



Aspects of the Irish Economy

Presentation to Danish Parliamentarians
Galway, June 7, 2010

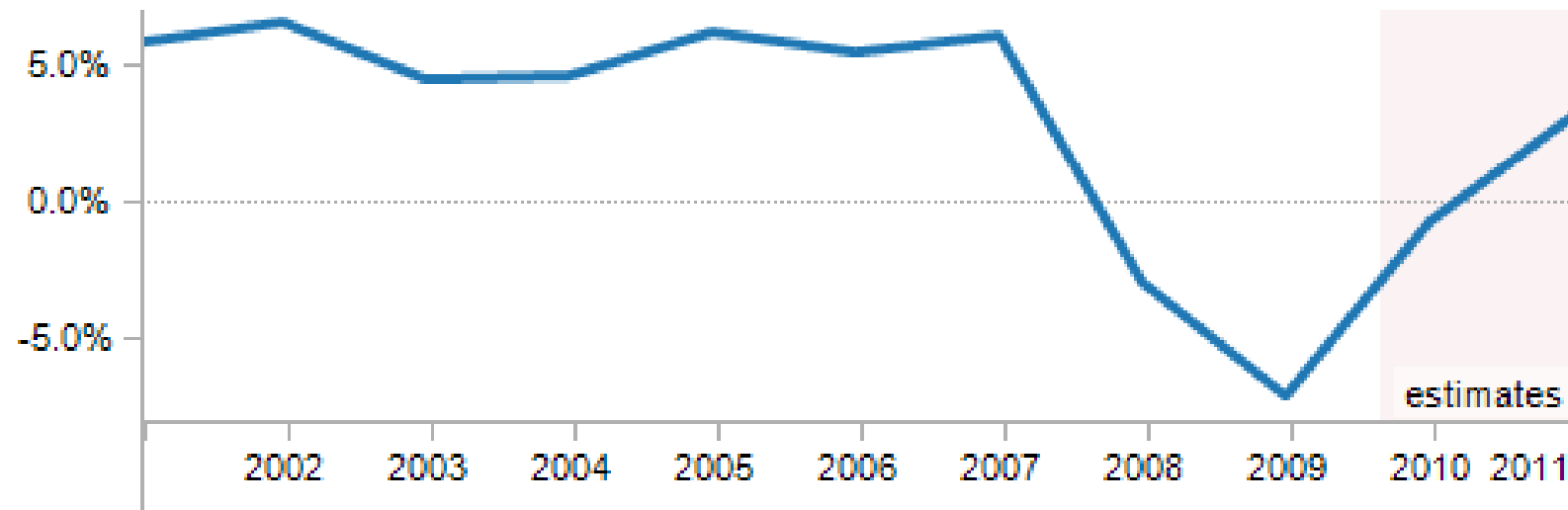
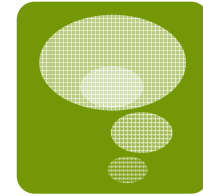
Michael Cuddy
NUI, Galway

Ireland – Boom to Bust

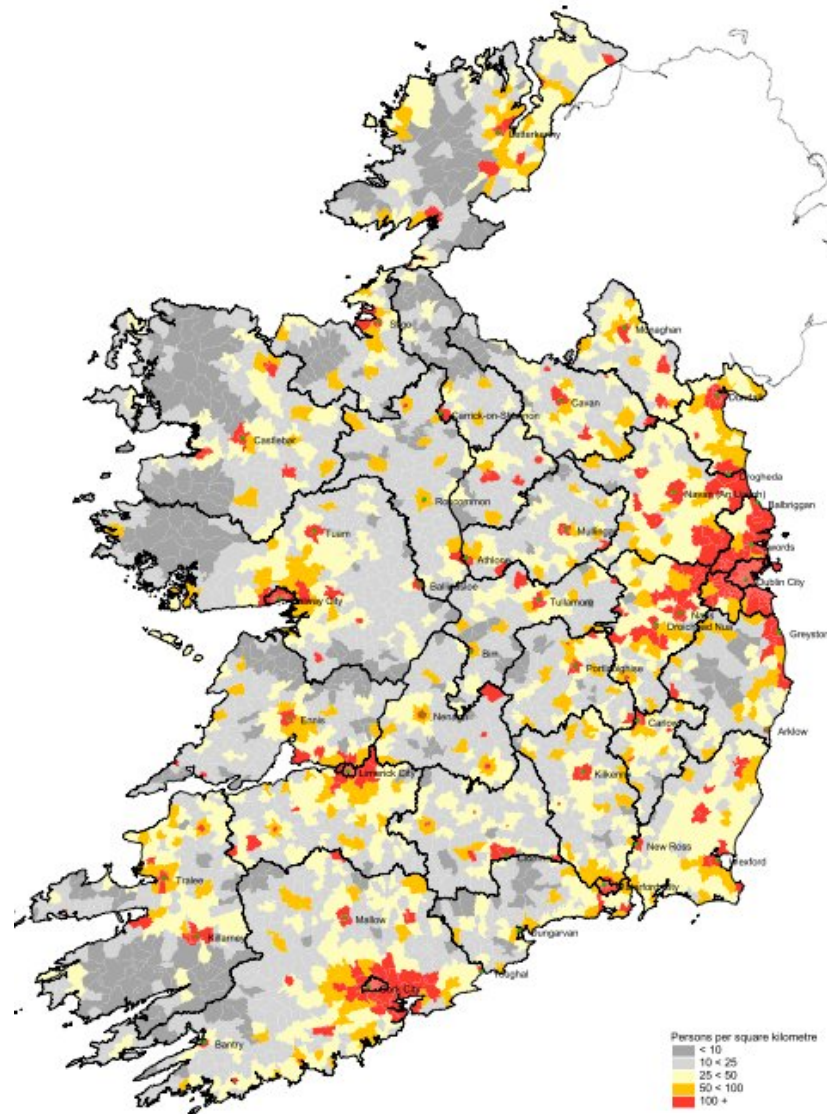
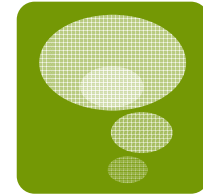


- Celtic Tiger to construction bubble
 - FDI – driver of economic growth
 - Production costs
 - Expansion of government expenditure
- Busting of construction bubble
 - Banking crisis
 - Government finances

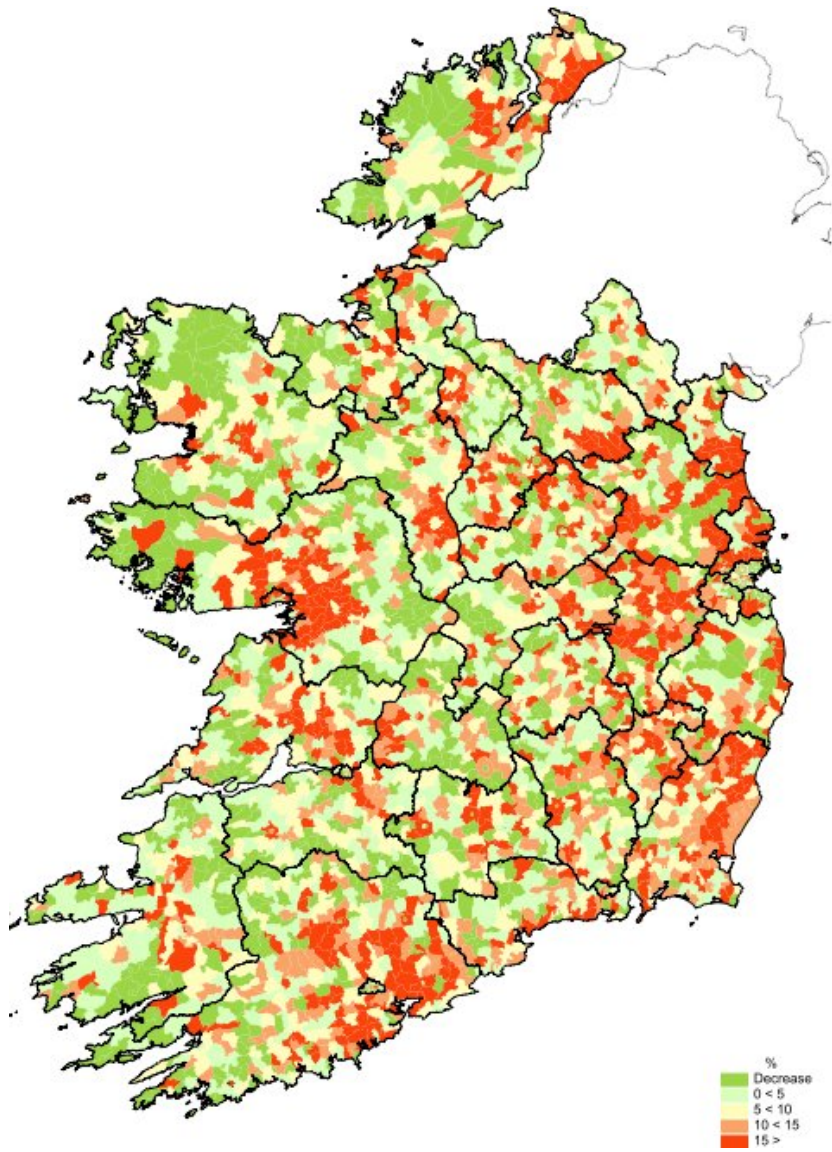
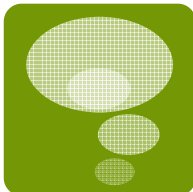
GDP Annual Growth Rate



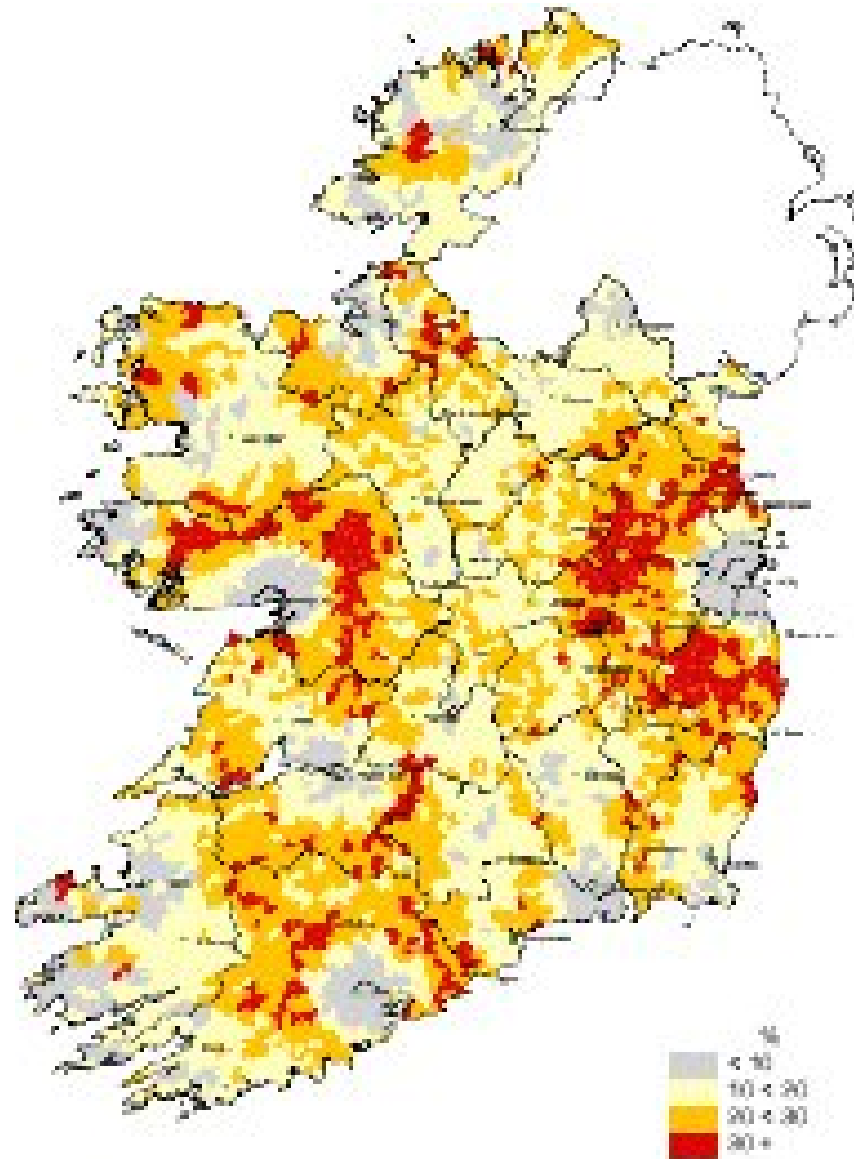
Population density of ED, 2006



Percentage change in population of EDs, 2003-2006



Percentage of workers in each Electoral Division who travel over 30 kilometres to work



Farm Structure and Land Use



- Average farm size is 32 hectares with almost 50% of farms less than 20 hectares.
- Only 13% of farmers are less than 35 years old and 41% over 55
- The decline in the number of small Irish farms has been more rapid than in EU – over 5% per annum for farms less than 5 hectares.
- Irish agriculture is primarily a grass-based industry; 80% of agricultural area is devoted to grass (silage, hay and pasture), 11% to rough grazing and 9% to crop production.
- Beef and milk production currently account for close on 60% of agricultural output at producer prices.

Farm Income



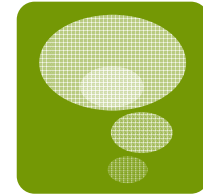
- On 48% of farms, the farmer and/or the spouse have an off-farm job.
- 30% of farm families rely on farming as their sole source of income.
- 60% of farm household income now comes from off-farm sources.
- On average, 75% of farm income is made up of direct payments.
- Farm households have a weekly disposable income of €160 per household member compared with €149 for non-farm rural households and €195 for urban households.

Main Commodities and Exports



- The agri-food sector accounts for 8% of gross domestic product, around 10% of employment and around 7% of total exports.
- Beef and milk production account for around 60% of agricultural output.
- Ireland exports nine out of every 10 beef animals, making it the largest beef exporter in the EU and one of the largest in the world.
- Dairy exports account for 75% of total production

Weakness in Irish Agriculture



- Majority of farmers engaged in low margin activities (extensive export oriented produce), which can only give small incomes, given the average farm size
- Farmers are overly dependent on EU price and income supports
- Farmers are price-takers, not price makers (Monopsonistic markets)
- Poor age profile of operators
- Lack of young people taking up farming due to poor incentives
- Low level education of farmers in agricultural matters
- Farming decision-making does not have a keen business edge
- Farmers are not good at exploiting their resources for alternatives to food production
- Farmers do not have a tradition of selling directly to the consumer and are therefore not consumer oriented
- Poor quality livestock - no incentive to produce good quality beef
- Over-regulation of the industry
- Volatile farm (policy) environment

Island Issues – Celtic Tiger



- All islands received grant support administered through Community Development Programme (Previously only Gaelic speaking islands with this status)
 - Significant improvement in island infrastructure
 - Subsidies to Island Ferry Service
- LEADER II – one LEADER for all islands (Community Groups amalgamated)
 - Do not have to compete with mainland for funding
 - Need a community development programme on each island
- Economic pull to mainland during Celtic Tiger

Long Term Strategy for Islands



- Social Services for people and children
- Fishing
 - regulated out of existence – must be addressed
 - Lobster Storing (Long Term)
- Farming → move to organic and branded production
- Tourism
- Attracting mobile enterprises through IT