FBJ
FREIGHT BUSINESS JOURNAL

IRISH exporters association

Issue 72015

# Books balance but China is a concern

Recovery in the Irish economy resulted in tax revenues comfortably exceeding target in the first eight months of this year. Ireland's deficit was €1.3bn, putting the country well on course to meet its deficit target set by the "troika" - a tripartite committee of the European Commission, European Central Bank and International Monetary Fund which bailed out the governments of Ireland, Greece, Portugal and Cyprus.

IEA chief executive Simon McKeever at the launch of Supply Chain Ireland with Tom O'Mahony, secretary general of the Department of Transport, Tourism & Sport

"There's a bit more money in people's pockets," says Simon McKeever, chief executive of the Irish Exporters Association (IEA). "We've benefited from the pick-up in the US and UK economies. There's been a 13% drop in the Euro-Sterling exchange rate in 18 months and the dollar is going the right way for us too."

Production of medical devices, and next-generation drugs based on live cell cultures, are keeping Irish plants busy even as established medicines go out of patent and switch to new manufacturing locations, McKeever says. Some 80% of this trade is with the EU and the US.

Ireland's exports to China have grown to €2 billion, thanks to beef - it is the only EU country allowed to supply to the Chinese market - as well as pork, shellfish and dairy products such as infant formula. Exporters have managed to move up the value scale to exploit the greater spending power of China's emergent middle class.

The IEA earlier this year launched Supply Chain Ireland (SCI), a network for exporters to interact and exchange information on logistics best practice and the science of the supply chain.

"SCI provides a platform for businesses to learn from one another and from leading experts in the field," McKeever says. "We have a lot of embedded knowledge. The philosophy is to ask companies, large or small, what's bothering you? How can we help?"

The repercussions of a slowing Chinese economy are surely high on exporters' list of concerns. "Growth in Europe is stagnating because of its export dependence on China, which is making more heavy industrial goods such as power transmission systems, lifts, rail equipment and so on," McKeever says. "That takes away export business from France and Germany, so it hurts their economies and indirectly impacts on Irish exports to those countries".

British withdrawal from the EU (Brexit), if it votes to sever ties in 2017, would be "a massive issue for us," he believes. Brexit could see both visible and non-visible trade barriers imposed, though "there could be a tiny flip side for us as a gateway hub into Europe if we are the only English-speaking EU member".

In common with FTA Ireland, the IEA has concerns about increased costs, as a higher minimum wage will trigger pay demands higher up the scale. "We've got to do everything to stay competitive and compete for foreign direct investment," McKeever comments.