

Enterprise Ireland opening statement to the Joint Committee on Agriculture, Food and the Marine

In relation to the development of the sheep meat sector

Enterprise Ireland – Overview

Enterprise Ireland (EI) helps Irish manufacturing and internationally traded services companies to start, scale, and grow their businesses in international markets. We work with export focused companies across all regions and across all sectors of the economy, predominantly with SMEs, supporting them to improve their competitiveness and productivity, to increase innovation, and helping them to develop to achieve their full growth potential. This growth results in direct and indirect employment and economic growth across all regions of Ireland.

We also work with the network of 31 Local Enterprise Offices (LEOs) through our Centre of Excellence to support the growth of micro-enterprises across the country.

Recent Performance

In 2022, EI companies directly employed 218,178 people, with 68% of these jobs outside Dublin.

In 2022 Enterprise Ireland backed companies employed over 218,000 people across Ireland and generated more than €32 billion in exports.

The Enterprise Ireland client companies represented in these figures cover a vast range of sectors, including but not limited to, construction, energy, engineering, food and drink, medical devices, ICT, and pharmaceuticals.

Food sector supported by Enterprise Ireland

Enterprise Ireland's Annual Business Review (a detailed survey of clients conducted each year) reveals that 50% of exports in 2022 were in the food and drink sector.

This sector saw very strong growth in 2022, with the value of exports increasing by 23% - though some of that is accounted for by inflation, particularly in the dairy sector last year.

In 2022

- Dairy, Beverage & Food FDI exports increased by 28% to €9.312 billion
- Primary meats and food technology exports increased by 17% to €4.59 billion
- Prepared consumer foods, seafood and horticulture exports increased by 11% to €1.91 billion

We also include climate, sustainability and agritech exports in this general sector and they increased by 12% to €364 million

Enterprise Ireland Approach to the Food and Drink Sector

In the main Enterprise Ireland focuses on two main categories of companies:

- a) Established company/brands with an exporting footprint
- b) Start-up companies looking to bring added-value to Ireland's strong food sector

Established companies:

We assist established brands in the food sector to access new markets or expand in existing markets using our network of 39 overseas presences.

We also work closely with these companies to support research and innovation in production processes that result in new 'added value products' or ensure access to new markets and compliance with country specific food import regulations.

A recent example of Government support for these companies, in co-operation with Enterprise Ireland, was the Capital Investment Scheme for the Processing and Marketing of Agricultural Products, which has seen approximately €100m of public money utilised to support 34 important development projects in established food processing companies in the dairy and meat sector.

This investment will ensure that these companies can anticipate changing consumer demands, diversify their offering to increase the prominence of 'added value' products and access new markets in the medium to long term, thereby ensuring the sustainably growth of this vital sector.

Start-ups

The second main area of activity for Enterprise Ireland in food and drink sector is in supporting innovative start-up companies to grow and thrive.

Innovation is vital to the long-term success of the Irish economy and a core part of Enterprise Ireland's mission is to support start-up entrepreneurs and their teams.

We do this by financially supporting promising start-ups, developing the capability of their management teams, supporting research and innovation and exploring overseas market development.

Enterprise Ireland also works with our partners Teagasc and Bord Bia through the Foodworks programme to nurture and develop food start ups in Ireland.

Sheep sector

Enterprise Ireland's door is always open to new companies, with viable ideas that can benefit from support, expertise and insight – that is our core mission.

We are open to all new business ideas and will go out of our way to support entrepreneurs.

However, it is not in our remit to support primary producers – what is produced within the farm gate.

Our main focus at present in this sector is to support processors exporting cuts of lamb to a range of markets, in partnership with our colleagues in Bord Bia who focus on the marketing opportunities in these markets.

Enterprise Ireland supported companies in the Primary Meats sector, including sheep meat, had exports of €4.5bn in 2022, an increase of 17% over 2021. Total sales were €7.5bn with an increase of 19% over the same period. (Source ABR 2022 grossed up figures). The sector supported approximately 20,000 jobs across the regions outside of Dublin- an increase of 1% over 2021.

In 2022, for a third consecutive year, Irish sheep meat exports recorded value and volume growth. The value of sheep meat exports increased by 15% to €471 million while the volume of exports increased by 12% to 76,000 tonnes over 2021.

Domestic consumption of lamb accounts for 15% of total production with 85% exported. 75% of exports are to Europe. European exports increased by 18% to €353m in 2022. France remains the largest export market at 40% followed by Germany, Sweden, Belgium, Denmark, Netherlands, Luxembourg and Eastern EU. Exports to the UK increased by 15% to €78m in 2022, driven in part by some of the major Irish lamb processors optimising utilisation of their UK operations. Exports of sheep meat to international markets grew by 15% in value terms.

Sheep meat exports during the first four months of 2023 were valued at €148 million, a five per cent decline from the corresponding period in 2022 representing weaker lamb trade in key markets due to inflation and weaker consumer demand. Opportunities for exports to the US and China are emerging with Bord Bia/DAFM working to address trade and market access/blocks for these jurisdictions. Australia and New Zealand remain the major competitors.

Under the 2008 Beef and Sheep meat Investment Fund, 15 projects across the sector were supported with grant assistance of over €69 million toward a total investment of €168 million. The objective of the Fund was to support investment to increase scale and efficiency in primary processing, and added value in further processing for retail, food service and manufacturing outlets.

The €100m Capital Investment Scheme for the Processing and Marketing of Agriculture products, administered by Enterprise Ireland, opened in January of 2021 and closed in November of 2022.

It supported 34 projects in primary food processing plants across the country. The total public and private investment exceeded €420m. The scheme supported transformational capital investment in SME's & Large companies to enable them pursue product and market diversification strategies to achieve greater value add. The investments will assist companies to strengthen their operational capability and sustain the agrifood sector in the future.

Other funding that our primary producers have availed of include Capital Investment Initiative for equipment, RDI for new product and or process development, Lean and Digitalisation for improved operational efficiencies and sustained competitiveness, Management training and more recently Sustainability measures to address emissions targets.

Enterprise Ireland also continues to invest in R&D in the Primary Meat Sector through collaborative research- specifically in the Meat Technology Centre, known as Meat Technology Ireland (MTI).

Meat Technology Ireland (MTI) is an industry-led Technology centre which brought together the beef and sheep meat processing sector to work collaboratively for the first time. MTI enables highly competitive companies to 'come to the table', co-develop research projects, share know how and address industry challenges.

MTI Phase 1 was approved in 2016 with core funding of €5.7m. MTI Phase 2 commenced in 2022 and was approved for €7.4M with considerable additional scope for work on sustainability and digitalisation for this important industry.

In supporting companies in this sector Enterprise Ireland's focus is on the business opportunities, particularly the overseas business opportunities that follow from primary production – that is where our expertise and statutory responsibility lie.

In conclusion, the Committee in its hearings has already heard of the potential of the sheep meat sector and in particular the sheep milk sector. Enterprise Ireland will support innovative, export focused businesses that seek to develop that natural resource into a commercial product.

As I said earlier our door is open and entrepreneurs looking to develop in this sector are welcome to explore how we can build thriving businesses, providing employment across all regions in Ireland.

Ends.