



**FD** Food  
Drink  
Ireland  
Ibec

# Competitive Food & Drink

Policy Priorities of the Food  
and Drink Sector 2024







# Competitive Food & Drink

The economic contribution of the food and drink sector is greater than any other manufacturing sector due to its deep linkages to the wider economy, particularly in regional areas. Ireland's largest indigenous sector, employing almost 165,000 people, remained resilient in 2023, with exports valued at €16.3 billion. The sector's continuing ambition is reflected in the €21 billion export target in Food Vision 2030. This ambition, however, is challenged in the reality that Ireland's food and drink industry faces, particularly in the last two years following challenges attributed to Brexit, Covid-19 and Russia's invasion of Ukraine.

Brexit is now adding significantly to trading costs for Irish exporters including transport and logistics and additional administration both for trade with the UK but also for trade with the EU using the land-bridge. Transport costs have also been affected by significantly higher fuel and shipping costs and driver shortages. While consumers were largely insulated from food price increases during the initial years of Brexit, food and drink companies exhausted their ability to absorb additional costs and implement efficiencies, which has made the current inflation in the cost of commodities, energy and labour particularly challenging for the industry.

One of the most significant challenges facing food businesses is the cost of labour. The rise in the minimum wage, enhanced protective leave entitlements, changes to statutory sick pay and other measures are leading to cumulative increases in labour costs of more than 25% for some companies. In the absence of any direct supports from Government, this will threaten the financial viability of many low margin food businesses. Government should assess the extent and timing of any new initiatives for their cost impact on the food and drink sector as higher compliance costs for businesses will lead to a loss in competitiveness and greater food price inflation for consumers and therefore further upward pressure on the cost of living. Strong consideration should also be given to pausing the implementation of any measures likely to increase costs for the sector.



# Policy recommendations



## Competitiveness

- + Develop and implement a national action plan for competitiveness in the manufacturing sector.
- + Commit to a new 'Competitiveness Charter' setting an annual ceiling on the total amount of additional labour market costs which will be imposed on business in any single year.
- + Improve access to finance funding to support investments in enabling technology, plant renewal and expansion, refinancing, market development and innovation.
- + Seek to reduce industrial energy costs to the EU average.
- + Continue to invest in customs and logistics supports for businesses exporting to Great Britain.



## Sustainability

- + Provide financing supports to incentivise investments in carbon abatement measures, more sustainable packaging solutions and green transport initiatives.
- + Provide more supports for continued development of recycling infrastructure and work with the waste sector to encourage investment in technologies to develop the circular economy.
- + Provide guidance on how renewable technologies e.g. wind, solar PV, battery storage, electric vehicles will work together in a mutually beneficial way at factory level.
- + Climate change policies must recognise the sustainable grass-based food production system in Ireland and be based on evidence, economic impact, best practices and effective and inclusive solutions.
- + Provide supports and incentives to scale up the bioeconomy, particularly for the agrifood sector and to encourage more innovation and joined up thinking.
- + Facilitate development of an environment in which industry can continue to provide products to those who require them in a safe and sustainable manner.



## Skills and human capital

- + Unlock the surplus of the National Training Fund to launch an industry-led investment campaign that will deliver the key skills for the 21st century, including skills for a digital society, climate action, Industry 5.0, leadership capability and skills to support SMEs.
- + Increase funding support for higher education and enterprise-led training initiatives including Skillnets and industrial apprenticeships.
- + Implement measures to address the training and recruitment of nutritionists and dietitians within the food sector to place health at the heart of new product development (NPD) in food manufacturing.
- + Remove food and drink process operatives from the ineligible list of occupations for employment permits so that labour shortages do not impact on existing business and growth prospects and implement a bespoke seasonal worker scheme for the horticulture sector.



## Innovation

- + Continue public sector investment in industry-led applied and fundamental research (e.g. The Department of Crop Science; Dairy Processing Technology Centre; Meat Technology Ireland; Prepared Consumer Foods Centre).
- + Regularly review investment supports such as EIS and R&D tax credit, ensuring a taxation environment which encourages investment in innovation.
- + Leverage the €85m Digital Transition Fund provided for in the National Recovery and Resilience Plan to drive further digital transformation.
- + Introduce accelerated capital allowances for advanced manufacturing.
- + Streamline and simplify the application process for access to innovation supports, particularly for SMEs and increase the Innovation Voucher value to €10,000.
- + Promote and improve industry/academia links.



## Food safety and nutrition

- + Maintain and adequately resource a world class food safety regime.
- + Ensure appropriate focus is maintained on food safety within the context of sustainability developments and innovations.
- + Ensure improved coherence of policies for food, health and nutrition across Government, based on solid science and evidence.
- + Avoid discriminatory taxes on food and other measures such as restrictions on advertising and promotions.
- + Introduce supports to help SME companies meet extremely ambitious targets set out in the National Roadmap for Food Reformulation in Ireland.



## Export markets – international trade / Brexit response

- + Introduce trade support measures including export trade financing and a State-supported export credit insurance scheme.
- + Introduce additional funding for marketing and trade promotion both for companies looking to access new markets and for the state agencies such as Bord Bia and Enterprise Ireland that support the export growth ambition of the sector.
- + Advance international market access for Irish food and drink.
- + Champion and defend the EU Single Market for food and drink with uniform implementation of EU food and environmental legislation. This will avoid policy fragmentation and bring scale to our export markets.
- + Protect our All-island cross-border supply chains and ensure effective implementation of East/West border controls.
- + Minimise regulatory divergence between EU and UK. Specifically avoid labelling/packaging divergence between EU and UK e.g. front of pack nutritional labelling and recyclability/ environmental labelling.



# Agri-food key statistics

- + €29.5 billion turnover per annum
- + Almost 165,00 jobs in the agri-food sector
- + €16.3 billion worth of exports in 2023 to over 180 countries
- + Ireland exports 90% of the food it produces
- + Destinations – EU: 36%, International Markets: 30%, UK: 34%
- + The sector plays a key role in the wider rural and local economy, with estimated output multipliers ranging from around 2.5 for beef, 2.0 for dairy and food processing and 1.75 for seafood, compared to an average output multiplier of 1.4 for the rest of the economy and 1.2 for foreign owned firms.
- + 90% of Irish dairy product is exported, with €6.3 billion worth of exports annually to over 140 international markets, making it Ireland's largest and most successful native industry.
- + Meat and livestock exports in 2023 are valued at just over €4 billion with exports to 90 markets. Beef is the single largest export with €2.7 billion worth of Irish beef and offal exported in 2023.
- + Irish whiskey is the world's fastest growing premium spirits category.



# Key facts

+ The agri-food industry has deeper links to the wider economy than the rest of manufacturing.



+ The extensive regional footprint of the food and drink sector, including regions which are economically disadvantaged relative to the EU average, means it is directly linked to the performance of the whole economy and is also at heart of the social fabric of rural Ireland.

+ Food and drink manufacturing accounts for half of direct expenditure by the entire manufacturing sector in the Irish economy (payroll, Irish materials and Irish services).



+ As a result, the sector has a high employment multiplier, which means it supports employment in other parts of the economy in a way that other sectors don't. The sector provides the exclusive outlet for much of farmer/SME produce, providing extensive added value and is thus crucially important to farm incomes.





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FDI is the main trade association for the food and drink industry in Ireland. It represents the interests of over 150 food, drink and non-food grocery manufacturers and suppliers.

FDI is committed to ensuring an environment exists that is conducive to the success and further growth of the food and drink industry in Ireland.

FDI provides leadership and direction on a number of key strategic issues, including the economic importance and reputation of the sector, competitiveness, sustainability, innovation, trade, skills, regulation and general food chain policy.