

CBI MARKET SURVEY

The fresh fruit and vegetables market in Ireland

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Introduction

This CBI market survey provides exporters in developing countries (DCs) with information on the main developments in the fresh fruit and vegetables market in Ireland. The information is complementary to the information provided in the CBI market survey, 'The fresh fruit and vegetables market in the EU', which covers the EU in general. 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: consumption and production**Consumption**

In 2007, apparent consumption¹ of fresh fruit was 283 thousand tonnes and of fresh vegetables 296 thousand tonnes. With a share of less than 1% of fruit and vegetables consumption in the EU, Ireland is a small market. Between 2002 and 2007, fruit consumption increased 49%, an average of 8.3% per year, while consumption of fresh vegetables increased 8% (1.6% per year). With 66 kg per person, fresh fruit consumption is below the EU average of 94 kg. Per capita consumption of fresh vegetables was 69 kg, far below the EU average (120 kg). Industrial demand forms a substantial share of the apparent consumption, but the food industry is mainly supplied by domestic production. Industrial demand for fresh fruit and vegetables from DCs is small.

The average annual growth rate of the GDP was 5.5% between 2002 and 2007, which is higher than the EU rate of 2.4%. Based on an extrapolation of trends, consumption volume of fresh fruit and vegetables will not increase much further, but sales value will increase.

Trends in consumption

In addition to general consumer trends, such as those relating to health, convenience and pleasure, described in the CBI market survey 'The fresh fruit and vegetables market in the EU', the following trends are specifically relevant for Ireland:

- Ireland is one of the most expensive countries for food in the EU. Although price does play a role in the purchase behaviour of the Irish consumer, the impact is smaller than in other EU countries. A consistent quality and a varied year-round choice of products, including tropical products, are more important (Consumer Strategy Group - <http://www.consumerconnect.ie>).
- Sales of pre-packed and prepared fruit and vegetables are higher than in other EU countries. Due to their busy lifestyles, many Irish opt for convenience food.
- Ireland has a well-developed food market. Bananas, citrus fruit, salads and salad vegetables are most popular.
- International cuisine and healthy food products are popular and are often interwoven with the trend of convenience.

Production

In 2007, Ireland produced 18 thousand tonnes of **fresh fruit** (excluding grapes), accounting for less than 1% of EU production. It is the fifth smallest EU producer. Apples are the most important fruit crop, accounting for 91% of total fruit production, followed by strawberries (8%), and currants (1%).

¹ Calculation based on data from Eurostat (2007, 2008) and the Food and Agriculture Organisation (FAO) (2008). Apparent consumption is calculated as production plus imports minus exports and includes industrial and consumer demand.

Between 2002 and 2007, total production decreased 25%, equal to an average annual change of -7%.

Production of **fresh vegetables** amounted to 223 thousand tonnes, less than 1% of the total EU production. Main crops produced by Ireland are mushrooms and truffles (34% of the production volume in 2007), cabbages and brassicas (other than cauliflower and broccoli) (20%), miscellaneous vegetables (18%), carrots and turnips (11%) and tomatoes (5%). Between 2002 and 2007, vegetable production remained fairly stable, with an overall increase of 2% (0.3% annually) (FAO, 2008).

Of all Irish agricultural production, most is destined for the domestic market. Industrial demand is important. For an overview of the main players in the food processing industry for DC exporters, please refer to the CBI market survey 'The preserved fruit and vegetables market in Ireland', which can be downloaded from <http://www.cbi.eu/marketinfo>.

Trends in production

- Production volumes of apples and strawberries are highly dependent on weather conditions during the growing season.
- The production of vegetables is stable with most vegetables showing increasing production volumes, except for cabbages, whose production volumes are fluctuating.
- Organic agricultural production is small but growing. By 2012, 5% of total land area should be organic.
- General production trends are described in the CBI market survey 'The fresh fruit and vegetables market in the EU'.

Opportunities and threats

- + Consumption of fruit and vegetables is rising in Ireland and exotics are popular. Retailers offer a wide variety of exotic fruit and vegetables throughout the year. This offers opportunities for off-season products and new varieties.
- + The trend of convenience is strong in Ireland, so products that are easy-to-use or ready-to-eat provide good opportunities.
- + The quality requirements for fresh produce are very high.

For more information on opportunities and threats, see Chapter 7 of the CBI market survey 'The fresh fruit and vegetables market in the EU'.

2 Trade channels for market entry

Supermarkets and hypermarkets are the most important sales channel for fresh fruit and vegetables, accounting for more than 75% of total sales. They are also the main outlet for imported products. The largest multiple retailers in Ireland are:

- Mushgrave – <http://www.musgrave.ie>;
- Tesco – <http://www.tesco.ie>;
- Dunnes Stores – <http://www.dunnesstores.ie>;
- Superquinn – <http://www.superquinn.ie>;
- Spar Ireland – <http://www.spar.ie>.

The best way of entering the Irish market is through importers or agents specialised in fresh fruit and vegetables, who may be independent or related to supermarket chains. Retailers typically buy their fresh fruit and vegetables from importers or preferred suppliers. One of the largest is Fyffes (<http://www.fyffes.com>). This Irish multi-national is a major banana importer in Europe and also imports pineapples, citrus fruit, avocados and other fruits. Ireland's largest wholesale market is located in Dublin. Importers and agents are the best business partners for exporters in DCs.

Exporters, who cannot meet the high volume demands from large purchasing organisations, should search for specialised importers.

To find an Irish business partner or to get information on importers, you may contact:

- The Manufacturers' Agents' Association – <http://www.themaa.co.uk>;
- Chambers Ireland - <http://www.chambers.ie>.

Margins vary greatly depending on the type and quality of product, the distribution channel, the continual changes in supply and demand and resulting price fluctuations. It is estimated that European importers on average apply a trade margin of 5-10%. More information on margins can be found in section 3.2 of the CBI market survey 'The fresh fruit and vegetables market in the EU'. More information on the market for food in Ireland can be found at Irish Food Board — <http://www.bordbia.ie>.

3 Trade: imports and exports

Imports

In 2007, Ireland imported 288 thousand tonnes of **fresh fruit**, with a value of €249 million (Eurostat, 2007, 2008). With 1.2% of the total EU import value of fresh fruit, Ireland was the fourteenth largest importer. This is higher than its share in the EU population of 0.9%. Imports consisted of apples, pears and quinces (28% of the import value in 2007), citrus fruit (19%), bananas (15%), berries (14%), grapes (11%), stone fruit (6%), melons (4%), and exotics (4%). Between 2003 and 2007, total imports increased 49% in value and 61% in volume. The average annual change of the import value was 11%, above the EU average of 4.9%. The UK is the main supplier to Austria, with 34% of total import value in 2007, followed by the Netherlands (12%), Spain (10%), Germany (8%) and France (8%).

DCs accounted for 19% of the import value in 2007, below the EU average of 37%. Between 2003 and 2007, imports from DCs increased 76% in value and 55% in volume. DCs are gaining market share, but not as much as developed countries outside the EU, whose import value and volume are increasing more quickly. The most important products imported from DCs are bananas (35% of the import value in 2007), apples (21%), oranges (13%), grapes (8%) and mandarins (8%). South Africa, the main supplier among the DCs, supplies mainly apples, citrus and grapes, and is followed by Colombia and Honduras (each 2%, mainly bananas). Between 2003 and 2007, imports from DCs of all products increased, except for bananas. Imports of oranges, pears and kiwifruit showed above average growth. A major part of the Irish demand for products from DCs is supplied through other EU countries. Typically, bananas and other exotics are procured from the UK and the Netherlands.

In 2007, Ireland imported 156 thousand tonnes of **fresh vegetables**, with a value of €163 million (Eurostat, 2007, 2008). Ireland accounts for 1.4% of the total EU import value of fresh vegetables and is the thirteenth largest importer. Imports consisted of tomatoes (25% of the import value in 2007), miscellaneous vegetables (21%), alliacious vegetables (19%), brassicas (11%), lettuce and chicory (10%), edible roots (8%), cucumbers and gherkins (3%), and peas and beans (3%). Between 2003 and 2007, total imports increased 36% in value and 28% in volume. The average annual change of the import value was 8%, above the EU average of 6%. The UK is the main supplier to Ireland, with 32% of total import value in 2007, followed by the Netherlands (31%), Spain (19%) and France (6%).

DCs accounted for 2% of the import value of fresh vegetables in 2007, far below the EU average of 13%. Imports from DCs increased 184% in value and 113% in volume compared to 2003. This is higher than the growth in imports from other EU countries (+33% in value and +24% in volume) but not as high as those from developed countries outside the EU (+782% in value and 339% in volume).

The most important products imported from DCs are onions (91% of the import value in 2007), garlic (4%), beans (2%) and miscellaneous vegetables (1%). Mexico is the main supplier among the DCs (1.1% of total import value, mainly alliacious vegetables), followed by Chile (1%, mainly alliacious vegetables).

Between 2003 and 2007, imports from DCs of asparagus, peas and miscellaneous vegetables decreased in value and volume. Imports from DCs of onions, garlic and beans showed above-average growth. Part of the Irish demand for products from DCs is supplied by other EU countries.

Exports

In 2007, Ireland exported 22 thousand tonnes of **fresh fruit**, with a value of €33 million (Eurostat, 2007, 2008). This is less than 1% of the total EU export value. Between 2003 and 2007, exports increased 112% in value and 63% in volume. Exports consisted of apples, pears and quinces (28% of total export value in 2007), berries (24%), citrus fruit (15%), bananas (14%), grapes (8%), melons (5%), stone fruit (5%) and exotic fruit (1%). The UK is the main destination, with 99% of the export value. Ireland's re-exports of fresh fruit originating from DCs are negligible.

In 2007, Ireland exported 83 thousand tonnes of **fresh vegetables**, with a value of €143 million (Eurostat, 2007, 2008). This is 1% of the total EU export value. Between 2003 and 2007, exports increased 18% in value and 42% in volume. Exports consisted of miscellaneous vegetables (80% of total export value in 2007), alliaceous vegetables (6%), edible roots (5%), tomatoes (4%), lettuce and chicory (3%), brassicas (2%), cucumbers and gherkins (1%), and peas and beans (0.1%). The UK is the main destination, with 99% of the export value, the second and last one being Germany (0.5%). Based on the import and export data, Ireland is not an important re-exporter of fresh vegetables.

Opportunities and threats

- ± Ireland's overall imports of fresh fruit and vegetables are increasing, both at a higher average rate than the EU average.
- ± Imports of fruit from DCs are gaining market share, although not as much as other developed countries outside the EU.
- + Best opportunities for exporters in DC lie in oranges, pears and for vegetables in onions and garlic.
- ± Ireland's imports of fresh vegetables from DCs are small but increasing.

Exporters from DCs who want to access the Irish market, are advised to look at those EU countries that supply fresh fruit and vegetables to Ireland, in addition to looking for Irish importers. The main Irish trading partners that re-export products from DCs are the UK and the Netherlands. For more information on opportunities and threats, see Chapter 7 of the CBI market survey 'The fresh fruit and vegetables market in the EU'.

Useful sources

- EU Expanding Exports Helpdesk – <http://exporthelp.europa.eu>;
- Eurostat – official statistical office of the EU – <http://epp.eurostat.ec.europa.eu>;
- Understanding eurostat: Quick guide to easy comext → http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20080117.pdf.

4 Price developments

The CBI market survey 'The fresh fruit and vegetables market in the EU' gives information on price levels of fresh fruit and vegetables in the EU. Prices in the Irish market will not differ much from the EU level. Prices of fresh fruit and vegetables are the result of negotiations between the seller and the buyer. In the negotiation process, many factors influence the final price. Exporters are advised to closely monitor market and price developments in their specific product categories, in order to quote realistic prices.

For information on wholesale prices, please check Dublin wholesale market prices at:

- <http://www.agriculture.gov.ie/index.jsp?file=areasofi/dubmkt/dubmkt.xml>.
- Importers and agents are other valuable sources of information.

5 Market access requirements

Manufacturers in DCs preparing to access markets in Ireland should be aware of the market access requirements of the Irish and EU governments and of potential trading partners. For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select the market sector and Ireland in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found on the International Trade Centre (ITC) website on export packaging: <http://www.intracen.org/ep/packit.htm>.

There are EU import tariffs and entry prices for fresh fruit and vegetables. They range from 0% for exotics such as papaya and passion fruits to 17.6% for nectarines. More information on tariffs and quotas can be found at <http://exporthelp.europa.eu>. Imports from DCs often benefit from preferential or zero import duties.

For fresh fruit and vegetables in Ireland, the reduced value added tax rate (VAT) of 4.8% applies.

6 Doing business

Information on doing business, including approaching potential business partners, building up a relationship, drawing up an offer, methods of payment, terms of delivery, handling the contract and cultural differences, can be found in the CBI 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:

- Chambers of Commerce Ireland – <http://www.chambers.ie>;
- Irish Food Board – <http://www.bordbia.ie>;
- IFEX, Ireland's International Food and Drink Exhibition held in Dublin – www.ifexexhibition.co.uk;
- For information on Irish business culture and practices - <http://www.executiveplanet.com/index.php?title=Ireland>.

This survey was compiled for CBI by Mercadero, in collaboration with Piet Schotel.

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