Bord Bia welcomes the opportunity to contribute its views on the impact of Brexit on Agriculture, Food and Fisheries as part of the latest consultation by the Joint Committee on Agriculture, Food and the Marine.

**Irish food and drinks export performance**

Overall the value of food and drink exports increased by 13 percent, (€1.5bn) to €12.6bn in 2017. The share of exports destined for the UK declined from 37% in 2016 to 35% in 2017, in line with Bord Bia’s market diversification strategy.

Exports to the UK rose by an estimated 7 percent in 2017 to some €4.4bn despite the ongoing weakness of sterling and Brexit uncertainty. This was driven by increased demand and strong prices, particularly for beef and dairy. Year on Year export growth to the UK for Q2 2018 was 2%. This was driven by meat and dairy, while seafood and beverages were down.

The value of exports to other EU markets increased from €3.53bn in 2016 to €4.1bn in 2017. Other EU markets now account for 33% of our total exports. The value of exports to international markets increased from €3.49bn in 2016 to €4bn in 2017. International markets now account for 32% of our total exports.

Despite the challenges posed by Brexit, the UK remains the most important market for Irish food and drinks manufacturers and exporters remain fully committed to defending current market share and growing business there in the years ahead.

**Bord Bia’s Brexit Barometer 2018**

The [Brexit Barometer 2018](#) was launched on 23rd March 2018 for 6 weeks with an aim to measure the progress of Bord Bia clients as they prepare for Brexit. Key objectives of this exercise were to measure progress across key strategic issues, identify evolving client priorities and concerns and to further inform Bord Bia’s Brexit programmes and supports.

The Barometer, which took the form of an online survey, was completed by 117 clients representing 48% of exports to the UK. It demonstrates that Brexit impacts very depending on a number of factors, including both individual companies’ preparedness and sector level issues, such as export dependency, supply chain complexity and access to inputs. Impacts may be felt by the industry around maintaining customer relationships, logistics challenges and cost increases arising from customs checks, SPS inspections and the UK land bridge, new export requirements such as documentation and further depreciation of the sterling.
Brexit Barometer 2018 results

Results were published 21st June 2018 and revealed that that while 60% of respondents remain uncertain as to the impact of Brexit, 73% have made minor or clear progress in preparing for potential outcomes.

The Barometer found that the majority of respondents have spoken to key customers about Brexit in the past 12 months. 85% of respondents have spoken to key customers about Brexit in the past 12 months. Of those, around 80% have discussed Brexit with customers 2-3 times. Of those that have not, 42% report that buyers have not indicated that they wish to discuss Brexit.

80% of participants believe they continue to have opportunities to increase sales to the UK. The top strategies were NPD, enhanced KAM and marketing strategies. 54% have tailored marketing strategies for the UK market, up from 39% in 2017.

62% of respondents have mapped their supply chains to identify possible challenges arising from Brexit whilst only 40% have taken steps to reduce supply chain costs. There’s a significant increase in clients’ awareness of whether supply chain partners are Brexit-ready. Last year 68% of participants were unsure as to whether their supply chain partners were Brexit ready, whilst 12 months later this level of uncertainty has reduced to 40%.

There has been modest progress in understanding possible customs implications of Brexit on companies. 45% of respondents feel that they have either significant or a reasonable amount of experience in complying with official requirements whilst 52% of respondents feel comfortable identifying the tariff classifications for their products. 50% of respondents have considered the cash flow implications on VAT in a hard Brexit scenario, versus 20% in 2017.

Over three quarters (77%) of respondents have identified their risk and exposure to currency fluctuations. Strong action has been taken in market diversification, with 85% actively seeking to expand business into new markets. 75% of participants reported sales growth in non-UK markets in the past 12 months. The most attractive growth markets outside the UK are Europe (86%), North America (49%) and Middle East (49%).

Bord Bia’s Brexit Barometer Recommendations & Brexit Plan

A Recommendations Report was launched June 21st at an event in Bord Bia with Minister Creed. The Recommendations Report has been disseminated to clients on an ongoing basis and outlines practical steps companies can take to become Brexit-ready. It also flags Bord Bia and other State supports and contains template for drafting company-specific Brexit Plans.

A Benchmark Report was also launched June 21st and circulated to each Barometer respondent outlining how they score in preparedness alongside peer companies by turnover and also against overall responses. The objective of this is to highlight where each individual company should place their focus which allows them to target resources in the year ahead into areas that require attention.

Addressing the Skills Needs of Industry

Bord Bia has focussed on increasing the skills of industry in managing the key pressure points identified through the Brexit Barometer around customs and currency risk. Two pilot training programmes were held from November 2017 to February 2018 and included one-to-one supports for companies. These programmes were designed to help exporters understand the key export and currency management processes involved in diversifying to non-EU markets and will assist in new business development. In addition, a Currency Risk Video Tutorial was launched to help clients understand and manage hedging.
Since the launch of the Brexit Barometer results, Bord Bia has been running a *Customs Training Programme* made up of three 2 hour sessions for clients between September – end February 2019. Each client has also received a two hour confidential one-on-one session with the service provider to work through sensitive commercial information and ensure tailored solutions by company. Currently over 40 clients have registered interest. This will run in groups of 12 clients.

A *Currency Training Programme* was launched in September and assisted 17 clients across sectors to design a Treasury Policy and foreign exchange strategy. This will help companies prepare for buyer meetings, tendering and negotiations and will support existing and new business development.

**Evolving supply chain challenges**

According to the Brexit Barometer, the supply chain is one of the highest risks emerging from the uncertainty around the UK’s future status as a trading partner with the EU. Increased lead times, especially when related to short shelf life products, in conjunction with a complex and intense supply chain, is a key issue facing the industry.

Bord Bia’s *Supply Chain Logistics Guide* helps business optimise supply chain operations by reducing costs and identifying solutions to potential disruptions and identifying the right partners. The Guide is aimed at current and potential exporters who wish to review their logistical operations for servicing both existing and new markets in Europe. Diversifying into new markets will challenge companies to review their existing supply chain and their logistics channels.

Bord Bia’s *Logistics Partner Database* enables Irish companies to identify logistics service providers operating both in-market (national) and internationally. As markets continue to evolve, exporters will need to look beyond their incumbent provider and become more educated in the options available. Users can select a supplier type from the drop-down menu and searches can be customized by company name, country or product category such as ambient, chill or frozen and also by service type such as transport or warehousing. The Database focuses on the UK, Germany, France, Netherlands, Spain and Poland.

Bord Bia has hosted three Supply Chain workshops, with a total of 87 companies attending, focussed on bringing the recommendations of the Logistics Guide to life, exploring optimisation opportunities and identifying KPIs for logistics partners.

**Market diversification**

If the export growth trends evident between 2009 and 2017 continue, international markets will account for over 40% of Irish food and drink exports by 2025. Global population growth, along with increased urbanisation and affluence, and the intensifying challenges of climate change, provide the macro-context for this opportunity.

Bord Bia, commissioned by the Department of Agriculture, Food and the Marine, has undertaken an in depth *Market Prioritisation* exercise. This focusses on identifying relatively newer markets likely to present growth opportunities over the next 5 – 10 years and assess these against the capability of Ireland to supply the market. For this reason, strongly established markets have been excluded from the analysis. A funnel approach was adopted for the project with an initial screening of over 180 markets using macro-economic and sector specific criteria being assessed and weighted for each category. This formed the basis of the market prioritisation tool.

The output from the tool was a list of the top 30 markets for each category. Through ongoing consultation with industry, Bord Bia has identified 15 priority markets for meat, dairy, prepared consumer foods, beverages and seafood. 75 summary reports have been published for each market
and sector, outlining the scale of the opportunity, level of competition and any barriers likely to face Irish exporters.

In-depth reports will be prepared for the top 5 markets by sector and Market Plans will outline how Bord Bia and manufacturers can leverage opportunities. These plans classify markets by potential which in turn outlines Bord Bia’s allocation of resources in order to deliver on insights, lead generation and promotions among other areas.

**Building winning partnerships**

As part of Bord Bia’s recruitment campaign for 2018, Bord Bia is placing twelve additional staff in overseas markets. The allocation of these resources was based on the Market Prioritisation exercise and these market specialists will assist food and drinks companies in market research, planning, building winning partnerships and succeeding with customers and markets.

Four new staff will be placed in Asia (Singapore, Tokyo and Shanghai), four in Europe (London, Amsterdam, Dusseldorf and Warsaw), two in New York and two in Nigeria, serving the Africa region. An additional 13 staff have been recruited to be based in Dublin and will support the overseas offices from various functions across the organisation including sector teams and insights.

Trade Missions during 2018 include a livestock trade mission to Turkey in January led by Minister for Agriculture, Food and the Marine, Michael Creed TD. The visit coincided with Agro-Expo, which is Turkey’s largest Agriculture and Livestock Exhibition.

In February, 18 Irish food & drink companies participated in a Ministerial led Trade Mission, organised by Bord Bia, to the US & Canada. The Trade Mission first visited the Annual Meat Conference in Nashville where delegates from the 5 meat companies were presenting. The Canadian Market Mission Seminar was attended by key Canadian buyers across the various sectors.

In May, Minister Creed TD led a trade mission to China (Beijing, Shanghai, Hangzhou) and Hong Kong, coinciding with Bord Bia’s presence at Sial Food Exhibition in Shanghai. Delegates included over 50 company representatives (meat, dairy and seafood) and 4 representatives from farming organisations.

On 25th October a Trade Mission will be launched to Indonesia and Malaysia to identify opportunities in South East Asia.

In 2018 Bord Bia will attend over 33 international trade fairs with Irish food and drink company participants.

Bord Bia’s Marketplace International 2018 took place in the RDS on 12th April and was attended by 532 buyers from 52 different markets, 19 of those markets were new to Marketplace International. There were 4,801 prescheduled meetings. In the days before and after the event some 290 buyers participated on 28 itineraries visiting 61 producers and 20 retail and foodservice sites.

**Stakeholder engagement**

Bord Bia continues to play a leading and influential role in various Irish Government and industry fora in order to: i) provide integral insight to the policymaking and Brexit negotiation process and ii) prioritise support services and opportunities for Irish food and drink manufacturers. An engagement plan has been launched to communicate to key UK stakeholders the preparedness of Irish food and drinks suppliers.
Bord Bia has held a number of meetings with Irish and UK customers to present the findings of the Barometer and outline the preparedness of the Irish supply base. These meetings have been used as an occasion to assess the potential opportunities that can arise for Irish food and drink manufacturers post-Brexit. A series of meetings have also been held with logistics operators to better understand the challenges that may arise from the supply chain as a result of Brexit and to feed back the expectations of food and drinks manufacturers on the sector.

**Bord Bia’s Plan to Grow**

Plan to Grow is a Commercial Marketing Strategy development programme, focusing on planning and implementation. This is the first end to end support process for food, drink and horticulture companies on their route to market journey. It ensures manufacturers’ journey is the central principle around which Bord Bia organises its work and that business growth underpins the supports and services offered in the future. This will be essential as manufacturers manage UK customer relationships in this uncertain trading environment and focus on building their presence in new markets. This has never been more important with the opening of the Chinese beef market to exports from Ireland in April 2018 and the United States Department of Agriculture’s (USDA) approval to advertise the unique qualities of Irish beef in the USA in June 2017.

The rollout of Plan to Grow began in July 2018 with the first Commercial Marketing Strategy Development workshop. In addition to the workshop, a new online support [www.plantogrow.ie](http://www.plantogrow.ie) launched in early July.