

**UK
TRADE &
INVESTMENT**



Doing Business in Ireland

An Overview of the Irish Market



**Pete McWilliams
Trade Advisor**

**UKTI
British Embassy
Dublin**

September 2010

Ireland



Area: 70,280 sq. km

Capital City: Dublin

National Currency: Euro

Population (2006 Census): 4.24 m

Population Density: 60 people/km

Government: Fianna Fail & Greens & 1

Prime Minister: Brian Cowen

Exchange Rate: £1 = €1.20

€1 = 83p

Population Trends

- Population of 4.2 million - highest since 1861
- Average age 35.6 years
- Population centred in major cities and suburbs of Dublin, Cork, Galway and Limerick
- Nearly 50% of the population live within 100km of Dublin
- Net immigration 40,000 people in 2008
- Labour force approximately 2.2million
- 60,000 births per annum

The Main Centres of Population

City	Population	% Total Population
Dublin	506,211	11.9
Cork	119,418	2.8
Galway	72,414	1.7
Limerick	52,539	1.2
Waterford	45,748	1.1

Source: Central Statistics Office Ireland, 2006

Ireland and UK – Common Links



- Same language
- Similar business culture
- Similar legal system
- EU member states
- Close geographically
- Good air and sea links
- 300,000 UK citizens in Ireland
- 500,000 Irish citizens in UK
- 46% of overseas visitors to Ireland from GB - £830m
- 3 m Irish visitors to the UK in 2008 - £983m.

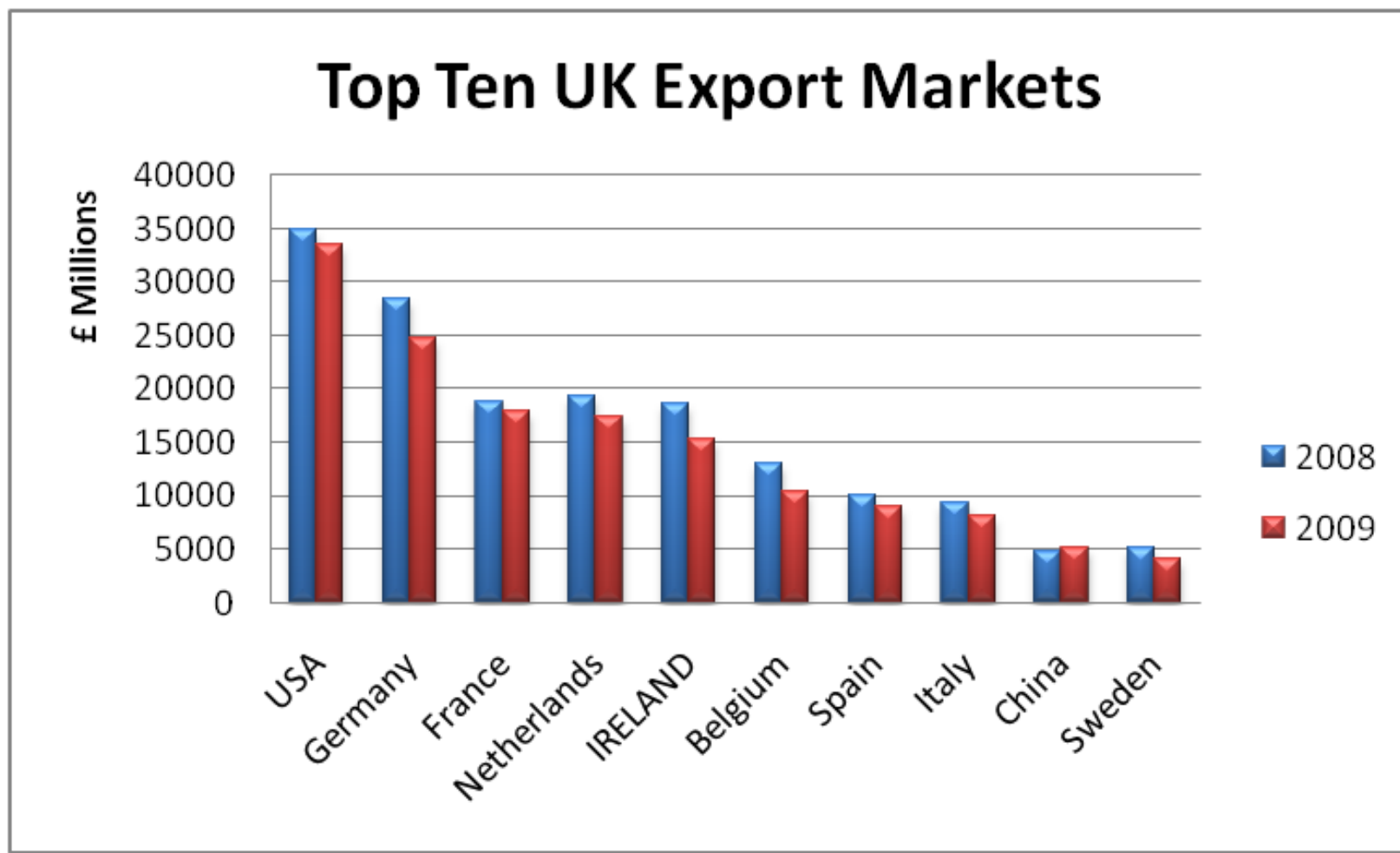
Economic Overview

- Mid-2008, entered into recession
- 2009, economy declined by an estimated 11% in GNP terms
- June 2010, the standardised unemployment rate was 13.4%
- Ireland out of recession – end of Q1 2010 2.7% rise in seasonally adjusted GDP compared with Q4 2009
- Ernst & Young predicts positive annual growth of 2.8% in 2011

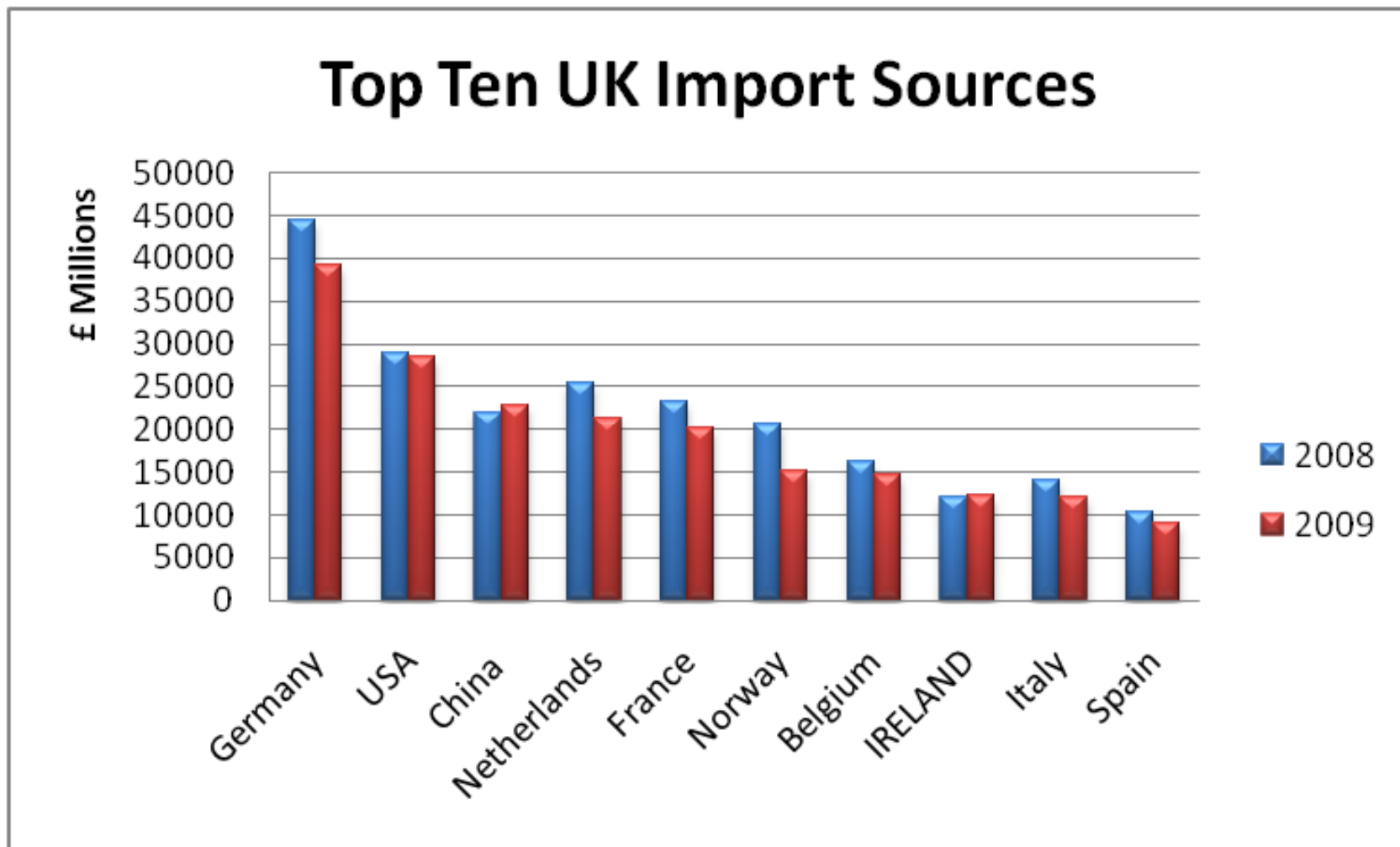
Ireland and UK – Key Trade Statistics

- The UK is Irelands No.1 Trading Partner
- Ireland is the UK's No. 6 Trading partner
- British Exports to Ireland are 3 times British exports to China and 5 times the exports to India
- Trade with Ireland exceeds total UK trade with Brazil, Russia, India and China

Why Ireland? In Top 10 UK Export Markets



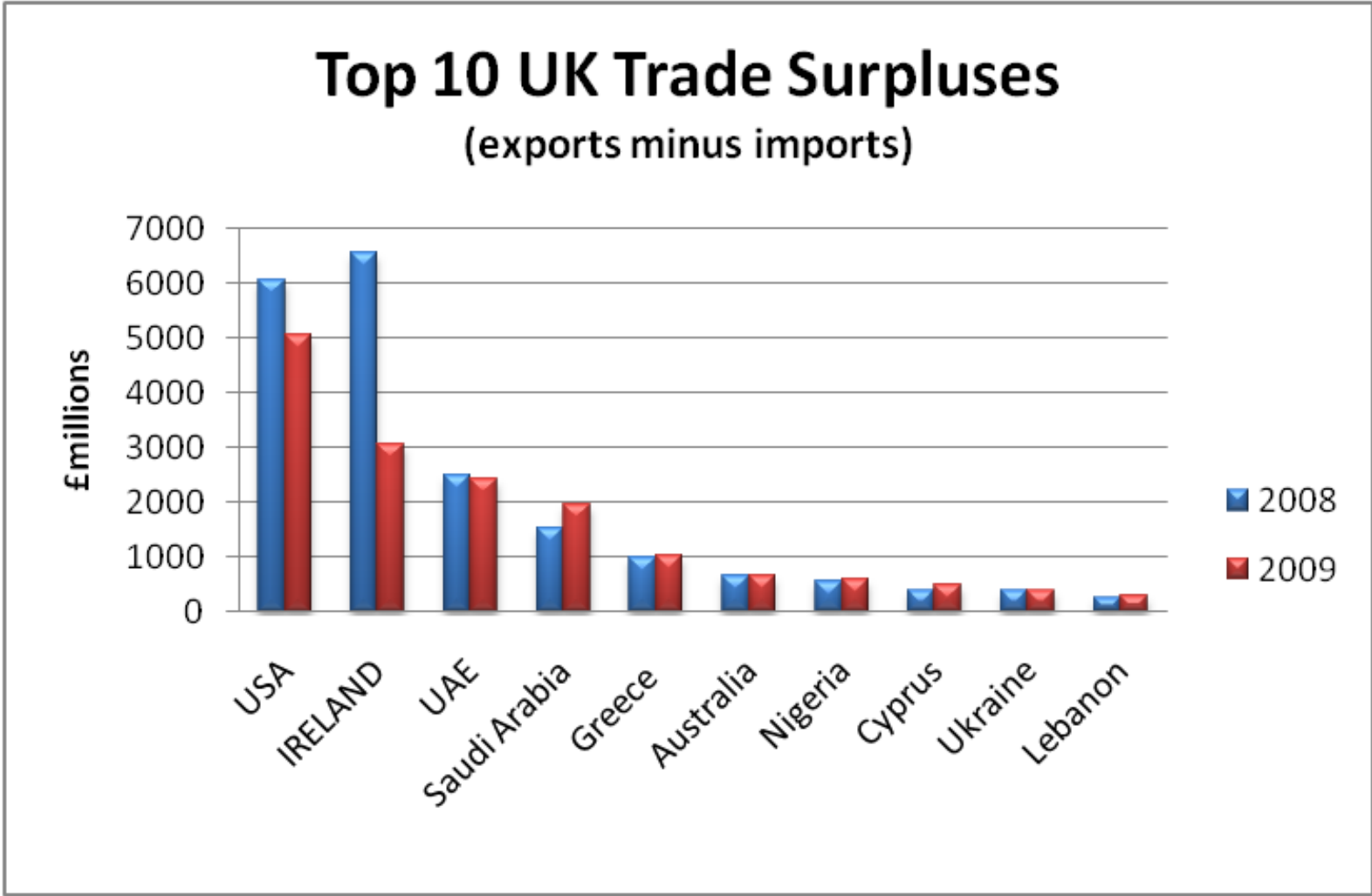
Why Ireland? In Top 10 UK Import Sources



Why Ireland? In Top 10 UK Trading Partners



Why Ireland? In Top 10 UK Trade Surpluses



Electronics in Ireland

The following are the growth areas in the electronics sector in Ireland

- **Microelectronics**
Microelectronic design especially analog IC design
- **Semiconductors**
Semiconductor processing equipment
- **Industrial control equipment**
- **Building management equipment**
Lighting
Low-voltage switchgear
Access control

Engineering in Ireland

The following are the growth areas in the engineering sector in Ireland

- **Agricultural Machinery**
Generates exports of €100m+ of high-quality products
- **Materials Handling**
Small number of companies generating €150m in exports
- **Precision Engineering**
Mostly precision sub-components for multinational manufacturers
- **Metal Fabrication/Processing**
Relatively large number of companies in a broad range of metal products
- **Plastics and Toolmaking**
Strong industry centred on medical devices and healthcare
- **Process Engineering**
Mostly skid units for pharma and chemical industries and bulk storage tanks for mining, pharma and food industries
- **Automotive and Aerospace**
Small number of niche sub-component manufacturers

Print and Packaging in Ireland

The following are the growth areas in the Print and Packaging sector in Ireland

- **Green Packaging**
Recyclable materials, recycled materials and reusable packaging, reduced lightweight packaging, biopolymers, sustainable packaging
- **Supply Chain Efficient Packaging**
Shelf-ready solutions, packaging that extends shelf life, RFID (to improve efficiencies in inventory tracking and management), short run digital labelling and printing
- **Food Safety Packaging**
Tamper evident packaging, contamination prevention packaging
- **Convenient Packaging**
A key driver in development of innovative packaging solutions
- **New Materials**
Nanocomposites and nanofilms, natural polymers, oxydegradable additives, edible coatings and film

Telecoms, Internet, Media & Entertainment (TIME) in Ireland

The following are the growth areas in the TIME sector in Ireland

- **Mobile**
Consumer and Enterprise solutions
Telecom/Mobile
Security/data platforms, Telco 2.0 solutions, messaging
Marketing/advertising solutions
Widgets and applications
- **Internet**
Location-based solutions
Niche social networks
Software as a service (SAAS) solutions
Widgets
- **Media and Entertainment**
Internet Protocol Television (IPTV)
User generated content for cross media platforms
Interactive programming

Ireland – General Key Issues

- VAT at 21%
- Small format stores (Food & Drink)
- Transport Costs
- Minimum Wage - €8.65ph (£7.20)

Routes to Market

The four most common routes to market are:

- Direct
- Importer/Distributor
- Partnership
- Agent

The Direct Route to Market

The advantages and disadvantages are:

- Cuts out the middle man
- Volumes may be smaller
- Management time/Account Management
- Administration and Credit Risks

The Importer/Distributor Route

A distributor is your customer. The distributor then sells the product on to the distributor's own customers. The possible advantages are:

- Represented in the market
- Local knowledge and support
- One of a number of suppliers
- Larger orders
- Less administration and credit risk
- Opportunity to build good long-term relationships

The Partnership Route

In Ireland, a Partnership is the default method of carrying on business between two or more persons (including corporate entities).

- Can exist without formal registration
- Partners have unlimited liability
- Often regulated by a partnership deed
- No specific capital structure requirements prescribed by Irish law

The Agent Route

What is a Commercial Agent?

A self-employed intermediary who has continuing authority to negotiate the sale or purchase of goods on behalf of another person, “the principal”, or to negotiate and conclude such transactions on behalf of and in the name of the Principal.

Legislation

Directive 86/653/EC introduced the concept of a commercial agent to Irish law. The Directive is implemented in Ireland by the Commercial Agent Regulations 1994 and 1997.

Implications

Commercial agents are generally entitled to compensation on the termination or expiry of the contract, as well as commission in respect of certain transactions which take place after the termination or expiry of the contract, whilst also being afforded other protections.