

Supporting the food and drink sector



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The impact of the crisis on the Irish food and drink sector

Over 250,000 people work in agri-food and drink and supporting services supplying the majority of produce to Ireland's €15 billion domestic grocery and food service/hospitality sector as well as €13 billion of exports to overseas markets. Our farmers and food processors have continued to supply high quality, affordable food and drink to Irish consumers through grocery and convenience stores. There have been challenges for unpackaged grocery goods and food and drinks companies have seen demand largely disappear in Irish food service and hospitality. Exports are experiencing huge difficulties as well, not just in food service and hospitality, but more generally as displaced product creates market turbulence. Restarting the Irish food service and hospitality sector and regaining export market positions are of critical importance to the Irish food and drink industry for the rest of 2020 and 2021.

‘With one in eight jobs linked to agri-food and drink, failure to implement these actions will be damaging to the wider economy and not just the food and drink industry’.

Kevin Donnelly

Chair of Prepared Consumer Foods Council

Phase 1 Actions to support the Irish food and drink sector in the next 100 days

- 1. Inject additional liquidity to get the domestic food supply chain back to full operation (including food service and hospitality supply chains) and improve resilience of exporters:** This should consist of a €2 billion State funded zero interest working capital fund, 12-month zero interest loans on State supported schemes, ISIF commercial paper purchase programme of €2 billion, in addition to the Pandemic Stabilisation and Recovery Fund.
- 2. Restore consumer confidence and demand:** This should be achieved through the planned and sustained re-opening of the economy and the resumption of commercial activity, particularly the €8 billion food service / hospitality market
- 3. Ensure a (temporary) pragmatic approach to application and control of EU Food Law in view of the supply challenges faced by the industry:** These challenges include the possibility of stocks running low, supply of raw materials being interrupted or coming to a standstill, or certain ingredients or packaging material no longer available in sufficient quantities.

Phase 2 Actions to support the Irish food and drink sector by end of 2020

- 1. Leverage state backed guarantees to increase the financing available to Ireland's largest indigenous sector:** Extend the proposed SME credit guarantee scheme to cover re-financing, increase the guarantee to 90% & facility cap to €5 million, remove facility premium on credit guarantee and provide State cover for loan interest.
- 2. Ensure the expected gap in supply of export credit insurance does not impact on the ability of Irish food and drink firms to export:** Introduce a new scheme covering short term export credit insurance for companies in line with the new temporary state aid framework.
- 3. Continue supporting the four freedoms of the EU:** This will ensure free movement of goods across borders and free movement of critical workers including maintenance and seasonal workers. It will also facilitate the continued operation of strategic maritime routes.

Phase 3 Actions to support the Irish food and drink sector by 2023

- 1. Encourage a sustainable food chain from farm to fork:** The sustainability credentials of the industry must be recognised and supported, particularly the introduction of carbon abatement measures and reductions in single use plastics and food waste.
- 2. Ensure fair competition across the EU Single Market and in international markets:** The sector accounts for 53% of all exports by indigenous Irish manufacturers. An EU/UK free trade agreement with zero tariffs, zero quotas and minimal regulatory divergence is critical as is a fully functioning EU single market and increased international market access.
- 3. Protect Innovation, skills, and cost competitiveness:** Innovation and skills are at the heart of meeting consumer needs, improving competitiveness and increasing output. Increase direct public support for business research and development, increase funding for enterprise-led skills development and develop a national action plan for competitiveness.

Impact of phased action on the Irish food and drink sector

Whilst the current business environment for food and drink companies is difficult, it is deeply resilient and the longer-term growth opportunities remain for the sector. However, the immediate and medium-term response must be to ensure the sector is fit for purpose to meet the substantial challenges ahead. Ambitious financing measures are key to aiding recovery in the food and drink sector and are particularly relevant in light of the substantial domestic food service and hospitality customer base and the disruptions in crucial and longstanding export markets.

Reboot & Reimagine

An Ibec Campaign | May 2020