

# Bank of Ireland Sectors Team Food & Beverage H1 2025 Insights / H2 2025 Outlook

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### Insights – Ireland’s quality food & beverage exports continue to grow

Whilst H1 of 2025 saw robust food and drink exports with CSO Jan-June value of €9.4Bn +17% YoY,<sup>1</sup> the environment remains challenging with a high cost base and food ingredient prices rising. Some sub-sectors, like seafood and alcoholic beverages, are more impacted by a challenging environment, with global competition and reduced consumer spend impacting sales. Whilst global instability and high input costs are factors affecting daily trade, operators are proving resilient and overall the industry in Ireland has remained buoyant.

Staffing remains a concern, with low unemployment and high wages, and this is leading many operators to introduce increased automation. Food and Beverage manufacturers are increasingly focusing on sustainable and longer-term efforts, both to future-proof operations, but also to compete in a highly competitive market. Food inflation remains a concern, continuing to rise albeit at a slower pace than in 2023 at 4.8% in July 2025.<sup>2</sup>

### Sector Trends

- Food & Beverage exports continue strong at €9.4Bn Jan-June, +17% YoY with largest sectors of meat +17% and dairy +32%, and all Sub-sectors in growth.<sup>3</sup>
- Tariffs:** With US 15% tariff rate in place since 7th August, it has brought some level of certainty, and exporters are progressing their plans for H2 and beyond. The €-USD exchange rate change has also presented challenges for exporters.
- Alcoholic drinks** exporters had hoped a EU-US zero-for-zero tariff on alcohol would materialise, but it was excluded

from the EU-US Framework Trade agreement, putting Ireland’s drinks operators at a global disadvantage.<sup>4</sup> EU exporters pay a 15% tariff for products entering the US while UK/NI have a slight advantage with a 10% rate. With US products tariff-exempt and alcohol from Canada incurring a 35% tariff,<sup>5</sup> consumer prices will shift over coming weeks and months.

- Some exporters to US are pivoting to other markets with Canada a key target. Minister for Agriculture Martin Heydon has met the Ontario Liquor Board (LCBO) to discuss Irish whiskey potential, since US whiskey was removed from shelves in Ontario due to tariffs placed on Canadian products.<sup>6</sup>
- Food inflation** was reported by CSO at 4.7% in ROI in July ’25, with EU at 3.6% and UK 4.5% respectively in June, all higher than previously and not showing signs of abating.<sup>7</sup>
- The cost of living challenge means up to 47% of grocery spend is now own-label products as shown in a NielsenIQ UK survey.<sup>8</sup> In May’s issue of Checkout magazine, the EY Future Consumer Index indicated Irish consumers ‘are embracing private label products’ and ‘have accepted discounters’.<sup>9</sup>
- Within the sector, operators continue to pivot to new opportunities in a particular export market and develop product ranges to explore a new channel, such as airlines.

Table 1 below shows the breakdown of main markets for food and beverages from ROI: GB experienced growth YoY whilst NI has stayed relatively flat. The UK market now accounts for 37% of exports. The EU also grew from 34% of total exports to 37% while ROW dropped back slightly from 15% to 13%. The US remains at 9% of exports.

Table 1: Exports by market; Jan – Jun 2025 & 2024 by market €Bn

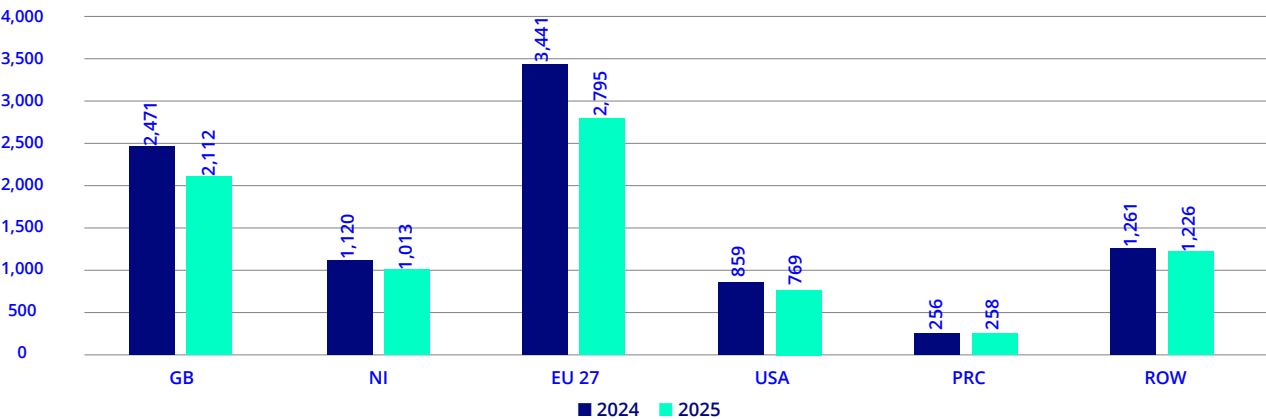


Table 1 Source: CSO Jan-June 2025 data 15th August 2025



## UK Grocery

The UK accounts for almost 40% of ROI's food and drink exports. Kantar shows in the 12 weeks to 13th July 2025, Tesco continues to grow its share to 28.3% with Sainsbury's, Aldi, Lidl and Ocado also growing market share at the expense of Asda and Coop with many consumers 'very concerned' about rising grocery prices.<sup>10</sup>

Kantar 12 w/e 13 July 2025	Share %	Share vs 2024	Sales vs 2024	Share vs 2020	Sales vs 2020
<b>TESCO</b>	28.3%	+0.6%	+7.1%	+1.6%	+20.7%
Sainsbury's	15.1%	+0.1%	+5.3%	+0.2%	+15.2%
<b>ASDA</b>	11.8%	-1.0%	-3.0%	-2.3%	-4.7%
<b>ALDI</b>	10.9%	+0.2%	+6.3%	+3.1%	+59.6%
Morrisons	8.4%	-0.3%	+1.0%	-1.9%	-7.5%
<b>LIDL</b>	8.3%	+0.5%	+11.0%	+2.4%	+60.9%
<b>COOP</b>	5.2%	-0.5%	-3.7%	-2.0%	-17.0%
WAITROSE & PARTNERS	4.4%	N/C	+5.5%	-0.3%	+7.3%
<b>ICELAND</b>	2.2%	-0.1%	+2.8%	-0.3%	+2.3%
<b>OCADO</b>	2.0%	+0.2%	+11.7%	+0.3%	+32.1%
Other multiples	1.9%	+0.1%	+9.0%	-0.1%	+9.5%
Symbols/Indies	1.4%	N/C	+7.3%	-0.9%	-30.2%
<b>Totals</b>			<b>+4.6%</b>		<b>+13.8%</b>

Table 2 Source: Kantar (UK) 12 weeks to 13th July 2025



## ROI Grocery

Many food and beverage producers rely heavily on a buoyant local grocery sector for sales. Grocery retailer performance for the 12 weeks to 13th July is outlined in the Kantar table below. Dunnes is in no 1 position with Tesco a very close second. Kantar reports strong single digit growth across retailers with Lidl's growth strongest at 9% YoY to hit a record share 14.2%.<sup>11</sup>

Kantar 12 w/e 13 July 2025	Share % +/- YOY	Share %	YOY	2yr	3yr	4yr
<b>SuperValu</b>	4.80%	20.20%	-0.20%	-0.50%	-1.30%	-2.10%
<b>TESCO</b>	5.70%	23.20%	0.00%	0.60%	1.20%	2.00%
<b>DUNNES STORES</b>	6.90%	23.40%	0.30%	0.70%	1.50%	2.30%
<b>ALDI</b>	5.60%	12.00%	0.00%	-0.50%	-0.60%	-0.50%
<b>LIDL</b>	9.00%	14.20%	0.40%	0.30%	0.70%	1.10%
Others	0.30%	7.10%	-0.40%	-0.50%	-1.40%	-2.80%

Table 3 Source: Kantar (ROI) 12 weeks to 13th July 2025

## Food traceability

Food traceability has been in media headlines lately with food recalls for cooked and uncooked foods, due to the presence of listeria, affecting several operators. The Food Safety Authority of Ireland (FSAI) was heavily involved in these cases and a lot of work carried out to ensure extra food safety measures are carried out in these operations, such as more frequent testing. Why has this happened? Testing methods for listeria detection are more advanced leading to easier detection and increased use of prepared foods may be leading to its presence in foods stored for long periods in fridges, as it multiplies in chilled environments.

Listeria is a bacteria present in the environment, in soil and water. If it gets into the food chain it causes difficulty for a food production site, which requires rigorous deep cleaning. If undetected, it can cause listeriosis in people, with flu-like symptoms, which is harmful to at-risk groups.<sup>12</sup> Cases like these highlight the crucial role of rigorous food traceability and safety systems across supply chains.

Food Index

The food price index is a useful benchmark to track global changes in food commodity prices. July 2025 saw a food index of 130.1, or 1.6% increase on June.<sup>13</sup> Cereals, dairy and sugar prices declined while meat and oil prices rose.

Cocoa prices dropped to under USD \$7,500 in late August due to better harvest yields in West Africa, compared to a high of over USD\$12,000 in March 2024. But with low global stock levels, it is likely cocoa prices will stay high. When current prices of c\$7k p.t. are compared to pre-March 2024 prices of \$2-3k p.t. this is a huge increase.<sup>14</sup>

Coffee prices have risen significantly as outlined in Table 6, which shows prices since 2014 and estimates in 2026. Anticipated prices show high prices are likely to continue. This is driven by yields affected by extreme weather, disrupted supply chains, tariffs affecting supply routes, and political instability.<sup>15</sup> New EU Deforestation rules will soon require proof that the coffee beans are not linked to deforestation putting more pressure on producers.<sup>16</sup>

Table 4: FAO Food Commodity Price Indices

2014-2016=100

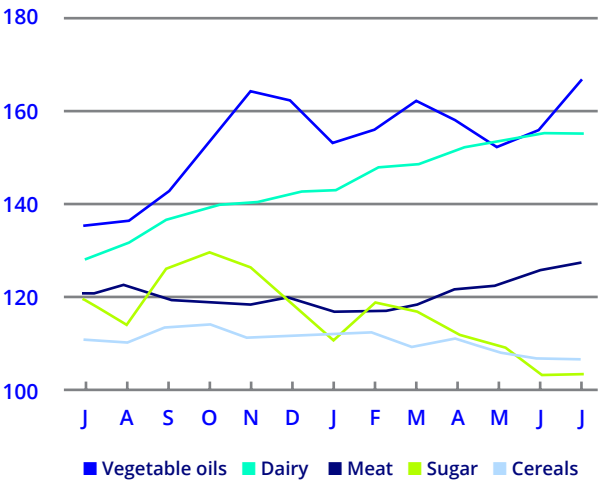
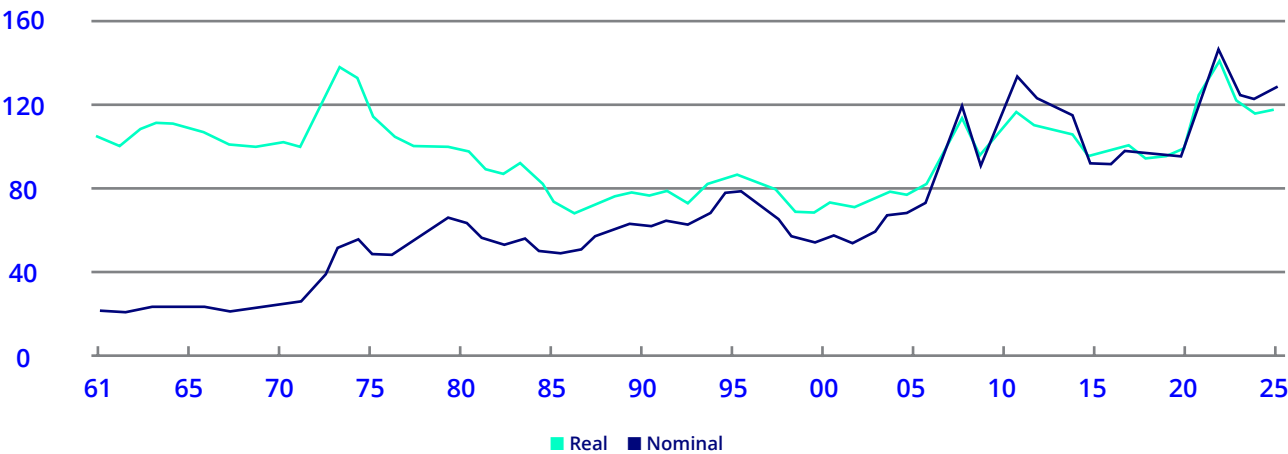


Table 5: FAO Food Commodity Price Index in nominal and real terms

2014-2016=100



\*The real price index is the nominal price index deflated by the World Bank Manufactures Unit Value Index (MUV)

Table 4 & 5 Source: FAO Food Price Index | Food and Agriculture Organization of the United Nations

Table 6: Average prices for Arabica and Robusta coffee worldwide from 2014 to 2026 (est.) (USD\$ per KG)

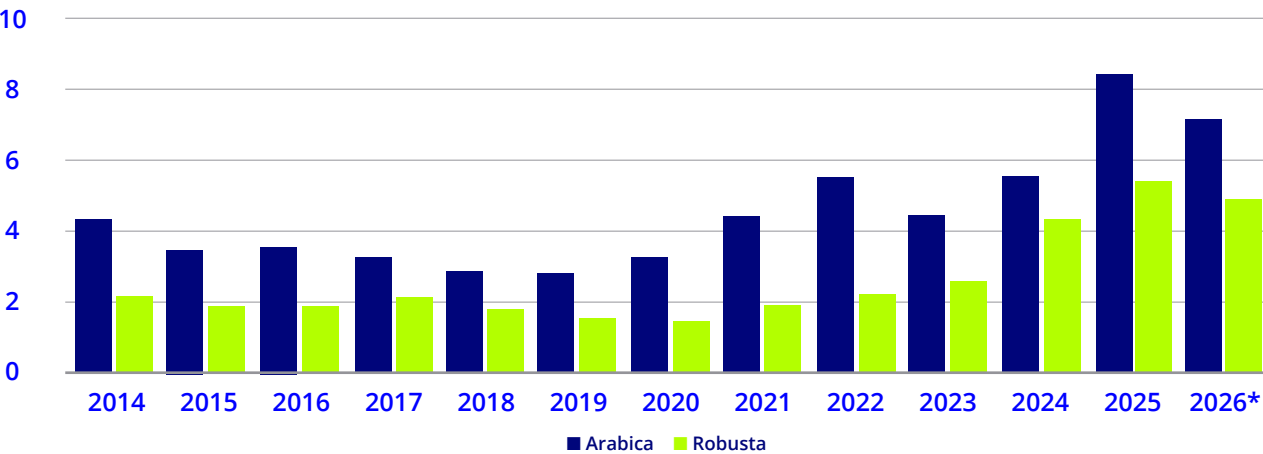


Table 6 Source: Statista 2025



## Sustainability

**Food Vision 2030** is Ireland's strategy to transform its agri-food sector into a global leader in sustainable food systems. It aims to deliver a competitive, innovative, climate-smart, agri-food sector. Whilst Irish producers have increasingly accessed green transition supports, especially energy efficiencies, and some producers made good strides, progress needs to accelerate across industry.

**Food circularity** is key, from regenerative agriculture, reduction and re-purposing of food waste, to valorising of food waste.

**Plastic packaging** in Ireland has the highest usage per capita in Europe with c 73kg per person in 2021, more than twice the EU average.<sup>16</sup> Ireland will need to accelerate progress in this regard. The EPA report in Dec 2024 showed Ireland's recycling rate has not accelerated.<sup>18</sup> France rolled out various initiatives in 2020 including the removal of plastic on fruit and vegetables and other changes in plastic usage.<sup>19</sup> As with the highly successful plastic bag levy, Ireland should consider an initiative such as the French one.

**Methane emissions: Albert Heijn** (Ahold Delhaize) is the world's first retailer to announce it will report and aim to reduce methane emissions by 45% by 2030 vs 2018. This is part of its Scope 3 emissions approach and will put pressure on the agri-supply chain into this retailer.<sup>20</sup>

## Mergers and Acquisitions

- Mergers & Acquisitions in Food, Beverage and Agriculture in Europe remained solid. Whilst transactions decreased c7% versus H1 of 2024,<sup>21</sup> it was a good result given macro-economic uncertainties. Activity has been driven by consumer trends as operators look to future proof operations.
- M&A included Pernod Ricard divesting its wine business to concentrate on spirits, Ireland's Valeo Foods buying two Italian sweet bakery brands Melegatti 1894 & Freddi Dolciaria, and Greencore acquiring Bakkavor for £1.4Bn to become a huge ready-meal operator.<sup>21</sup>

## Funding in the Sector

Funding in the sector included:

- Stocking loans, capital expenditure loans for factory upgrades including automation, robotics and production enhancements.

## Outlook

- Whilst geopolitical uncertainties and volatility in the global landscape remain, industry has learned to adapt and the outlook for the sector in 2025 remains moderately positive.
- Irish producers continue to show remarkable strength and flexibility, and strong exports underpin the sector's performance.
- Food Inflation and climate change are of concern, and whilst the food supply chain is carefully controlling the high cost-base, consumer food and beverage prices will remain high.
- Continuing to maintain Ireland's quality produce is critical, with a circular food system key to future success.
- Business costs and staffing will be a challenge, whilst the imperative for a sustainable food system will drive operators to act more sustainability.
- With a changed landscape due to US tariffs, operators need to broaden export market potential.
- The diverse number of export markets Ireland targets can provide new opportunities, with the right focus and supports in place.

Sources:

<sup>1</sup> [Goods Exports and Imports June 2025 - Central Statistics Office](#)

<sup>2</sup> [Tradingeconomics.com Ireland Inflation Rate](#)

<sup>3</sup> [Goods Exports and Imports June 2025 - Central Statistics Office](#)

<sup>4</sup> [US tariffs 'put Irish drinks firms at a disadvantage'](#)

<sup>5</sup> [U.S. Customs and Border Protection - New Tariff Requirements for 2025](#)

<sup>6</sup> [Canadian state wholesaler wants Irish whiskey to replace US spirits in 25,000 outlets, agriculture minister says | Irish Independent](#)

<sup>7</sup> [Tradingeconomics.com/food Inflation - Countries - List](#)

<sup>8</sup> [Supermarket Sales Slow: Consumers To Buy More Own Label Items As Household Bills Rise - KamCity](#)

<sup>9</sup> [Irish Shoppers Embrace Private Label And Discounters - EY | Checkout](#)

<sup>10</sup> [UK grocery inflation jumps to 5.2% in four weeks to July 13, Worldpanel says | Reuters](#)

<sup>11</sup> [Despite erratic summer weather, Irish shoppers spend an additional €4.4m on groceries](#)

<sup>12</sup> [From goats cheese to hummus - why there have been so many listeria recalls - The Irish Times](#)

<sup>13</sup> [FAO Food Price Index | Food and Agriculture Organization of the United Nations](#)

<sup>14</sup> [Cocoa - Price - Chart - Historical Data - News](#)

<sup>15</sup> [Why are coffee prices hitting record highs? - DW - 05/30/2025](#)

<sup>16</sup> [Regulation on Deforestation-free products - European Commission](#)

<sup>17</sup> [Research Matters | Plastic pollution - Houses of the Oireachtas](#)

<sup>18</sup> [Ireland's recycling rate has not improved in a decade: it is time to move away from a wasteful linear economy | Environmental Protection Agency](#)

<sup>19</sup> [Research Matters | Plastic pollution - Houses of the Oireachtas](#)

<sup>20</sup> [Albert Heijn becomes first to publicly report methane emissions](#)

<sup>21</sup> [Food, Beverage & Agriculture | M&A Industry Update | Q2 2025 | MCF Corporate Finance](#)

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