



Australia
Chile
China
Indonesia
Iran
Japan
Malaysia
New Zealand
Singapore
South Korea
UAE
Vietnam
United Kingdom
France
Netherlands
Germany
Spain
Poland
USA
Canada

PRIORITISING MARKETS

Opportunities for Growth

Austria
Belgium
Bulgaria
Croatia
Cyprus
Czech Republic
Denmark
Estonia
Finland
Greece
Hungary
Italy
Latvia
Lithuania
Luxembourg
Malta
Portugal
Romania
Slovakia
Slovenia
Sweden



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Seafood
Meat
Dairy

FOREWORD

By Minister for Agriculture, Food and the Marine, Michael Creed TD

Some months ago I asked Bord Bia to undertake a programme of additional activities to support the food and drink sectors. To assist them I allocated extra funding of €6.75 million and among the activities I requested was the carrying out of a Market Prioritisation exercise.

There is no doubt that the success of the market access efforts of both my Department and Bord Bia over the last six years has been outstanding. Currently we export to over 180 countries worldwide and the value of our agri-food exports has increased by over 40% in that time, to reach almost €12.2 billion in 2016.

Our task is greatly helped by the fact that we have an excellent industry-led strategy for the growth of the sector in Food Wise 2025. This Strategy document provides a clear road-map for the development of the sector and its aim is to increase the value of Irish agri-food exports to €19 billion by 2025.

Over the last six years the value of our dairy exports has increased by 110%, the value of our beef exports by almost 50%, cereals and cereal preparations by 59%, seafood exports by 50%, forestry exports doubled from €112 million to €226 million and sheepmeat exports increased by 70%.

However, despite all of these successes we must, in the light of Brexit, intensify our efforts further and diversify into as many international markets as we can. Therefore, the challenge for Irish food and drink exporters is to identify those markets that offer the best potential for growth over the medium term. Increased penetration into international markets is a major

priority for my Department and it is for this reason that I commissioned Bord Bia to undertake the Market Prioritisation project.

The objective is to carry out an examination of the potential attractiveness of different markets by category and an assessment of the potential for Ireland to supply those markets. This is being done by focusing on the identification of 15 'priority' markets, based on anticipated growth, in the meat, dairy, prepared consumer foods, beverages and seafood sectors.

I am delighted to see Bord Bia's initial report on this project and I congratulate them on the manner in which they are going about the task.

I note from the report that summary statements on the individual sectors are well underway, with an anticipated completion date of next January. This will be followed by a series of enhanced assessments of a selected number of markets. This will help us to better understand the needs and requirements of customers and to understand the mechanics of doing business in those particular markets.

This prioritisation exercise will inform future activity in my Department and in particular in relation to where we will invest our resources abroad. It is our view that any Departmental presence overseas can function most effectively as part of a "Team Ireland" approach. This involves the combined efforts of the Embassy network and our State Agencies such as Bord Bia and Enterprise Ireland working together, and preferably in the same or proximate locations.

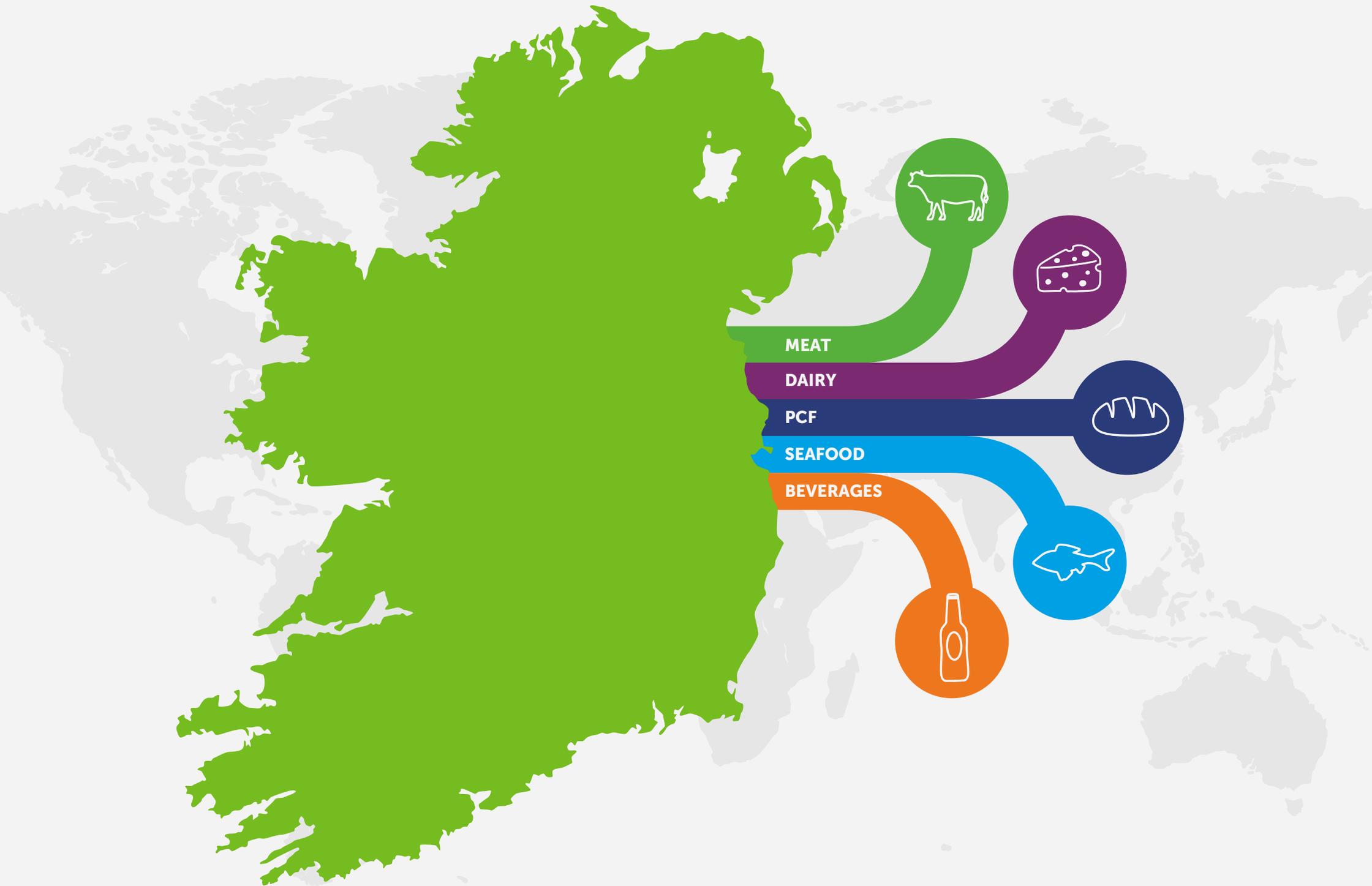
In addition, I and my Department have been very active in securing access to new third country markets for Irish food companies, while at the same time maintaining access to existing markets. There is no doubt that the Market Prioritisation project being undertaken by Bord Bia will add significant focus to this task.

I compliment Bord Bia on the work they have done to date. I look forward to receiving the final report, which will no doubt play a significant role in ensuring the continuing growth of Irish food and drink exports across the world.



Michael Creed TD

Minister for Agriculture, Food and the Marine



INTRODUCTION

The opportunity to enter new marketplaces is one every ambitious food and drink company must consider at some point. Whilst the UK and European markets remain vitally important for Irish food and drink manufacturers, diversification in the international marketplace has been a strengthening component of our industry over the last decade.

Total agri-food sector exports in 2017 amounted to at least €13.5 billion. Food and drink exports accounted for €12.6 billion of this in 2017.

Today, China is the second biggest market for Irish dairy while the US absorbs almost 45% of Irish whiskey exports. If the growth trends evident between 2009 and 2017 continue, international markets will account for over 40% of Irish food and drink exports by 2025. Global population growth, along with increased urbanisation and affluence, and the intensifying challenges of climate change, provide the macro context for this opportunity.

Whether looking to the UK, the EU or beyond, the challenges can sometimes seem considerable: not just in terms of regulatory complexity, but with regard to understanding consumer behaviour, managing distribution channels and resourcing marketing and promotional activity. Bord Bia recognises that sustainable performances internationally by Irish companies require high levels of strategic insight and preparedness. The good news is that the resources available to pursue this path have never been greater. Making a World of Difference, Bord Bia's Statement of Strategy 2016 to 2018, puts considerable emphasis on increasing the industry's global footprint, and commits to extending Bord Bia's in-country presence and specialist knowledge within key markets, as well as offering ongoing support for highly-focused trade

missions, and ensuring events such as the forthcoming Marketplace International 2018 have the strongest ever representation from international buyers.

The publication of *Prioritising Markets: Opportunities for Growth* can be viewed as a further significant development in support of Bord Bia's strategic pillars, particularly as changing global circumstances move the diversification opportunity centre stage. The report offers concise overviews of 31 in-depth studies conducted across a range of priority markets by Bord Bia. As such, it represents the most detailed and broad-ranging study of the international opportunity ever undertaken on behalf of our food and drink industry.

The UK will continue to be the most important market for Irish food and drink manufacturers and as such was excluded from this exercise, allowing focus to collect insights on lesser known markets. Exporters will find up-to-date information on European and international market size and trends; analysis of sectoral levels of self-sufficiency; competitor details; price-point data; and information on technical issues related to trading with each individual country. The track-record of the Irish industry's performance to date in each market is also assessed.

These market studies were developed in consultation with industry and considerable thought has been put into ensuring they are as user friendly and action oriented as possible. As with all Bord Bia undertakings,

this is a data-driven, fact-based exercise that builds on longstanding expertise and experience. I am confident its findings, and the studies on which it is based, will have a key role to play in present and future strategic decision-making by many businesses and indeed by Bord Bia itself in the years ahead.

Brexit has, of course, created a new urgency around diversification for many exporters. Whatever the outcome of current negotiations, the increased focus on international markets is one that we believe is set to continue, reflecting not just a better balance of risk across the industry but also the strengthening opportunities in particular marketplaces. In this regard, the *Prioritising Markets: Opportunities for Growth* can be viewed as a resource that complements our existing and extensive marketing and business development supports.

The report's value can also be set within the context of Bord Bia's talent development programmes, which support the development of skill sets and resources that broaden the range and scope of Irish exporters; as well as the work of Bord Bia's Consumer Insight Division, which has long taken the global view in its analysis of food trends, and supports a truly international outlook by our industry in terms of understanding consumer behaviour. Ireland's opportunity as a global exporter of quality food and drink products is also fundamentally underpinned by

Origin Green, the Bord Bia sustainability programme that now encompasses the vast majority of our food and drink exporters.

Successful diversification has many elements to it and Bord Bia recognises that knowledge and data are among the most important components of its contribution to the process. In commending *Prioritising Markets: Opportunities for Growth* to industry, I ask you to view it as a powerful additional resource to the suite of services that are now helping to turn a new chapter in the development of our most global of indigenous industries.

In the context of the uncertainty that persists around Brexit, this report is, above all, a positive assertion of the long-term possibilities for our industry.. It should be clear from reading this publication that, whatever the challenges ahead, the opportunity to take our message to a global audience has never been greater.



Tara McCarthy
CEO, Bord Bia



MARKET PRIORITISATION PROCESS

The combination of the Food Wise 2025 target to increase the value of Irish food and drink exports by €8 billion over the next nine years combined with the uncertainty surrounding exports to the United Kingdom following their referendum decision to leave the EU highlight the need for the Irish food and drink sector to adopt a structured approach to market growth. These factors demonstrate the added importance of the Irish food and drink sector dedicating resources to markets that offer the best opportunities for growth.

OVERVIEW

The sector has successfully increased the value of food and drink exports by over 40% over the last six years to reach almost €12.6 billion in 2017. Half of this growth came from markets outside of Europe, led by a six fold increase in exports to China, a doubling to the rest of Asia and North America and a rise of 40% in trade to the Middle East and Africa.

Ireland currently exports to 180 markets globally and with global population and income growth expected to continue to drive demand for food, the challenge for the Irish food and drink exporters is to identify markets that offer the best potential for growth over the medium term.

With that in mind, the Department of Agriculture, Food & the Marine commissioned Bord Bia to undertake a market prioritisation project for meat, dairy, prepared consumer foods, beverages and seafood. Working with Orrani Consulting, Bord Bia's main objectives of the study were as follows:

- Examine the potential attractiveness of different markets by category
- Assess the potential for Ireland to supply them

The project was undertaken with the following expected outputs in mind:

- A list of 15 'priority' markets by category based on anticipated growth
- A formalised methodology for future use
- A series of summary reports by category for prioritised markets
- A series of deep dive reports for the top 5 markets by category outlining strategies to leverage opportunities

APPROACH TO MARKET PRIORITISATION

A funnel approach was adopted for the project with an initial screening of over 180 markets using macro-economic and sector specific criteria being assessed and weighted for each category. This formed the basis of the market prioritisation tool. The output from the tool was a list of the top 30 markets for each category.

In consultation with industry and using Bord Bia internal expertise and network of overseas offices this list was then refined down to a list of top 15 markets.

The next stage involves the preparation of a summary report for each of the top 15 markets outlining in more detail the dynamics of each markets, competitor analysis, potential opportunities for Ireland and any barriers to be overcome.

NEXT STEPS

The summary reports for dairy, meat, prepared consumer foods and beverages are now complete with work well underway in relation to seafood.

The next phase of the project during the course of 2018 is to undertake a series of deep dive assessments of a selected number of markets to provide the depth of insights required to help companies identify potential leads, better understand the needs and requirements of customers and understanding the mechanics of doing business in the market.

This work will guide our Market and Consumer insight activities throughout 2018. The outputs of the market prioritisation study will also help inform the allocation of Bord Bia resources in terms of our route to market support services for client companies including market study visits, trade missions, trade fairs, inward buyer visits and 'feet on the street'. It is expected to also help inform client companies in their thought process and planning.

MEAT 

DAIRY 

PREPARED CONSUMER FOODS 

BEVERAGES 

SEAFOOD 

INITIAL SCREENING
180
MARKETS
↓
30
MARKETS

SECONDARY SCREENING
30
MARKETS
↓
15
MARKETS

15
PRIORITISED
MARKETS PER
CATEGORY

SUMMARY REPORT ON EACH MARKET

Published end 2017

DEEP DIVE ON 5 - 10 MARKETS

Published 2018

PREPARED CONSUMER FOODS

Australia

Belgium

Canada

France

Germany

Japan

Kuwait

Netherlands

Qatar

Saudi Arabia

South Korea

Sweden

UAE

USA



75% of meat consumption takes place in the home



Frozen foods have become staples for many sections of society



Gym use is increasing and high growth seen in health & nutrition-positioned products and foodservice concepts



Pizza is trendy, with a focus on upmarket restaurants providing premium products with a considerable amount of theatre in the process



8% of consumers avoid wheat or gluten (and 15% low carbohydrate)

AUSTRALIA



Australia's imports of value added meat products (led by chicken) have risen substantially over the last five years, although some slowing down in demand is apparent in 2017 YTD.

PRODUCTS CONSIDERED: VALUE ADDED MEATS, PREMIUM CHOCOLATE

Australia is a significant importer of chocolate, 14th worldwide at 93,000 mt for tariff line HS1806.

Value Added Meats

- Imports are 25,000 mt of processed beef (+29% over five years) and 3,000 mt of sausage. It is not a leading importer of either product group by world standards, and imported products are low profile in the retail market.
- New Zealand dominates in prepared beef products, the US in prepared pork.

Premium Chocolate

- Once a Cadbury stronghold due to the UK links, it is now a market moving increasingly towards premium products, both local and imported.
- All of the leading premium-oriented European chocolate exporting countries are active in supplying the market.

Australian consumers are increasingly cautious and price-sensitive. Disposable income has not kept pace with inflation, with wage growth stagnating.

Meat consumption patterns are changing – Australians are now eating half as much lamb as in the 1980s and 2/3 the amount of beef, but nearly 2.5 times as much chicken and twice as much pork – the growing Asian segment in the population has influenced the latter in particular.

Consumption of chocolate has been increasing in Australia: a Roy Morgan study showed that in 2016, 68.4% of the population (or just over 13.5 mn people aged 14+) ate some kind of chocolate in an average four weeks, up from 65.3% (12.5 million) in 2013.

Consumers prefer locally branded meats, but cost is the first purchase driver.

Further growth in demand for imported value added meat is likely, however Irish trade here is restricted by lack of access currently.

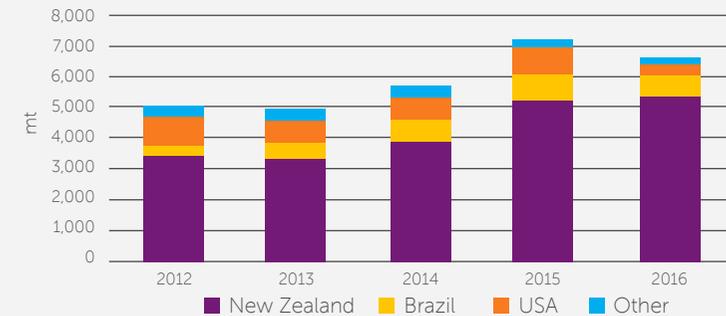
Irish exports of chocolate to the market are minor.

Premium chocolate may offer the easier of the two opportunities in the short-medium term.

Ireland does not appear to have exported value meat products to Australia to date, whilst trade in chocolate has been low level and declining.

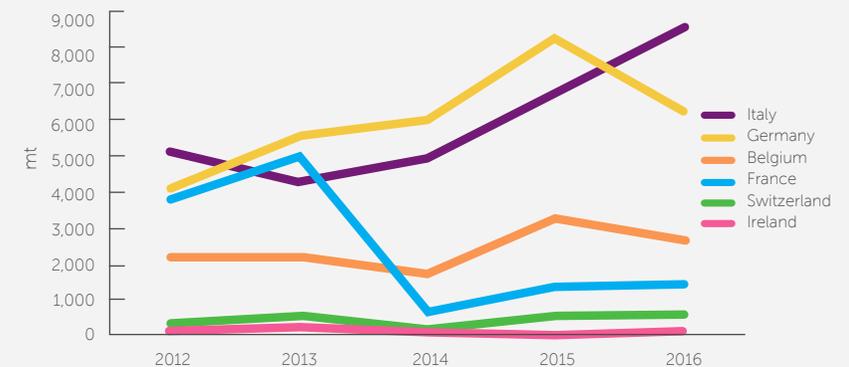
The shipping route to Sydney is through Suez and south of Perth. This is a distance of 21,223 km and shipping time of approximately 48 days – compared to around 40-43 days from northern France/northern Germany.

AUSTRALIA – IMPORTS OF PROCESSED BEEF BY COUNTRY, 2012-2016



Source: UN ITC Note: HS160250

AUSTRALIA - IMPORTS FROM EUROPE'S PREMIUM CHOCOLATE SUPPLIERS, HS180690, 2012 - 2016



Source: UN ITC Note: 180690 – Chocolate / other preparations containing cocoa, in packs of <= 2kg (exc. blocks/slabs/bars/cocoa powder)



The country is home to the 3rd largest population of Irish migrants



Consumption of chocolate has been increasing in Australia



After price, consumption drivers are nutrition and healthy meals, followed by convenience

BELGIUM



Value Added Meats imports are substantial: 95,000 mt of HS1602 (+2% over five years, the world's 9th largest importer) and 44,000 mt of HS1601 (+22%, the world's 6th largest importer).

PRODUCTS CONSIDERED: BAKERY, VALUE ADDED MEATS, PREMIUM CHOCOLATE

Imports under pizza & quiche grew 19% over five years to 287,000 mt – the world's 7th largest importer.

The Netherlands is the key supplier (with Brazil key in beef).

The country is renowned as the home of premium chocolate, however its chocolate imports were up by 29% over the last five years to 198,000 mt, ~7th worldwide.

All of the leading premium-oriented European chocolate exporting countries are active in supplying the market, with France and Germany the leaders in volume terms.

Consumers are visiting shops less frequently than in the past, and are placing a growing emphasis on buying products which are healthy, nutritional, safe, "clean label" / unprocessed, traceable and ethical.

For the largest bakery import segment – pizza/quiche/ other – the Belgian market is supplied by a range of countries, but notably by France, Germany and the Netherlands.

The decrease of meat consumption per capita is mainly in the meat that is purchased for preparation at home, whereas meat that is pre-prepared such as sliced ham and chicken slices (charcuterie) remain constant in consumption volumes.

Belgians have reduced their meat consumption in the past and intend to continue this in the future. When it comes to types of meat there is little change in consumption habits.

Sheep and lamb seems to be benefiting from a slight increase in interest whereas offal and horse meat are increasingly hard to sell.

Belgians are keen home cooks who enjoy traditional cooking and are proud to hold onto their heritage. A further 8% is consumed in the homes of family and friends, 7% in hotels/restaurants, 5% at work or school and 5% in other places (canteens, organized party events, amusement parks etc.).

Of the main premium-oriented EU chocolate sources, France and Italy lead in supply.



Per capita consumption of meat has been decreasing in the past decade, and fell by 5kg per capita between 2008 and 2016



75% of meat consumption takes place in the home

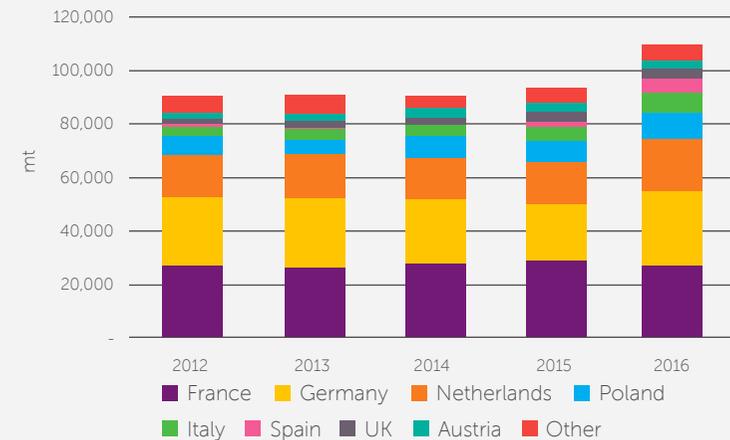


Most bread in supermarkets is private label, with the 3 brands here being Harrys, Jacquet and Delifrance

Download the full report at www.bordbia.ie/prioritisingmarkets

Belgium is attractive as an export market for its strong food culture, its spending power aided by economic recovery and its proximity. Irish exports of bakery and chocolate to the market are minor, however exports of meat products have grown by +360% to 1,910 mt – all three categories should offer potential.

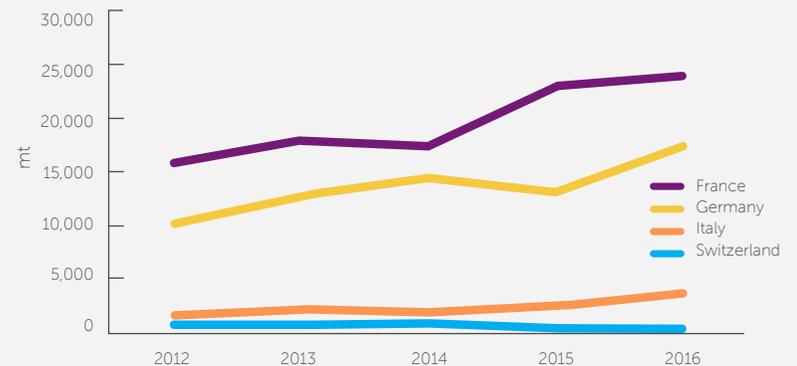
BELGIUM – PIZZA/QUICHE/OTHER IMPORTS BY COUNTRY, 2012-2016



Source: UN ITC

Note: HS 19059090 = Pizzas, quiches, other plain/savoury bakery

BELGIUM - IMPORTS FROM EUROPE'S PREMIUM CHOCOLATE SUPPLIERS, HS180690, 2012 - 2016



Source: UN ITC Note: 180690 – Chocolate / other preparations containing cocoa, in packs of <= 2kg (exc. blocks/slabs/bars/cocoa powder)

CANADA



Canada's value added meats imports fell from **93,000 mt** to **89,000** over the past five years, despite growth in pigmeat – however this makes it the 10th largest importer worldwide.

PRODUCTS CONSIDERED: VALUE ADDED MEATS, BAKERY, PREMIUM CHOCOLATE

Imports of bakery items have risen by 32% over the last five years to 375,000 mt, making Canada the 5th largest importer worldwide.

Canada's imports of chocolate have increased by 19% over the last five years from 171,000 mt to 203,000 mt.

In a 2015 survey conducted by Nielson, 59% of Canadians considered themselves obese and a total of 84% reported they intend to change their current diet.

Many Canadian consumers have become bargain shoppers due to the slow economic recovery and rising food prices in 2015 and 2016, due especially to the weak Canadian dollar.

This had made it a hard market for new upmarket retailers – Whole Foods has struggled in Canada as competitors like Loblaw's and Walmart have introduced often lower priced organic food sections.

Bakery consumption levels appear to have been hit by a growing tendency to skip meals, including breakfast, instead opting for frequent snack breaks.

Gluten avoidance has been a growing trend, with

a 2013 survey showing that 29% of respondents – suggesting 10 mn consumers overall – are buying free-from-gluten products, according to the Canadian Celiac Association, with only 7% of respondents doing so for medical reasons.

Purchasing of chocolate is often stronger in lower age groups: the main driver for millennials is Indulgence, while for boomers it is health.

There is a clear trend to premiumisation, with consumers looking for higher-quality chocolate from unique origins, as well as higher chocolate content (50-70%-plus). They are also looking for sustainability, reduced-sugar and organic chocolate, as well as smaller portion sizes.

In 2016, 58% of food sales were via major grocery multiples, notably the 'Big Three' – Loblaw's, Sobeys and Metro.

36% of all grocery items are sold via discount retailers (e.g. Loblaw's No Frills and Sobeys' and FreschCo) or sales promotions, vs. 27% in 2010.



Many Canadian consumers have become bargain shoppers due to the slow economic recovery and rising food prices



Per capita consumption levels of beef and pork have been declining over the last 30 years



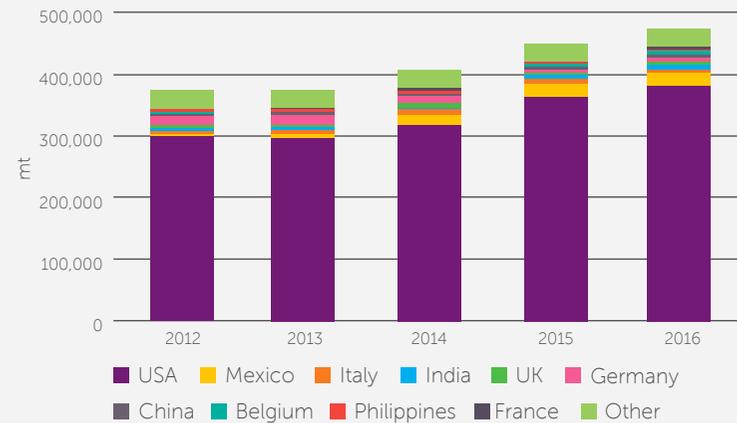
A 2015 survey by the Vancouver Humane Society reveals 33% of Canadians, or almost 12 mn, as either already vegetarian or eating less meat

Download the full report at www.bordbia.ie/prioritisingmarkets

The main EU premium chocolate suppliers all play a role in the market. Irish volumes across these categories are low. The main trade to date from these categories has been in chocolate. Some volume had been built up in chocolate but this has receded over the period.

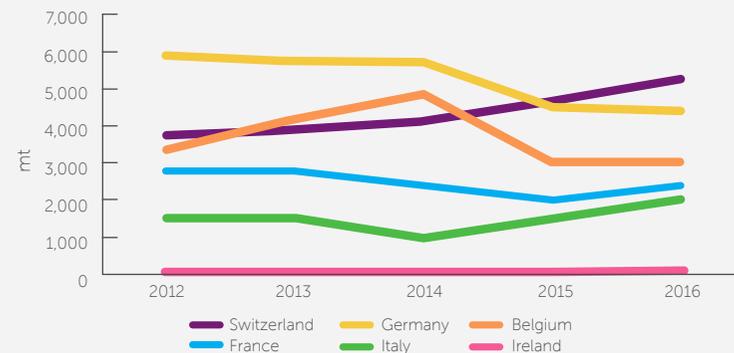
However the combination of significant and in some cases growing import demand and improved access terms under CETA make the market worth attention from Irish exporters.

CANADA – BAKERY IMPORTS BY COUNTRY, HS1905903200, 2012-2016



Source: UN ITC Note: Fresh bread, buns/and rolls, in packages of a weight not exceeding 1.36kg each, or other bread in packages of a weight not exceeding 454g each, containing 25% or more by weight or wheat, over access commitment

CANADA - IMPORTS FROM EUROPE'S PREMIUM CHOCOLATE SUPPLIERS, HS180690, 2012-2016



Source: UN ITC Note: 180690 – Chocolate / other preparations containing cocoa, in packs of <= 2kg (exc. blocks/slabs/bars/cocoa powder)

FRANCE



Sales and imports of Value Added Meats are generally increasing across this category. Germany is the main source of imports. Sales of frozen food have been dropping in both volume and value – pizza is a rare exception.

PRODUCTS CONSIDERED:

VALUE ADDED MEATS, FROZEN, BAKERY, PREMIUM CHOCOLATE

It is the world's no 4 importer of bakery – 497,000 mt (2016), +26% over 5 years.

Germany is the main source of imports in savoury and plain, Italy leading in sweet.

Consumption levels have been reduced by a range of diets cutting down on bread intakes and by lifestyle changes which have left less time for breakfast.

France is the world's no 3 importer of Premium Chocolate – 434,000 mt (2016), +15% over 5 years.

There is clear premiumisation in a market where volumes have been slipping somewhat.

Per capita consumption is slightly low at 4.8 kg, possibly reflecting one of the highest VAT rates on chocolate in Europe.

Ready meals (in all forms) have become increasingly important in the French market, taking close to 4% of

households' food spend compared to 0.9% in 1960.

French consumers are eating less frozen food – which over the last decade has gone from 8% to 7.1% of their total food spend, buying less in volume terms even while the penetration level remains the same.

They are also buying different types of frozen foods – more snacking, pizza, potato products and less meat, seafood and ready meals, and with more interest in alternatives such as vegan, vegetarian and organic.

There are general trends towards

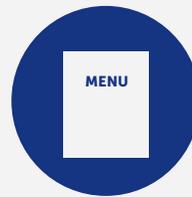
- Healthier eating and drinking: less meat and alcohol and more fruits and vegetables
- Foods offering enhanced levels of traceability and ethics: due to past food safety scares, there is an increasing demand for certification and labelling
- Eating outside the home and snacking "on the go"



Sales of frozen pizza rose 2.7% in 2016 in value terms – thick crust up, thin crust down



Sales of chocolate in France have been slipping in volume terms but increasing in value, with growing premiumisation



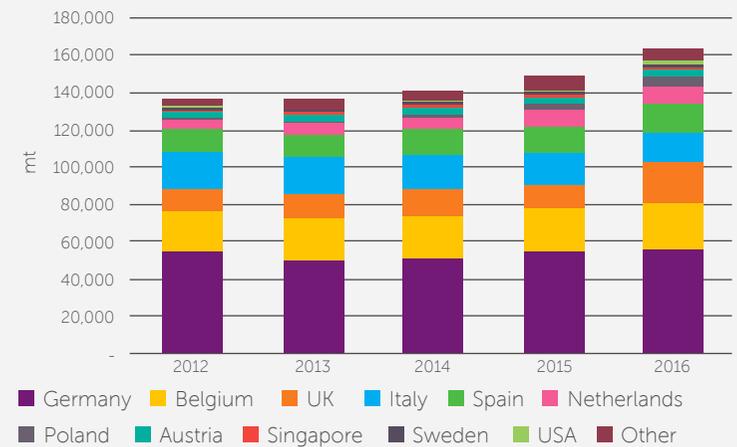
Millennials are important in France: compared with previous generations they are consuming less and shopping less, but eating out more, and paying much more attention to their budgets

Download the full report at www.bordbia.ie/prioritisingmarkets

Irish exports are significant in added value meats but not yet in bakery or premium chocolate.

This is a large, diverse and quality oriented market with considerable spending power, suggesting opportunities across all product categories reviewed.

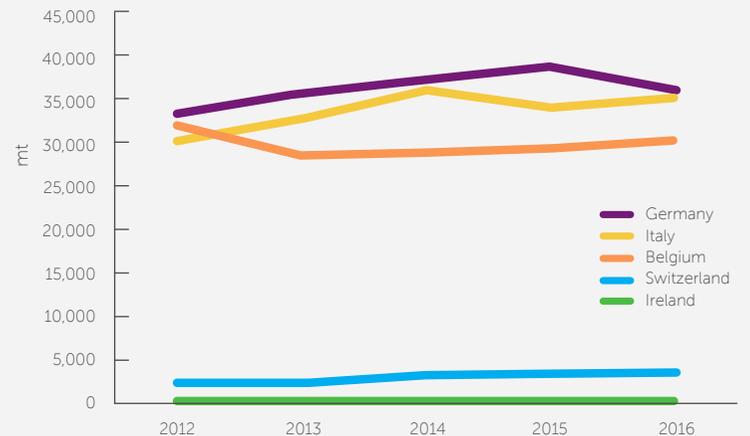
FRANCE – PIZZA/QUICHE/OTHER IMPORTS BY COUNTRY, 2012-2016



Source: UN ITC

Note: HS 19059090 = Pizzas, quiches, other plain/savoury bakery

FRANCE - IMPORTS FROM EUROPE'S PREMIUM CHOCOLATE SUPPLIERS, HS180690, 2012 - 2016



Source: UN ITC Note: 180690 – Chocolate / other preparations containing cocoa, in packs of <= 2kg (exc. blocks/slabs/bars/cocoa powder)

GERMANY

Key suppliers of Value Added Meats are Brazil (chicken), Austria (pigmeat and sausages) and Poland and the Netherlands (beef). Key suppliers of bakery are Netherlands, Italy and France.

PRODUCTS CONSIDERED: VALUE ADDED MEATS, FROZEN, BAKERY

Consumers are making fewer shopping trips (223 on average in 2016 vs 241 in 2012 – GfK) and only 66% find shopping enjoyable vs 74% in 2005.

The growing proportion of vegetarians and those with a vegan lifestyle among the German population has encouraged the introduction of a number of meat substitute products.

In 2016 consumption of frozen foods (retail and out of home) grew by 2.5% to 3.63 mt, whilst per capita consumption rose to 45.4 kg from 44.5 kg in 2015. This is encouraged by the consumer trend towards spending less time on home food preparation and on eating out.

Frozen foods have become staples for many sections of society, and in recent years the average time for preparing meals in Germany has fallen to 25 minutes (and every third meal takes 10 minutes).

There has been a trend towards more premium bakery products at the expense of economy products and private label.

Bread consumption has been dropping quite drastically over a couple of decades, as Germans eat more between meal snacks and so fill less up on bread during the meal. Also, bread is now less frequently present at the dinner table, although it remains mainly present at breakfast and lunch.

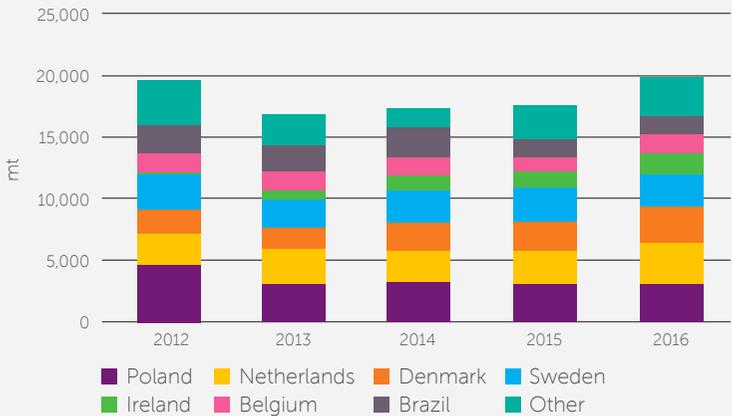
Key food retailers in Germany are Edeka (20%, Lebensmittel Zeitung), Schwarz-Gruppe (14%) and Rewe (13%), followed by Aldi and Metro (both 10%).

This is a very large market where Discounters play a major role. However, consumers are also prioritising quality whilst at the same time changing their consumption and purchasing habits.

Irish exports to the market have been rising rapidly across the three segments, growing by between 200-300% over the last five years to 2016 – although this growth has come from a low base in each case. This background and the trend towards quality foods in the market suggest strong further opportunities.

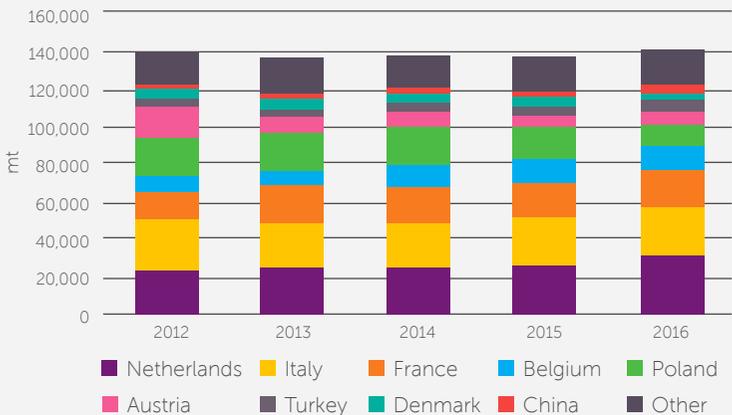


GERMANY – IMPORTS OF PROCESSED BEEF BY COUNTRY, 2012-2016



Source: UN ITC Note: HS160250

GERMANY – PIZZA/QUICHE/OTHER IMPORTS BY COUNTRY, 2012-2016



Source: UN ITC Note: HS 19059090 = Pizzas, quiches, other plain/savoury bakery



85% of the population eat meat on a daily basis



Frozen foods have become staples for many sections of society



Bread consumption has been dropping quite drastically over a couple of decades

CHINA - HONG KONG SAR

Imports account for 95% of Hong Kong's food supplies due to limited local food production.

PRODUCTS CONSIDERED: BAKERY, PREMIUM CHOCOLATE

As these imports come mainly from Mainland China, food safety awareness is very strong among consumers in Hong Kong, and European products have a strong reputation in this respect.

Hong Kong's bakery import volume has increased strongly over the last five years before slipping back notably in YTD 2017.

Hong Kong's chocolate imports have grown by 50% over the last five year period, with solid increases across each segment – although 2017 YTD mirror data suggests some clear decline during the year.

Hong Kong is a crowded and very competitive market but also a very efficient one in which to operate, where consumers increasingly pay for quality and safety in food and beverage. There is definite demand for premium chocolates and bakery is well established as part of local diets.

It has a very strong focus on high end food, shown by having 7 restaurants listed in S. Pellegrino Asia's 50 Best Restaurants 2017 – there are approximately 10,000 restaurants in Hong Kong, amongst the highest in world major cities.

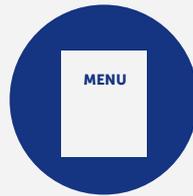
The Hong Kong local government promotes reduced sugar intake, as does the local Centre for Food Safety (CFS) – but organic and artisanal are also ever more attractive to consumers with the money to buy such products.

Key players are Ferrero, with 32% of chocolate confectionery sales in 2015, led by Ferrero Rocher.

The route to Hong Kong is through the Suez Canal and around Singapore. It is a total distance of 17,717 km and takes around 36 days from Dublin (32 from Rotterdam, 27 from Le Havre).



The country is a free trade hub and serves as a launch pad for exporters to move into the mainland China market, as well Asia more generally



Hong Kong has a very strong focus on high end food

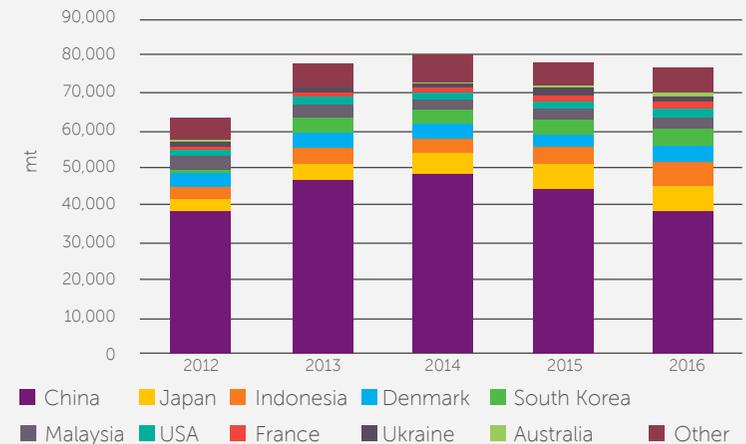


Health considerations are increasingly important

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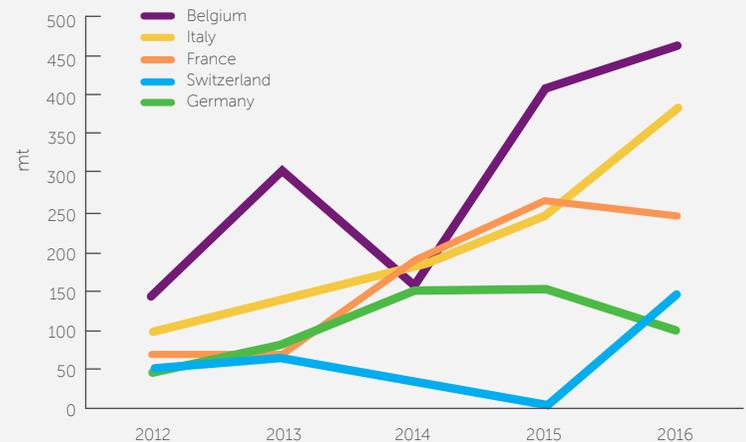
Almost all chocolate sold is imported, with supply by multinationals operating in mainland China an important part of this. The overall chocolate market is dominated by the main players – Cadbury, Mars, Nestlé, Ferrero, Hershey etc.

HONG KONG – BAKERY IMPORTS BY COUNTRY, 2012-2016



Source: UN ITC

HONG KONG - IMPORTS FROM EUROPE'S PREMIUM CHOCOLATE SUPPLIERS, HS180632, 2012 - 2016



Source: UN ITC Note: 180632 – Chocolate / other preparations containing cocoa, in blocks/slabs/bars of <= 2kg, not filled

JAPAN

Japan's chocolate import trends show a mixed picture, with some segments growing but some declining. However it is the world's no 4 importer under HS180620 – **116,000 mt** (2016). This volume appeared mature, **+1%** over 5 years, but saw an **18% rise** in January-August 2017.

PRODUCTS CONSIDERED: PREMIUM CHOCOLATE

Chocolate consumption in Japan remains relatively low at 2 kg per capita.

Japan's consumption of chocolate is estimated by Euromonitor to have risen over the 2012-2017 period at a CAGR of 3.3% in volume terms but 4.9% in current value – reflecting ongoing premiumisation of the market, which in 2017 is estimated at JPY555 bn (€4.2 bn).

Demand growth has been stimulated by the market leader, Godiva, and high-end chocolate events, notably the annual Salon Du Chocolat trade fair.

All of the leading premium-oriented European chocolate exporting countries are active in supplying the market, with Belgium and France the leading origins.

The modern trade share of grocery retail is 81%. E-commerce accounts for less than 7% of retail sales.

Premium boxed chocolate is not a regular item in Japanese retail, and is relatively difficult to find – this is likely to be one reason why imported premium boxed chocolate is a popular souvenir for Japanese traveling overseas.

Demand for premium chocolate in Japan is highly seasonal.

Quality and consistency expectations will be very high, as is the case on all food imports into Japan, making failure to meet such expectations an important risk to take into account.



The country has a strong gifting culture which benefits products like chocolate



Seasonality is a key driver of chocolate consumption, with Valentine's Day, then White Day making the spring period critical

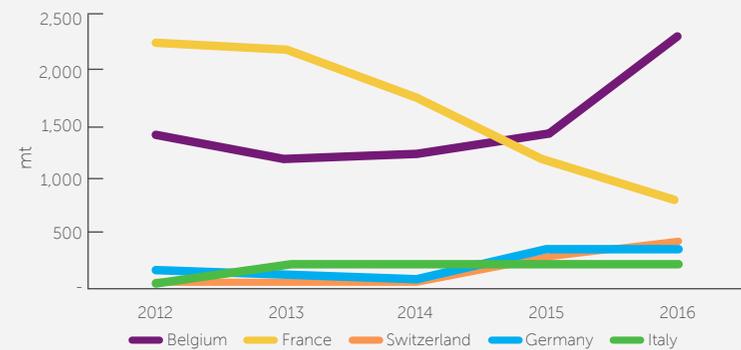


Premiumisation is a clear market trend, helped by factors such as increasing appreciation of chocolate's health properties and recent interest in chocolate with anti-melt coatings

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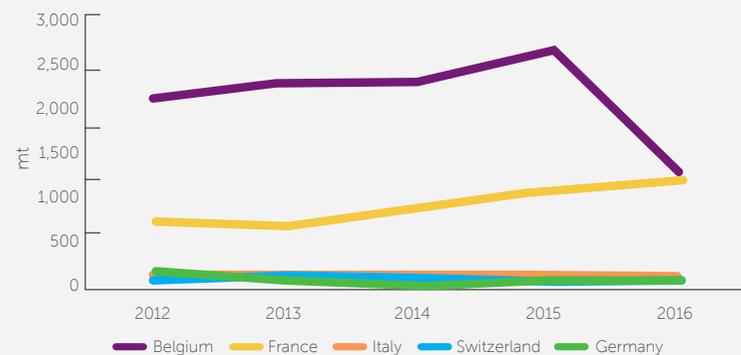
Irish chocolate exports to Japan have remained negligible over the last five years. This is essentially a new market for Irish exporters. Prices and scale make the market attractive, as do the coming tariff reductions under the Japan-EU EPA. Route is via Atlantic, Mediterranean, Suez Canal, Malacca Strait, with the indicative shipping time approximately 49 days – challenging given the proximity of US West Coast ports in particular.

JAPAN - IMPORTS FROM EUROPE'S PREMIUM CHOCOLATE SUPPLIERS, HS180620, 2012 - 2016



Source: UN ITC Note: 180620 – Chocolate / other preparations containing cocoa, blocks/slabs/bars of > 2kg or liquid/paste/powder/granular similar, in packs of > 2kg (exc. cocoa powder)

JAPAN - IMPORTS FROM EUROPE'S PREMIUM CHOCOLATE SUPPLIERS, HS180690, 2012 - 2016



Source: UN ITC Note: 180690 – Chocolate / other preparations containing cocoa, in packs of <= 2kg (exc. blocks/slabs/bars/cocoa powder)

KUWAIT



Kuwait's imports of value added meats are relatively minor, but have shown strong growth in meat/offal in particular. Kuwait's imports of chocolate have declined over the last five years from over **18,000 mt** down to less than **16,000 mt**.

PRODUCTS CONSIDERED: VALUE ADDED MEATS, PREMIUM CHOCOLATE

Kuwait's population is just 4.4 mn, with 30% nationals and the rest expatriate foreign workers, mainly from South Asia and other Arab countries.

Many expatriates leave during summer when temperatures can exceed 55°C – this and Ramadan can mean that the market offers a nine-month trading year.

Americana is the leading player with a wide range of frozen and cooked products. It has been processing meat locally since 1973 and is based here but operating throughout much of the GCC region as a leading manufacturer and foodservice player.

Obesity in children and diabetes are becoming recognised as issues, leading to government health awareness campaigns which may impact chocolate consumption.

Halal accreditation is mandatory for all meat products.

There are few ready meals sold in retail outside the government co-ops, which sell some locally-prepared meals.

A key player in modern trade is Sultan Center with approximately 19 outlets, including large wholesale centres as well as smaller convenience stores.

In chain foodservice Global Research numbers show that coffee outlets lead at 23% of the total nationwide, followed by burger at 21%, sandwich and pizza both at 9% (but, unusually, pizza in decline over 2017), bakery 8%, chocolate 6%, chicken 5% ice cream 4% and seafood 3%.

PCF

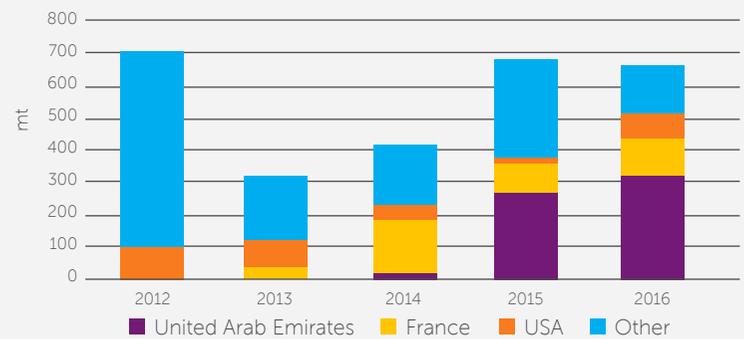
This is essentially a new market for Irish exporters.

Levels of competition may be lower here than in other GCC markets such as Dubai.

Consumers' significant local spending power and brand orientation, combined with the growth of modern retail, may make the market attractive to new entrants.

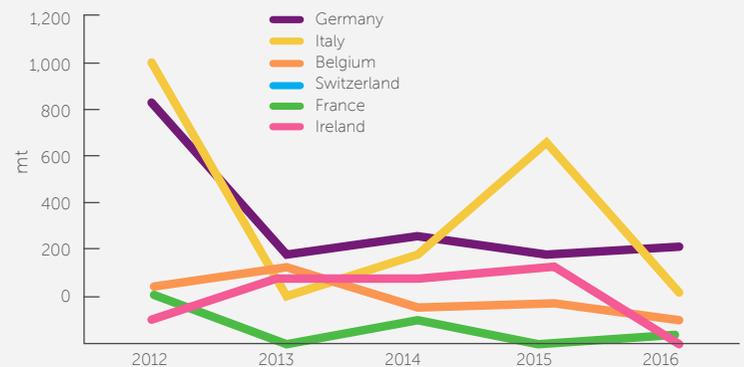
The route to Shuaiba is via the Mediterranean and Suez; indicative shipping time from Dublin is 41 days .

KUWAIT – IMPORTS OF PROCESSED BEEF BY COUNTRY, 2012-2016



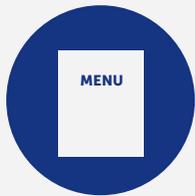
Source: UN ITC Note: HS160250

KUWAIT - IMPORTS FROM EUROPE'S PREMIUM CHOCOLATE SUPPLIERS, HS180631, 2012 - 2016



Source: UN ITC

Note: 180631 – Chocolate / other preparations containing cocoa, in blocks/slabs/bars of <= 2kg filled



Spending power and the high priority given to families and social obligations make foodservice outlets very busy (despite the lack of alcohol)



Relationships are key drivers of trade and can be taken more seriously than contracts



Health is an area of growing interest, with growing use of gyms, and strong growth in health/nutrition-positioned products and foodservice concepts

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NETHERLANDS



Over the last five years imports of added value meat products have declined, though the Netherlands still imports the 5th highest volume worldwide.

PRODUCTS CONSIDERED: VALUE ADDED MEATS, PREMIUM CHOCOLATE

Dutch imports of chocolate have grown by 32% over the last five years from 200,000 mt to 263,000 mt – the 4th highest volume worldwide.

Declining meat consumption has stabilised but there is a strong meat-free trend.

Traditional dishes mainly drive Dutch meat purchases, making their use of meat quite formulaic; mainly deep-fried meat-based snacks.

There has been a notable decrease in meat consumption since 2009 which had reached 81kg. The decline did however stop in 2016 and since then has remained stable in 2017. This could be related to the revived economic situation.

The social norm of eating warm food only once a day (typically the evening meal) is important. The Dutch eat a large number of sandwiches every day, often for breakfast, as a mid-morning snack, for lunch and possibly even as a mid-afternoon snack.

The Dutch consume less meat than the average European.

Beef is at 18% and is also in decline. Chicken is 29% and stable. This only leaves 4.5% for other meat types including lamb and veal.

The Dutch like their chocolate, but they are moderate consumers listing around 13th worldwide with only 4.7 kg per capita.

The main local chocolate brands are not premium-positioned, but consumers are paying higher prices for some niche brands with positioning on CSR issues or delivering innovative flavours.

However, although the main EU premium chocolate supplying countries all play a role in the market, buying premium chocolates does not generally sit well with many local consumers.



There is a marked preference for pork which makes up 48.5% of meat consumption although it is seeing the strongest decline



The Dutch eat a large number of sandwiches every day



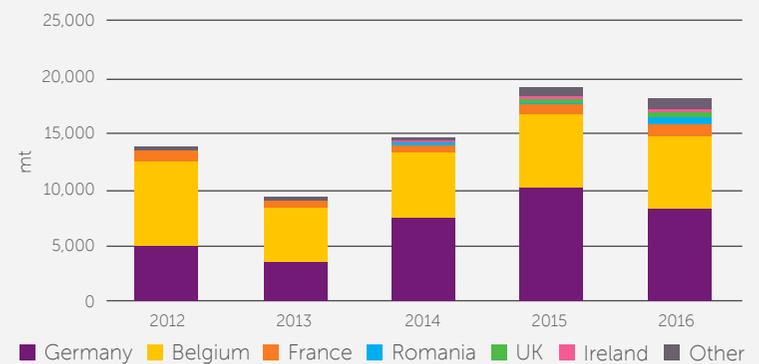
Dutch imports of chocolate have risen by almost one third over five years, with volumes down only for larger packs

Proximity and scale make the Dutch market potentially important for Irish exporters.

To date Ireland has exported little to the Netherlands in these sectors, although there is gradual growth in the prepared meats trade.

Local market pricing expectations will mainly need to be met or – where exceeded – justified with suitable brand positioning which makes paying a premium acceptable.

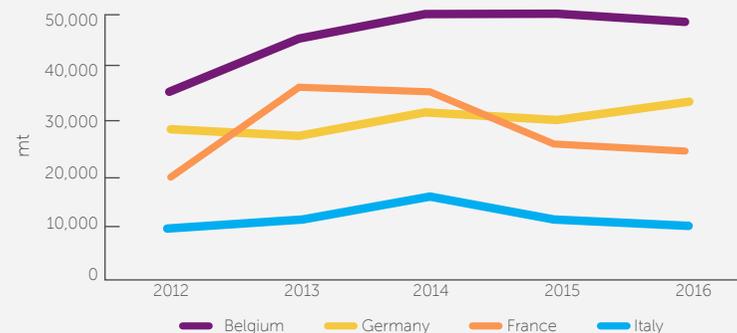
NETHERLANDS – IMPORTS OF PROCESSED PIG MEAT BY COUNTRY, 2012-2016



Source: UN ITC

Note: HS160249 = Pig meat or offal (exc. hams, shoulders and sausages)

NETHERLANDS - IMPORTS FROM EUROPE'S PREMIUM CHOCOLATE SUPPLIERS, HS180690, 2012 - 2016



Source: UN ITC Note: 180690 – Chocolate / other preparations containing cocoa, in packs of <= 2kg (exc. blocks/slabs/bars/cocoa powder)



QATAR



Qatar's imports of chocolate have **grown 20%** over the last five years to **11,000 mt**, mostly from regional producers like Patchi or Gandour or from out of region.

PRODUCTS CONSIDERED: VALUE ADDED MEATS, PREMIUM CHOCOLATE

Pre-blockade, the UAE was its main supplier of value added meats, with Saudi Arabia also a key source.

Qatar's population is small, just 2.5 mn, about 85% non-Qatari and 75% male, mainly single foreign workers, many employed on a range of massive infrastructure and tourism projects.

Food security has long been a key issue due to the negligible local agri-food sector.

It has become an even more pressing issue due to the present economic blockade by Saudi Arabia, the UAE, Bahrain and Egypt, some of its main food suppliers. Trade has been re-routed through Kuwait and Oman due to the blockade.

All of the leading premium European chocolate exporting countries are present, with Italy comfortably leading in volume terms.

Modern grocery retailing is undeveloped, despite the presence of Spar and France's Monoprix, Carrefour and Géant Casino.

Whilst there is potential for it to damage the local economy, the current blockade seems likely to create opportunities for European suppliers.

Future demand is likely set to grow for high end foods in general, and value added meats will be part of this, however Irish trade here is restricted by lack of access currently – and Halal accreditation is mandatory for all meat products.



Qatar's strategy is to establish itself as an ideal destination for luxury tourism



As an Islamic market, Halal accreditation is mandatory for all meat products



There is strong demand for premium chocolate, shown by a wide range of ultra-premium stores

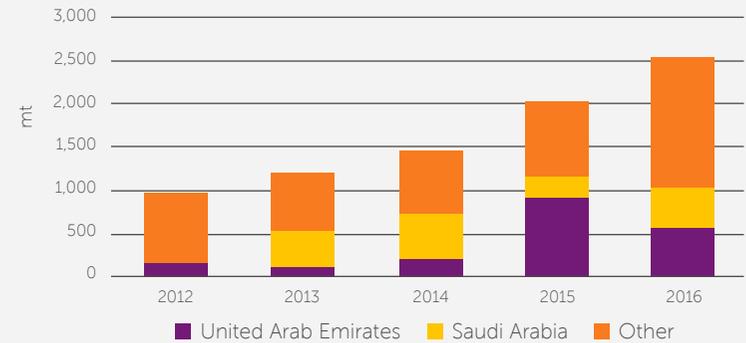
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Irish exports to Qatar have been minimal up to this point in the selected products.

Irish exports of chocolate to the market are minor, but there must be strong prospects to develop this business both in general retail and with branded stores.

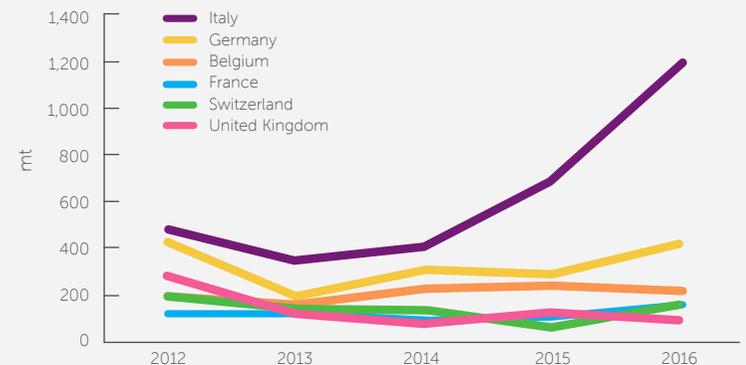
The route to Doha is via the Mediterranean and Suez; indicative shipping time from Dublin is 42 days (compared with 31 days from Hamburg).

QATAR – IMPORTS OF PROCESSED BEEF BY COUNTRY, 2012-2016



Source: UN ITC Note: HS160250

QATAR - IMPORTS FROM EUROPE'S PREMIUM CHOCOLATE SUPPLIERS, HS180620, 2012 - 2016



Source: UN ITC

Note: 180620 – Chocolate / other preparations containing cocoa, blocks/slabs/bars of > 2kg or liquid/paste/powder/granular similar, in packs of > 2kg (exc. cocoa powder)

SAUDI ARABIA



Imports of Value Added Meats have been growing strongly to **44,000 mt** for HS1602 (+167%, up to about 15th worldwide) and **10,000 mt** for HS1602.

PRODUCTS CONSIDERED: VALUE ADDED MEATS, FROZEN, BAKERY

Frozen prepared meals are in their infancy; frozen pizza is produced locally by 3 companies with small quantities imported.

Bakery imports increased by 53% – cakes predominate the volumes.

Import data shows a marked increase in demand for prepared beef products during 2016, overtaking chicken, the main segment to date.

Saudi Arabia does not have a large local meat processing industry, although there are local players such as Tanmiah, and this area has been growing.

Saudi imports of prepared beef products grew very strongly in 2016, reflecting low cost buffalo meat product from India: EU supply is low level.

The proportion of the population living in urban areas in Saudi Arabia was 58.4% in 1975, 86.6% in 2001 and 91% in 2016.

Foodservice channel growth has benefited from the young population's tendency to prefer for Western style foods over their parents' generation has helped the growth of foodservice outlets around the Kingdom.

A GlobalData survey in 2017 showed that 46% of Saudi consumers are currently trying to lose weight, while 37% find food and drink products which are naturally high in nutrients "very appealing".

Drivers such as clean label, gluten-free etc. which are important elsewhere for bakery are relatively muted in Saudi Arabia. In bakery tastes are notably Americanised.

Saudi Arabia is becoming a more important regional meat processing centre, producing burger patties, other minced meat products and deli meats.

Growth in bakery volumes may include the recent development of demand for its frozen pizza.



Imports of bakery products, primarily cakes, have increased strongly over the last five years



Urbanisation has been a notable trend which has driven demand

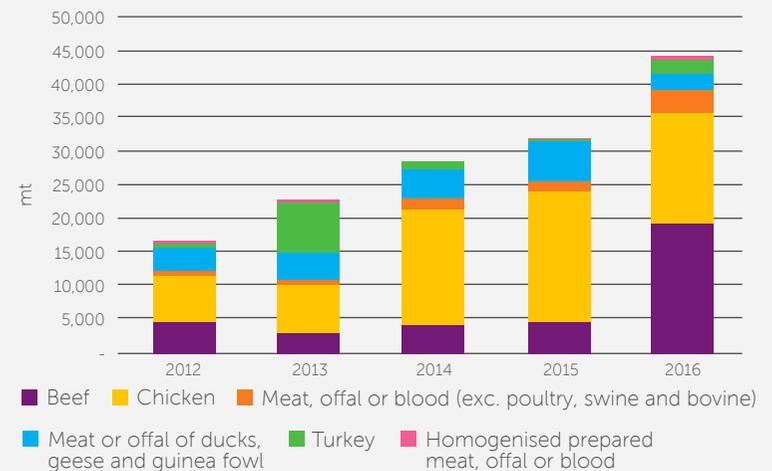


Foodservice channel growth has benefited from the young population's tendency to prefer for Western style foods

Irish supply into these sectors is very minor to date, apart from some frozen pizza business.

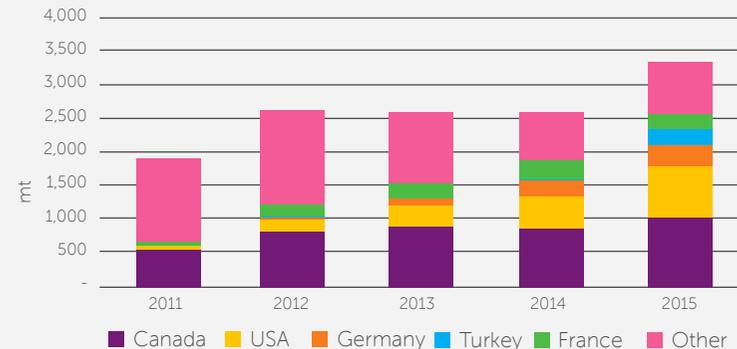
Whilst Saudi Arabia is a challenging market and a country facing significant economic problems, its scale and extent of change mean that it presents a very significant strategic opportunity for the Irish food industry across these and many other product categories.

SAUDI ARABIA – IMPORTS BY TYPE, PRESERVED/PREPARED MEAT, 2012-2017



Source: UN ITC Note: Excludes minor products

SAUDI ARABIA – IMPORTS OF PASTRY/PIZZA BY COUNTRY, 2011-2015



Source: UN ITC Note: HS19059030: pastry (except waffles and wafers) including pizzas



SOUTH KOREA

Value Added Meats import volumes are relatively modest but have been growing strongly for the five years to 2016. Thailand and China are key sources, but Denmark leads in pigmeat/offal and the USA in sausages.

PRODUCTS CONSIDERED: VALUE ADDED MEATS, BAKERY, FROZEN, PREMIUM CHOCOLATE

Bakery imports increased from key sources China, Malaysia, the USA and Vietnam.

The frozen pizza market is estimated at €39 million in 2017 – doubling over 2016, a year in which it grew by five times. This is mainly local products although some imports from Italy are evident.

Chocolate imports rose by 16% to 50,000 mt, but fell slightly in 2017.

Food consumption trends reflect key social factors: a growing affluent consumer group, many more single-person households (9% of total households in 1990 but 27% in 2015), the retirement of baby boomers, more women in the workforce, smaller families, a well-travelled / educated young generation, urbanisation etc.

Retailing in South Korea is dominated by modern format operations but department stores remain important also; Lotte is a key player in most formats.

E-commerce is growing fast, enabled by a very advanced logistics infrastructure and low cost labour, which allow a cheap, fast and efficient delivery system.

The foodservice scene is extremely diverse and saturated, and has proven a hard place for international operators, with Pizza Hut (no. 1 in pizza ahead of Mr Pizza and Dominos) and KFC recently sold off to local groups.

Food consumption trends in Korea reflect ongoing socio-economic shifts. These include the rise of an affluent consumer group, growth in the numbers of single-person households (9% of total households in 1990 but 27% in 2015), the retirement of baby boomers, more women in the workforce, downsizing of the family, a well-travelled / educated young generation, urbanisation, and adoption of new information technology.



Most ready-meals are Asian-style meals, mainly ambient products; followed by chilled ready-meals, prepared salads, frozen meals and frozen pizza



Pizza is trendy, with a lot of focus on upmarket restaurants providing premium products with a considerable amount of theatre in the process

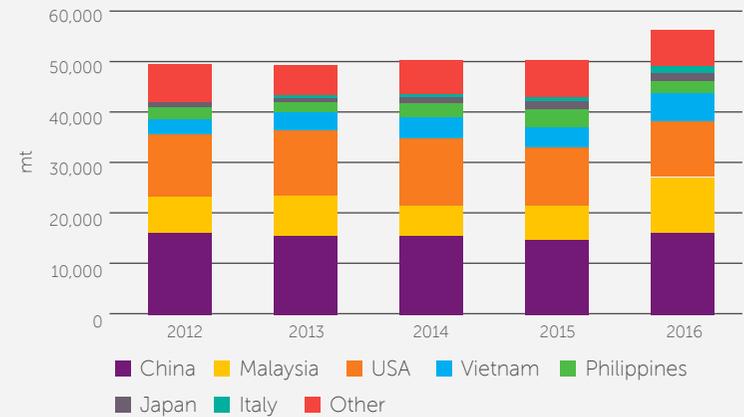


Ferrero Rocher is the leading imported chocolate brand, and premium chocolates are sourced mainly from Europe

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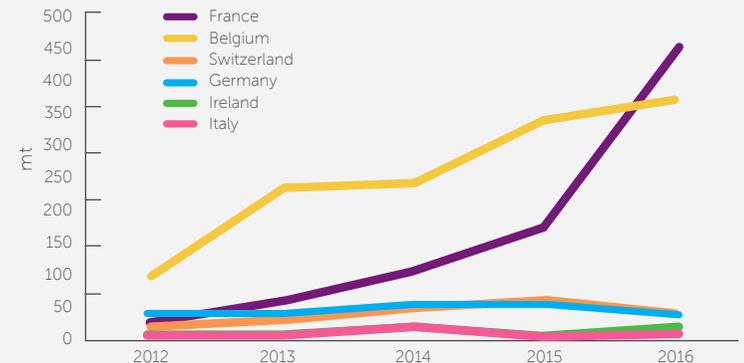
Irish supply into these sectors is minor to date. The EU-South Korea FTA (ratified 2015) provides meaningful preferential access even when compared with other such deals the country has in place; this, and the significant disposable incomes of local consumers make the market a strong prospect for Irish exporters. The route to Korea is via the Suez and around Singapore; indicative shipping time is 46 days, so on this indicator Ireland loses out vs. US West Coast and Oceania.

SOUTH KOREA – IMPORTS OF BAKERY BY COUNTRY, 2012-2016



Source: UN ITC Note: HS190590

SOUTH KOREA – IMPORTS FROM EUROPE'S PREMIUM CHOCOLATE SUPPLIERS, HS180632, 2012-2016



Source: UN ITC Note: 180632 – Chocolate / other preparations containing cocoa, in blocks/slabs/bars of <=2kg, not filled

SWEDEN



Sweden has significant value added meats import demand, although is a mature market. Bakery Imports have **risen strongly – 40%** over 5 years to **115,000 mt**, making Sweden the world's 14th importer.

PRODUCTS CONSIDERED: VALUE ADDED MEATS, FROZEN, BAKERY

It is reported that increases in prepared salads and chilled ready meals have limited growth in the frozen ready meals category – only pizza has avoided this competition, as there are few chilled alternatives on the market.

Plain products are the largest segment, however it is noticeable that savoury/unsweetened products such as (likely mainly frozen) pizza and quiches have risen 81% to 47,000 mt in 2016, with Germany the lead supplier at 15,000 mt.

Red meat consumption has dropped, while that of poultry has risen.

It is clear that vegetarian foods have grown much more popular of late.

Sustainable raw ingredients, locally produced food, no additives and minimal impact on the environment are a priority in all Nordic countries, but perhaps most prominent in Sweden, where the consumers have high awareness and demands on the food supply chain.

Due to the population's increased health awareness, certain brand owners have found value in having the mark "nyckelhålsmärkt" on their products. The Keyhole symbol is a food label that identifies healthier food products within a product group and was established in Sweden by the Livsmedelsverket in 1989.

The top four retailers (ICA, Coop, Axfood and Bergendahls) are dominant and have each built up their own buying and import departments; discounters have a limited share but one which is likely to grow.

E-commerce is important; 95% of adults are online (PostNord research), 67% shop online every month and 35% shop via their cell phone each month. Sweden is a clear leader in the Nordic region in the latter respect..

The foodservice sector is supplied by three key wholesalers in particular – Martin & Servera (Axfood), Menigo and Svensk Cater.



The Swedish Food Agency issued dietary advice in 2015 not to eat more than 500 g of red meat per person per week



Compared to the other Nordic countries, Swedes are typically more open to fish/vegetarian options instead of meat



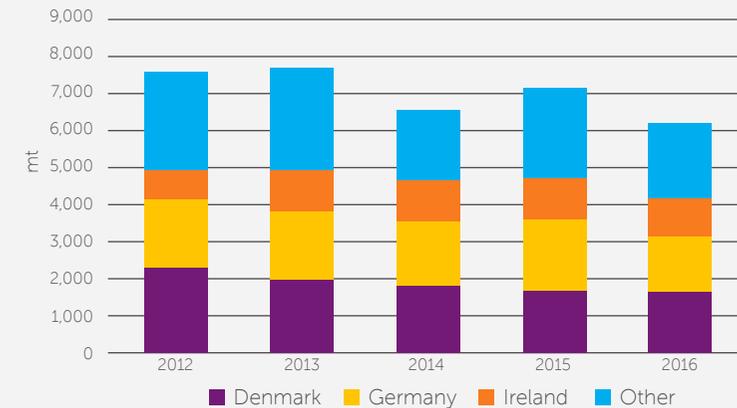
Sales of gluten-free products have been increasing strongly

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Irish exports to Sweden in these segments have increased strongly from low levels but appear to have fallen back somewhat in 2017.

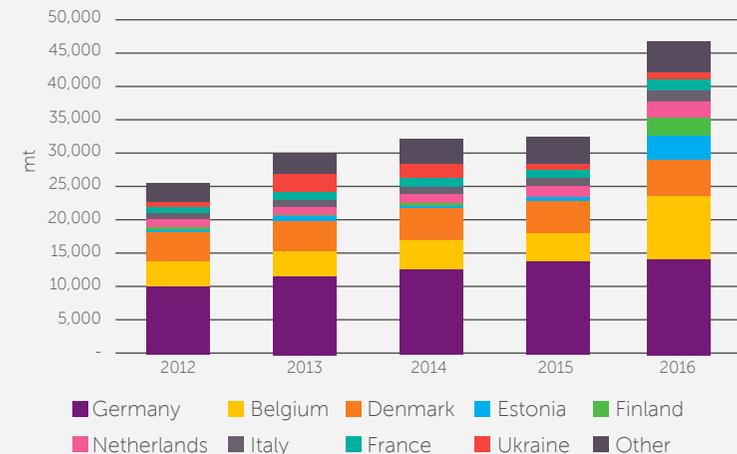
Sweden is a market with many consumers enjoying significant disposable incomes and being well attuned to quality, healthiness and sustainability, suggesting a good fit with the Origin Green positioning and the Irish export offer in these and other segments.

SWEDEN – IMPORTS OF PROCESSED BEEF BY COUNTRY, 2012-2016



Source: UN ITC Note: HS160250

SWEDEN – PIZZA/QUICHE/SAVOURY BAKERY IMPORTS BY COUNTRY, 2012-2016



Source: UN ITC Note: HS 19059090: Pizzas, quiches and other unsweetened bakers' wares

UAE



Chocolate imports **rose by 48%** to **84,000 mt**, with strong growth in the latter two segments – however, after this rapid growth, volumes appear to have slipped back during January-August 2017.

PRODUCTS CONSIDERED: VALUE ADDED MEATS, BAKERY, FROZEN, PREMIUM CHOCOLATE

The UAE ranks about 16th worldwide in chocolate imports – remarkable given the size and composition of the local population.

Euromonitor estimates the overall chocolate market at 19,700 mt (2016), including countlines 10,800 mt, tablets 4,300 mt, assortments 2,400 mt, pouches/bags 2,000 mt

Chocolate is being manufactured in the UAE with ingredients being imported from Malaysia and Indonesia, and by 2016 around €232 mn worth of chocolate and sugar confectionery was produced in the country, which is home to the new mega-plant being built by Lebanese producer Patchi.

The main EU premium chocolate-producing countries are all active here.

Expatriates play a major role in shaping food requirements – but relatively few are Western, with

50%+ originating from South Asia.

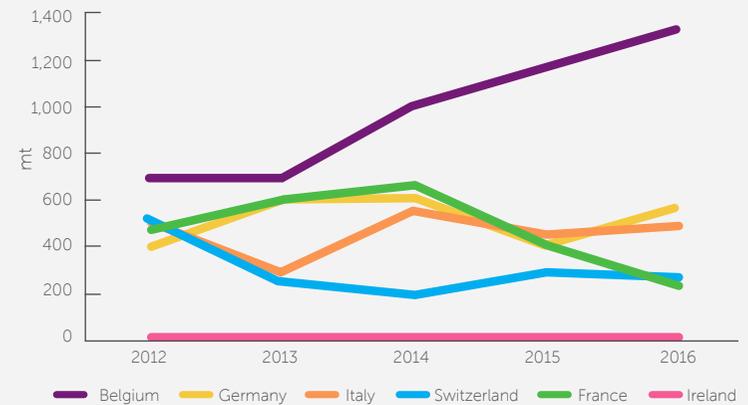
Chocolates are also popular gifts for family and friends among Christian expatriates returning to their home countries for Christmas or other holidays. Boxed assortments, in particular, feature Ramadan-themed designs positioned as gifts.

Product availability for consumers is set to increase as the convenience store sector has been underdeveloped but is now receiving strong investment by specialist operators (Zoom hopes to open 30 stores every year until it reaches 500 stores by 2025) and by the main modern format retailers such as Carrefour and Lulu.

There are numerous exclusive stores/cafes offering premium chocolate, ranging from European brands such as Godiva to in-regions ones such as Patchi.

Irish chocolate exports to the market remain very modest, but have come close to doubling over the last five years
There is clearly good demand for chocolate, and also for premium chocolate, however the market is relatively congested so competition levels will be high, making effective strategy development for Irish exporters critical to success
The route to Jebel Ali is via the Mediterranean and Suez; indicative shipping time from Dublin is 34 days (compared with 27 days from Hamburg and 25 from Rotterdam).

UAE – IMPORTS FROM EUROPE'S PREMIUM CHOCOLATE SUPPLIERS, HS180620, 2012-2016



Source: UN ITC Note: 180620 – Chocolate / other preparations containing cocoa, blocks/slabs/bars of >2kg or liquid/paste/powder/granular similar, in packs of > 2kg (exc. cocoa powder)



Islam plays a key role in the market, Dubai is positioning itself as a global hub for the halal industry, certification is essential



The Ramadan and Eid religious holidays are major sales periods for chocolate confectionery, marked by increased purchases to serve to guests or as gifts



E-commerce is becoming major in the UAE, where over 80% of the population are Internet users, from which over 15% shop online and around 10% do so on their mobile devices



The USA's key suppliers of value added meats are Canada and Brazil, with Poland and Denmark significant in pigmeat products.

PRODUCTS CONSIDERED: VALUE ADDED MEATS, BAKERY, PREMIUM CHOCOLATE

The USA's key suppliers of value added meats are Canada and Brazil, with Poland and Denmark significant in pigmeat products.

Bakery imports have risen +54% over 5 years to 878,000 mt: the USA is the world's leading importer here (ahead of the UK), sourcing mainly from within NAFTA.

The USA is the largest chocolate importer; volumes rose by 13% to 542,000 mt during January-November 2017 there was further growth of 2%.

Germany and Belgium are the key EU premium chocolate exporters to the market.

Canada dominates supplies in the largest value added meats segment – chicken – although Chile has become an increasingly important supplier here during the last two years.

Long-term trends in recent years have seen a definite shift to heat-and-eat and ready-to-eat meat/poultry, with increased household penetration and weekly usage. Nielsen data for 2016 shows a small shift to fresh/uncooked products.

The largest segment in the US bakery market is bread and rolls, 4.47 mn mt in 2016 and expected to grow

to 4.79 tonnes by 2021 (GlobalData).

The US bakery industry is dominated by two giants; Mexico's Bimbo, which acquired the fresh baking business of Sara Lee in 2011 and Flowers, which acquired the bread business of Hostess Brands in 2014.

Consumers are looking for the story of meat, with high interest for on-pack information about provenance (country, region, farm or other origin information), raising practices (such as the use of antibiotics or hormones, or animal welfare) and the quality/grade certification.

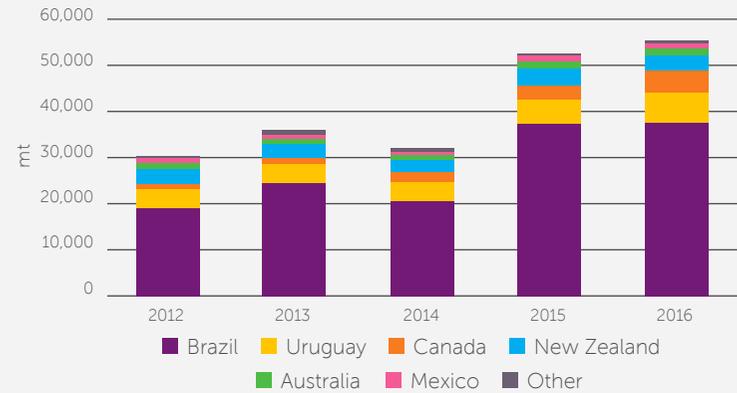
The incidence of coeliac disease is estimated at 1 per 133 people (vs 1 per 120 in Ireland) – so not especially high – however a growing number believe gluten to be fundamentally unhealthy and are thus seeking to avoid it.

Consumer demand for ethically sourced and artisanally-produced chocolates has enabled this expansion, and chocolate makers at all levels are putting particular emphasis on sourcing (especially of unique and health-related ingredients), supporting various CSR causes and developing experience-oriented presentations often including flavour innovations.

Irish exports to the USA in these categories mainly involve chocolate. The market is broadly stable and has shown reasonable growth in the past. There is considerable competition locally, whilst uncertainty over NAFTA may change the trade dynamics in the not too distant future. However its scale makes it an important market to assess in detail to verify or discount as opportunity.

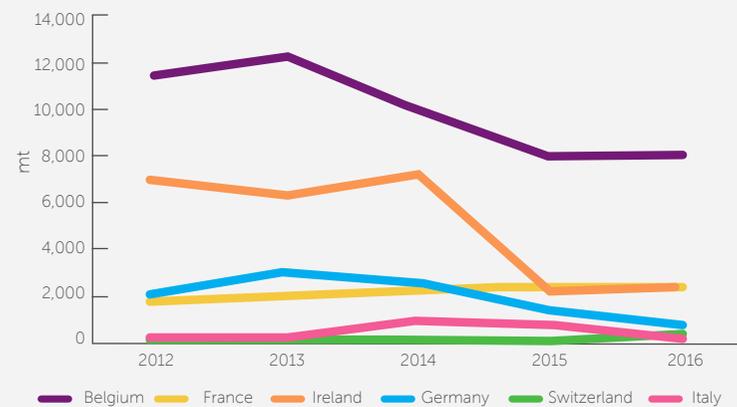


USA – IMPORTS OF PROCESSED BEEF BY COUNTRY, 2012-2016



Source: UN ITC Note: HS160250

USA – IMPORTS FROM EUROPE'S PREMIUM CHOCOLATE SUPPLIERS, HS180620, 2012-2016



Source: UN ITC Note: 180620 – Chocolate / other preparations containing cocoa, blocks/slabs/bars of >2kg or liquid/paste/powder/granular similar, in packs of > 2kg (exc. cocoa powder)



Consumers are looking for the story of meat, with high interest for on-pack information about provenance, raising practices and the quality/grade certification



A Nielsen survey (2016) reported 8% of consumers as having diets avoiding wheat or gluten (and 15% low carbohydrate)



The premium chocolate segment has been driven on the supply side by an explosion in the number of craft chocolate producers – their number has risen from 15-20 in 2011 to 200+ currently

Download the full report at www.bordbia.ie/prioritisingmarkets

BEVERAGES

USA

Canada

France

Germany

South Africa

Lithuania

Czech Republic

Denmark

Italy

Japan

Mexico

Netherlands

Poland

Slovakia

Australia

Russia

Beer now appeals to both male and females due to fruitier and sweeter flavoured beers which also attract young adults, many of whom dislike the bitter taste of conventional beer



Down-trading and category switching has become more commonplace because of the squeeze on disposable income making consumers more value aware



Craft spirits, as in other parts of the alcoholic drinks industry, are driving value growth



E-commerce is set to grow rapidly and there has been fast growth in smartphone penetration



As Australians become more health conscientious they are reducing the level of alcohol they consume. This shift has been the most significant macro trend to impact the alcoholic drinks industry



USA

The **US Whiskey category has continued to grow** over the last five years with no sign of abating. Canadian whiskies are the leading imported Whiskey, followed by product from the UK, Ireland and Japan.

PRODUCTS CONSIDERED: WHISKEY, CRAFT BEER, CREAM LIQUEURS

US Beer remained stable. Results showed a small decrease of -0.2% to 241.3 mn hectolitres (HL) in 2016. More people are turning to craft beers and these have flooded the market, making it difficult to penetrate.

Imported beers from Mexico are seeing double digit growth in direct correlation to the growth of the Hispanic population, especially in states like California, where census figures show Hispanics outnumbering whites/Caucasians.

Liqueurs are stable. Cream liqueurs in particular Baileys are showing a decline -3% (IWSR 2016 5 yr CAGR).

Due to convenience and the fact consumers want to entertain at home to save money; more consumers are voting for at home consumption than on premise. Suppliers are fighting for a share of the cart, both in-store and online, with more 'direct to consumer' ordering and at home delivery.

The US consumer now appears to be attracted to smaller local brands even if they are comparatively unknown.

Many larger brands, for example, Jameson are, however, showing growth through clever brand positioning and marketing and the increasing popularity of whiskey.

Spirits and wine will lead the growth in the beverage market.

Mixed drinks will soften as the hard soda trend will likely fizzle and cider will eventually return to growth

Collectively, the future performance for total beverage alcohol is expected to continue to decrease at a similar rate from 2016

The channel split in 2016 was on-trade (21%) and off-trade (79%). Due to convenience and the fact consumers want to entertain at home to save money, more consumers are voting for at home consumption than on premises.

Consolidation has been occurring at each industry tier with mega-suppliers, wholesalers and retailers demanding a greater share of the market.



More consumers are voting for at home consumption than on premise



Cocktail culture has saturated the market and many people are now trialling at home

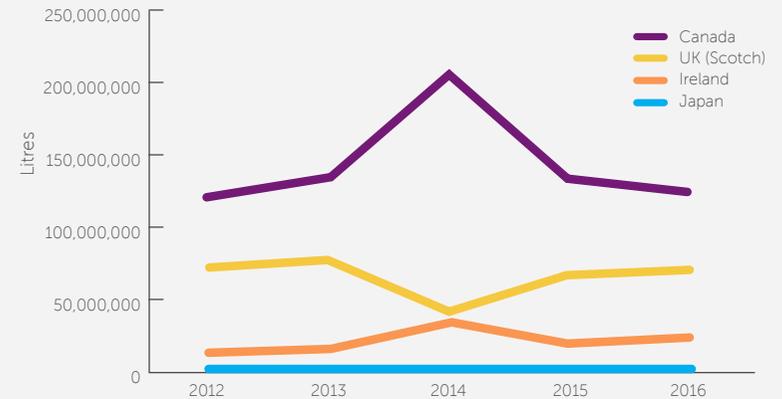


It is becoming increasingly important to persuade consumers that the brand is authentic and at the same time fits their lifestyle

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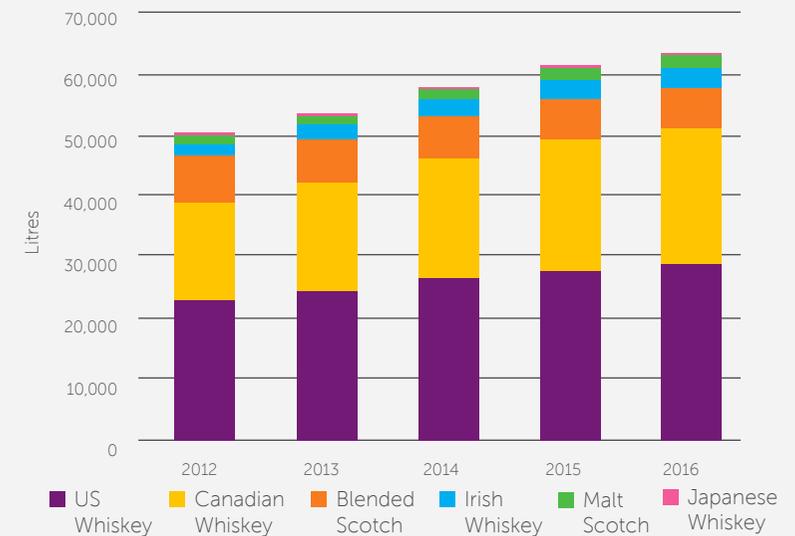
Irish whiskies are showing an export growth of 15% to the USA. Beers are showing a decline of -2%. Irish liqueurs are showing a decline -2%

KEY WHISKEY IMPORTS, USA, 2012-2016



Source: UN ITC

SALES & SEGMENTATION, WHISKEY, USA, 2012-2016



Source: IWSR

BEVERAGES

CANADA



Canada is the world's no 36 Whiskey importer – accounting for **7.289 mn litres**, and is in **growth +3%** (5 year trend). Whiskey consumption has **grown by 2%** in the past 5 years.

PRODUCTS CONSIDERED: WHISKEY

Canada trade concentrates on Scotch, USA, Irish and a very small amount of Japanese and Indian. Scotch and USA product is the most dominant, and there is some growth with Irish whiskies.

More than 20% of the population is now foreign born, and about 60% of new immigrants come from Asia, particularly China.

Canada has the 2nd youngest population among the G8 countries, with 61.7% aged 15-64. This provides a potential growth path for Irish products aimed at attracting a younger market.

Per capita consumption of spirits has risen on average 2.7% over the past decade. Spirits are predicted to record a total volume CAGR of 1% over the forecast period to reach 178 mn litres in 2021.

Irish whiskey is leading the way with the projected total volume CAGR of 10% followed by single malt Scotch whisky with a 6% total volume CAGR. The popularity of whiskies is likely to continue over the forecast period, in light of the growing awareness

from consumers, particularly the younger crowd, and significant investment from industry players over the years.

With limited population growth, retailers are focused on strategies to encourage shoppers to switch from competitors, with weekly flyers playing an important role. The majority of format development is currently focused around discount formats.

Sale is via government-owned retail liquor monopolies in 12 provinces, except Alberta (only privately-owned liquor stores) and British Columbia (with both private and government-owned retail liquor outlets). Due to federal law, all provincial liquor boards must act as the first importer of alcoholic beverages.

Scotch is flat due to consumers looking for US and Canadian brands. The growth in this sector is from premium brands and malts.

Canadian whiskey has had a renaissance due to brand leader Crown Royal.

Scotch is the leading EU supplier of whiskies to Canada.



Canada has the 2nd youngest population among the G8 countries, with 61.7% aged 15-64



Spirits consumption is in growth since 2016 with increased consumer confidence



The Canadian food and grocery sector is intensively price competitive

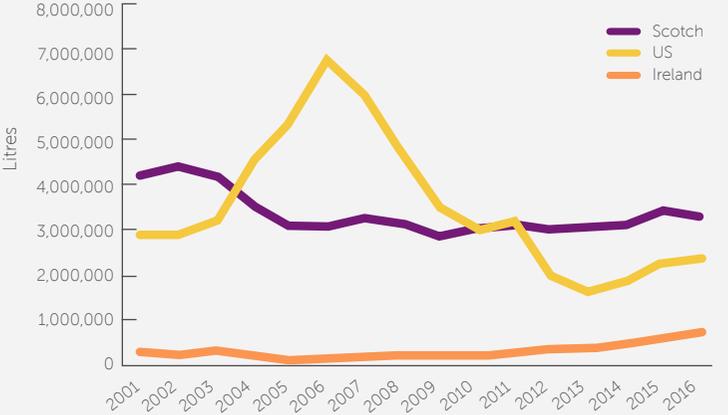
Download the full report at www.bordbia.ie/prioritisingmarkets

Irish whiskey grew by 14% in the past 5 years mainly due to the high consumption of Jameson seeing double digit growth. It is one of the fastest growing categories.

Irish whiskey is the 3rd largest import after Scotch and US whiskey.

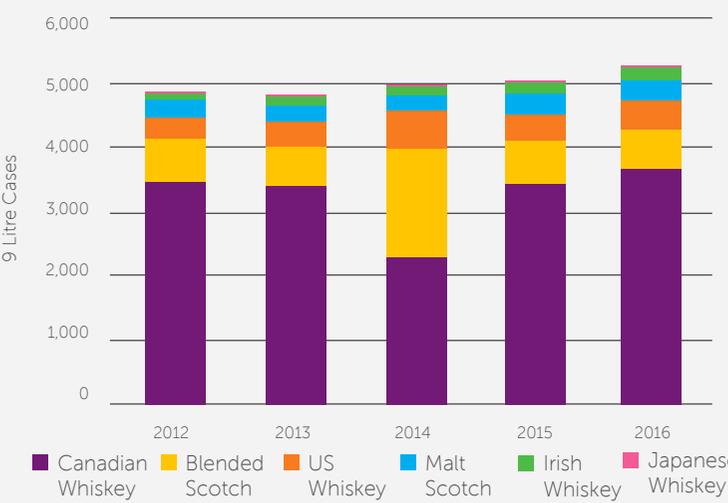
Canada is Irish whiskies' 7th largest export market and sales are growing by +16%.

KEY WHISKEY IMPORTS, CANADA, 2001-2016



Source: UN ITC

SALES SEGMENTATION BY TYPE, 2012-2016



Source: IWSR

FRANCE



The whiskey market is relatively flat, although Scotch whisky is showing growth in malts due to consumer trading up. US whiskey is showing good growth mainly due to Jack Daniel sales and whiskey based cocktails.

PRODUCTS CONSIDERED: WHISKEY, CRAFT BEER

France's beer imports are showing good growth, in particular from Belgium, UK, Italy and Czech Republic.

Irish whiskies are stable, due to standard whiskey such as Jameson showing a slight decline. There has been an increase in sales in the premium sector which is showing growth +20%.

Japanese whiskies are very popular with the French and due to investment from Suntory and Nikka the category is showing five-year growth of 36.9%.

Flavoured beers such as Desperados showed an increase 13% due to a greater focus on the brand by Heineken Enterprise.

Speciality beers showing growth in both local (9.9%) and imported (3.9%).

The popularity of cocktails has benefited the spirits market and has increased premiumisation in whiskies, rum and even English gin. However, the ongoing structural decline of local spirits such as cognac and aniseed-flavoured spirits has continued to dampen

overall sales, making it difficult for the wider category to achieve a positive performance.

Category leaders have had to lower on shelf pricing to maintain market share against competition from other brands and own-label products. Consumers will still choose the branded option if the price difference is small.

The best performers are Japanese whiskey, US whiskey, Rum and Scottish single malt whiskey. Jägermeister, Aperol and Jack Daniel's and other individual brands are also performing well.

More consumers are showing a growing interest in beer due to a diverse offering and the potential for new taste experiences.

Non/low alcohol beer posts the strongest total volume growth of 19% – this was primarily due to a new brand, Panachade, as well as new flavours under the Tourtel Twist brand (Bloody Orange was launched in March 2016).



Price wars have continued hit the margins of key brands



Beer now appeals to both male and females due to fruitier/flavoured/sweeter beers which also attract young adults, many of whom dislike the bitter taste of conventional beer

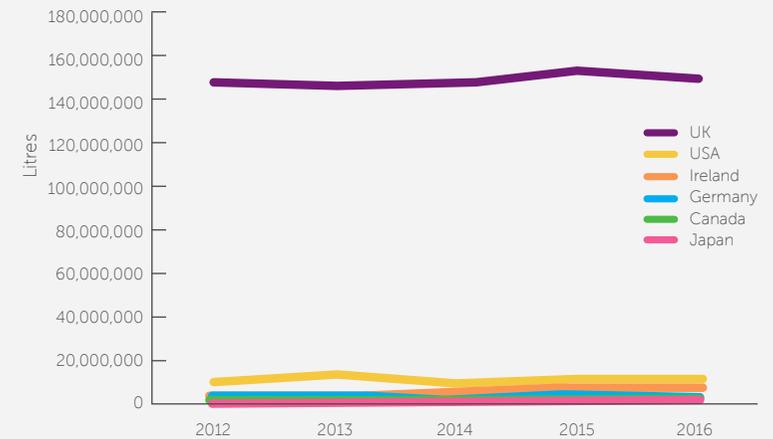


Alcohol is freely available in any supermarket, convenience store, or wine boutique

Download the full report at www.bordbia.ie/prioritisingmarkets

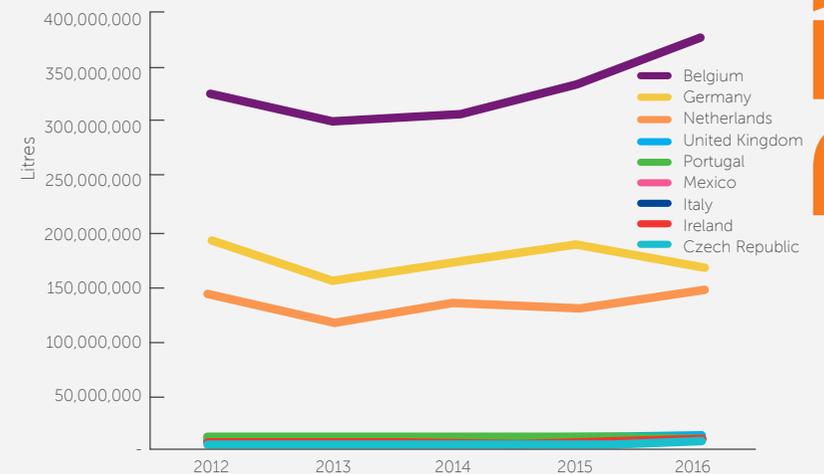
Irish whiskey exports have increased by 15% into France over the last five years.
Irish beer exports have increased by 7% over the period.

KEY WHISKEY IMPORTS, FRANCE, 2012-2017



Source: UN ITC

KEY BEER IMPORTS, FRANCE, 2012-2017



Source: UN ITC

BEVERAGES

GERMANY

The UK and the US are the largest suppliers of whiskey to Germany, with Irish product carving out a growing niche. German imports of beer mainly come from other European countries, the main importer is Denmark followed by Belgium.

PRODUCTS CONSIDERED: WHISKEY, CRAFT BEER

Premiumisation remains a growth driver, with an increasing amount of domestic craft spirits and domestic premium lagers and regional speciality beers gaining share.

Sales of leading whiskey brands have been improved by the lack of availability of private-label blends.

German brewers face a crowded market, leading them to look to export markets because the domestic demand is declining for their core product.

UK whiskey leads but is showing a decline. Ireland has been showing good growth over the past 5 years, along with France and Canada.

Jameson and other brands are growing well. Fresh competition may come from the increasing number of premium products and scotch on offer from Pernod Ricard and others. This may not affect growth because category leader Tullamore Dew and private label whiskies have declined through price increases.

Non/low alcohol beer is perceived as a lifestyle drink appealing to health conscience consumers, not just marketed as a beer for car drivers. German breweries have capitalised on this in their innovation and new product development.

Distribution split is 69% off-trade and 31% on-trade

- The on-trade has been slowly increasing its share of the overall market, mainly through the rise in sales of cocktails, gins and aperitifs.
- Discounters still accounted for the highest share of volume sales in alcoholic drinks in 2016. There are still many consumers who look for the best possible deal. Both Lidl and Aldi are very popular because they offer value for money.

US whiskey is showing growth of 4%, driven by standard category (Jim Beam white, Jack Daniels) and a growth in the premium category (Markers Mark).

Japanese whiskies are growing at 10%, but from a relatively small base.



With more than 1,300 breweries producing some 5,500 different types of beer, Germany is serious about beer



Low-alcohol drinks are performing increasingly well from a low base



Discounters still accounted for the highest share of volume sales in alcoholic drinks in 2016

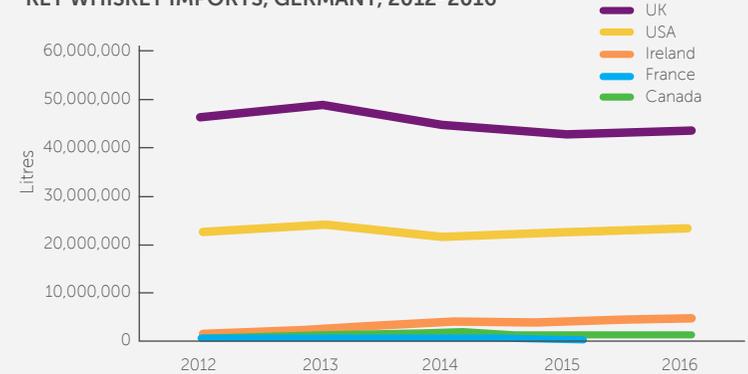
Irish whiskey exports to Germany have grown by 9% over the last five years.

Irish whiskey is showing growth 5.4%, driven by Tullamore Dew as the brand leader.

Irish beer exports to Germany have also grown, by 6%.

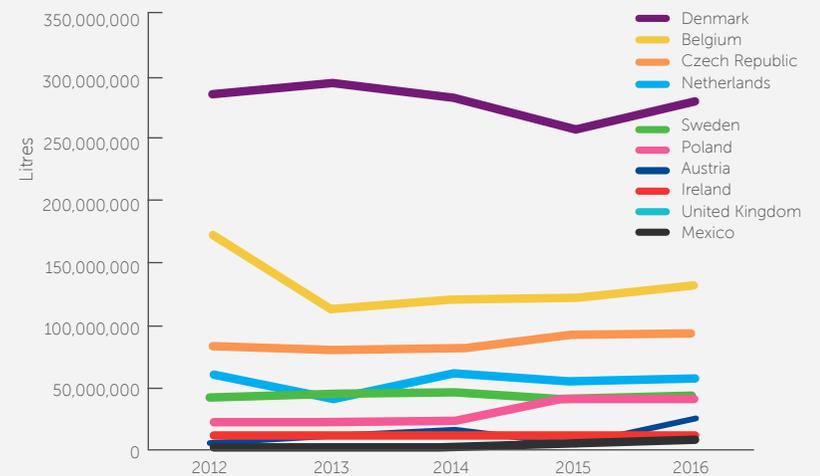
Stout and in particular Guinness is showing a decline -11%.

KEY WHISKEY IMPORTS, GERMANY, 2012-2016



Source: UN ITC

KEY BEER IMPORTS, GERMANY, 2012-2016



Source: UN ITC

SOUTH AFRICA

Spirits recorded **1% total volume growth** to reach **132 mn litres** in 2016. The UK is the leading exporter of whiskey to South Africa and is stable in volume. Ireland, USA and Canada have shown no real growth.

PRODUCTS CONSIDERED: WHISKEY

Down-trading and category switching has become more commonplace because of the squeeze on disposable income making consumers more value aware.

Scottish whisky brands have battled hard to prevent consumers from switching to other drink categories. This has reduced the decline in sales to only -0.3%.

Jameson has become one of the markets most consistent performers achieving +12% growth, more impressive given Jack Daniels has fallen by -13%. This has been gained through a clear brand message and a price that means it is affordable whilst having a high status.

Spirits are expected to post a 2% volume CAGR during the forecast period to reach 146 mn litres in 2021.

Approximately 50% of the population live in the Gauteng (inc. Johannesburg) and KwaZulu-Natal (inc. Durban) provinces and account for a large part of the alcohol consumed.

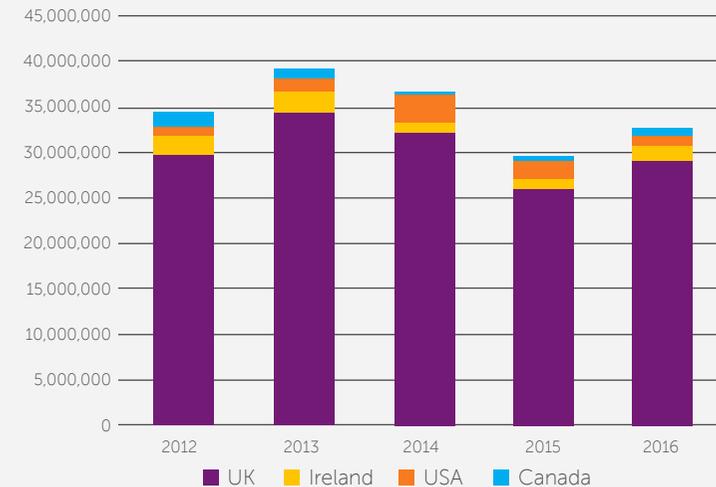
The Western Cape Province, even though smaller than the above, consumes more alcohol per capita.

Wines, cognac, craft gin, mixed drinks, white spirits and craft beer have gained major growth. This is against a slowdown in the whiskey, beer and cider sector, with ZAR100 a key price barrier.

Economic constraints encouraged consumers to increase their home consumption of spirits, resulting in off-trade channels becoming a key selling point. Thus, off-trade recorded 2% increase and represented 66% of total volume sold in 2016 while on-trade grew just 1% to 34%.

Exports to South Africa are up +12% (5 year CAGR). The majority of sales are coming from Jameson as standard offering and their premium Jameson Select reserve.

WHISKEY – KEY SUPPLIERS TO SOUTH AFRICA, 2012-2016



Source: UN ITC



Price and promotions have been key to keep some growth in the premium segments (+3%) and the core standard segment (+4.7%)



Down-trading and category switching has become more commonplace because of the squeeze on disposable income making consumers more value aware



The premium end of the market has remained stable due to status-conscious drinkers and steps made by the industry to increase brand value and quality

LITHUANIA



Blended Scotch is the main whiskey sold in Lithuania, sales of which grew by a **five-year CAGR of 13.8%** (2012-2016). Due to grey market issues whiskey enters from many origins other than whiskey producing countries.

PRODUCTS CONSIDERED: WHISKEY

UK is the leading supplier to Lithuania of 27%. France (12%) and Estonia (11%) are next. Spirits total volume sales decreased by 5% to 29 mn litres in 2016. Spirits are set to decline at a total volume CAGR of 3% over the forecast period and generate 25 mn litres in 2021. Whiskey growth has been in the higher end of the Scotch category, due to an uptake in single malts and key premium blended brands. The bulk of new volumes came into the value category, having migrated from the value vodka brands. Direct importation of brands by the supermarkets, as well as private label brands, continues to be a

problem for local operators who find that the amount of space on the retailers' shelves is shrinking each year. This has mainly affected the wine category. However supermarkets are also beginning to launch their own private-label vodkas, whiskey, brandies, bitters and beers, although these are not as prominent. Off-trade dominates with an 89% market share (2016 Euromonitor). The retail sector is dominated by five main chains (Maxima, IKI, Norfa, Rimi and Lidl), with leading supermarket Maxima leading. Rimi is looking to purchase IKI to increase its presence in the market. Lidl has entered the market in 2016 which has shaken things up.



Lithuania has one of the highest per capita consumptions of alcohol in Europe, according to the World Health Organisation



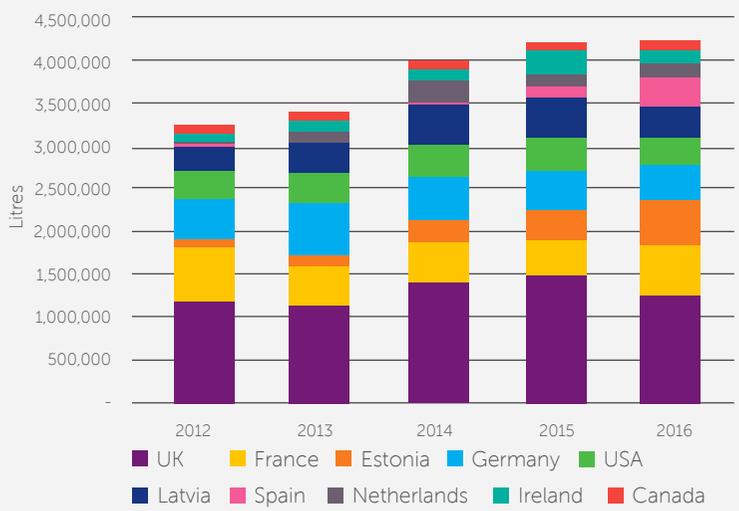
Grey market stock accounts for additional 15% of the market volumes



At least 21% of Lithuanian exports go into Russia

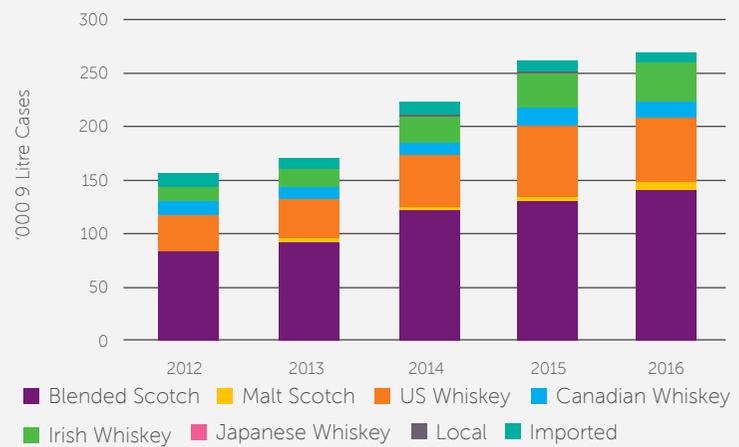
Irish supply of whiskey to Lithuania has grown by 11% over the past 5 years; however, there was a significant decline in 2016 which is due to price promotion and grey market going to other countries. IWSR data shows growth of Irish whiskey at 7.2% (2015 – 2016).

WHISKEY – KEY SUPPLIERS TO LITHUANIA 2012-2016



Source: UN ITC

SALES SEGMENTATION BY TYPE, 2012-2016



Source: IWSR

CZECH REPUBLIC



The premium spirits segment is looking to continue its healthy growth, pushed mainly by the popularity of dark and spiced rums and gin and significant marketing spend by the market leader Stock Plzeň.

PRODUCTS CONSIDERED: WHISKEY

International brands are improving their market position as consumers look for more premium products and the safety and status they provide.

This trend has existed for some time now, going back to the methanol scandal in 2012, which led to deaths in both the Czech Republic and Poland. However the interest in premium products has also helped the craft and small local producers enjoy increasing success.

Scotch whisky is behind others in the sector due to its perceived old fashioned image when compared to the US and Irish whiskies.

Consumers are driven more by brand awareness and promotions and less so by country of origin.

Flavoured whiskies are fading but they may have encouraged consumers to look into the wider whiskey category, and seem to have helped the consumer to experiment away from the key brands.

The off-trade is increasing because consumers have been moving to more premium drinks and make considerable savings by enjoying them off premises. Although in its early stages, this trend includes cocktail making at home. Brands have been heavily promoting this concept in stores through recipe cards and special mix packs.



Consumers are looking for better quality products and are more swayed by brand status



Consumer spending is up due to increased incomes and improved job prospects. This has led to consumer confidence being at an all-time high



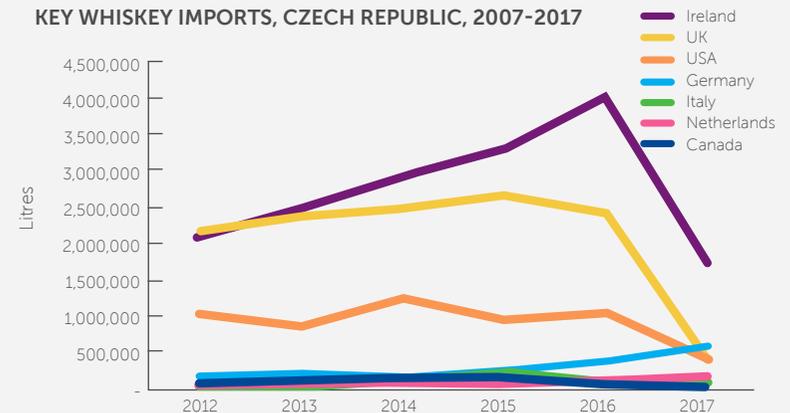
Canadian whiskies are seen to be less trendy than other segments and sales have fallen away in recent years

Irish and US whiskies are both performing well with the latter being the most brand driven category in the entire Czech market, largely driven by Jack Daniels and variants.

Irish exports to the Czech Republic have been growing at 43%.

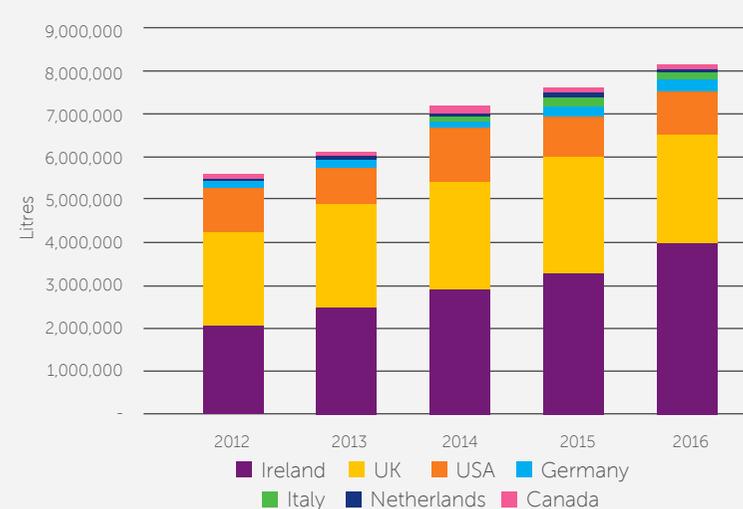
The Irish whiskey performance is driven by the brand leader Tullamore Dew, with strong performances by Jameson and Bushmills.

KEY WHISKEY IMPORTS, CZECH REPUBLIC, 2007-2017



Source: UN ITC

WHISKEY – KEY SUPPLIERS TO CZECH REPUBLIC, 2012-2016



Source: UN ITC

BEVERAGES

DENMARK



Overall imports of whiskey are up **14% (5 years CAGR to 2016)**. Premium products continue to enjoy success in nearly all spirit categories.

PRODUCTS CONSIDERED: WHISKEY

Private label brands have added higher quality products and are being more advanced in their offering. They have also been able to offer a more competitive price than before. This has all led to private label holding on to its 2% share of the spirits market.

Craft spirits as in other parts of the alcoholic drinks industry are driving value growth. More producers have emerged and this trend is likely to gain more momentum in the coming years. The authenticity of these products is very appealing to consumers.

The lack of choice offered by the off trade is a hindrance to growth. New flavours are helping to widen the consumer base by gaining the interests of non-traditional whiskey drinkers.

After increasing their market share a further 1% to 20%

overall, Diageo continue to lead the market with an extensive range of varied products and internationally known brands. Distribution is also key to this success, providing strong positions in both the on and off-trade.

Domestic companies continue to lose market share to international competitors. Domestic players' success traditionally has been linked to the success of more traditional categories such as akvavit and bitters.

The off-trade sales are higher in Denmark than the on-trade. Despite this, brands see the on-trade as more important when launching, growing established brands and promoting premiumisation. Suppliers have invested heavily in the on-trade to promote new trends and to gain consumers through brand switching.



Authenticity and craft elements are key and highly valued by consumers. This trend has also helped the success of local and imported, large and small high end brands



Whiskies, especially malts, are high cost items marketed to mainly men of 40+ because it fits their taste but also because they are more likely to be able to afford them



Craft spirits, as in other parts of the alcoholic drinks industry, are driving value growth

Irish whiskey sales are helped by the popularity of Irish coffees. The Danish preferring mainly to use Irish whiskey in this drink.

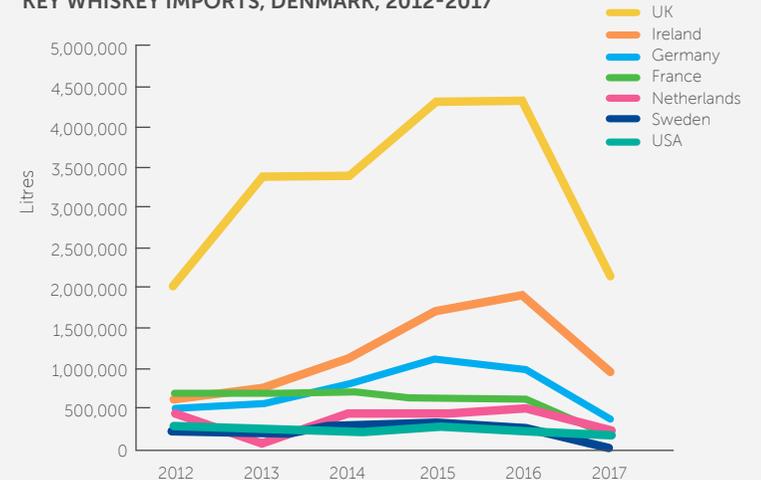
Irish whiskeys are growing in popularity with younger consumers looking for smoother brown spirits. This is also seen as a way of taking market share away from the Rum category.

Looking at import volumes, Irish whiskey has seen the fastest growth, its five year import CAGR standing at 33%.

Total whiskey sales show a five-year CAGR of 8% and all categories are performing well.

Irish whiskey is performing well, up 7% due to good performance from Tullamore Dew and Jameson.

KEY WHISKEY IMPORTS, DENMARK, 2012-2017



Source: UN ITC

ITALY

Overall beer imports are **up 3 % (5 year CAGR to 2016)**.
Germany is the largest supplier but showing a decline -2%.

PRODUCTS CONSIDERED: BEER

Netherlands has been showing growth into this market at 7%, along with Belgium (14%), UK (18%), Poland (21%), Denmark (5%), France (4%), Mexico (6%), Austria (7%) and Czech Republic (1%).

Slovenia is showing a decline of (-5%) as well as Irish beers (-8%).

In July 2016 the Italian Senate approved the DDL S 1328-D, which included the legal definition of craft beer. This was an important milestone, as previously Italian law did not differentiate between small craft breweries (microbirrifici) and big ones, in terms of tax levels or legal/administrative requirements.

Beer has become increasingly popular with Italians and they see it as being good, light and suitable for all occasions.

Italian consumers are becoming more aware of the impact of their actions and choices, mostly with respect to their health and wellbeing but also with respect to the environment.

As a consequence, sustainability is increasingly important within alcoholic drinks, as Italian

consumers are keener to reduce the impact of their actions on the environment and market players are responding accordingly.

Flavoured/mixed lager registered volume growth of 7% in 2016, driven by domestic players' new product development and advertising investments.

Non/low alcohol beer grew by 4% in 2016 through the launch of new products (although remaining a marginal category).

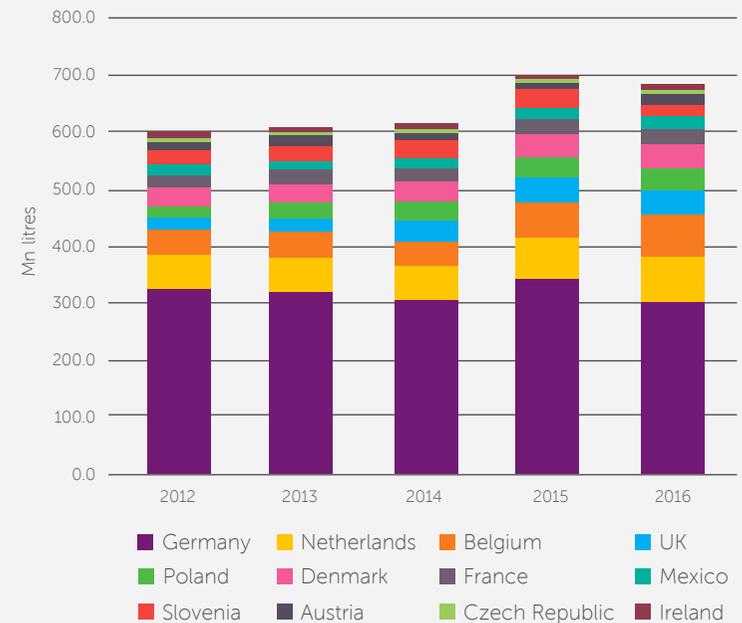
Supermarkets led distribution with 38% of retail volume sales in 2016, followed by hypermarkets and discounters.

While small neighbourhood shops and specialty stores are still the norm, Italian consumers are discovering the convenience of large supermarket and hypermarket outlets. Italians still place great value on the quality and freshness of products (rather than frozen), which is reflected in the practice of daily shopping, rather than weekly bulk shopping.

Imported international brands are generally preferred to domestic brands as Italy lacks a long tradition of beer production and many imported brands are known for their quality. The rapid growth of microbreweries providing high quality beers should help to address this in the future.

Irish exports to the Italy are in decline by -4% (5 year CAGR).

BEER – KEY SUPPLIERS TO ITALY, 2012-2016



Source: UN ITC



Consumption of beer at home is expected to increase; suggesting more growth in the retail channel over the on-trade channel



Italy's ageing population is a factor in the market – older consumers are reported to prefer lower-alcohol beers, partly for health reasons



Premiumisation is becoming more important in Italy as consumers favour quality over quantity

JAPAN



Overall whiskey imports are **up 10% (5 year CAGR to 2016)**. Scotch whisky is **growing at 11% (5 year CAGR)**, Malt whiskies are showing **growth of 8%** while Irish is **up 14%**, Jameson being the market leader. Japanese whiskies still lead overall and are **growing at 10%**.

PRODUCTS CONSIDERED: WHISKEY

Average unit prices of spirits in the off-trade grew by 5% in 2016. This increase was mainly caused by the large increase in the prices of some whisky brands. The price of nine Suntory Spirits rose by between 10% and 20% including Karubin and their bourbon brands.

The price increases were implemented to cover the cost of Suntory expanding their production capacity and to cover the rising cost of production. The prices of two other whisky brands, Jack Daniels and Early Timers, were also increased by their distributor Asahi Breweries.

Premium Scotch blends have performed well by taking up the gap in the market vacated by Japanese whiskies after their price rises. Though not as much, premium scotch has also taken advantage and raised their own prices.

Continuing to lead the way with a 16% volume share (Euromonitor) is Suntory Spirits Ltd. Many different promotions have helped Suntory boost their sales of imported whiskies.

Suntory's Beam has enjoyed 19% volume growth, adding to the whiskey category's strong performance throughout 2016.

Highballs (whiskey and soda over ice) have also helped to make whiskies become popular with younger consumers.



Spirits can be purchased in most convenience stores and even vending machines, 24 hours a day



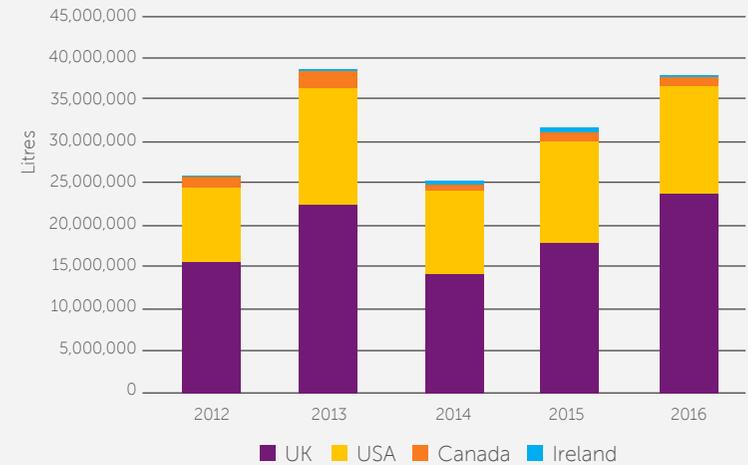
Highballs (whiskey and soda over ice) are often promoted with food offers and are popular with all generations of consumers



After work drinking is the main time people consume alcohol, gathering in small groups and often choosing the same drink, due to the most senior person present ordering for the group

Irish exports to the Japan have been growing at 16%.

WHISKEY – KEY SUPPLIERS TO JAPAN, 2012-2016



Source: UN ITC

JAPAN – MAIN COMPETITORS' PRICE LEVELS

| Japan | Average Price 700ml |
|---------------------------|---------------------|
| US Whiskey | \$23.58 |
| Canadian | \$33.36 |
| Irish | \$29.30 |
| Japanese | \$11.62 |
| Blended Scotch | \$23.54 |
| Single Malt (12 year old) | \$51.33 |

Source: Alcoholic Drinks: Euromonitor from trade sources/national statistics

MEXICO

Overall imports for whiskey rose by **13% CAGR** over the last five years. Beer imports are **up 16% (5 year CAGR to 2016)**.

PRODUCTS CONSIDERED: WHISKEY, CRAFT BEER

Scotch whisky has the largest share of the market, with five year growth of 10%.

Blended whisky is up 10%, USA whiskies are showing growth of 16% with Jack Daniels as the market leader.

Canadian are growing 6%, with the market leader Crown Royal showing 30% growth. Irish is growing by 21% from a low base; Jameson is the market leader, showing 5% growth.

Local lagers such as Corona Extra (3%), Tecate (5%) and Sol (2%) are all showing growth and dominate the market.

Imported lagers have a smaller share and brands such as Bud (7%), Bud Light (6%) showing growth. Stout such as Guinness are showing an increase, but only selling 3,000 litres.

In 2016, beer recorded dynamic total volume growth of 8%, with sales supported by heavy advertising and improved distribution.

E-commerce is set to grow rapidly in Mexico. There has been fast growth in smartphone penetration: by 2016, 63% of respondents (Credit Suisse survey) report having smartphone internet access, vs. 58% in 2015 and 40% in 2014. Even lower-income brackets

report rising internet access via smartphones from around 15% in 2013 to around 55% currently.

Heineken Mexico and Grupo Modelo have well-developed distribution networks, over 2016 they focused on expanding their reach to other regions of the country, thus widening product availability

The premium beer segment performed well in 2016 thanks to brands such as Heineken and Stella Artois enjoying a stronger presence in the on-trade channel and through specialist retailers and high-end supermarkets.

Mid-priced brands continued to lead beer in 2016, being widely available through various retail channels. Standard brands compete in terms of availability and in-store promotions, premium brands are advertised by sponsoring events and gaining a presence in on-trade outlets.

The popularity of Single Malts can be explained by the growing interest of young adults in more sophisticated and premium offerings. The entrance of new brands, and the increased presence from promotions and marketing contributed to the growth of these categories.



Flavoured beers are in growth 8%, some low alcoholic beers are performing well with 10% growth



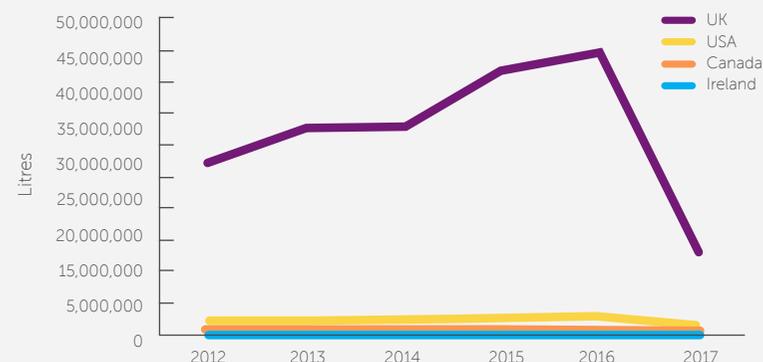
E-commerce is set to grow rapidly in Mexico, there has been fast growth in smartphone penetration



Most Mexican states allow stores, restaurants and bars to sell alcohol 24 hours a day, some state restrictions do apply

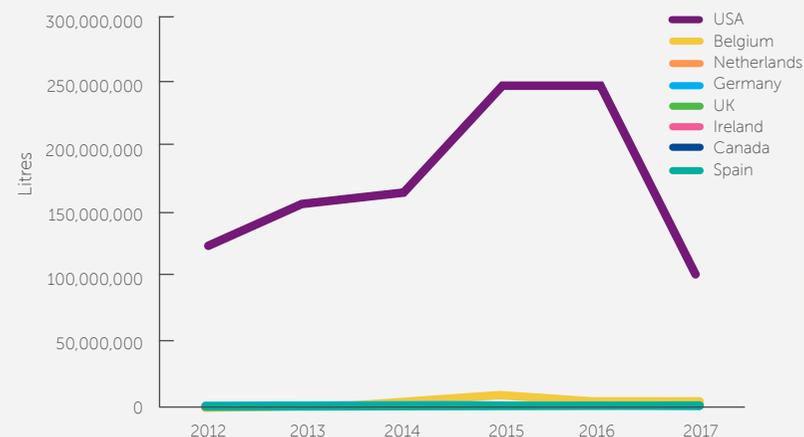
Irish whiskey exports to Mexico have grown by 15% over the last five years.
Irish beer exports have grown 67% from 2015.

KEY WHISKEY IMPORTS, MEXICO, 2012-2017



Source: UN ITC

KEY BEER IMPORTS, MEXICO, 2012-2017



Source: UN ITC

BEVERAGES

NETHERLANDS

The UK is the main supplier of whiskey to the Netherlands, with Scotch blends as market leaders. The USA are the next supplier of whiskey due to the popularity of Bourbon. Overall whiskey imports are **down -1%**.

PRODUCTS CONSIDERED: WHISKEY

Imported brands and their manufacturers dominate the spirits category. Domestic brands and manufacturers have a significant presence, but depend on categories that are more mature.

Retail offerings in the higher segments are increasing.

Interest in US whiskey is also growing. Bourbons are generally doing well as knowledge about the category improves. Consumers like engaging with the brands' stories and their premium perception helps volumes in the higher-priced segments.

Premiumisation is a general trend in the overall market: total alcohol consumption is expected to continue to decline, but the value of the market will grow, whilst some brands will inevitably disappear from the market.

Volume divides off 68% and on-trade 32%

Off-trade:

- The Mitra liquor store chain (part of the Dirkzwager Group) went into bankruptcy in 2016 closing 24 stores. However, its 124 franchise stores stayed open and were taken over by the drinks wholesaler De Monnik Dranken. Mitra's problems strengthened the position of the Gall & Gall chain.

On-trade:

- The on-trade's share of the Dutch market is comparatively small, but aided by a growing cocktail culture. This has meant more mainstream to high end bars have opened in the bigger cities.
- Consumers look for something special in their on-trade visit and are happy to pay more if they know they can have a good overall experience with quality products. Premium shots are faring well as a result and house wines are becoming more premium.



Events and whiskey fairs educate consumers about the segment and malt consumers are becoming more discerning



Parallel activity is becoming more of an issue in the Scotch category since the pound has decreased in value



Interest in US whiskey is growing

Exports to the Netherlands are stable over the past five years. Irish whiskey is down -2% due to weak performance by market leader Jameson.

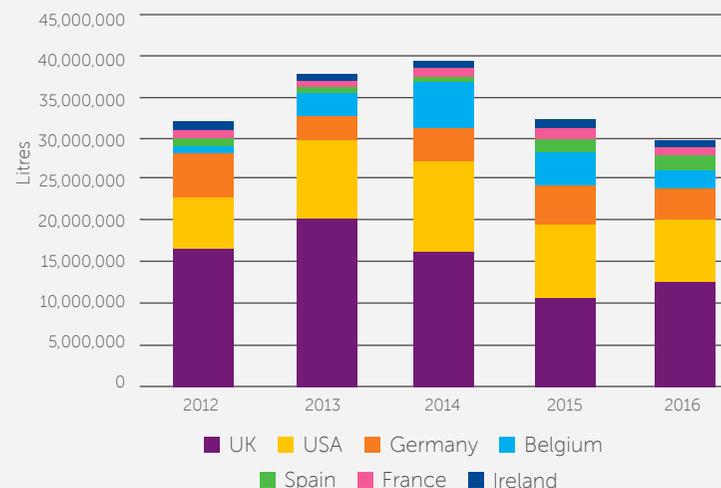
NETHERLANDS – MAIN COMPETITORS' PRICE LEVELS

| Netherlands | Average Price Litre US\$ |
|---------------------------|--------------------------|
| US Whiskey | 33.93 |
| Canadian | 30.56 |
| Irish | 36.04 |
| Japanese* | 98.75 |
| Blended Scotch | 27.26 |
| Single Malt (12 year old) | 67.74 |
| Single Grain Scotch | 68.83 |

Source: *Alcoholic Drinks: Euromonitor from trade sources/national statistics – mainly supermarkets*

Note: *Japanese price is from Independent retail stores

WHISKEY – KEY SUPPLIERS TO NETHERLANDS, 2012-2016



Source: UN ITC

POLAND

Overall whiskey imports are **up 12% (5 year CAGR to 2016)**.

PRODUCTS CONSIDERED: WHISKEY

Spirits are predominantly branded and private label does not play any substantial role in Poland, only holding a 5% total volume share in 2016. The main reason for this is a very strong position held by economy and mid-priced brands.

In 2016 nearly all whiskey segments showed double digit growth.

There is an increased amount of competition from other countries such as India, Australia and Japan.

This has led brands to compete on price, so the market has not grown in value as much as the growth in volume would suggest.

Distribution split: For whiskey 97% off-trade and 3% on-trade.

Independent small grocers remain the main distribution channel for alcoholic drinks. Poles value their time and like convenience, therefore they like to

shop close to where they live. However, discounters, supermarkets and convenience stores are slowly but steadily gaining market share. A common practice is for independent small grocers to buy a franchise from chained convenience stores, increasing their market share.

The on-trade channel in Poland is lagging behind the channels in its European neighbours. It is developing quickly from its relatively small base though. The trade is concentrated mainly in the large cities, Warsaw, Kraków, Wrocław and Tricity and also in tourist hot spots Gdańsk, Sopot, and Gdynia. There are also a number of top end venues on the coast.

Scotch whiskies are the most dominant in the market and showing growth of 13%.



Consumption was down but the value of sales was up due to consumers moving towards more expensive premium brands



US and Irish whiskey and malt scotch are growing quickly because consumers are always looking for something new



Independent small grocers remain the main distribution channel for alcoholic drinks

Irish whiskies are showing good growth 24%, led by Tullamore Dew and Jameson.

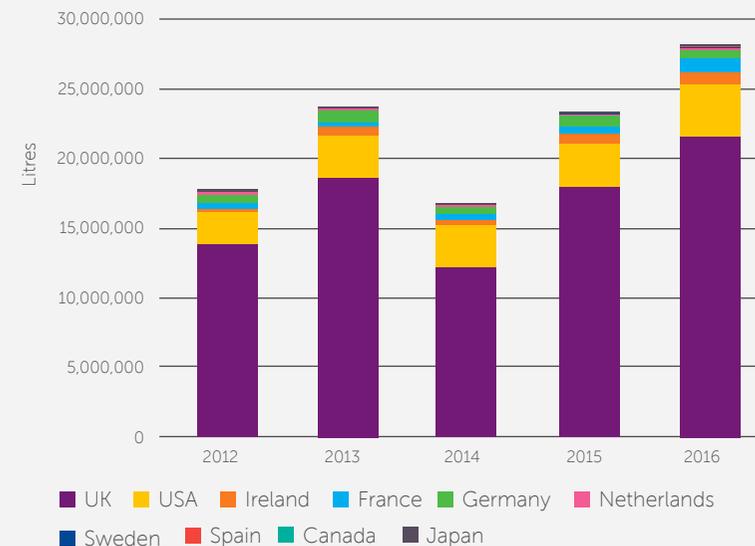
POLAND – MAIN COMPETITORS' PRICE LEVELS

| Poland | Average Price 700ml |
|---------------------------|---------------------|
| US Whiskey | 26.87 |
| Canadian | 28.85 |
| Irish | 26.38 |
| Japanese* | 349.00 |
| Blended Scotch | 16.90 |
| Single Malt (12 year old) | 60.24 |

Source: *Alcoholic Drinks: Euromonitor from trade sources/national statistics*

Note: *Japanese price is on-trade bar price from IWSR

WHISKEY – KEY SUPPLIERS TO POLAND, 2012-2016



Source: UN ITC

BEVERAGES

SLOVAKIA



Overall whiskey imports are **up 25% (5 year CAGR to 2016)**. Domestic manufacturers struggle to compete with strong international companies so don't invest in promotions and product innovation.

PRODUCTS CONSIDERED: WHISKEY

Despite the fact that premium and super-premium spirits brands grew in popularity during 2016, they were not able to compete with economy and mid-priced brands.

The core of the market is premiumising and international brands are taking share from local value and standard brands.

Blended Scotch dominates sales and the malt category is small in Slovakia, but its consumer base is becoming more educated.

Consumers are not willing to pay the premium price in the on-trade, because they can buy Scotch at much lower prices in the off-trade.

The average consumer does not distinguish between the different whisky styles, brands of various origins are in direct competition with one another and primarily compete on price.

For whiskey the sales split is 57% off-trade and 43% on-trade.

Off-trade: Consumers are looking for premium products to consume at home as this offers better value for money. The Slovakian consumers spend wisely and quality of a product is increasingly more important to them.

On-trade: The on-trade is developing a cocktail culture in Slovakia with more outlets offering signature cocktail serves, mainly in Bratislava.

Distribution continued to be led by hypermarkets in 2016, with the retail channel offering the biggest product portfolio of alcoholic drinks, mostly in the low and mid-priced segments, as well as regular discounts. The fact that hypermarkets often have favourable locations in large shopping centres also helps to attract consumers.

US volumes have increased by 6%.

Germany's volumes have increased by 32% – some may be from German whiskies but some via grey market stock.



Overall spirits volumes are flat but premium products improved their positions in the market in 2016 and increased its total value



Price remains the main deciding factor but innovation is driving sales and helps brands to stay in consumers' minds



Distribution continued to be led by hypermarkets in 2016

Irish whiskies are showing growth of 28% (5 year CAGR). The standard category has the majority share. Tullamore Dew and Jamesons are the market leaders, both showing growth of 37% and 24% (5 year CAGR).

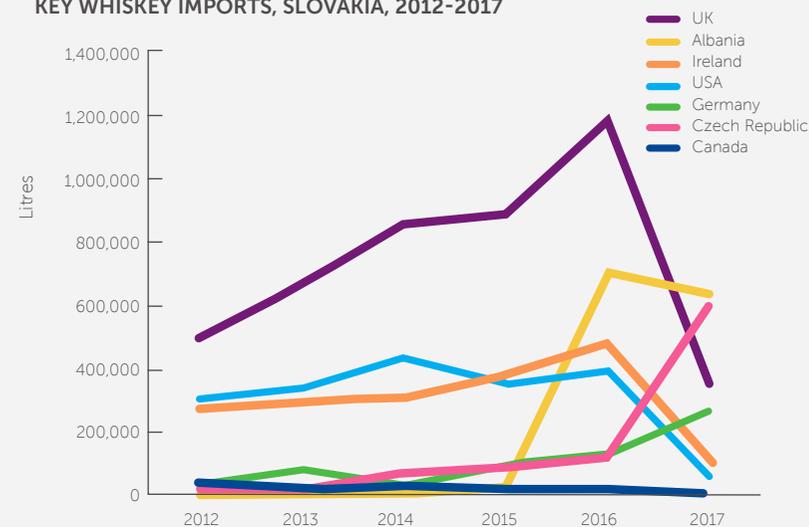
Irish volumes to the market have increased by 15%. Increased marketing spend on promotional activity from Tullamore Dew and Jameson has increased the popularity of Irish whiskey.

SLOVAKIA – MAIN COMPETITORS' PRICE LEVELS

| Slovakia | Average Price 700ml |
|----------------------------|---------------------|
| US Whiskey | 27.25 |
| Canadian | 28.38 |
| Irish | 29.86 |
| Blended Scotch | 15.04 |
| Single Malt (12 year old)* | 63.84 |

Source: *Alcoholic Drinks: Euromonitor from trade sources/national statistics*
 Note: *Single Malt prices come from online retailers, therefore higher than Hypermarkets

KEY WHISKEY IMPORTS, SLOVAKIA, 2012-2017



Source: UN ITC

AUSTRALIA



Overall whiskey imports are **down -1% (5 year CAGR to 2016)**. However, 2017 shows the first 8 months of the year **up 1% Year on Year**.

PRODUCTS CONSIDERED: WHISKEY

The category posted a marginal total volume gain in 2016 but grew by 3% in current value terms. Volume growth was hampered by bourbon/other US whiskey, which recorded a 2% total volume decline. However, Canadian whiskey achieved a 7% increase in total volume sales.

Blended malt Scotch whisky also performed well, growing by 18% in total volume terms. This growth was supported by manufacturers such as Diageo Australia, which reintroduced its premium Johnnie Walker Green Label to Australia permanently. Irish whiskey performed well as consumers are looking at new categories to try.

Japanese whiskey posted the strongest total volume growth, as Australian consumers showed more interest in Japanese food and culture. However supply has become a real concern in this category.

Average unit price in spirits increased by 2% in current terms in 2016 to reach A\$89.19 per litre, reflecting the growing number of premium and super premium brands. This is leaving the mainstream segment in decline.

There is a proportion of grey market movement, particularly in spirits. This is reportedly slowing down

thanks to the weakened Australian dollar and retailers are increasingly going through the official channels to obtain stock.

Due to these trends, per capita consumption in Australia declined by 7% over 2016 to stand at 117.8 litres, while per capita value spending increased by 8% over the same period.

Distribution split for whiskies: 86% off-trade vs 14% on-trade.

Woolworths is the leading player in alcoholic drinks retailing, largely due to the success of its Dan Murphy's chain. In alcoholic drinks, the company continues to expand and gain share through its Dan Murphy's and BWS stores.

They have also been very successful in E-commerce where they can offer whiskey enthusiasts a wider range of products at a good price.

Smaller on-trade outlets and concept bars are doing well as consumers are searching for a special experience and atmosphere. Niche and small-batch spirits are particularly popular in that channel.



As Australians become more health conscientious they are reducing the level of alcohol they consume. This shift has been the most significant macro trend to impact the alcoholic drinks industry



Results have shown that they are drinking less alcohol but choosing better quality alcoholic drinks on the occasions when they do drink. This is becoming more apparent in the premiumisation of better quality products on the market

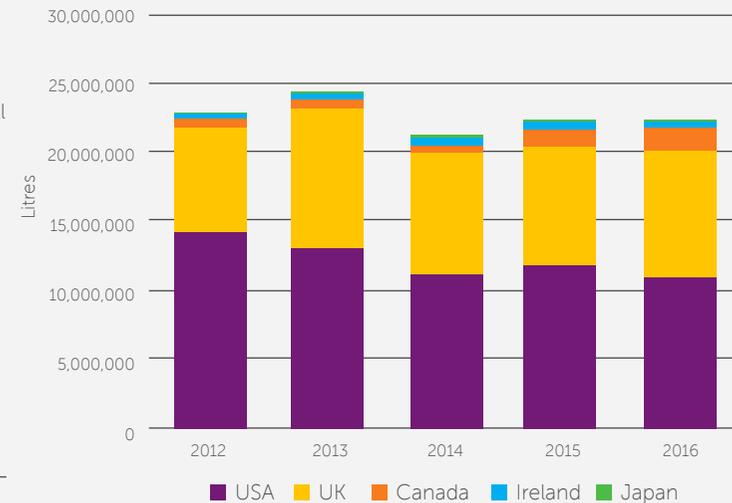
Irish exports to the Australia have been growing by 6%.

AUSTRALIA – MAIN COMPETITORS' PRICE LEVELS

| Australia | Average Price 700ml |
|---------------------------|---------------------|
| US Whiskey | US\$39.89 |
| Canadian | US\$44.98 |
| Irish | US\$43.97 |
| Japanese | US\$117.70 |
| Blended Scotch | US\$35.30 |
| Single Malt (12 year old) | US\$47.47 |

Source: Alcoholic Drinks: Euromonitor from trade sources /national statistics

WHISKEY – KEY SUPPLIERS TO AUSTRALIA, 2012-2016



Source: UN ITC

BEVERAGES

RUSSIA



Overall whiskey imports are down, with a **CAGR of -4%** over the last five years. Similarly, imports of **liqueurs are down by -8%** five year CAGR – although the January-August 2017 data shows **growth of 40% YOY**.

PRODUCTS CONSIDERED: WHISKEY AND CREAM LIQUEURS

Germany and Ireland are the biggest liqueurs exporters to Russia, followed by the Czech Republic.

A specific threat to the whiskey industry has been the sales of imitation whiskies, usually locally produced and made by adding flavouring and colouring to vodka.

Trendier bourbons and US whiskies have added to the decline of blended scotch which many now see as dated. Consumers have also switched to flavoured whiskies with more choice available and due to heavy discounting some consumers have switched to malt scotch.

Beginning with 2014 the liqueur imports have dropped sharply, the reasons are the same as previously described for whiskey imports drop. In

2015 it was imported twice less in value terms than in 2014. In 2016 the import volume was at the same level as in 2015.

The off-trade channel retained its undisputed dominance in 2016 with a 97% total volume share of spirits in Russia.

Sales of spirits through on-trade remain largely limited by consumers' low disposable incomes and by the reduced number of foodservice visitors. Taking into consideration that the price of spirits are over triple the price of off-trade spirits, most Russians prefer to buy such drinks to consume at home.

Bar culture in the country remains underdeveloped.



60% of the Russian spirits market is accounted for by the grey market and this is looking likely to increase year by year



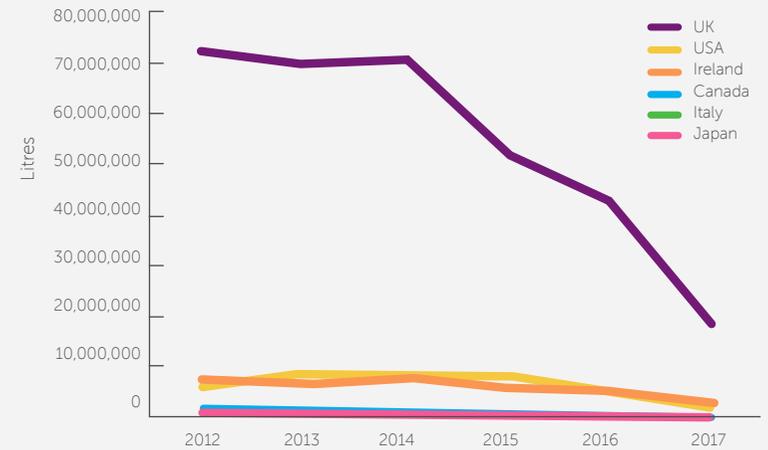
The decline in disposable incomes has caused consumers to trade down to imitation whiskies or back to vodka



The popularity of cocktails in Russia have improved the performance of liqueurs

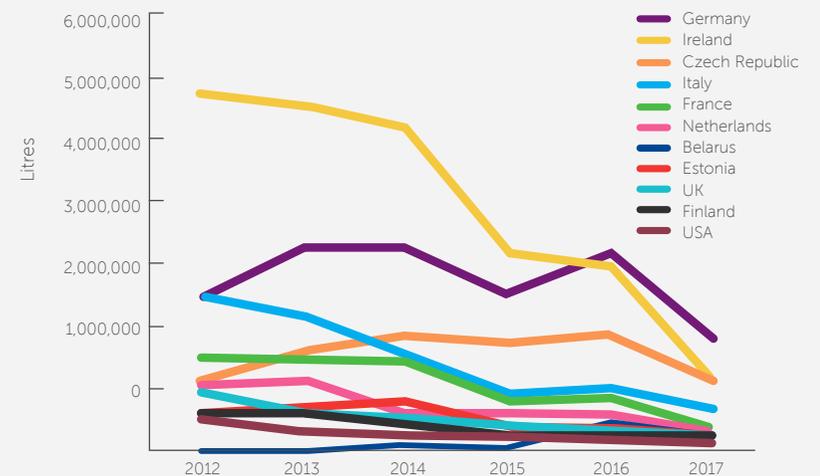
Ireland's imports are showing a decline of -15%. Irish whiskey is down -5%. Market leaders Jameson and Bushmills are in decline, but Tullamore Dew is growing +19%.

KEY WHISKEY IMPORTS, RUSSIA, 2012-JUNE 2017



Source: UN ITC

KEY LIQUEURS IMPORTS, RUSSIA, 2012-JUNE 2017

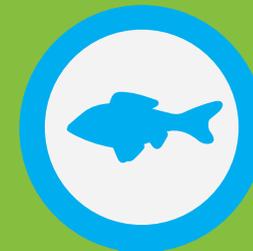


Source: UN ITC

SEAFOOD

MEAT

DAIRY



SEAFOOD

The main EU markets, namely France, Spain, UK, Italy and Germany continue to dominate seafood exports, accounting for around 63% of total exports by value in 2016.

The value of seafood exports have increased by 16 percent in 2017, to reach €645 million in line with the increase in export volumes during this period. The main EU markets, namely France, Spain, UK, Italy and Germany continue to dominate seafood exports, accounting for approximately 57 percent of total export values.

A range of international markets are emerging as key to growth in the sector, in line with Bord Bia's market diversification strategy. African and Asian markets now account for over one-fifth of the value of all Irish seafood exports. Route to market support in both China and Japan will be a key focus for Bord Bia in 2018 with growth strong in both markets. Seafood exports have grown by 12 percent in China and 29 percent in Japan over the course of the last twelve months.

Ireland's four main African markets – Nigeria, Cameroon, Egypt and Ghana accounted for just 10% of total seafood export value.

Exports to the main Asian markets - China, South Korea and

Japan - together increased by an estimated 12% in value terms in 2016. Strong export growth to Japan and China offset a 10% decrease in the value of trade to South Korea.

Bord Bia has 3 strategic objectives for the seafood sector which can be summarised as follows:

1. To increase exports in the growing emerging markets for seafood
2. To assist the industry to secure higher added value business in its core markets
3. To build a vibrant home market for a range of underutilised fish species

Bord Bia's market development activities centre on these 3 key priority areas which will be supported by a number of specific high level projects such as our seafood marketing programmes in Asia and Africa.

The 15 priority markets currently being reviewed by Bord Bia are:

| Country | Molluscs | Crustaceans | Salmon | Pelagics |
|----------------|----------|-------------|--------|----------|
| Hong Kong SAR | ✓ | ✓ | ✓ | |
| USA | ✓ | ✓ | ✓ | |
| Australia | ✓ | ✓ | ✓ | |
| Malaysia | ✓ | ✓ | | ✓ |
| Indonesia | ✓ | ✓ | | ✓ |
| Saudi Arabia | ✓ | ✓ | | ✓ |
| Canada | ✓ | ✓ | ✓ | ✓ |
| Switzerland | ✓ | ✓ | ✓ | ✓ |
| Israel | ✓ | ✓ | | ✓ |
| Czech Republic | ✓ | ✓ | | ✓ |
| UAE | ✓ | ✓ | ✓ | |
| Kuwait | ✓ | ✓ | ✓ | |
| Finland | ✓ | ✓ | ✓ | ✓ |
| Denmark | ✓ | ✓ | | |
| Belgium | ✓ | ✓ | ✓ | |



Exports to the four main Asian markets (China, Hong Kong, South Korea and Japan) increased by 5 percent in value terms up to the end of October 2017. Overall this region accounted for an estimated 11 percent of total seafood export values in 2017



The main EU markets, namely France, Spain, UK, Italy and Germany continue to dominate seafood exports, accounting for approximately 57 percent of total export values



Seafood exports to International markets reached €145 million in 2016

MEAT

The total value of meat and livestock exports increased by 8 percent in 2017 to almost €3.9bn, more than reversing the decline recorded in 2016. This market now equates to 31 percent of all food and drink exports.

The total value of meat and livestock exports increased by 8 percent in 2017 to almost €3.9bn, more than reversing the decline recorded in 2016. This market now equates to 31 percent of all food and drink exports.

In terms of route to market, the UK remains our key export market, still accounting for 50 percent of the overall market.

The value of Irish beef exports climbed by 5 percent to almost €2.5bn, the volume of beef available for export increased to 615,000 tonnes with the average price increasing marginally by 1 percent per tonne.

The volume of pigmeat exports increased by 3 percent – to 247,000 tonnes, bringing the total value of exports to about €712m. Some 56 percent of these exports go to the UK.

Thirteen percent of pigmeat exports went to China – the second largest market, a four point fall versus 2016.

Sheepmeat export volumes rose by 14 percent to 57,000 tonnes, coupled with a minor fall in prices this yielded an overall growth of 12 percent in value terms to almost €275m. France and the UK remain the largest markets. Performance in important value added markets in Northern Europe and Switzerland continued to make gains in 2017.



The average Chinese consumer now consumes 60 kg of meat per year – more than 20 times the average rate 50 years ago



The rapidly growing, more urbanised and prosperous middle class of 30 million in Indonesia is driving the market for beef imports



Japan is one of the largest meat importers globally: 587,000 tonnes of beef, 1m tonnes of pork and 20,000 tonnes of sheepmeat

The 15 priority markets identified by Bord Bia are:

| Country | All 3 Meats | Beef | Pork | Mutton |
|--------------|-------------|------|------|--------|
| China* | ✓ | | | |
| South Korea | ✓ | | | |
| Japan | ✓ | | | |
| Mexico | ✓ | | | |
| Malaysia | ✓ | | | |
| Indonesia | | ✓ | | |
| Vietnam | ✓ | | | |
| Iran | | ✓ | | ✓ |
| UAE | | ✓ | | ✓ |
| Chile | | ✓ | ✓ | |
| South Africa | | ✓ | ✓ | |
| Egypt | | ✓ | | |
| Singapore | ✓ | | | |
| Australia | | | ✓ | |
| New Zealand | | | ✓ | |

*Includes Hong Kong

DAIRY

The value of dairy and ingredients exports for 2017 reached €4bn, a 19%. Confirming its position as the number one exporting sector, dairy has increased its market share in EU markets to 31 percent, while contracting slightly its market share in other international markets to about 45%.

Exports to the UK remain steady in terms of market share – accounting for one quarter of all dairy trade.

Specialised nutritional powders remain the leading dairy export at about €1.3bn, but growth has been flat. The largest increase is for butter which rose by more than 60 percent to nearly €900m, driven by high demand and prices on EU and international markets.

The setbacks in the cheese market recorded in 2016 have been rolled back – with the export market expanding by 22 percent to about €848m. Trade into the UK still comprises about 50 percent of the market.

Other dairy products that enjoyed substantial growth this year were skimmed and whole milk powders, each attained export sales of some €180m, up 46 and 55 percent respectively.

The prospects for the dairy industry in 2018 look reasonably positive based on the rates of growth recorded this year for key product areas and the ongoing demand levels in Europe and international markets for powder based products, butter and cheese.

Wholesale prices remain very high reflecting international demand.

The 15 priority markets identified by Bord Bia are:

| Country | WPC80/WPI | Cheddar | WMP |
|----------------------|-----------|---------|-----|
| Africa | | | |
| Algeria | ✓ | ✓ | ✓ |
| Nigeria | | | ✓✓ |
| Egypt | | ✓ | ✓ |
| South America | | | |
| Brazil | ✓ | | |
| Mexico | | ✓ | ✓ |
| Asia | | | |
| China | | ✓✓ | ✓✓ |
| Indonesia | | ✓✓ | ✓✓ |
| Japan | ✓ | ✓✓✓ | ✓✓ |
| Malaysia | | ✓✓ | ✓✓ |
| Philippines | | ✓✓ | ✓✓ |
| South Korea | | ✓✓ | ✓✓ |
| Saudi Arabia | | ✓✓ | ✓✓ |
| UAE | | ✓✓ | ✓✓ |
| Vietnam | | ✓✓ | ✓✓ |
| North America | | | |
| US | | ✓ | ✓ |



Saudi Arabia is the world's no 5 importer of cheddar, which has increased dairy imports over recent years



Nigeria is 30% self-sufficient in milk and is the world's largest importer of Full Fat Milk Powder at 91,000 mt. Imports have grown 25% over last five years



The USA is the 9th largest importer of cheddar and the world's no 1 importer of casein

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and scenario planning for
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www.bordbia.ie
info@bordbia.ie



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