EXPORT MARKET WATCH
Manufacturing

#GlobalAmbition
The Enterprise Ireland/Investec Export Market Watch Survey Manufacturing

- 84% of firms are exporting to the UK
- The Eurozone is seen as providing the best opportunities for future growth
- 57% of firms have taken actions to reduce their exposure to the UK
- Local market knowledge is the greatest challenge to expanding overseas
- A majority of firms are not satisfied with the availability of talent at this time
- Automation and autonomy is the technological trend that will have most impact
Introduction and key findings

This is the third Export Market Watch publication from Enterprise Ireland, in conjunction with Investec. In this issue, we examine the main issues that are affecting the manufacturing industry, provide a macroeconomic overview of Ireland’s main export markets and discuss the latest manufacturing trends in a range of overseas markets with a number of Enterprise Ireland sector experts.

In preparation for this report, we conducted a wide-ranging survey of many of Ireland’s leading manufacturing firms. The results of this survey indicate that, although the UK will remain a key market for exporters, firms are taking measures to reduce their reliance on our nearest neighbour and are increasingly looking to expand their geographic reach. Other Eurozone countries are seen as offering the most potential in this regard, although North America and non-Eurozone Europe also feature prominently.

We also sought to glean panellists’ thoughts on their prospects for international expansion. When looking at new overseas markets, the main challenges are a lack of local market knowledge and the ability to effectively target new customers. However we are reassured by the fact that neither capacity constraints nor the costs of capital are seen as significant obstacles to international growth. More generally, a majority of panellists are content with the availability of capital at the moment (as also reported by a majority of software firms in the previous issue of Export Market Watch), but almost two-thirds of survey respondents are not satisfied with the availability of talent and this, in turn, is exerting cost pressures on businesses.

With more than 80% of panellists reporting a sterling exposure and one-third having exposure to the US dollar, firms are advised to be mindful of the impact of currency volatility on their bottom lines and regularly review their currency hedging strategies, particularly in light of current international uncertainties.

Turning to the wider economic backdrop, both the domestic and global environments remain very supportive of further growth in the sector. Global growth is expected to reach a seven-year high this year, and remain close to this growth level in 2019. The outlook is strong in both the US and Europe, and the UK economy has so far managed to continue to expand in spite of the obvious concerns around Brexit. The outlook is not without risks however; a number of emerging market economies are currently struggling, the potential for a serious escalation in trade tensions remains and interest rates are finally moving higher across major developed economies.

<table>
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<tr>
<th>Irish Merchandise Exports</th>
<th>Investec Manufacturing PMI New Export Orders</th>
<th>Investec Services PMI New Export Orders</th>
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<tbody>
<tr>
<td>Growth in January - July 2018</td>
<td>August 2018</td>
<td>August 2018</td>
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<tr>
<td>9.5%</td>
<td>56.5</td>
<td>57.4</td>
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Growth | Index Level | Index Level
Recent export performance and FX perspectives

Irish exports grew strongly in the first half of the year. Nominal merchandise (goods) exports increased by 11% in the first seven months of 2018, according to the CSO, although the growth was not evenly spread. Five of the nine major commodity groups posted annual growth in nominal exports in the period, with the pharma sector leading the way, but four sectors recorded year-on-year declines.

The economy’s trade surplus also recorded impressive growth in the first seven months of 2018, and expanded by 17% to €31bn during the period. Looking at the services sector, the export component of the Investec Services PMI report for Ireland has been above 50 for 22 successive months now, indicating that the strong momentum in this area should also continue.

KEY POINTS
- Ireland’s trade surplus grew to €31bn in the first seven months of 2018
- GBP and USD dominate Irish manufacturing firms’ currency exposures
- However 10% of companies have exposures to other currencies

Merchandise Trade

![Merchandise Trade Graph]

Services PMI New Export Orders

![Services PMI Graph]
The global economy is moving back to a state of normalisation when it comes to monetary policy. However, emerging market woes have been increasingly adding to global risks in recent months. Weaker emerging market currencies, in particular the Turkish Lira and Argentinian Peso, combined with a broad-based US Dollar strength has fuelled concerns about these economies’ ability to repay foreign-denominated loans.

Eurozone/EUR: Current economic strength and declining levels of spare capacity should lead to inflation moving towards the ECB’s target of “close to” 2% and prompt it to hike interest rates, but not until Q3 next year. Indeed, as we head into 2019 Investec expects the ECB to become more explicit in its intention to raise rates in the second half of next year. This, in turn, may become a source of strength for the single currency. However political risks, most notably in Italy (should the government follow through with its threat to break EU fiscal deficit rules) and Germany (should a strong AfD outturn in Bavarian elections further strain coalition tensions), are never far from view.

US/USD: In the US, the benchmark Fed funds rate is now approaching current estimates of ‘longer-term’ rates and further rate increases are expected to be gradual. Following September’s increase, Investec sees the Federal Reserve raising rates one more time this year and twice next year with the Fed funds target rate reaching 2.75-3.00% by end-19.

UK/GBP: Looking to the UK, following the Bank of England’s 25bp hike in August (putting the benchmark Bank rate at 0.75%), current guidance points to one or two further increases before the end of 2019. Inflation has remained persistently above 2% for some time now and the outlook for rates is supported by the prospect of increased public spending at the end-year Budget following a better than expected fiscal performance recently.

Oil: Although Brent had traded over 80 $/b a number of times this year since it first broke that level May 2018, it had not manged to set an official closing above 80 $/b. That is until the last week of September when the front contract consistently closed at over 81 $/b. This means the oil market has passed another major psychological milestone in its recovery from the lows of 2016. Twelve months ago, when Brent was testing the 60 $/b area, there was still widespread acceptance of the
lower for longer theory which was founded on the belief that US shale production would cap upside in oil. Now the narrative in the press has changed completely and the possibility of Brent reaching 90 $/b or even 100 $/b is being regularly talked about.

This change in attitude has of course been brought about by the imminent reintroduction of US sanctions on Iran, aimed at preventing importers of Iranian crude from continuing to do so. Though the sanctions, which come into force on the 4th of November, have been known about for many months, there has been great uncertainty as what impact they will actually have. Perhaps the prevailing view was that compliance would not be very high. But ship tracking data covering the month of August showed that a very different story. Even India and China that many had expected to avoid the sanctions in some way, were shown to have significantly cut back their purchases of Iranian crude. This trend has led to a reassessment of the supply/demand balance into the end of this year, with the conclusion that things look set to be much tighter than had previously been assumed.

From a technical point of view, Brent could indeed reach 90 $/b or higher in the coming months and technical factors could prove to be important if speculative bullish investors decide to really get behind the rally. Speculative long positions are high and have increased recently but are still well below levels seen in May 2018. While the longer-term outlook is hazy, and it is notoriously difficult (if not impossible!) to predict the timing of a turn in the commodity cycle. Current oil levels do appear to support high and possibly much higher prices during this winter and into next spring.
While global GDP growth continues to head towards robust rates this year and next, the world economy seems to be encountering some headwinds. Although Beijing looks likely to contain downside domestic pressures on its economy, a number of emerging market countries such as Brazil and Turkey are struggling, while the threat of a full-blown trade war remains omnipresent. Nevertheless, Investec expects global GDP growth of 3.8% and 3.7% in 2018 and 2019 respectively.

The US economy recorded its fastest quarter of growth since Q3 2014 in Q2, with the economy expanding by 4.2% on a (revised) seasonally adjusted annualised basis. Although it seems unlikely that Q3 will be quite as robust, indications during the quarter point to momentum holding up relatively well. Across 2018 overall, Investec looks for growth of 2.9%, followed by 2.5% next year.

In the UK, unemployment looks set to fall below its current rate of 4% over the coming months. With such a low degree of slack in the labour market, the Bank of England is anticipating upward pressure on wage growth over the medium-term. Investec currently predicts GDP growth of 1.5% in 2018 and 1.8% in 2019.

The growth outlook is particularly encouraging in the US and the Eurozone. A number of emerging market economies are struggling however...
The outlook for the sector is undoubtedly positive at this time. Global economic growth provides a supportive backdrop, while the domestic economy continues to grow robustly. Indeed, the Investec Manufacturing PMI Ireland report shows that the headline PMI has been above 50 (the mark which indicates expansion) every month for the past five years, and the latest reading of 56.3 in September indicates sharp growth in business activity. Similarly, the New Export Order sub-index also shows a two-year period of unbroken growth.

Among the global issues that firms in the sector face are increasing levels of digitalisation and automation and an accelerating rate of technological change. Firms that can offer potential customers innovative, technologically advanced products will be the most successful.

Closer to home, labour costs and availability pose challenges for some firms. Unemployment has declined to a 10-year low of 5.4% and, according to the latest CSO data, average weekly earnings in the manufacturing sector increased by 4.0% y/y in Q2 2018 – the highest rate of growth in four years and higher than the economy-wide average. This data mirrors the views expressed in our survey which found that availability of human resources is a significant issue for firms at present and that escalating labour costs are a key source of cost inflation pressures.

While the pace of change in the sector may be high, the reputation of Irish manufacturing firms and the quality of their products is also high. Firms are encouraged to leverage Enterprise Ireland’s range of supports and global reach if they wish to scale their businesses to compete internationally.
In the preparation of this report we surveyed a wide range of EI client companies in the manufacturing industry, and the responses of these firms to the survey questions make for very interesting reading.

In terms of existing export relationships, it is no surprise to see that the UK is the primary destination for manufacturing exports. However, the Eurozone is also an important market for client companies and two-thirds of firms are currently sending goods to the single currency area. Almost half of respondents currently export to non-Eurozone European markets and to the Asia-Pacific region.

Perhaps reflecting the current political environment, the Eurozone is believed to offer the best opportunities for growth in the near to mid-term, although the UK is expected to remain an important source of future growth. Beyond these markets, North America, Asia-Pacific and non-Eurozone Europe are seen to offer potential growth opportunities.

When looking at entering new markets, the main challenges cited are gaining local market knowledge and the ability to successfully target new customers. Interestingly, the same challenges were cited by firms in the software industry in our previous Export Watch survey which emphasises the importance of on-the-ground supports from the likes of Enterprise Ireland for Irish firms expanding overseas. In contrast, capacity constraints, the cost of capital and currency considerations are not seen as significant hurdles in this regard.

The survey indicates that manufacturing firms are cognisant of the risks posed by Brexit and a majority have taken specific actions to reduce exposure to the UK. The most popular actions taken by companies include strengthening their UK businesses, diversifying geographically and improving their financial management.

Among the other findings in the survey are that firms are having difficulties accessing suitable talent and one-third of respondents believe the input cost environment has deteriorated in the past 12 months. On the issue of labour, more than half of respondents rate accessibility to talent as “poor” or “very poor”, while staffing costs are cited as the primary source of current cost pressures. The other primary contributors to cost inflation at this time are steel, other raw materials and insurance. While capital availability is described as “satisfactory” by a majority of respondents, a significant minority believe that capital availability is “poor” or “very poor”.

Looking to the future, increasing automation and autonomy is identified as the technological trend that will have the greatest impact on businesses, while advanced materials are also seen as likely to have a significant influence on businesses in the medium to long-term.
NORTH AMERICA: The US remains a strong market for Irish companies. Growth has accelerated to 4.2% in annualised GDP terms, the strongest growth rate since Q3 2014, helped in part by the recent tax cuts. Labour market conditions are tight, with unemployment at just 3.9% amid strong hiring.

Somewhat surprisingly, labour shortages have yet to become a major problem for Enterprise Ireland companies, with the main hiring concerns centred on finding the right employee who fits the role and company culture. A more pressing concern is the recent steel and aluminium tariffs, which Enterprise Ireland companies have highlighted as a potential issue. As a result of the weak pound Irish companies are realising the importance of diversifying their businesses outside of the UK. With Ireland and the US sharing a similar business culture there are many opportunities across the Atlantic.

Clients are advised to get to know the US market before entering or expanding in it, with companies urged to take time researching their product-market fit, meeting potential customers and understanding competition. Companies can differentiate their offering in many ways; for example, by offering high quality, superior technology, or excellent customer service. Companies should also embrace technology and innovation and avoid complacency. Irish clients are reminded of the supports available to them, such as the Market Discovery Fund, which assists companies launching new products and services. There are also five Enterprise Ireland offices in North America, with the newest office in Chicago focusing on industrial technology and life sciences.

When Irish companies enter the US market, they typically locate beside large customers to create long-term relationships and prove their commitment. Many US firms are open to working with Irish companies; however, they do require a nearby facility and on-the-ground support. Irish clients are advised to consider the Mid-West region, which creates approximately 20% of US GDP and holds approximately 22% of Fortune 500 companies. More than 46 Enterprise Ireland companies already have a presence in this region.

Rapid expansion is occurring in the fintech, medtech, industrial, life sciences and digital technology industries in the US. The common theme for growth is rapid adoption of advanced technologies across industries. Ireland is a global leader in digital technology innovations, a trend that permeates across industries, resulting in opportunity for Enterprise Ireland companies across the US.

Within the US manufacturing sector, new automated processes along with robotics, AI and real time technologies are helping to reduce manufacturing inefficiencies. Overall, US manufacturing production has increased by 0.3% in July, a 2.8% increase from the previous year.

Globally, high technology is being integrated into traditional manufacturing processes. The automotive and agricultural technology sectors are prime examples of this. The C.A.S.E connective (Connected, Autonomous, Shared, Electric) is deemed the future framework of the automotive industry, which is fundamentally changing due to autonomous driving technologies. There are currently 47 Enterprise Ireland companies in this automotive space who are gaining traction with global automotive OEMs and suppliers. The scale of the opportunity represented for Irish companies is only growing with 97.3m cars produced globally in 2017 (and 200,000 electric cars produced in the US in 2017). These companies are developing in the traditional Midwest region, in states such as Detroit where Ford, GM, Fiat/Chrysler, and 25 automotive “Megasuppliers” are based, and in Silicon Valley where 64 different technology and automotive companies are located.
Similarly, disruptive technologies are creating opportunities within the US agricultural sector, reducing bottom line pressures being faced by farmers. The same trends in technology are appearing in the agricultural sector with technologies like intelligent machine control, telematics, big data and farm management software becoming increasingly popular.

Ryan Shaughnessy is a Senior VP for Industrial Technology in Enterprise Ireland’s Chicago office.

EUROZONE: The French economy is emerging from a prolonged period of low growth and the outlook is much brighter now than it has been for some time. Business confidence is higher, the country is attracting increased levels of overseas investment (particularly from the U.S.) and the environment is noticeably more supportive both for start-up enterprises and established firms that are looking to invest in innovation.

A major trend at present is the increasing digitalisation of the economy, both within the private and public sectors. While the country has traditionally been slow to embrace digital technologies, this is quickly changing. The manufacturing sector is no exception in this regard, and firms are actively seeking technologies that will drive more efficient and safer manufacturing processes.

Irish companies looking to gain a foothold in the French market are advised to put “boots on the ground” from an early stage and recruiting local experience is critically important. New entrants need to understand their potential customers and be seen to commit to the market. Therefore partnering with local firms can often be a sensible approach.

Clients are also advised not to limit their focus to Paris. Although many head offices are located here, firms can often find the business environment more amenable to new entrants outside the capital, while many regions have become centres for particular industries. For example, the north and north-west of the country are leading areas for agri-tech and agri-machinery.

Marketing is a vital enabler of business and Irish firms should not be shy about promoting their products. The quality of Irish products is generally very good and often superior to competitors’ offerings. However strong marketing resonates with customers and should not be neglected by companies looking to expand their reach.

While Brexit is not at the forefront of minds in France as much as it is in Ireland, firms should be alert to opportunities, particularly where local firms currently rely on suppliers based in the UK.

Finally, although France is a large, affluent market where plenty of opportunities exist, firms are reminded that competition is fierce. The country rightly has a reputation for producing top quality engineers and industrial products and standards and expectations are always high. Firms looking to break into the market therefore need to ensure that their products meet similarly high technical standards.

Sinead Lonergan is France Manager in Enterprise Ireland’s Paris office.

UK: The current overall economic outlook is dominated by the Brexit discussions and the potential outcome of these. In terms of the automotive and aerospace segments, happily conditions remain buoyant although sentiment is tinged with nervousness about the potential post-Brexit landscape.

One of the key reasons for the outperformance of those segments is that the demand cycle tends to be long-term (10 years+). The lead time for aircraft orders has the benefit of offering Irish suppliers into the industry with confidence about how long the opportunity may last for. In the automotive sector, the structural changes away from diesel and towards hybrid or electric is providing firms with opportunities to deliver solutions for the supply chain challenges this transition brings.

The Brexit discussions have prompted reviews of many aspects of our clients’ operations. Financing; currency hedging; understanding the potential implications of customs changes; supply chain optimisation; and precautionary stockpiling of inventories are all areas of focus at this time. Recent trade disputes are another example of where political processes are prompting a rethink of business practices, as disruption to steel and aluminium supplies is having an impact on the manufacturing sector.
All told though, these headwinds have not been sufficiently strong to derail a positive story for Irish suppliers to the aerospace and automotive sectors in the UK. They have also prompted some companies to diversify into markets such as the Eurozone and US. Establishing a portfolio of addressable geographic markets can help to de-risk business models.

The long-term prognosis for Irish firms serving the manufacturing industry is very favourable. Ireland has a very positive reputation in the aviation sector and is getting increasing recognition for its aerospace capabilities. In terms of the latter, many Irish firms have established a presence in segments such as interiors and components for structures such as wings. In aviation, opportunities exist in areas such as leasing, training and finance. Some 250 Irish companies are already involved across the wider aviation and aerospace sectors, whose global presence creates opportunities to scale far beyond this part of the world. We also see good opportunities for exports into the space sector to grow from here, as Irish firms have been punching above their weight in this segment. Last, but by no means least, the automotive sector is one in which Irish companies have a presence throughout the supply chain in areas such as plastic mouldings, sensors and autonomous technologies. We are likely to see a lot of growth here in the coming years.

In terms of the advice we are giving to Irish firms, we encourage them to engage fully with EI and other agencies to help with planning their entry or expansion in the UK. We hold numerous events throughout the year, including this month’s Global Energy Showcase in Dublin, our International Markets Week and frequent trade missions that offer very useful insights and contacts for client companies.

Sean Long is a Senior Market Adviser, Engineering & Electronics, in Enterprise Ireland’s London office.

NORTH AMERICA: The US is the world’s 2nd largest automobile market for vehicle sales and production, where sales reached over 17 million units in 2017 alone, and the automotive sector accounted for around 3.5% of the United States’ total GDP in 2016.

The rapid pace of change in the industry is creating significant opportunities for Irish companies that serve the sector. In order to exploit these opportunities, Irish companies should focus on innovation and on providing a unique service whilst also remaining flexible, engineering the product to their customer’s specific needs. There is high demand for software-side innovations, but new opportunities also exist in manufacturing and advanced material development, notably in the creation of light-weight materials such as ultra-light plastics which are used in electric and hybrid cars. Following a 25% increase in US electric car sales between 2016 and 2017, where nearly 200,000 EVs were sold in 2017, further growth is expected.

Irish companies are advised to stay conscious of the changing trends in the industry. These include the further evolution of autonomous technologies with an emphasis being placed on connectivity, precision manufacturing and logistics. These innovations will influence new business models, with success to be found by the companies who can effectively find new methods of monetization.

Having a pulse on Silicon Valley is recommended for Irish companies. Whilst companies are not initially expected to locate in the US full time, being able to have a presence, foster and maintain close relationships with US customers is key to unlocking the market. There is plenty of opportunity for collaboration as large automotive companies and OEMs are looking to work with nimble SMEs and innovative start-ups who have unique technological ideas.

Networking is an important part of establishing a presence in the US. Silicon Valley remains the epicentre of new technologies with a high concentration of automotive companies locating their CAV and innovation teams here (54 automotive companies including all major global OEMs, have offices in Silicon Valley). In these areas activity takes place at ground level, with many companies participating in weekly meetups to discuss the new technologies and challenges

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facing the industry, such as AI, EV batteries and security. Irish companies should also pay attention to the conferences and trade shows on automotive, new mobility and smart cities which take place across the US, especially in the mid-west and west coast regions.

Irish companies should take note of their peers who have previously found success in the US manufacturing sector. Decawave, who manufacture UWB, hyper precision semiconductors with a manufacturing and automotive focus, are addressing security, manufacturing and navigation needs of the industry. Mergon, an innovator in plastics, focuses on custom design manufacturing and assembling of parts, and has already made an impact across the Atlantic; Mergon is now one of Tesla’s suppliers. Being reliable, maintaining strong communication with customers and providing a solid performance helped these companies to create a US footprint.

In this industry sector the long-term impact of Brexit is still largely unknown. For now, however, the process is anecdotally creating a higher level of uncertainty and, as such, Irish companies are developing strategies to diversify into new markets including the US.

Sara Hill is a Senior Vice President (Advanced Technologies) in Enterprise Ireland’s San Francisco office.

EUROZONE: The outlook for the German economy is healthy and is supported by positive global economic trends, although conditions in the labour market are tight and some companies are finding it hard to access and retain sufficient skilled labour. Industrial processes are becoming increasingly digitally-enabled and firms are looking to deploy robotics and other technological advances to create efficiencies.

Irish companies looking to enter the German market are advised to carefully research local markets, understand local technical requirements and understand how their offering aligns with customer needs – attending trade fairs can prove invaluable in this regard. Firms are also advised to ensure they have sufficient resources to meet potential opportunities.

The best opportunities are for clients who can offer local customers innovative, technically-advanced products with compelling USPs, as trying to gain market share from incumbents with similar product ranges can be difficult.

Heike John is Senior Market Adviser, Industrial Sector, in Enterprise Ireland’s Dusseldorf office.

ASIA PACIFIC: Australia is one of the world’s most open and competitive economies. It has enjoyed 26 years of uninterrupted growth and given Australia’s location on the edge of the broader Asian market area it, along with New Zealand, provides access to some of the fast-growing economies further North.

Ireland’s open economy is very susceptible to global macroeconomic developments, enhancing the attraction of international diversification. To this end, Australia and New Zealand are considered strategic locations for Irish firms to diversify into. There has been a noticeable uptick in the number of Irish companies looking into these markets with 55 Irish companies taking part in a Presidential led trade mission to Australia in October 2017, the largest delegation of its kind to date. The most recent New Zealand National Fieldays, the largest agricultural event in the Southern Hemisphere, was attended by 14 Irish agricultural machinery companies, showing the importance of this market to Irish manufacturers.

Due to the small domestic manufacturing sector in Australia, almost 95% of all agricultural machinery is imported. This represents a significant opportunity for Irish enterprises. Increased mechanism and automation in farming is also a feature due to the large economies of scale evident in Australia. However, due to differing landscapes, scale and farming practises, Irish machinery may require adaptation for these local markets, warranting investment in R&D. With its similar climate and farming practices, New Zealand is considered a good strategic fit for Irish firms in this space. The diversity of seasons between the two countries (when it is peak farming season in NZ, it is relatively quiet in Ireland) enables a full year manufacturing/sale cycle.
The Australian and New Zealand markets are receptive and open to Irish companies. Enterprise Ireland advises Irish firms to visit these markets to gain familiarity, rather than act opportunistically. Understanding the opportunity, developing a proper marketing strategy and forming strong relationships with key importers and distributors are seen as key factors to success.

To the north, China, with its vast addressable market, represents a scale opportunity for Irish exports. Overcoming cultural differences and providing follow-up support are seen as key to unlocking this new market. Enterprise Ireland recommends sourcing local distributors, thereby establishing a network across the country. With high investment rates in Asia, both sensor technologies and farm management products are two examples of potential exports due to the Irish firms’ proven ability to adapt to different farming conditions.

Hannah Fraser is a Senior Market Adviser and Niall Casey is a Senior Market Executive with Enterprise Ireland in Australia

UK: Regardless of the Brexit outcome, the UK will remain a key market for Irish companies due to its close proximity, shared language and similar business culture to Ireland. Therefore, holding one’s nerve amidst market volatility is key. This is particularly important when considering the long-term nature of many contracts in industries such as aerospace and automotive. Another point to consider is that while the weak pound has been a tailwind for UK exports (creating opportunities for suppliers), companies are increasingly wary of the impact of Brexit and this could result in changes to supply chains. Conversely, we may see the release of pent up demand in the case of a soft Brexit.

The UK economy has been surprisingly resilient so far amidst elevated levels of uncertainty, hinting at an underlying strength in the market. The UK government’s industrial plan sets out key goals and challenges for leaving the manufacturing industry in a strong position. Aerospace and construction industries are also considered potential growth areas for Irish companies due to current capacity issues.

Along with Brexit, falling productivity levels are a worry for UK industries with reduced immigration levels and the resulting impact on the UK’s demographics the source of their concerns. This creates an opportunity for firms who can find a solution to the UK’s productivity puzzle, with companies who can add value to the manufacturing process differentiating themselves in the market.

In another form of Brexit uncertainty many retailers are turning to goods sourced from the UK, as seen by increases in food and beverage manufacturing levels. Irish companies may consider following European companies by establishing premises in the UK to serve their British clientele.

Irish companies are advised to stay close to the customer. Having a presence at government level or joining networks and industry bodies can offer insights into trends within the industry and into decisions that are taking place at a board level.

Companies are also advised to carefully research the regions. Many manufacturing clusters exist in the UK (e.g. the North-West Wales / Midlands region focuses on the aerospace industry) creating a distinct market opportunity in these locations. Therefore, knowing where your market is dictates where your company will locate. Broad-based manufacturing companies must compete against companies who have successfully differentiated themselves with a specific niche, sector or location.

Moving away from the London / South-East region and into Northern Powerhouse, which has been growing at a faster pace than London for the last two years, is also recommended for Enterprise Ireland clients. The region tends to be an easier market to access than the South-East. Enterprise Ireland has increased its presence in the region to support clients looking to expand here. It is vital for any new company joining a market to show commitment to the area and this is particularly important in the UK where such a strong sense of regional identity exists.

Finally, companies should know their product. Highlighting the strategic importance of their product to the customer will allow them to achieve the best price, while constant innovation and evolution are key to keeping a strong company and brand in the medium term.

Deirdre McPartlin is UK Manager in Enterprise Ireland’s London office
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