

# IRELAND

## Trade Profile



**Atlantic Canada  
Opportunities  
Agency**

**Agence de  
promotion économique  
du Canada atlantique**

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## **Ireland Trade Profile**

### **Overview**

Ireland is an English speaking member of the Euro zone, which provides a market of 500 million people. It has a dynamic open economy with almost five million people. The UK is Ireland's largest trading partner and its closest neighbor. Currently, transnational companies involved in sectors as diverse as engineering, information communications technologies, pharmaceutical and research and development have located their European headquarters in Ireland. Recently, Ireland was ranked by the IMD as the seventh most competitive economy in the world.

Currently, there are there are over 100 Canadian companies exporting to Ireland. There is an extensive range of products and services traded in both directions with major exports to Ireland including: pharmaceutical and life sciences products, machinery (electrical/boilers) and newsprints, paperboard, and steel products (additionally environmental products and ICT). Major Irish exports to Canada include: medical devices (particularly optical), pharmaceuticals, chemicals and alcoholic beverages. Ireland's rate of corporation tax at 12.5 per cent combined with a highly skilled workforce are the key factors in making Ireland the 10<sup>th</sup> largest recipient of Canadian overseas investment, amounting to \$14 billion.

Within the European Union, the size of the Irish market, with a population of almost 5 million makes, it an ideal stepping stone and test bed for PEI companies who wish to gradually access the EU market. Ireland has a similar business culture to PEI and is well connected with low cost regular flights to UK and Europe. Ireland is one of the founding Euro zone countries with the Euro offering ease of export and import of goods across Europe. Ireland has a well-developed domestic financial services industry. In general, the banking sector is dominated by a number of domestic banks, particularly in the retail sector. However Scotia Bank and Bank of Montreal also have operations in Ireland concentrating principally, though not exclusively, on the corporate sector. The Financial Regulator is the regulator for banks established in Ireland and the regulator for investment funds domiciled in Ireland.

## **Governance**

Ireland refers to the Republic of Ireland which is a parliamentary democracy. The Republic of Ireland gained its independence from Great Britain in the early part of the 20th century. After a failed uprising in 1916, Irish nationalist parliamentarians formed their own government three years later.

## **Form of state**

Ireland is a republic, with a Parliament known as the Oireachtas which is democratically elected. The Head of the **Government** is the Taoiseach (Prime Minister role). The Tánaiste is the Deputy Prime Minister.

## **Legal system**

The law in Ireland is found in the Constitution (Bunreacht na hÉireann), statute and common law. Ireland has a common law legal system with a written constitution that provides for a parliamentary democracy based on the British Parliamentary System.

## **National legislature**

The structure of the Government of Ireland is regulated fundamentally by the Constitution of Ireland.

## **Head of state**

The President of Ireland (Uachtarán na hÉireann) serves as head of state and is directly elected by the people. The current President, elected in 2011, is Michael D Higgins. Presidents are elected for seven years, and can serve no more than two terms. The President has a largely ceremonial role. Áras an Uachtaráin is the official residence of the President of Ireland.

## **National government**

Ireland is a constitutional republic . The *Oireachtas* is the national parliament composed of the President of Ireland and the two Houses of the Oireachtas: *Seanad Éireann* (Senate) and *Dáil Éireann* (House of Representatives) The current government was elected in June 2016 and is a coalition government.

## **Local Government**

There are 114 local authorities in Ireland. They provide a wide range of services, including housing, transport, water supply, waste management, education, health and welfare.

## **Main political parties**

There are four main political parties in Ireland.

## **Geography and Climate**

The island of Ireland is located in the North Atlantic on the Western fringe of Europe. It's the 3rd largest island in Europe. The Republic of Ireland covers 5/6 of the island while Northern Ireland covers the remainder. Ireland's greatest length, from north to south, is 486 km and its greatest width from east to west is approximately 275 km. The capital and largest city of the Republic of Ireland is Dublin, which has an urban population of 1.11 million.

Ireland has a moderate climate. The dominant influence on Ireland's climate is the Atlantic Ocean rendering Irish weather mild, wet and changeable. Ireland does not have the extremes of temperature experienced by many other countries at similar latitude. Average annual temperature is about 50 °F. Rainfall is extremely common throughout Ireland, although some parts of the west coast receive over four times as much rain as the east coast. Rainfall in Ireland normally comes from Atlantic frontal systems. The average number of "wet days" (days with more than 1 mm (0.039 in) of rain) ranges from about 151 days a year along the east and southeast coasts, to about 225 days a year in parts of the west.

## **Population and Demographics**

- In 2016, the Republic of Ireland has a population estimated at 4.63 million.
- Northern Ireland has a population of 1.86 million.
- Ireland has the youngest population of any country in the European Union. Population size is predicted to continue to grow, reversing the common European trend of declining population .

- Ireland's unemployment rate has been falling for three years and now stands at is 8.6 per cent.
- Ireland has the largest net emigration rate of any European Union country at 7.6 people emigrating per 1,000 population
- The Median age of population is 36 years.
- 21 per cent of Irish residents are under the age of 14
- 12 per cent of Irish residents are above the age of 65
- Average annual salary of \$47,000 USD

## **Economy**

Ireland has a small highly globalized open economy. The Irish economy is based on foreign trade, industry and investment. The country is major high-tech manufacturer and is one of the world's biggest exporters of pharmaceuticals -28 per cent of world share and organic chemicals at 21 per cent of world's share. As exports remain the primary engine for Ireland's growth Ireland also exports significant share of the world's data processing equipment and software (12 percent) and food (8 percent). The Irish economy recovered solidly from the 2008–2009 financial crisis and has outperformed other European countries in the last two years. In 2015, the economy expanded with a real GDP growth of 26.3 per cent. Ireland sources a diverse range of agri-food and seafood products from over 185 countries. Key import commodities include beverage, food waste and animal feed and dairy, eggs and honey. The top three supplying countries of overall agri-food and seafood imports are the United Kingdom, the Netherlands and Northern Ireland. Canada is ranked thirteenth among supplying countries to Ireland. The World Bank ranked Ireland as having the simplest process to establish a limited liability foreign owned company.

## **Ireland and the EU.**

The EU is an economic and political union of 27 member states and over 500 million people. The EU is the world's largest exporter and importer, accounting for approximately 16 percent of total world trade. The EU is a highly diverse market and imports primary products, raw materials and energy, capital equipment, chemicals and consumer goods. Ireland is the only English speaking country in the Eurozone and is a suitable entry point for the EU internal market.

In 2009, the EU economy suffered the worst recession since its inception. GDP fell by 4 percent and industrial production dropped by 20 percent. Ireland was one of four EU member countries along with Greece, Portugal and Spain who required loans from the International Monetary Fund (IMF) and individual EU member states. These loans mandated reforms to each country's public and financial sectors.

The United Kingdom (UK) intends to withdraw from the European Union, a process commonly known as **Brexit**, as a result of a June 2016 referendum in which 51.9 per cent voted to leave the EU.

The outcome of the UK's EU referendum will largely depend on the terms of the Brexit negotiations. It is predicted however that the Irish economy will weather the effects of the uncertainty created by the results of the Brexit referendum and that the country will deliver growth of 3.9per cent in 2016 and 3.2per cent in 2017.

For a PEI company doing business in the EU there are **three salient points**;

- i) The EU has built a single market and developed common policies. It is the world's most integrated market with a combined GDP of over \$19 trillion. In terms of population, the EU represents also one of the world's largest markets, with over 500 million consumers. To create the single market, barriers to the movement of people, capital, goods and services have been removed progressively.
- ii) 19 of the 27 member states have joined to form a Eurozone sharing a common currency. Introduced in 1999, the Euro is the world's second-most important

international currency. The European Central Bank is responsible for monetary policy and maintaining price stability within the Eurozone.

- iii) The EU is a customs union with a common tariff on imports from non-EU countries and a common commercial policy. From 2017 onwards PEI businesses will benefit from the implementation of CETA.

### **Comprehensive European Treaty Agreement (CETA)**

CETA is a comprehensive EU-Canada economic agreement to boost trade, strengthen economic relations and create jobs. It will remove 99 per cent of customs duties on almost all Canadian primary products. The agreement is currently being presented to each member state for democratic approval.

CETA is deeper in ambition and broader in scope than the NAFTA. It will provide Canadian businesses with a competitive advantage in the EU market not enjoyed by any of their competitors from non-EU G-7 countries, including the United States. CETA will open up procurement contracts in Ireland and the EU for Canadian companies. Non-tariff barriers such as regulatory issues will be minimised. Product testing and certification regulations will be applicable in both countries, increased standardisation allowing better access for both countries.

CETA includes two life sciences intellectual property measures. It provides up to an extra two years' patent term for branded drug makers and a new right for patent holders to appeal court decisions where a patent is declared invalid. This is the first time this process is available in Canada to patent holders. As pharmaceutical products comprise Ireland's main exports to Canada, this is an important feature of the agreement.

## **Ireland Canada Trading Relationship**

- Total Irish exports to Canada are worth \$1.48 billion (13per cent are animal and food related) while Ireland imports \$511 million of products from Canada (15per cent are animal and food related).
- Ireland is a growing market, and the world's eighth-largest importer of agri-food and seafood products. Canada ranked as its 13th-largest supplier in 2014.
- Canada's imports (less than 2 per cent of market share) to Ireland are insignificant compared to other countries. Canada increased market share in the following commodities; dairy, eggs, and honey, miscellaneous edible preparations, and sugar and sugar confectionaries.
- \$16bn Canadian Direct Investment Abroad is made in Ireland, ranking as the 10<sup>th</sup> largest destination of CDIA.
- Ireland's exports to Canada amounted to almost \$1.7 billion in 2015 an increase of over 12 per cent from the previous year.
- Canada has been investing strongly in Ireland's reformed financial system with Great West purchase of Irish Life and Fairfax Financial Holdings investment in Bank of Ireland.
- Canada's exports to Ireland totaled \$601 million in 2015 up nearly 18 per cent.
- The two main ports are Dublin and Cork with additional ports in Kinsale and Rosslare.
- With no direct freight route between PEI and Dublin and Cork, the average shipping time is three weeks.

## **IRELAND & PRINCE EDWARD ISLAND - A LONGSTANDING RELATIONSHIP**

Ireland has a unique relationship with PEI with a significant proportion - 29 per cent of current PEI residents of Irish descent. For a short time in the 1800s PEI was named 'New Ireland' to attract Irish settlers. County Monaghan in the Northern part of Ireland is twinned with PEI.

## Exports to Ireland from Prince Edward Island

2011	2012	2013	2014	2015
2,293*	2,425	2,836	6,056**	2,191

\* value in thousands of Canadian dollars

\*\* increase due to single aircraft contract

## The Construction Industry

The construction and infrastructure industry is worth \$14 billion and is primarily composed of non-residential public and private capital projects. It is now expected to grow by 5 per cent and by 2018 a cumulative expansion of 30 per cent is expected. The current level of output at almost 6 per cent of GNP is seen as only half of the recognized optimal level of 12 per cent for a developed economy that Ireland typifies.

Approximately 11,000 housing units were built in 2015. An economy with Ireland's population needs on average 25,000 units to be built per annum. It is estimated that about 40 per cent of construction materials and products are currently imported.

## Opportunities for PEI businesses

- In the initial stages PEI companies can sell directly into the Irish market. However, Irish companies prefer face to face business relationships and a local presence to augment the product or service offering. Irish companies are amenable to partnerships and have a thorough knowledge of EU Compliance. Canadian building products can be sold through a distributor in Ireland. The limited size of the Irish market allows ease of access to decision makers within the industry. Annual trade events present networking opportunities.
- The continuing need for Energy efficiency presents major opportunities for Canadian companies. Demand is constant for green products and innovative methods of construction that minimize use of resources.

- In Ireland Canadian companies enjoy a reputation for best practice, innovation and energy efficiency. As Green build flourishes, opportunities for Canadian companies with eco innovative products and services will also develop. The number of indigenous suppliers of traditional building products has diminished and Irish construction companies look to procure energy efficient building products and technologies from international markets.
  
- Major customers for Canadian construction technologies and products include Ireland’s national public authorities and the regional authorities responsible for coordinating with local governments and the private sector on infrastructure projects.
  
- For Irish cities, the Living City Initiative is in place to encourage the refurbishment of existing city buildings for residential or retail purposes. There is significant opportunity for Canadian products, processes and innovative technologies that can be integrated into existing structures and reduce demands on primary energy.

### **The Irish Seafood Industry**

*“ Contributing \$1.48 billion in GDP to the overall economy, Irish Seafood represents 70per cent of the overall Blue Economy valued at \$2 billion. However, despite seafood’s significant stake in this valuable sector, it continues to be an untapped resource with considerable potential for growth.”*

#### *Irish Fisheries Board*

The seafood industry comprises of the commercial sea fishing industry, aquaculture industry and the seafood processing industry. Fish and shellfish are farmed in 14 coastal counties in Ireland. Irish SMEs and families grow salmon, oysters, mussels and other seafood of which 62 per cent is exported. The Irish fishing catch accounts for 4 per cent of total EU catch. Irish seafood exports amounted to \$840 million in 2015 - an increase of 4 per cent over 2014. Two thirds of seafood exports are to EU countries (France, UK, Spain, Italy and Germany) and the remainder to other countries (including Nigeria, Cameroon, Egypt and China).

Ireland has led the world in organically certified farmed fish for over 25 years. However, it is considered that the Irish Seafood industry is under developed;

- With a fraction of the Irish population, the Faroe Islands produce seven times the Irish national output.
- Norway produces Ireland's annual output every two days.

There are approximately 1,900 vessels in the Irish sea-fishing fleet, over 90 per cent of which are less than 15m in length. There are 250 aquaculture operations and 170 seafood processors. Two thirds of the Irish retail market is fresh fish while the remainder is frozen fish. The seafood industry generated sales of \$1337 million in 2015 and provides 11,000 jobs. Total seafood imports in 2014 amounted to \$336m. Imports included fresh or frozen seafood (36per cent); consumer ready products (41per cent) and shellfish (22per cent). The main categories of fresh or frozen fish imports were whitefish (36per cent), salmon (31per cent), pelagic fish (16.3per cent) and other freshwater fish (16.3per cent).

Imports of consumer ready fish products are dominated by fish in cans/jars (53per cent), salmon (23per cent) and oven ready products (17per cent). Shellfish imports increased by 17 per cent in 2014 mainly due to increases in shrimp and prawn products. The majority of seafood imports are from Great Britain (71 per cent) while other significant sources include: France (8.5 per cent); Germany (7.1per cent); Norway (3.6per cent); and Iceland (1.8per cent).

Harvesting our Ocean Wealth (HOOW), is the Irish Government's national marine development policy with three priorities:

- Sustainable economic growth of marine/maritime sectors
- Increase the contribution to GDP
- Deliver a business friendly yet robust governance, policy and planning framework

It proposes targets to expand Ireland's aquaculture industry, with increases expected from both conventional aquaculture and a new deep sea salmon farming initiative, amounting to a 78 per cent increase in volume of production by 2020.

## **Ireland's ICT Sector**

*"Ireland has made a good job of building a proto-Silicon Valley. By attracting global high-tech names to the country, it provides a high-tech hinterland in which smaller companies can grow...a whole ecosystem of support."*

Ben Rooney, The Wall Street Journal Europe.

Ireland is the second largest exporter of computer and IT services in the world. Attracted by a preferential rate of corporate tax coupled with the available skill base, traditional ICT companies such as Intel, HP, IBM, Microsoft and Apple have established operations in Ireland. In the last decade they have been joined by Google, Facebook, LinkedIn, Amazon, PayPal, eBay and most recently Twitter. Ireland is now considered the internet capital of Europe.

Gaming companies including Big Fish, EA, Havok, DemonWare, PopCap, Zynga, Riot Games and Jolt all have an Irish presence. The success of the Irish ICT sector can be attributed to the fact that indigenous companies like their PEI counterparts are focussed on the export market from the early stages adapting a vertical market niche. The public sector has been a key driver of ICT spend.

## **Opportunities for PEI Businesses within ICT Sector**

There is significant opportunity for software products that enable compliance in the areas of pharma, finance and information security. On ground support is vital in the Irish market and a PEI vendor is advised to partner with an Irish vendor to provide this. Reference sites are important and vendor size is not considered a priority within ICT procurement.



## **Opportunities for Prince Edward Island**

- In early 2016, the European Commission deemed Ireland as the fastest growing economy in Europe. Being a member of the Eurozone, Ireland is a suitable location for distribution throughout the EU. Furthermore, Ireland serves as a natural first step to access opportunities in the United Kingdom.
- The Irish public sector procurement process is transparent and open to all. Public-sector tenders are listed on the government's eTenders Public Procurement Web site. Local government requirements for social capital construction are also listed on the eTenders Web site. [www.etenders.gov.ie](http://www.etenders.gov.ie) . 85 per cent of public procurers advertise all contracts for supplies and general services with a value of \$37,000 . 18% of Irish tenders are won by non Irish firms
- In 2015, Ireland ranked 5th on the Forbes list for “Best Countries for Business”. PEI companies can derive benefit from the manageable size of the Irish market, the ease of doing business coupled with shared business practices and language.
- There are significant opportunities within the Irish market for small-to-medium sized exporters across manufacturing component supply, technologies and services. Attractive sectors include Cloud Computing, ICT, Pharmaceuticals and Agricultural products.
- Emerging sectors include niche consumer and sporting goods, hotel/restaurant equipment, food processing equipment, industrial machinery, energy and power generation equipment and smart grid.
- Services exports in the travel and tourism, engineering and design, and financial services sectors also have potential. Long-term growth sectors include renewable and sustainable energy (ocean/marine), environmental technologies, energy efficiency and green building, and security products and services including cyber-security. Innovative energy efficient products and services within these sectors will find opportunity in the Irish marketplace.