

# Safe, Sustainable and Competitive

Policy Priorities  
of the Food and  
Drink Sector **2019**



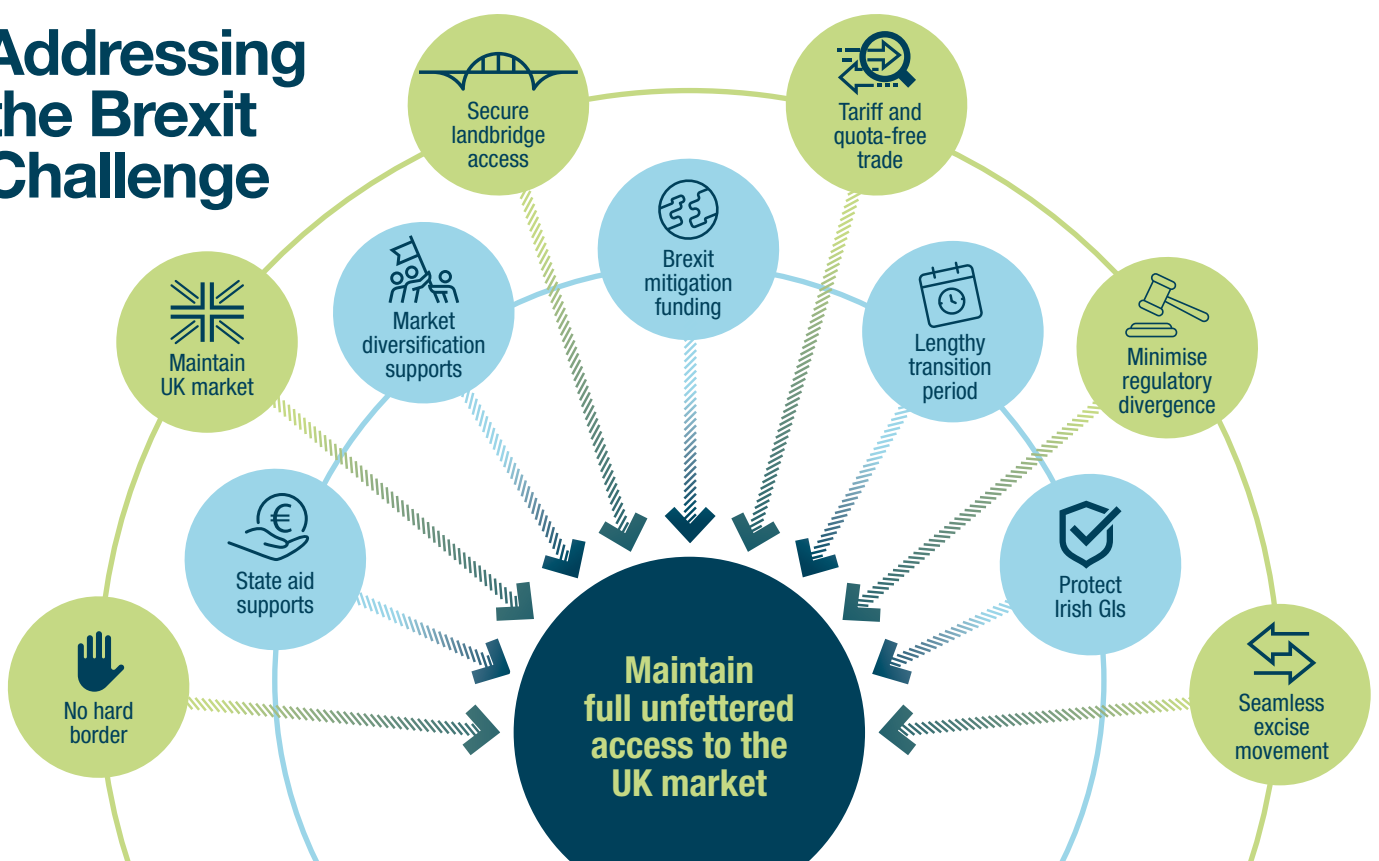
# Safe, Sustainable and Competitive

**The economic contribution of the food and drink industry is greater than any other manufacturing sector due to its deep linkages to the wider economy, particularly in regional areas. Whilst the current business environment for food and drink companies is difficult, it is deeply resilient and the longer-term growth opportunities largely remain for the sector. However, the immediate response must be to ensure the sector is fit for purpose to meet the substantial challenges ahead.**

Brexit involves an unprecedented fracture of the Single Market, with Ireland particularly exposed. Agri-food and drink remain particularly reliant on the UK market and is the sector most exposed to Brexit. Whilst the UK as a percentage of our overall exports has dropped in recent years and now stands at 37%, in absolute value terms it continues to increase and now stands at €4.5bn (a 32% increase since 2010). This demonstrates the importance of maintaining our market position in this high value, high quality market that has a substantial food deficit and not relinquishing the market to global competitors. Irish food and drink exposure in absolute value terms is similar to other large exporters to the UK (France, Belgium, Netherlands, Germany, Italy). However, in percentage terms we are 4 – 5 times higher. Typically, less than 10% of those other member states agri-food exports are to UK. This highlights the unique circumstances faced by Irish agri-food and the need for exceptional mitigation measures. A further €4bn of exports go to the other EU-26 with most using the UK land-bridge. Protecting our connectivity to Continental EU markets is critical. It is also an important trade route for food ingredients and finished goods travelling from the continent to Ireland.

Whilst agri-food is most at risk in any Brexit outcome, most particularly in a hard Brexit, the sector must also respond to the challenges of public health, sustainability and competitiveness. A hugely important measure to mitigate these risks is to implement policies to control our cost base whilst helping companies innovate and improve both productivity and sustainability. With one in eight jobs in the economy linked to agri-food, failure to do this will be damaging to the wider economy and not just the food and drink industry.

## Addressing the Brexit Challenge



# Policy recommendations

## Brexit Response

- + Policy responses must address all scenarios from no deal to future relationship.
- + A transition period of sufficient duration to finalise the future relationship.
- + The future relationship between the EU and the UK must guarantee tariff and quota free trade.
- + The future relationship must also minimise regulatory divergence by establishing a mechanism that will ensure alignment of future EU and UK food and drink standards under the scope of animal and public health legislation.
- + Put in place a multi-annual framework for funding Brexit mitigation within a temporary EU state aid framework. Funds amounting to 5% of the value of current annual export sales to the UK will be needed annually from domestic and EU sources for at least three years. Funds should be targeted at supporting innovation, market diversification, upskilling and capital expenditure in equipment and facilities.
- + Introduce additional marketing and innovation supports for companies looking to reformulate, re-package or innovate their product lines for new markets.
- + Introduce trade support measures, including trade promotion supports, further export trade financing and export credit guarantees to support the continued development of international export markets.
- + Protect the Irish spirit GI's and maintain seamless movements of excisable product.

## Competitiveness

- + Reduce industrial energy costs to the EU average and significantly reduce other utility and local authority charges.
- + Avoid disproportionate increases in commercial water charges arising from the ongoing review of the Non-Domestic Tariff Framework.
- + Implement the Cost of Insurance Working Group's report on Employer and Public Liability Insurance in particular the recommendations on claims transparency, benchmarking the level of personal injury damages, streamlining the litigation process and completing the review of the book of quantum.
- + Ensure a taxation environment which encourages increased investment in innovation and incentivises expansion of existing indigenous businesses, investments in start-ups and succession planning.
- + Continue the strong focus on and investment in industry-led applied and fundamental research.
- + Increase funding support for higher education and enterprise led training initiatives including Skillnets and industrial apprenticeships.
- + Ensure the skills base of the agri-food industry reflects not just the current business demands (including efficiency gains, product and process improvements, staff retention) but also the challenges of future growth in existing and new markets.
- + Extend the employment permit scheme across the food processing sector so that labour shortages do not impact on existing businesses and growth prospects.

## Markets – Export and Domestic

- + Advance international market access for Irish food and drink.
- + An ambitious EU trade agenda which promotes trade both at multilateral and bilateral levels to secure additional market access in strategic growth markets similar or lower tariff levels to competitors.
- + Such trade agreements must reflect the defensive as well as the offensive interests of Irish agri-food, particularly considering Brexit.
- + De-escalation of EU-US trade disputes and the removal of EU tariffs from US whiskeys and the avoidance of future US tariffs on EU food and drinks categories.
- + National transposition of the Unfair Trading Practices Directive must continue to ensure full and effective regulation of the grocery retail sector.

## Europe – Our Single Market

- + Policy-makers must champion and defend the EU Single Market for food and drinks, and counter recent trends towards renationalisation (country of origin labelling, single country labelling), protectionism and fragmentation.
- + Put agri-food and industry at the top of the political agenda of the European Union during the next institutional cycle (2019-2024).
- + Select CAP and industrial policy as top priorities for the Commission's 5-year Work Programme and appoint a dedicated Vice-President for Industry.
- + Swiftly present an ambitious long-term EU industrial strategy that aims at strengthening European global leadership in manufacturing and building its job creation potential.
- + Promote the circular economy through easier access to green finance and more support for eco-design, eco-innovation and entrepreneurship.
- + Equality for producers of all drinks categories in EU laws and funding; including an end to the unfair and unjustified discrimination against small spirit and ciders producers who cannot qualify for excise relief under the EU Excise Structure Directive.

## Safety and Sustainability

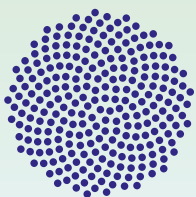
- + Maintain a world class food safety regime.
- + Climate change policies must recognise the sustainable grass-based food production system in Ireland and be based on evidence, economic impact, best practices, and effective and inclusive solutions.
- + Government should recognise the leadership shown by the food and drink industry in designing more sustainable and recyclable packaging and increase funding to support the development of more sustainable packaging solutions.
- + Government should acknowledge the achievements of food and beverage industry in reducing food waste and continue to prioritise safety and quality for food and drink packaging products
- + Government to ensure that EU 2030 Climate and Energy Framework results in a fair effort sharing commitment for Ireland.
- + Recognise the significant compliance efforts and investments by licence-holders in relation to the National Priority Sites list.
- + A comprehensive, co-ordinated and inclusive nutrition and health policy, based on solid science and evidence, which respects individual foods, ingredients and voluntary industry initiatives.
- + Avoid discriminatory taxes and other measures on food and beverages.

# Key statistics

- + 250,000 jobs linked to the agri-food sector
- + €27.5bn turnover in the sector
- + Supplies the majority of produce to Ireland's €15bn domestic grocery and food service sector
- + €12.1bn worth of exports in 2018 to over 180 countries
- + 53% of all exports by indigenous Irish manufacturers
- + Destinations – UK 37%, rest of Europe 34%, third countries 29%
- + Total payroll in the sector is €2.1bn – more than any other manufacturing sector
- + €11.1bn worth of materials purchased - 71% are sourced in Ireland
- + €3.6bn worth of services purchased – 50% are sourced in Ireland
- + Ireland is the largest net exporter of dairy ingredients, beef, lamb and spirits in Europe
- + Ireland is the largest exporter in Europe of specialised nutrition products
- + Ireland exports over 90% of its dairy and beef production
- + 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.



**Food Drink Ireland (FDI)**  
84/86 Lower Baggot Street  
Dublin 2  
T: + 353 (0)1 605 1500  
E: [info@fooddrinkireland.ie](mailto:info@fooddrinkireland.ie)  
W: [www.fooddrinkireland.ie](http://www.fooddrinkireland.ie)  
 [@fooddrink\\_irl](https://twitter.com/fooddrink_irl)

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, Brexit, innovation, trade, skills, regulation and general food chain policy.