look forward to working with the Association in the years to come in the interest of our growing membership.

Yours sincerely,

Barry
Barry Cullen | IEA 2021 President

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Chief Executive's 2020 Analysis and Acknowledgements

Simon McKeever

Dear valued member,

Looking back at 2020, it is safe to say that there has been no year quite like it in my memory. The outbreak of Covid-19 quickly impacted trade flows and members found themselves caught up in the unprecedented disruption. Restrictions meant that Irish exporters couldn't get goods into the country of destination and for importers sourcing of components and raw materials was proving difficult. Members quickly made us aware of the issues they were experiencing and as a result in early February we called on the Government to consider the Covid-19 problem and support those impacted businesses - little did we know how seriously the issue would progress and the significant supports that would be needed. Throughout 2020 we continued to make representation on behalf of our members directly with policymakers at home and abroad. We joined an increasing number of Government business focused stakeholder groups that met on a regular basis. We held a number of webinars with Government Ministers, Irish and EU policymakers, department officials and agency representatives to ensure that exporters, importers and supply chain actors had the relevant information needed to work through the pandemic. Of particular recollection is the series of webinars we held with our Ambassadors in China, Italy, France and Germany, who were living through the pandemic a matter of weeks before us in Ireland.

Another key focus of our work in 2020 was to prepare members for the UK's exit from the EU and keep the views of exporters front and central in the ongoing trade talks between the European Commission and the UK Government. While achieving a trade deal was important, our communication to members centred on warning that trade deal or no trade deal, changes in how goods moved to and from Britain would be different and preparations needed to be made. We played, and continue to play, a vital role in training Irish exporters and importers with the requisite customs skills required for the post Brexit trading environment. We were early in calling for an increased amount of direct shipping routes to the EU and were active in highlighting these as they came on stream.

As an organisation, and like many businesses, we had to adapt our services and operations to a remote working environment. We moved all our training courses online, continued our consular and legalisation activities and developed five Regional Network Groups for manufactures to come together and work through common challenges. Unfortunately, we had to cancel our 2020 Export Industry Awards, which would have marked its 20th anniversary. We will run our next Awards programme in 2022 and we hope you will apply. Now more than ever it is important to mark the achievements of members, particularly given the unprecedent challenges you have faced. I would like to thank our sponsors for their ongoing commitment to the Export Industry Awards.

Some highlights in 2020 include:

- **Supporting members through Covid-19 and preparing for Brexit:** Our membership team ran a robust high-contact outreach programme to members by to understand how Covid-19 was impacting operations and to keep members abreast of the necessary preparations to make in advance of the UK's withdrawal from the EU.
- **Developing five Regional Network groups:** We altered our Regional Council structure and established five Regional Network Groups for manufactures. The five member-led groups cover: Border-Midlands, Southern, South-Eastern, Western and Dublin

regions. These groups have strengthened the Association's connection with members, which was extremely important during the pandemic and in the run up to Brexit.

- **Contributed to the EU's renewed trade and investment strategy:** In June 2020, the CSO recorded that the EU accounted for 43% of total goods exports. This figure demonstrates the importance of the EU market for Irish goods and in turn, Ireland's access to EU trade agreements brings further benefits for exporters. Contributing to the European Commission's consultation on a renewed trade and investment strategy was an important opportunity to further support our members in these turbulent trading times.

I would like to thank our 2020 Export Series sponsors - Rhenus Logistics, Iarnród Eireann – Irish Rail, Rosslare Europort and Fleet Transport Magazine. The Export Series allowed us to continue engaging with members through an intensified webinar series and Regional Network Groups meetings. Your ongoing support to this Association is extremely important and valued.

I would also like to thank the IEA National Council for their commitment to this Association. Council members made themselves available on a weekly basis to meet online and update each other throughout the pandemic. In particular I would like to thank David Carthy our 2020 President, 2019 Immediate Past President Marie Armstrong, Barry Cullen 2020 Vice-President and Chair of the Border-Midlands Network Group, Ronnie O'Toole Honorary Economist and Kieran Spellman Treasurer.

I'd like to also thank our Network Chairs for their commitment to our regional outreach - Barry Cullen (Silver Hill Duck, Border-Midlands Chair 2021 & 2020), Paula Tebay (Bosch + Lomb, Southern Chair 2021), Tim Daly (McAfee, Southern Chair 2020), John Carr (Western Chair 2021 & 2021), Gabbie White (Alexion Pharmaceuticals, Dublin Chair 2021) and Adrian Doyle (BD Enniscorthy, South Easter Chair 2021).

I'd also like to thank my own team, for the way they grasped the urgency of the two crises we have been through, and for the professionalism and dedication they have shown to adapting to working under the conditions brought about by the pandemic and to not just keeping the show on the road but excelling during this time in looking after our members and our industry.

With that in mind I wish to thank you for your membership. We prize ourselves on being a member led organisation, your input drives our work and makes the Association what it is today.

Finally, I'd like to give a particular thanks to Ray Hunt our external financial controller for all his support and help throughout the year and his counsel to me which was invaluable.

Keep in touch,

Simon
Simon McKeever | IEA Chief Executive

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2020 AT A GLANCE

8 KEY SECTORS REPRESENTED

32%	Logistics & Transport
18.5%	Manufacturing
17%	Life Science
14%	Food & Drink
12%	Financial & Export Services
2%	ICT
1%	Governmental
3.5%	Other

MEMBERSHIP

Members across Ireland and abroad

52%	Small
25%	Medium
13%	Large
10%	Corporate

BUSINESS TRAVEL

Legalisation & documentation processed: 2,230

Visas: 66*

*Due to Covid-19 there was a sharp decline in business travel and visa requirements

TRAINING

Training moved 100% Digital.

Over 300 Graduates across our short courses

CERTIFICATE IN INTERNATIONAL TRADE
Awarding Body
IEA Irish Exporters Association
promoting excellence in international trade

40+ Graduates in 2020

80+ Graduates since 2019

OVER 900 ATTENDEES WENT THROUGH THE GDP PROGRAMME

GDP DRIVERS	605
GDP OPERATIONS	242
GDP CHAMPION	20
GDP CHAMPION REFRESHER	19
GDP AUDITS	32

GOVERNMENT AFFAIRS

Actively contributed to over 16 Government stakeholder groups, EU forums and consultations.

POLICY PRIORITIES

- Brexit
- COVID-19
- Trade Compliance
- Climate Change
- Sustainability
- Market Diversification
- Corporate Responsibility to Respect Human Rights

MEDIA COVERAGE

We remain a key and regular commentator, appearing on local, national and international media.

WEBINARS

We held 30 informative webinars.

Reached an audience of over 1800.

www.irishexporters.ie
Phone: (01) 661 2182

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IEA 2020 Activities

The pandemic forced many businesses to adapt operations and we were no different. We quickly changed how we worked and put systems in place in advance of 12th March to ensure that IEA staff could continue to effectively work in a remote capacity at a time when members would need us most. Given the sensitivity of supply chains to world events, members had alerted us to the impact that the outbreak of Covid-19 in China was having on their ability to get goods to the point of destination. Throughout 2020, our efforts also focused on preparing members for the UK's withdrawal from the EU on 1 January 2021. This involved running training courses, organising webinars with Ministers and key departments and participating in a number of meetings with Irish and EU representatives and contributing to stakeholder groups and consultations on the issues that matter to our members.

Government and EU Relations

As the pandemic unfolded and Brexit preparations intensified the number of Government stakeholder groups that we contributed to grew. On several occasions, we participated in the newly formed Department of the Taoiseach's National Covid-19 Stakeholder Forum, which gathered representative groups from across the sectors to keep us abreast of the situation in Ireland and possible actions that the Government would need to take when Covid-19 was confirmed. This group continued to meet virtually throughout the year. In addition to this group we also contributed to the following groups:

- DETE, The National Economic Forum
- DETE, Enterprise Forum on COVID-19
- DETE, Enterprise Forum on Brexit and Global Challenges
- DETE, Stakeholder Group on Enterprise Skills Needs
- DETE, Stakeholder Retail Group
- DETE, Export Trade Council
- DFA, Brexit Stakeholders Group
- DFA, Business and Human Rights Implementation Group
- DFA, Chair the Subgroup on Corporate Responsibility to Respect Human Rights
- DoT, Logistics and Supply Chain Skills Group
- DoT, National Logistics Forum
- DoT, COVID-19 Shipping and Port services Companies Group
- DoT, Brexit Stakeholders for Haulage and Logistics
- REVENUE, Customs Consultative Committee
- DAFM, Consultative Committee of Stakeholders on Brexit
- DAFM, Supply Chain Working Group
- DoH, Brexit Stakeholders for Medicines and Medical Devices

We also participated in a meeting organised by the European Commission's Office in Ireland with the European Commission's Task Force for Relations with the United Kingdom and the House of Commons Select Committee on Northern Ireland. These were important meetings for us to relay the very real concerns that members had in the run up to the UK's withdrawal from the EU.

Submissions and Policy Positions

In addition to participating in stakeholder meetings with Ministers, department officials and EU representatives we made several submissions on the following issues:

- **July Stimulus Package**
  Key recommendations:
  - The Package must take account of the impact that a future wave would have on an already strained economy and the efforts to rebuild it.
  - Recent ESRI and EU economic forecast figures are an important basis for the Government's work, and it must be stressed that these figures are subject to change.
  - As negotiations continue with limited progress to date, the outcome of talks between the EU and the UK will play a pivotal role in any economic strategy that the Government pursue.

- **Guidance for Remote Working**
  Key recommendations:
  - The Association would like to stress that a great portion of remote working is currently taking place in homes. This important point needs to be reflected in the Department's guidance document and taken account of in the policy developments that follow.
  - The expansion of the hub network with high-speed broadband connectivity, that is in line with health and safety and confidentiality rules, should be considered as a feasible remote working solution for employers.
  - The guidance on remote working needs to be a living and holistic document that can be updated to suit circumstances as they arise. The guidance needs to transcend Government policies that impact the Irish workforce and needs to be relevant in both the current COVID-19 pandemic and in a time when a vaccine/effective treatment is found, administered and taken up.

- **2021 Pre-budget submission**
  Key recommendations:
  Our Budget 2021 submission looks at the economic context and the key considerations that should be made under the following five headings:
  - Keeping businesses open and operating
  - Managing the Brexit fallout
  - Tackling the continued climate crisis
  - Keeping Ireland competitive
  - The new working environment.

- **National Economic Plan**
  Key recommendations:
  We made five key recommendations for the Department of Enterprise, Trade and Employment to consider in the National Economic Plan:
  - Ireland as a leading logistics and transport hub
  - Repositioning Ireland as an attractive place for sustainable foreign direct investment
  - Sustainable practices deployed by indigenous Irish businesses
  - The EU Green Deal
  - Establishing a State backed Export Credit Scheme.

- **DETE Statement of Strategy 2021 – 2023**
  Key recommendations:
  - We call on the Department of Enterprise, Trade and Employment to continue its strong engagement with stakeholders through continuing established stakeholder groups under its remit and setting up stakeholder groups to deal with new challenges businesses are facing. We encourage the setting up of stakeholder groups that need cross-Departmental coordination and cooperation to address issues effectively. We believe that DETE should establish a business focused joint stakeholder group with DECC to call out the challenges and find opportunities for businesses in terms of mitigating climate change.
  - In terms of continuing to attract foreign direct investment, it is a perfect time to commence repositioning Ireland as a hugely attractive place for sustainable FDI. We believe that continued flows of FDI will go a long way to reaching the aims and objectives of the United Nation's Sustainable Development Goals (SDGs), once the investment is sustainable.
  - Undoubtedly the impact of Brexit on the business community is an evolving issue. We call on DETE to take a flexible approach when addressing Brexit given that the expected fallout will be wide reaching. Relations with the UK will continue, and trade will continue to flow between Ireland and the UK, albeit under different arrangements. DETE must assume a leadership role in this regard and ensure that its Statement of Strategy is Brexit proofed

- **EU Trade and Investment Review**
  Key recommendations:
  - This Association welcomes the active and forward-thinking trade policy that the EU has pursued to date. As the European Commission is aware, Ireland will be acutely and uniquely disadvantaged by the UK's withdrawal from the EU, more so than any other Member State due to our geographical positioning, bilateral trading relationship and our historical and societal ties to our closest neighbour. Ireland's peripherality and isolation on the fringes of the EU will need to be taken account of in the Commissions trade agenda going forward.
  - In terms of Brexit, we would ask that the potential outcome of the EU-UK negotiations is taken account of as much as possible and the UK's trade deal aspirations considered in the Commission's communication on the EU's trade and investment agenda going forward. We have concerns about the access, or lack thereof, that Northern Irish businesses will have to existing and future EU FTAs and the implications that this will have on the all-island economy on the island of Ireland, in which products produced in the Republic of Ireland may have components produced in Northern Ireland and vice versa.
  - To enable the development of truly sustainable and low carbon supply chains, EU policy must incentivise transport infrastructure providers and transport passenger and freight service operators to invest and operate in an appropriate manner so as to achieve the "Green Agenda" objective.

Our written submissions are available on our website:
https://irishexporters.ie/submissions/

We operate in line with Irish and EU lobbying rules. Our lobbying activities in Ireland are listed in the Lobbying.ie register. We are registered with the EU Transparency register.

Budget 2021

Reacting to Budget 2021, CEO Simon McKeever commented that: *While we broadly welcome Budget 2021, we regret that the establishment of a State backed Export Credit scheme is not included, however we will work to ensure that the proposed Recovery Fund can facilitate its establishment. The use of the €3.4 billion Recovery Fund is of interest to traders that are expecting disruptions in trade flows when the UK departs the single market and customs union on 1 January 2021. We look forward to working with the Government on the operation of this fund to ensure that it is targeted.*

Overall, and accepting the challenges the exchequer is facing, Budget 2021 supports businesses. Bridging the gap of uncertainty for businesses is key. We called for this bridging in our July Stimulus submission and restated this in our pre budget submission. While I believe that Budget 2021 will go some way in limiting uncertainty, living and working with the virus is having a profound impact and is something that we will have to adapt to."

We welcomed that Budget 2021:

- made no substantial changes to income tax, USC and PRSI and the announcement of further tax benefits for those working from home
- is flexible in its approach to deal with the different degrees of uncertainty and challenges facing the various sectors in 2021. In this regard we welcome the announcement of a €3.4 billion Recovery fund to aid the Covid-19 fallout and impending Brexit.
- gives a degree of certainty as to the future of the Employment Wage Subsidy Scheme (EWSS) and reassurance that that there will be no cliff edge.
- puts measures In place to limit the impacts of a disorderly Brexit through the announcement of supports such as the proposed Recovery fund, possible extension of the EWSS and making €340 million in funding available to ensure that Ireland's airports and ports are equipped with the necessary physical infrastructure and have the staff needed for essential customs, SPS checks and regulatory requirements, as well as the extra €100m to support the work of the agencies of the Department of Business Enterprise Trade and Employment.

works to address the ongoing climate crisis by directing revenues generated from an increased carbon tax to reducing the country's overall carbon footprint.

Export Industry Awards: An Update

In 2020 we would have held our 20th Export Industry Awards. Due to the outbreak of Covid-19 and the resultant Government guidelines, and in the interest of the health and safety of our members and the wider exporting-supply chain community we made the decision to not to proceed with the 2020 Export Industry Awards. This was a very difficult decision for us to make, however, one we feel is necessary We hope to hold the next Awards ceremony in November 2022. For more information about the Export Industry Awards contact vickicaplin@irishexporters.ie

The Awards recognise the tremendous achievements of companies working in the industry and has been growing in strength and recognition each year. It is important that we highlight the exporting companies who have excelled in their sector despite some difficult trading conditions and to highlight exporters who have been fundamental to Ireland's success. Over 500 export industry professionals attend this black-tie event. The award categories cover the emerging exporters to established indigenous exporters of manufactured goods, services, software and onward to the multinational companies. We continue to work with existing and new sponsors to update categories and to develop exciting and creative elements to the programme's outreach.

2020 Export Series

We launched the 2020 Export Series on 26 February in partnership with our sponsors Rhenus Logistics, Iarnród Éireann Irish Rail and Fleet Transport Magazine. The year-long series initially focused on the following topics:

- Trade Compliance
- Green Supply Chain
- Brexit and Market Diversification

Given the global pandemic we quickly adapted the series to incorporate Covid-19 and held events virtually via numerous webinars and regional network group meetings. Our 2020 Export Series featured webinars with high profile policy makers such as An Tánaiste Leo Varadkar T.D., the then Tánaiste and Minister for Foreign Affairs and Trade Simon Coveney T.D. and the then First Vice-President of the European Parliament Mairead McGuinness. Given the unfolding Covid-19 situation around the world and the disruption to supply chains and ultimately the impact to Irish exporters, we held several webinars with Irish Ambassadors. Embassy representatives UK Government officials and the European Commission.

In addition, we held webinars with relevant departments and agencies such as the Department of Transport, the Department of Agriculture, Food and the Marine, Enterprise Ireland, Bord Bia, the National Standards Authority of Ireland, the Department of Social Protection and Revenue. Throughout the series of webinars we included contributions from IEA members such as Kroll, KPMG, Rhenus Logistics, DLA Piper, Iarnród Éireann Irish Rail, TAP Creations, Tipperary Crystal and SGSTransitNet.

We would like to thank Rhenus Logistics, Iarnród Éireann Irish Rail and Fleet Transport Magazine for their continued partnership and support in running the series.

Regional Network Groups

As part of our 2020 Export Series we developed five Regional Network Groups for our exporting members. Our meetings are supported by Export Series sponsors: Rhenus Logistics, Irish Rail Iarnród Éireann and Fleet Magazine. We adapted our existing Regional Councils and developed the following groups to cover all regions of Ireland:

- Border-Midlands Network Group
- Southern Network Group
- Western Network Group
- South-Eastern Network Group
- Dublin Network Group

The above groups strengthen the connection with our members by providing businesses with a forum for networking opportunities, which was particularly important throughout the pandemic and in the run up to the UK's withdrawal from the EU. Our regular network group meetings are an important forum for members to make connections with companies in their region, exchange views on best practices and find collaborative solutions. The groups are an integral part of our integrated public affairs and communications strategy.

We would like to thank our members of their engagement with our regional network group structure. We continue to develop our meetings to ensure that members get the most out of them. Our thanks to our sponsors and chairs for participating in the meetings.

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National Council

The IEA National Council regularly met online throughout 2020. Our regular meetings allowed Council members to give updates from their respective companies/sectors and to hold exchanges with guest speakers such as Minister for European Affairs Thomas Byrne T.D, UK Ambassador to Ireland Paul Johnston, Alexandra McKnight, Deputy Chief of Mission, U.S. Embassy in Ireland, the Secretary General of the Department of Environment, Communications and Climate Action and a representative from the European Commission's Directorate General for Climate Action. Our 2020 Council consisted of:

Directors:
IEA President – David Carthy, *DLA Piper International LLP*
IEA Senior Vice-President – Barry Cullen, *Silverhill Duck*
IEA Junior Vice-President – John Mee, *Grifols (Resigned April 2020)*
IEA Immediate Past President - Marie Armstrong, *KPMG*
IEA Honorary Treasurer – Kieran Spellman, *888holdings*
Nicola Byrne (resigned March 2020)
Colin Dunne, *IWT*
James McGee, *Athlone Extrusions (resigned July 2020)*
John Carr
Michael Sanfey, *IAG Cargo* (resigned December 2020)
Paschal McCarthy, *Paschal McCarthy Management and Consulting Services*
Patrick Joy, *Suretank*
Glenn Carr, *Rosslare Europort/Iarnród Éireann Irish Rail*
Darren Keating (resigned July 2020)
Gabbie White, *Alexion Pharmaceuticals (appointed September 2020)*
Louise Bannon, *DAA (appointed September 2020)*

Observers:
IEA Honorary Economist – Ronnie O'Toole, *Indecon*
Tim Daly, *McAfee Ireland*
Cera Slevin, *Climate Matters*

IEA Chief Executive - Simon McKeever

Training Courses

In 2020, our training programme went 100% digital. In 2020, we had 40 professionals graduate from our Certificate in International Trade. We also ran a number of short courses in AEO, Incoterms2020® and trainings in key customs regulations, procedures and documents and the changing customs landscape post-Brexit. Our Good Distribution Practice (GDP) Programme, the industry-standard quality assurance scheme recognising safety and regulatory compliance in the transportation, storage, and safe handling of healthcare products throughout the supply chain continued in 2020 with over 900 attendees going through the programme. Our interactive and practical training courses include time for Q&A with our experienced trainers. We also offer bespoke in-house training sessions. Any of the above topics can be tailored towards your company's specific needs.

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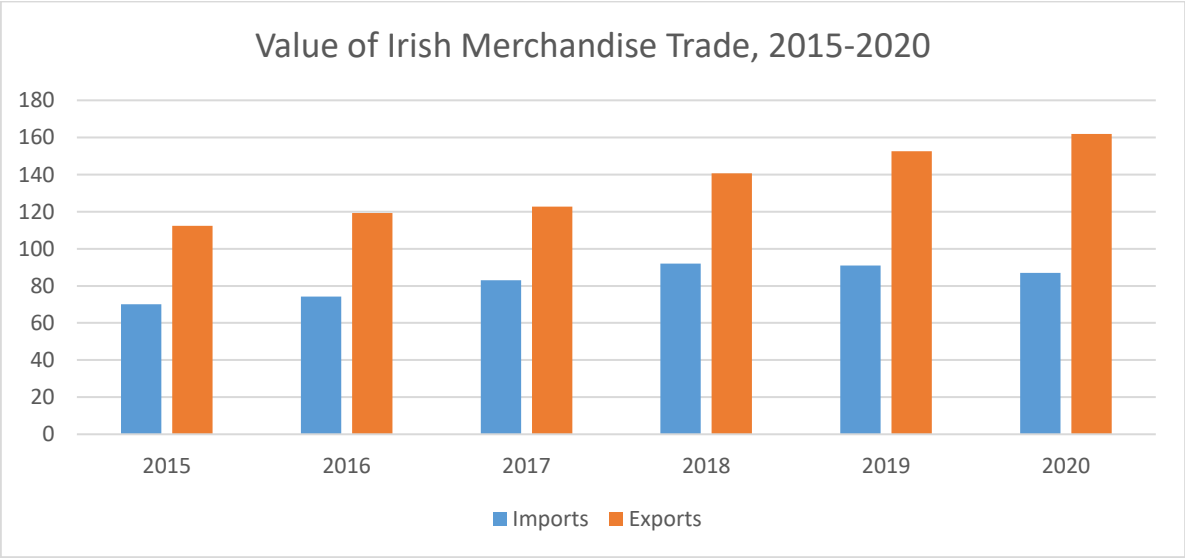
Honorary Economist's Review of 2020 and outlook for 2021/2022

Dr Ronnie O'Toole, IEA Honorary Economist

Globally, 2020 was a tumultuous year with the emergence of Covid-19. The outbreak quickly escalated, with Governments forced to introduce unprecedented public health measures, which had a devastating effect on economic activity and broader social life. The effect of Covid-19 continued to cripple economic activity into 2021 as efforts intensified to develop, approve and rollout vaccines. While the medium to long-term economic impact of Covid-19 has yet to be fully realised, the second half of 2021 is being marked by a rapid return of consumer confidence and economic activity. Exporters have also been hugely affected by these unfolding events, firstly adjusting to the economic collapse in early 2020, maintaining transport links throughout the crisis, and now dealing with logistics bottlenecks as world demand and output rebound. This section sets out the performance of Irish exporters in 2020, while outlining some salient trends that will likely impact on export performance in 2021 and 2022.

Irish Export Growth in a Tumultuous Year

Irish goods exports have fared well over the years of the pandemic and have recorded impressive year on year growth despite the prevailing national and international situation. Total merchandise exports increased by 6% in 2020 on 2019 levels, building upon two very strong years in 2018 and 2019. Imports by contrast have fallen for each of the last two years.



Source: CSO

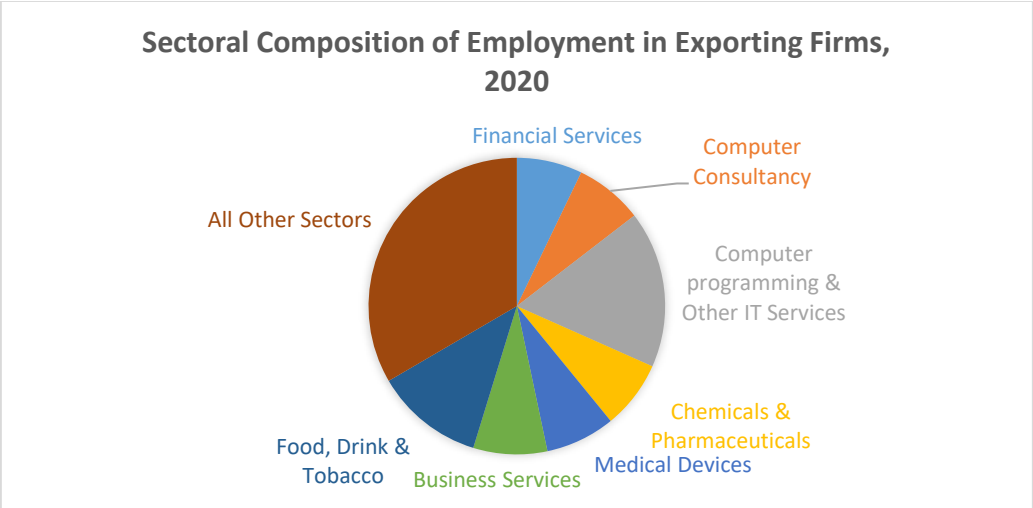
The growth in trade activity can also be seen in the level of employment in exporting firms. Overall, aggregate employment in the IDA and Enterprise Ireland client companies reached 465,000 in 2020 (+1.9%), continuing the growth in employment witnessed since 2011. The growth in 2020 was driven by foreign owned firms, particularly services firms. Employment in Irish owned firms was largely unchanged on 2019 levels.

Employment in Agency Supported firms, 2019 and 2020

	2019	2020
Manufacturing and Other Industry		
- Irish Owned	121,829	122,542
- Foreign Owned	119,876	122,770
Primary Production		
- Irish Owned	4,327	4,152
- Foreign Owned	286	287
Services		
- Irish Owned	80,651	79,663
- Foreign Owned	130,297	136,316
Sub-Totals		
- *Irish Owned*	*206,807*	*206,357*
- *Foreign Owned*	*250,459*	*259,373*
Grand Total	**457,266**	**465,730**

Source: Employment Survey, Department of Enterprise, Trade and Employment (formerly the Department of Business, Enterprise and Innovation)

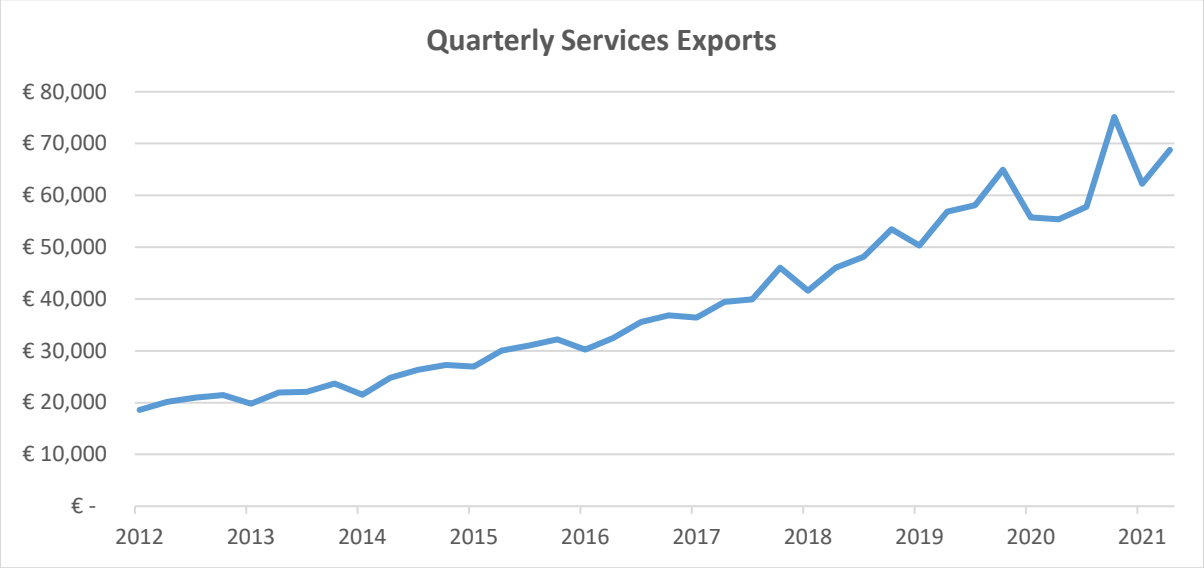
The most important exporting sector in terms of employment in Ireland is the IT sector, which accounts for one in four exporting jobs in Ireland. This is around double the employment in the traditional Food, Drink and Tobacco sector, which provides over 50,000 jobs.



Source: Annual Employment Survey 2020 and Annual Business Survey of Economic Impact 209, Department of Enterprise, Trade and Employment

Services – which constitute half of Irish exports continued to perform well in 2020. However, the pace of growth over the last two years was well down on the 20% year on year growth witnessed annually over the previous three years. Continued growth was largely driven by computer/IT related services, which continues to experience strong growth, and now accounts for almost €2 out of €3 of all Irish services export earnings. Unsurprisingly, Tourism and Travel was badly hit by the public health restrictions brought about by the pandemic, with activity in Q2 2021 running more than 90% down on the corresponding period

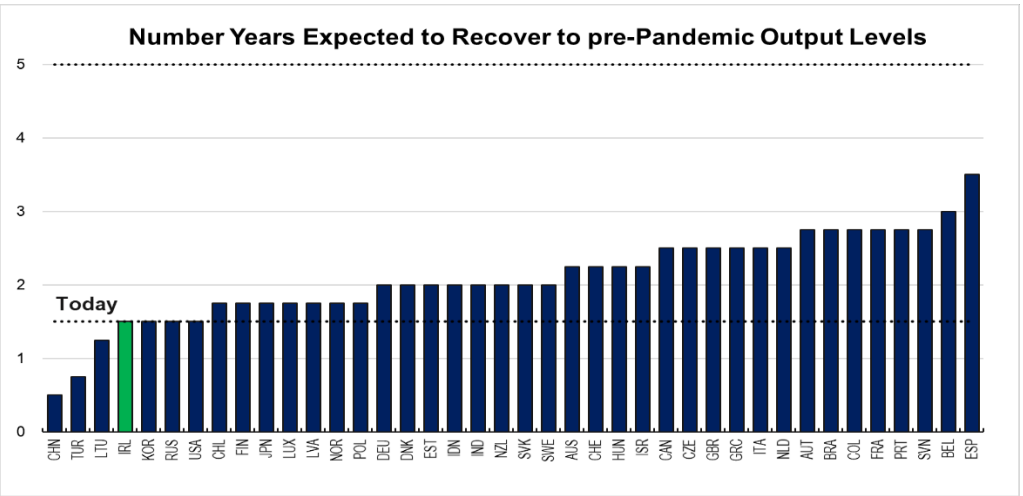
in 2019. The graph below shows Ireland's quarterly services exports levels over the last decade.



Source:CSO

Looking forward to 2022

Prospects for the world economy are improving, though the rate of improvement is likely to be highly varied across countries and will depend on the effectiveness of vaccination programmes and public health policies among other factors. Some countries, including Ireland and the US, are recovering much faster than others, and are reaching pre-pandemic per capita income levels. However, according to OECD forecasts, many European countries are expected to take nearly three years to fully recover. This is illustrated in the figure below.



Source: OECD, May 2021

According to IMF forecasts, the global economy will grow 6.0 percent in 2021 and 4.9 percent in 2022. Prospects for emerging market and developing economies have been marked down for 2021, though the prospect for the advanced economies is stronger, particularly the US. These revisions reflect pandemic developments and changes in policy support.

Risks to the global economy remain. Slower-than-anticipated vaccine rollouts would allow the virus to mutate further and require the maintenance of strict public health measures. Financial conditions could also tighten rapidly, for instance if interest rates started to rise in advanced economies if inflation increases more rapidly than anticipated.

Ignore Irish GDP – It will tell you nothing

While the Irish economy is expected to do well in 2021 as the economy reopens, this is likely to be greatly exaggerated by an official GDP figure which may be in double figures, and possibly as high as 15%-20%. This is not based on real changes in the actual economy, but a distorted reading due to the activity of a small number of firms artificially expanding Ireland's official statistics. A measure of economic activity more connected with real economic activity is employment, with the forecasts for aggregate employment growth shown in the table below.

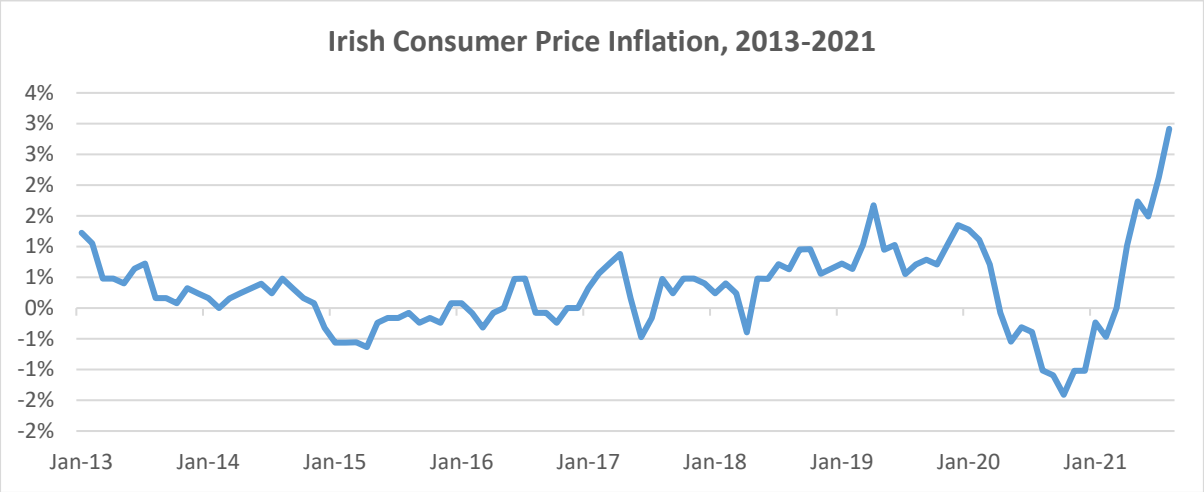
Forecast of Aggregate Employment Growth for Ireland

Forecasting Agency	2020e	2021f	2022f	2023f
Central Bank	-2.8%	0.3%	1.3%	2.8%
ESRI		3.2%	13.1%	-

The Return of Inflation

One of the likely big changes impacting the business sector in 2021 was the return of inflation. Price pressures have remained subdued across the western economies over much of the last decade, with European inflation remaining far below the European Central Bank's annual target rate of 2%. Since Easter 2021 there has been a sharp spike in the annual inflation rate in Ireland and in other countries, reaching 2.9% by August 2021. This compares with an average annual inflation rate in Ireland of just 0.3% since 2013. This is illustrated in the graph below.

This inflation is the result of a squeeze on supply as consumer demand rebounds. On the supply side, shipping bottlenecks have increased delivery times, while shortages of various inputs such as semi-conductors and timber have raised production costs. In addition, Ireland has also been more affected by 'Brexit' uncertainty than other countries. These restrictions on supply have happened at a time when demand is rebounding much faster than expected, driving up prices. This rise in prices has been keenly felt by exporters and importers and other businesses in 2021, a trend which is likely to continue into the early months of 2022.



Source: CSO

Current forecasts by the leading national and international agencies suggest that while inflation in Ireland is returning to more normal levels, the pace of increase in 2021 won't be repeated in 2022 or 2023. The table below shows a selection of forecasts for inflation. A return to more normal inflation rates (near the ECB's target of 2%) will ultimately be reflected in rising wage costs, input prices, as well as a gradual tightening of monetary policy as interest rates are gradually raised from historically low levels to more normal levels in the coming years.

Inflation Forecasts for Ireland

Forecasting Agency	2020e	2021f	2022f	2023f
Central Bank	-0.3%	1.7%	1.9%	1.7%
International Monetary Fund		1.6%	1.9%	2.0%
European Commission		-0.5%	1.5%	1.2%
ECB Target Rate	*2.0%*	*2.0%*	*2.0%*	*2.0%*

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Audited Accounts for year-to-end 31 Dec 2020

Income and Expenditure Accounts

for the year ended 31 December 2020

	2020 **€**	2019 €
Income	**1,153,893**	2,057,416
Gross surplus	**1,153,893**	2,057,416
Administrative expenses	**(1,129,273)**	(2,054,957)
Operating surplus	**24,620**	2,459
Tax on surplus	**(10,283)**	544
Surplus for the financial year	**14,337**	3,003

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Balance Sheet:

For the year ended 31 December 2020

	2020 €	2019 €
Fixed Assets		
Intangible assets	**8,825**	19,674
Tangible Assets	**9,204**	12,423
	18,029	32,097
Current Assets		
Debtors	**269,116**	624,012
Cash and cash equivalents	**877,689**	224,952
	1,146,805	848,964
Creditors: amounts falling due within one year	**(963,526)**	(694,090)
Net Current Assets	**183,279**	154,874
Total Assets less Current Liabilities	**201,308**	186,971
Reserves		
Income and expenditure account	**201,308**	186,971
	201,308	186,971
Members' Funds		

IEA
Irish Exporters Association

IEA Team

Executive Staff

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Notes

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