

## CBI MARKET SURVEY

## THE CHEMICALS MARKET IN IRELAND

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**Introduction**

This CBI market survey gives exporters in developing countries information on some main developments on the chemicals market in Ireland. The information is complementary to the information provided in the CBI market survey covering the EU chemicals market. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.eu/marketinfo>.

**1. Market description: industrial demand and production****Industrial demand**

- Ireland is a relatively small consumer of chemicals, accounting for 1% of total EU industrial demand for chemicals.
- In 2005, total Irish industrial demand for chemicals amounted to € 5.4 billion, representing the only decrease in consumption in an EU country, by an annual average rate of 4% between 2001 and 2005 (European Chemical Industry Council (CEFIC), 2006).
- According to industry sources, the Irish chemical industry is heavily focused on the USA. Due to its tax policy and good conditions for the chemical industry, the country has become an important outsourcing destination for products destined for the USA. Therefore, industrial demand for chemicals is also highly dependent on developments there.
- The future remains bright for the chemical sector in Ireland. Despite the fact that it shows a decrease in consumption during the review period, it is expected to grow at a steady pace in the future and it is likely that core players in the sector will add chemical synthesis and pharmaceutical manufacturing capacity.

**Table 1.1 Industrial demand for chemicals in the EU and Ireland, 2001-2005, in € million**

	2001	2003	2005	Average annual growth
EU25	496,581	507,835	564,598	3.3%
Ireland	6,404	7,471	5,409	-4.1%

Source: CEFIC (2006)

**Production**

- Ireland has a medium-sized chemical industry, accounting for 5.6% of total turnover of the European chemical industry.
- In 2005, the Irish chemical industry turnover amounted to € 35 billion, representing an annual average growth rate of 7% during the review period (CEFIC, 2006).
- Ireland remains a location of choice for the manufacture of pharmaceutical and chemical products: many major producers have their production location in Ireland.
- Ireland's chemical industry is of considerable importance, as it records a share of about one third of added value. Foreign firms, in particular US-controlled enterprises, account for most of the net output in the chemical industry. Issues linked to foreign ownership, outsourcing of activities, innovation and intellectual property, accounting practices of international enterprises, transfer pricing or understated value of services provided by foreign affiliates are among the reasons for the exceptionally high added value in Ireland and the high productivity rates (Eurostat, 2004).
- Employment in Ireland's Pharmaceutical and Chemical industry in the last 10 years has increased by over 56%. The industry employs over 24,000 people.

### Trends

- No major changes occurred since the EU was extended by new member states. The pharmaceutical industry in Ireland is not labour-intensive and therefore production costs will not be reduced by relocating them to these countries.

### Opportunities and threats

- According to industry sources, although the sector is showing fast growth, it is suffering from high energy prices. This causes a limited production growth in Ireland and provides, at the same time, opportunities for developing countries.
- However, due to complicated and capital-intensive production processes prevalent in Ireland, many inputs require considerable technical know-how to produce and are often also produced in capital-intensive processes. Therefore, the Irish market will be very difficult for many developing countries to enter, as they will not be able to meet these demands.

### Useful sources

- For more information on the chemical industry in Ireland, the Irish trade association mentioned in section 6 of this survey can be a valuable source. The European Federation CEFIC (<http://www.cefic.org>) is also of interest.
- The Irish statistics agency (<http://www.cso.ie>) can also be a source of information.
- ChemIndustry.com, (<http://chemindustry.com/index.html>) is also of interest, both for chemical information and finding companies in Ireland.

## 2. Trade channels for market entry

- In general, the trade channels in Ireland do not differ from the trade channels which have been mentioned in the CBI market survey covering the EU chemicals market. The traditional approach of contacting traders, intermediate processing companies, agents and wholesalers (either with or without processing capacity, dependent on the chemical) remains the most effective method.
- For a comprehensive overview of chemical companies in Ireland, please refer to PharmaChemical Ireland: <http://www.ibec.ie/Sectors/IPCMF/IPCMFDoclib4.nsf/wvMembers?OpenView>.
- Chemindustry.com (<http://chemindustry.com/index.html>) also provides extensive listings of chemical companies in Ireland.

## 3. Trade: imports and exports

### Imports

- Ireland is a small to medium-sized importer of chemicals, accounting for 3% of EU imports.
- In 2006, Ireland imported € 1.6 billion / 148 thousand tonnes of chemicals, representing an average annual increase of 4% during the review period.
- In 2006, developing countries supplied 2% of all Irish imports, which is a relatively small share compared to the EU average. Imports from developing countries increased by an annual average rate of 19% in the period reviewed, amounting to € 27 million / 3.5 thousand tonnes in 2006. The main developing country supplier to Ireland is China, accounting for 1% of total Irish imports.
- Ireland has several important suppliers, which are Singapore (14%), Denmark (13%), France (12%), Switzerland (12%), United Kingdom (11%), USA (10%), Germany (10%) and Belgium (10%).
- Irish imports of chemicals consisted of organic chemicals (88%), oleo chemicals (10%), dyes and pigments (1%) and inorganic chemicals (1%).

### Exports

- Ireland is the leading exporter of chemicals in the EU, accounting for 23% of total EU exports. As was already explained before, exports are for a large part (33%) targeted at the USA.
- Between 2002 and 2006, Irish exports increased by an annual average rate of 1%, amounting to 15 billion / 1.8 million tonnes in the latter year.
- Oleo chemicals, inorganic chemicals and organic chemicals showed an increase in exports during the review period. Exports of oleo chemicals showed a dramatic annual average increase of 33%.

### Opportunities and threats

- It seems, based on the data, that it could be a challenge for developing countries to export chemicals to Ireland. Although imports are increasing fast, the import share of developing countries is very low compared to the other EU countries, reflecting also the complicated products demanded by many Irish companies.
- Opportunities could exist in the supply of organic chemicals, as the country is among the largest EU importers of organic chemicals. Many of these organic chemicals serve as intermediates for pharmaceuticals. Up to this date, the contribution of developing countries to supplies of this product group is small, though it is growing at a fast rate.

### Useful sources

- EU Expanding Exports Helpdesk - <http://export-help.cec.eu.int>
- Eurostat – official statistical office of the EU - <http://epp.eurostat.cec.eu.int>

## 4. Price developments

- The CBI market survey covering the EU chemicals market, presents general information on prices. These price indications do not differ from those in Ireland.
- The prices of most commodity chemicals can be found relatively easily. Useful sources are <http://www.cnionline.com> (subscription site with information on companies, markets, products, strategies, mergers, acquisitions, capacity expansions, forecasts and trends in the chemical industry) and <http://www.icislol.com> (subscription site for prices on the petrochemical and oil markets).
- However, the prices of fine and specialty chemicals are more difficult to obtain. They are not published and can vary widely from one application area to another. Obtaining reliable price information in these segments often requires asking a distributor, or asking a producer for a quotation.

## 5. Market access requirements

- Manufacturers in developing countries should be aware of the market access requirements of their trading partners and the country's government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns.
- For more information go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>.

## 6. Business practices

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications. For more information on doing business in Ireland, visit the following websites:

**Trade Associations**

- Irish Chemical Marketers Association (ICMA): [ciara.darcy@ibec.ie](mailto:ciara.darcy@ibec.ie)

**Trade Fairs**

- IRCHEM, Ireland's PharmaChem, Processing and Biotech Fair - <http://www.irchem.com>

**Trade Press**

- PharmaChemical Ireland's News Letter is of interest - <http://www.ibec.ie/ibec/press/presspublicationsdoclib3.nsf/wvIPCMFNews?OpenView>
- Irish Pharmacist - <http://www.irishpharmacist.com/>

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