Corporate & Commercial Banking - Sectors Team. Developments & Insights

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Bank of Ireland

Classification: Green

Contents

Foreword – John Feeney: Chief Executive, Corporate & Commercial Banking

In my role as Chief Executive of our Corporate and Commercial Division I am fortunate to have the opportunity to meet many great Irish businesses. I am always struck by the innovation and dynamism alive across the country and the ambition of our customers to grow. At Bank of Ireland we champion this ambition, supporting Irish businesses through a relationship model that includes lending to facilitate capital expenditure and a wide variety of products and services from across the Bank of Ireland Group. As part of this, our sector specialists work with our customers to provide insights into key trends and developments. In an increasingly specialised global economy, our aim is to guide our customers to solutions that help their businesses become stronger.

With this in mind, I am delighted to introduce the latest edition of the sector team's 'Bank of Ireland Development and Insights report', covering the Agriculture, Hospitality, Health, Retail, Technology-Media-Telecoms, Manufacturing and Food & Beverage sectors. At Bank of Ireland, we understand that Irish businesses are navigating an environment characterised by uncertainty and change, and this may lead to increased costs, changing consumer behaviours and supply-chain disruption. Despite these challenges, Irish businesses are showing remarkable resilience and adaptability, finding innovative ways to thrive in both supportive and challenging circumstances. In this report, we will explore some of the key trends and opportunities for businesses in Ireland and highlight some of the strategies that businesses are using to succeed in the face of adversity. Recognising that every business is different, we hope this will stimulate thinking as to how to shape your business into the future.

Amidst all this change, our commitment to our customers remains constant. Our sector specialists and all our banking teams are ready to engage with and support your business.

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Investment continues within the market:

As the ever more discerning Irish consumer seeks excellence in store standards, Irish grocery and convenience retailers/brands recognise that investment/differentiation is required to retain and attract footfall to their business. This investment includes the delivery of new and revamped best in class stores that showcase the latest initiatives and offerings from individual brands. In recent months, Tesco have opened a number of new Express format stores in Dublin whilst Aldi, Lidl, Dunnes, Centra and Spar (amongst others) continue to expand their footprint nationwide. Cross-brand collaboration continues to be a feature of the market with Applegreen/Marks and Spencer, Circle K/Off-beat Donuts and Dunnes/Iceland all representing new/expanded partnership propositions being offered to the Irish consumer. Bank of Ireland funding activity in respect of store purchase and revamp proposals has remained robust in Q1 2025.

Evolving retail landscape:

Retailers continue to assess the impact that current geo-political developments may have on consumers discretionary spend and are tailoring their business plans accordingly. Investor interest in retail park/shopping centres has been strong with notable transactions being closed in Cork, Carlow, Kilkenny, Drogheda and Dublin in recent months. This has been driven by a re-invigoration of in-store retail in a post-pandemic landscape which has seen numerous international brands (Lego, New Balance, Pret A Manger, Kiko etc) open stores in Ireland along with occupancy levels returning to more normalised levels – retail parks and shopping centres now at 95%+ occupancy nationwide.

Impact of US Tariffs on Irish Retail Sector

Given the low volumes of stock sourced from (see Table 1 below) and products sold directly to the US market by Irish retailers, it is likely to be the impact of knock-on global economic factors on consumer sentiment as opposed to direct trade tariffs which will be monitored closely by Irish/Irish based retailers in the months ahead.

Whilst premature to speculate on the impact of US tariffs/or potential retaliatory tariff strategies, an escalated trade war/inflationary environment would constrain/erode consumer spending/confidence. Unquestionably, increased trade barriers that drive input costs/associated inflation would be very unwelcome for a sector already tightly managing its margin.

Planning for Trade Disruption: Areas for Retailers to Consider

Diversifying Sourcing Strategies: To mitigate risk, retailers should examine reducing their reliance on any single country for manufacturing/sourcing product. While shifting production/sourcing from outside of China/Southeast Asia would create its own logistical and cost challenges, many businesses now see this as a necessary long-term move to hedge against future trade disruptions.

Segmented Pricing Strategies: Enhanced data/automated supports are now available to retailers enabling dynamic price adjustments based on product category, competitive positioning, and consumer elasticity models. The smart utilisation of analytics to model different tariff/input cost scenarios can support proactive data driven decision making in a fluid trading environment.

Goods Imported by Main Use and Area of Origin	2023	2024	2023	2024
	€ Million	€ Million	%	%
Consumption Goods Ready For Use – Food, Drink & Tobacco	**8,395**	**9,030**		
Great Britain and Northern Ireland	3,477	3,710	41%	41%
EU	3,733	3,840	44%	43%
USA	135	253	2%	3%
Rest of World	1,049	1,227	12%	14%
Consumption Goods Ready For Use – Other	**24,655**	**27,593**		
Great Britain and Northern Ireland	6,979	6,362	28%	23%
EU	6,809	9,623	28%	35%
USA	2,606	2,463	11%	9%
Rest of World	8,261	9,145	34%	33%

Source: Irish Central Statistics Office (CSO) - 17/02/2025

Opportunities do Exist

While trade disruption/barriers to trade create considerable challenges, they can also create opportunities for proactive businesses. Some areas where retailers can gain a competitive edge include:

Strengthening Own Brand Strategies: As price sensitivity increases, private-label brands become more attractive to consumers. However, own-brand is not all about price/value – the development of premium, proprietary in-house solutions can provide a strong margin-generating differentiation point for retailers when delivered effectively. Retailers that stand out in this regard are well-positioned to develop their market share.

Enhancing Supply Chain Resilience: Given the pressures on retailer's margin, a focus upon automated demand forecasting, dynamic inventory management, granular examination of product ranges etc are becoming an imperative for progressive retailers. Investment in supply-chain resilience will support a long-term, sustainable business model – potential trade disruption should be a catalyst for proactivity in this regard.

Customer Experience as a Differentiator:

In a competitive environment retailers must focus on reinforcing the overall customer experience. Superior service, personalised engagement and seamless omnichannel interactions can offset price sensitivity to some extent.

New Trading partners/Channels: Given the escalation of tariffs imposed by the US, Chinese manufacturing facilities may be seeking new trading partners to ensure productivity/capacity is maintained. This could present an opportunity for European/Irish retailers to strike competitive manufacturing/trade deals with Chinese entities. If wider reciprocal tariffs deepen – there may also be an opportunity for Irish retailers to displace US retailers across a wider geographic footprint – primarily the EU market.

Outlook 2025

- The Irish retail sector remains a pivotal element of the Irish economy – generating employment (c300,000 jobs) and business activity in all regions nationwide. Given the breadth of the sector – the performance across individual sub-sectors will vary with operators within the grocery/convenience, home, beauty and sports/wellness areas best placed to thrive in an ever-evolving trading environment.
- Investment in personnel development, digital transformation, partnerships, supply-chain and store network projected to continue to meet consumer expectations and to support margin management.

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Trade Now...

The tourism and hospitality sector thrives under stable market conditions. Economic and sociopolitical certainty support regular supply and demand patterns, which can in turn drive stronger turnover and provide businesses flexibility to implement strategies that may deliver higher profits.

Despite ongoing conflicts in Ukraine and the Middle East, demand trends from domestic residents and inbound visitors have been relatively favourable for Irish hospitality businesses over the last couple of years. The sustained demand has so far provided business with some insulation from the escalating costs and expenses particularly around staffing and energy. Hotel accommodation KPIs[1] to the end of March show favourable occupancy and rate trends for most locations across Ireland (see table below) with the exception of Cork and Belfast where occupancy is down about 3% leading to a year-on-year drop in RevPAR. The encouraging performance to date is out of synch with Inbound visitor stats released by the CSO to the end of March,[2] which show a 23% decline in the number of trips and a 26% decline in expenditure (excluding air fare) for Q1 2025 vs same period last year. Stats on the domestic demand won't be available for a couple of months but unemployment data to the end of March remains stable at 4%[3] which points to sustained discretionary spending patterns in the near future.

Accommodation KPI's Ireland: 2022-205	March YTD											
	Occupancy %				Average Room Rate €				RevPAR €			
Location	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
Dublin All	56	73	72	73	128	155	146	145	71	113	104	106
Dublin city centre	50	69	68	70	147	175	160	160	73	121	109	112
Galway	48	57	56	55	130	138	137	140	62	79	76	77
Cork	51	67	64	61	126	136	136	138	64	91	87	85
Limerick	58	71	69	71	135	145	149	151	78	103	103	108
Kilkenny	46	58	58	58	151	149	152	159	69	87	88	93
Ireland Provincial	48	61	60	58	121	131	134	138	58	79	81	81
Belfast	56	66	69	66	100	105	118	118	56	69	81	78
Derry/Londonderry	51	56	58	54	98	96	101	113	50	54	59	61

Source: Bord Bia Foodservices Report 2024

Tariffs

The escalating discord prompted by the review of US tariffs has plagued the financial markets with uncertainty which in turn has raised concern across a wide range of sectors including hospitality. In the US, preliminary figures for overseas visitor arrivals for March 2025 show a 11.6% drop which could have a material impact on an industry that delivers $2.36tn to the US economy.[5] It is still a bit early to make any strong affirmations on the consequences of the escalation in tariffs, but these may include:

- Reduced demand and tighter spending as uncertainty can influence consumer behaviour and spending patterns
- Rising costs, disrupted supply chains as businesses look for alternative suppliers.
- Erosion of margins due to tariffs could dampen appetite for corporate travel.
- Stock market and currency fluctuations may impact on purchasing power.

Businesses have already tightened their belts over the last couple of years and are doing "more with less" and for some the wiggle room has diminished. If demand softens while cost base remains challenging, businesses may have limited options to respond/adjust.

Tomorrow...

The hospitality sector has time and time again proven its resilience bouncing back from Foot & Mouth in 2001, global financial crisis ("GFC") in 2008 and Covid in 2020. The basic supply and demand landscape remains stable in Ireland at present and key indicators such as employment and household wealth[6] remain in a positive trend and most operators remain optimistic about the year ahead. When planning for the near future it's important to remain vigilant to small changes in the market so that the business can react quickly if needed. Some areas to consider are as follows:

- Review market segmentation trends across their different revenue streams/ service periods/events.
- Ongoing assessment of business on the books vs previous years.
- Revisit marketing and advertising initiatives and budgets.

[1] CoStar STR data for month-end March 2025.
[2] CSO, Inbound Visitor Statistics, March 2025.
[3] CSO, Unemployment Statistics, March 2025.
[4] Oxford Economics, "Inbound Travel to US in Steep Decline", April 11th 2025.
[5] Trade.gov, Travel and Tourism Industry,
[6] Central Bank of Ireland, Household Wealth, February 28th 2025.

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Current Trading Landscape

Despite geo-political uncertainty and a high cost base, the food and drink sector has remained resilient. It continues to adapt and meet changing consumer trends. The seafood sector is operating in a challenging trading environment and global trade tensions are worrying alcoholic beverage producers. Yet, many food producers are pivoting to new products and new markets to enhance margin-mix and develop new business. Funding in early 2025 included automation, increased production capacity and efficiencies.

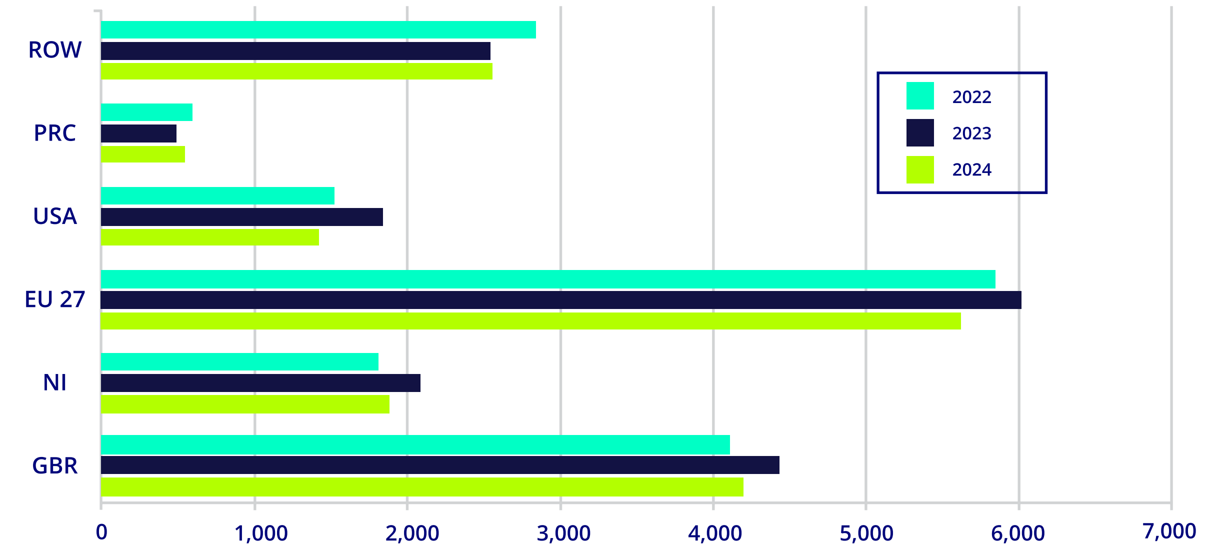
- The value of Jan-Feb '25 food & drink exports was €2.7Bn, +12% YoY[1] but with extra stock exported pre tariff announcements, shipments do not reflect in-market sales.
- Exports to GB & NI were €1.1Bn +7% v LY in first two months, EU €916m +22%, USA €271m +16% with exports to PRC (China) and Rest of World +31% and +13% respectively.[2]
- Trading Economics shows food inflation is 3.3% higher in March 2025 vs. March 2024, matching EU food inflation of 3.3%, with the UK slightly lower at 3%.[3]

Tariffs: On 9th April, a 90-day pause on the 20% tariff for EU food & drink imports entering the US started, and a 10% rate now applies. Whilst negotiations will likely see further changes, whatever the tariff rate, this is a dramatic change for global trade.

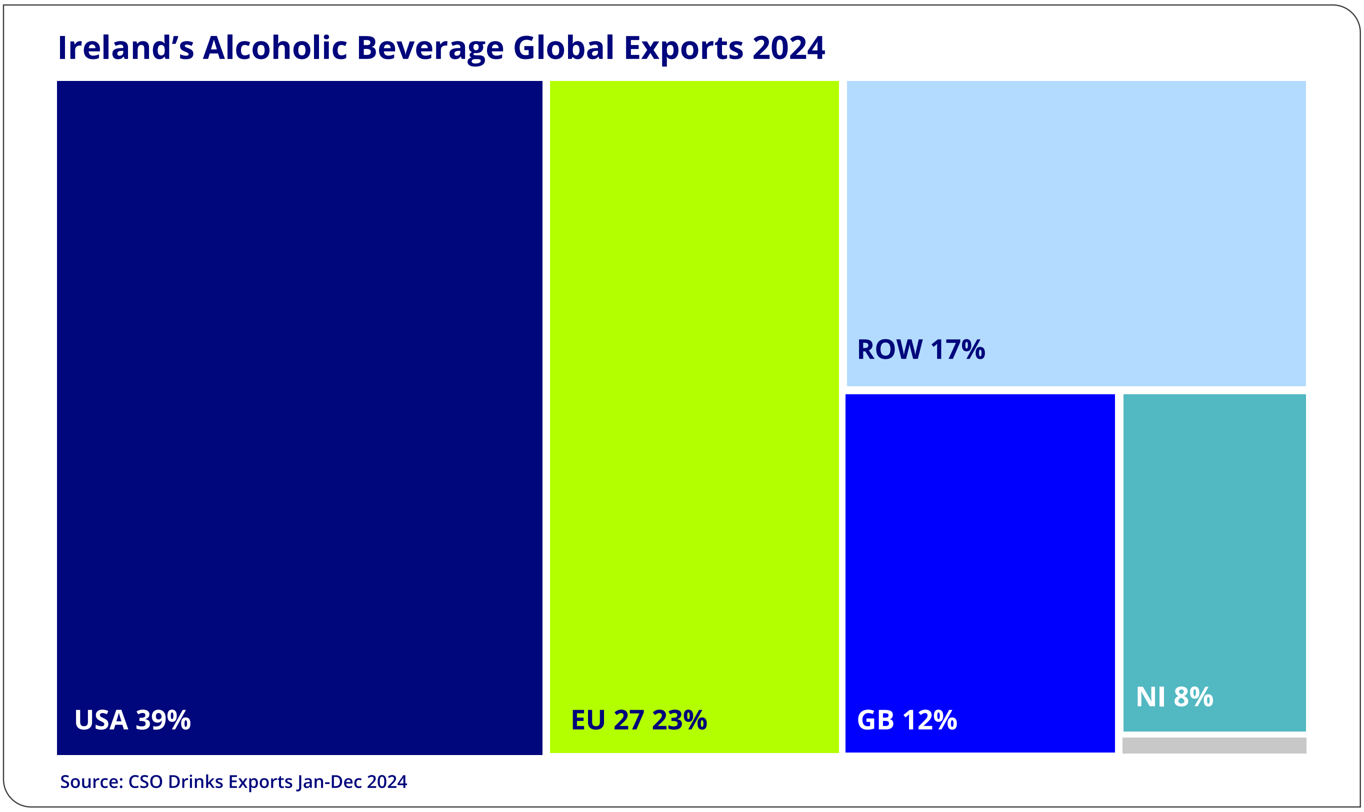
Ireland's Food & Drink Exports to US

- The €1.9bn of food/drink exported to the US in 2024 was 11% of our total food/drink exports. Import value of foodstuffs from the US, mostly agricultural, was €544m.[4]
- Over 90% of €1.9Bn is alcoholic beverages and dairy, with the balance being consumer goods.
- US dairy consumption is high at c.300kg per person p.a., based on USDA data.[5] Dairy made up €840m of exports to US with butter c.€500m and the balance dairy-based products- infant food, cheese and casein.[6]
- It brings some reassurance that in 2018 when the US imposed 25% tariffs on EU food and drink, Kerrygold (the second largest butter brand in the US) was not negatively impacted. The brand continued to grow in volume and value.[7]

Food & Beverage Exports by Region 2022-2024 €M



Source: CSO Food & Beverage Exports



Ireland's Alcoholic Beverage Global Exports 2024

- In 2024, €900m of alcoholic drinks exports went to the US: €450m of whiskey and the balance other alcohol and liqueurs.[8]
- The above graph shows that the US accounted for almost 40% of alcoholic beverage export value in 2024 after concerted efforts in recent years to develop the US market.
- In the last round of US tariffs, Irish whiskey was exempt but single malt scotch whisky, lost over £500m with sales down approx. 30% due to the 25% tariff.[9]

Outlook 2025

- Whilst the shadow of tariffs creates uncertainty for US-focused businesses in particular, overall the general outlook remains cautiously positive.
- Many producers' largest export markets are UK and EU. Some producers are focusing their efforts on building outside-US markets, but this process takes time and dedication.
- Whilst extra stock was sent to the US pre tariff announcements, alleviating short-term impact, US importers are paying tariffs as goods land impacting value chains and consumer prices.
- Staff availability and costs remain a general challenge for competitiveness; some operators are considering or trialling robotics or automating production processes.
- Businesses need to remain nimble, carefully controlling costs and ensuring they can react quickly to an ever-evolving environment.

[1] Goods Exports and Imports February 2025 - Central Statistics Office
[2] Goods Exports and Imports February 2025 - Central Statistics Office
[3] Food Inflation - Countries - List1 Goods Exports and Imports December 2024 - Central Statistics Office
[4] Goods Exports and Imports December 2024 - Central Statistics Office
[5] Butter & Cheese Consumption at Record Highs as U.S. Demand for Dairy Spikes in 2023 – IDFA
[6] Goods Exports and Imports December 2024 - Central Statistics Office
[7] Kerrygold remains a market leader in USA as the number two branded butter. - Irish Co-operative Organisation Society (ICOS)
[8] Goods Exports and Imports December 2024 - Central Statistics Office
[9] US suspends tariffs on single malt Scotch whisky - BBC News

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What's At "Steak" – The Impact of US Trade Policies on Global Agriculture

A trade war could significantly impact the financial health of US agriculture and be felt by farmers across the world.

There are some 1.9m farmers[1] in the US who are heavily incentivized through the Farm Bill to grow commodity crops such as wheat, maize and soya destined for export rather than produced for domestic consumption. Some 20%[2] of US agricultural production is exported and last year US agricultural exports reached $176bn (€154bn)[3] according to the USDA. This is almost 10 times the size of Irish agrifood exports (€17bn)[4] but still dwarfed by EU agrifood exports of €234bn.[5]

Agricultural Markets Are Defined By Global Trade

Over the last few decades, global trade in agricultural markets has increased significantly resulting in the sector now having a high-level of dependence on robust/frictionless international supply-chains. More than one-third of the volume of global agricultural trade is concentrated among several large economies. For example the top five global importers of agricultural goods are China, the US, the EU, the UK and Japan. While the top five global exporters are the EU, the US, Brazil, China, and Canada. So, the US is a key participant exporting more than 40% of its total production of key agricultural commodities such as fruits, almonds, oilseeds, rice and wheat.[6]

US agri exports have grown to become heavily reliant on China. Last year, China was the 3rd most important agri export market after Mexico and Canada.[7] It now accounts for almost 20% of all agri exports. Soyabeans have driven that growth and make up half of total agri exports to China – far more important (6 times) than the volume exported to the EU. On the import side, Mexico and the EU account for 40% of US agrifood imports with products such as fruit, vegetables, and alcohol key. When Canada is added in, this figure rises to 60%. Importantly US farmers rely heavily on inputs from Canada with 90% of US Potash- a key nutrient in the growing of crops, supplied from Canada. Similarly US pork producers rely on importing baby pigs from Canada.[8]

[1] USDA: Farm Structure and Organization | Economic Research Service
[2,3] USDA: Ag and Food Statistics: Charting the Essentials - Agricultural Trade | Economic Research Service
[4,15] Bord Bia: Bord Bia Export Performance and Prospects 2024-2025 report
[5] EU agri-food exports reach record levels of €235.4 billion in 2024 - European Commission
[6,7,8,9,10] USDA: Ag and Food Statistics: Charting the Essentials - Agricultural Trade | Economic Research Service
[11,12,13] Government Spending Explorer | USAspending
[14] Agriculture Factsheet

Agriculture and Food Prices Matter to US Consumers

Agriculture, food, and its related industries are key to the US economy contributing 5.5% to GDP and providing over 10% of US employment last year.[9] That's over 22 million full and part-time jobs related to the agricultural and food sectors with meat and poultry plants employing about a third of US food and beverage manufacturing employees.[10]

Perhaps more critical is the importance of cheap and subsidised food to US consumers. Last year while they spent 13%[11] of their household income on food, an increasing number of US households are finding it harder to put enough food on their tables. The US Food Stamps Program which has been around in various guises for several decades, cost the US federal government $160bn last year and for the 42m people or 12% of the US population who rely on it, has become a very important budget item.[12]

Key Takeaway and Impacts for Irish Farmers

While the full impact of these tariffs is currently unclear, some commodities will be affected more than others. The dependence on China and impact of retaliatory tariffs pose a significant threat to soyabeans, the leading US farm export. During the first Trump administration, the USDA allocated $28 billion to support farmers.[13] With these funds now largely depleted, and if US farmers need another support program as a result of a tariff trade war, Congress will need to pass additional spending authority to replenish this fund.

The overall uncertainty paints a complex picture of the impact of any trade war not only on US farmers but on farmers globally. In the short term, farmers in key exporting countries such as the US and Ireland may feel the impact of tariffs through increased price volatility and decreased market access. Price volatility of agri commodities particularly cereals and oilseeds has increased since the announcement of the tariffs, due to uncertainties around global demand, particularly from China, the world's biggest buyer. Persistent trade conflicts could lead to a loss of market share for US farmers as global buyers turn to different and more reliable suppliers, potentially causing lasting harm to the US agricultural sector. From an Irish farmers perspective, increased volatility increases unpredictability and severely impacts the ability to plan, invest, and grow. This has impacts for the wider Irish agrifood economy which accounts for 8% of GDP, 11% of Ireland's total exports and employs more than 170,000 people.[14] Irish Agriculture has benefited from global fair-trade agreements over the past number of decades supported by the EU Common Agricultural Policy. Given that 90%[15] of dairy, beef and sheep output is exported it is obviously desirable that this position is protected.

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Manufacturing Shows Green Shoots of Growth While Stockpiling Takes Centre Stage

Ireland's manufacturing Purchasing Managers' Index PMI[1] for March 2025 continued Q1's rebound into expansion territory at 51.6. While slightly down from February reading of 51.9, the average reading for Q1 was the highest since Q2 2022. This reflects an improvement in output and new orders but is also driven by a bumper increase in exports triggered by the desire to build stocks and cushion the costs of promised tariffs.

The sheer scale of this stockpiling is evidenced in latest export data for period January to February 2025.[2] Exports YOY are up 47% dominated by the US up 134% which in turn is dominated by Medical and Pharma up a whopping 333%.

PMI for Europe increased for the third month in a row to 48.6 a 26 month high. Again frontloading of US orders is partly to blame, so expect slower momentum in Q2.

With global trade now affected by tariff related uncertainty and volatility, we will see manufacturing pausing investments and new recruitment. Irish manufacturing is resilient and expert at navigating economic cycles. As the tariff story plays out, businesses will not deflect from a laser focus on costs and margins with a new emphasis on how best to serve their US customers in line with the new landscape of tariff costs.

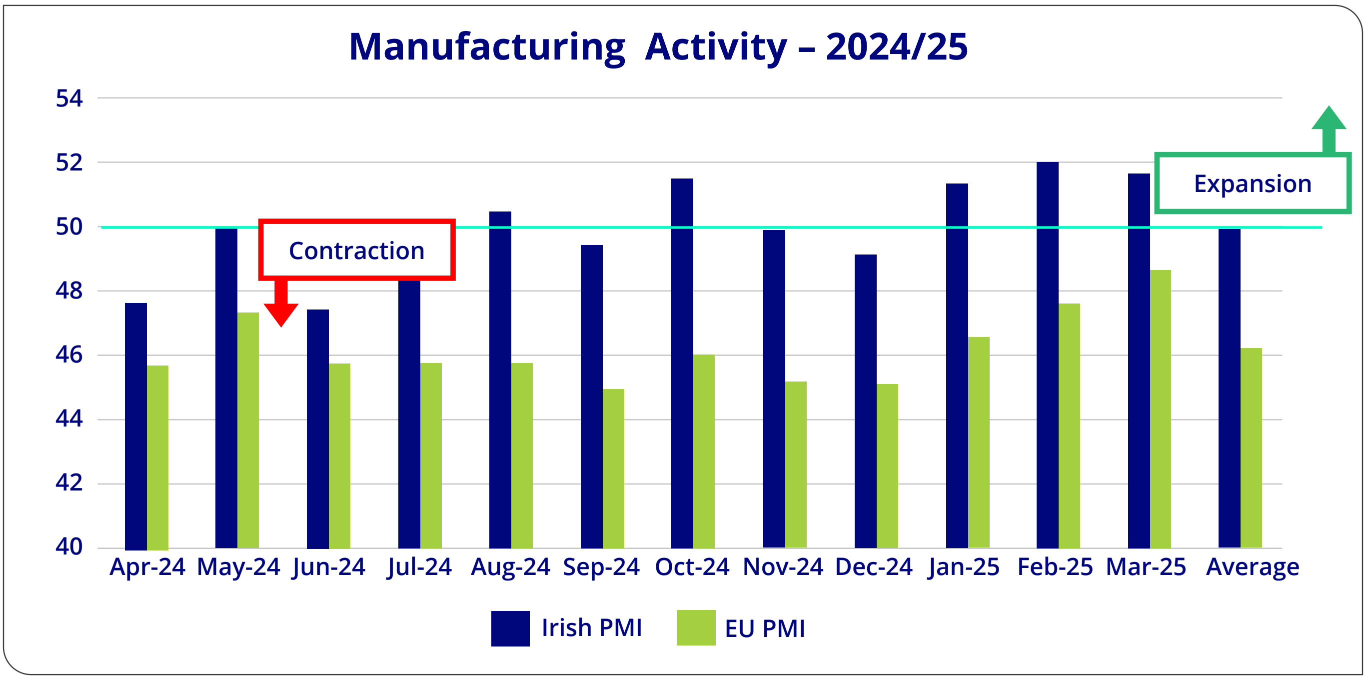


Table 1: .Sources: PMI by S&P Global April 2025[1]

Impact of US Tariffs – FOR NOW

With the announcement of sweeping tariffs on so called "Liberation Day", April 2nd 2025, the Trump administration has upended global trade rules which have been in place since 1947 when GATT (General Agreement on Tariffs and Trade) was signed by 23 Nations including the US. These punitive tariffs, calculated according to an "in-house" formula, came into force on the 9th April 2025, with following headline rates taking effect on imports of goods into the US as follows:

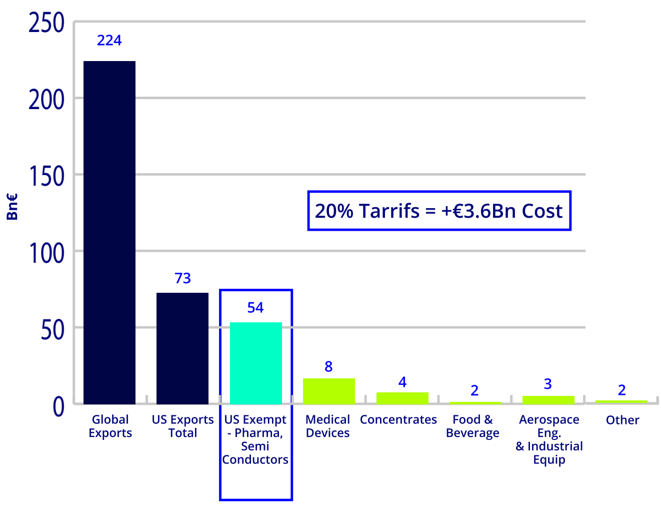
1. 20% from EU with exemptions for Pharma and Semiconductors
2. 25% on Steel and Aluminium
3. 25% on Passenger Vehicles and Key automobile parts.
4. 125% from China as trade war escalates – **now total tariff of 145%**
5. Varying tariff levels on other trading partners, with Asia and poorer economies most impacted

Table 2 below shows impact on Manufacturing in Ireland **for now.**

- Total goods exports 2024 were €224Bn with €73Bn to US of which €54bn covering Pharma/Semiconductors are exempt
- 20% applied to balance of exports which will cost an estimated €3.6Bn if no prices are passed through.
- Estimates on short term impact on Irish goods exports range from -2% for now to double digit impact depending on unfolding macroeconomic environment.

2024 Ireland Exports Global & US by Commodity

Table 2: .Sources: CSO[2], IBEC[3]



By comparison to our EU neighbours we have so far come off lightly as Table 3 below shows:

1. With exemptions for Pharma, the effective tariff rate for Ireland is just 3.8% compared to headline of 20%
2. For Germany with a high automobile content the effective rate is 18.1% much closer to the headline.
3. **LATEST NEWS:** The Trump administration has announced that tariffs on Pharma are imminent. A 20% rate would move the impact costs to €15Bn with no price increases. He has also put a **90 day pause** in place reverting to **10%** for all trading partners except China.
4. The net impact is US average tariff rate on all imports is now **24% versus 27%** before the 90 day pause.

Us Tariff Hikes by Exporter: Announced vs. Effective

Comparison of Announced Headline Hikes and Effective Hikes After Exceptions (percentage points)

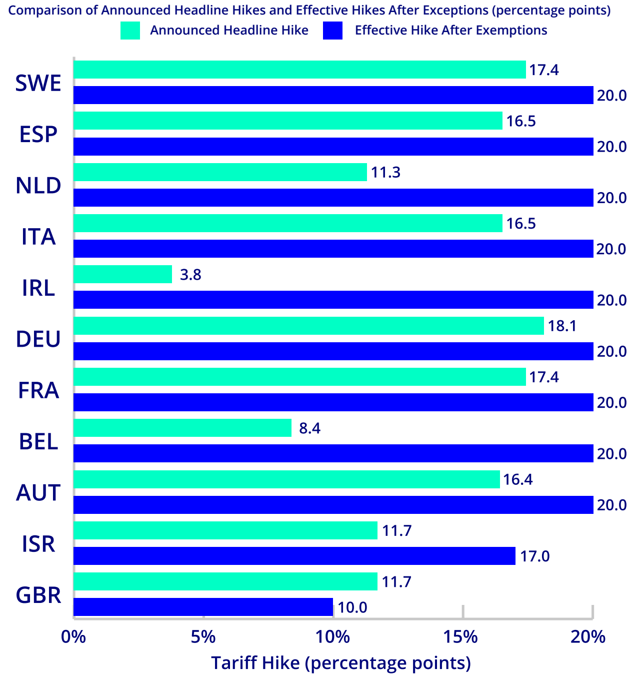


Table 3: Sources: US Reciprocal Tariff Chart Book - Global Trade Alert[4]

How Can Manufacturing Prepare?

The short to medium term impacts could stifle free trade, delay investment decisions, accelerate inflation, hurt consumers' pockets and risk plunging countries into recession. US could quickly experience significant price hikes in everything including cars, electrical goods, electronics, sportswear. Whilst further changes to US tariff policy are possible, in the meantime businesses should:

1. Engage with latest revision of US Harmonized Tariff Schedule HTS[5] **Harmonized Tariff Schedule**
2. Engage with your customers and understand your pricing options & elasticity to mitigate cost increases
3. Understand your supply chain and potential impacts due to interconnectivity across different value chains
4. Engage with Industry stakeholders such as BOI Sectors team, IBEC, EI, IDA.

[1] PMI Releases
[2] Goods Exports and Imports February 2025 - Central Statistics Office
[3] Tarrifs - IBEC
[4] U.S. Reciprocal Tariff Chart Book - Global Trade Alert
[5] Harmonized Tariff Schedule

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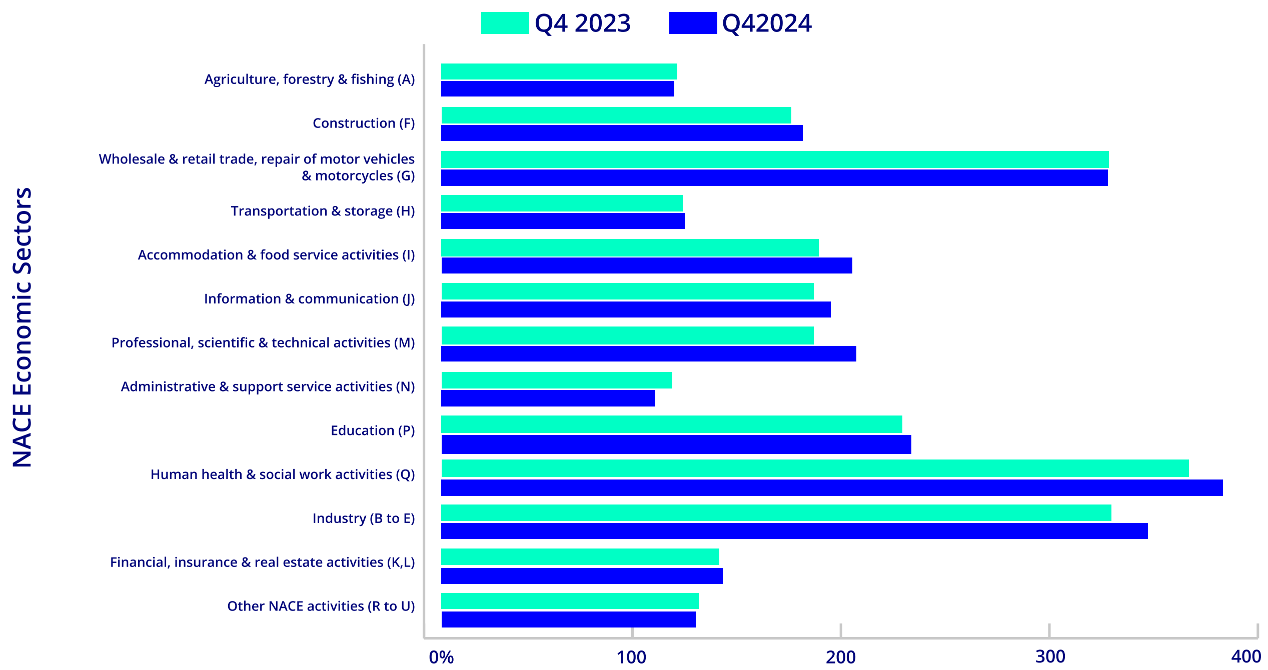
Table 1: Persons aged 15-89 years in employment classified by NACE Rev. 2 Economic Sector, Quarter 3 2023 and Quarter 3 2024, (thousands)



Despite some negativity regarding job losses in the sector over a number of years, employment was up 14,000[1] (+8.3%) in Q4, 2024 on the same period in 2023.

Over 106,000[2] are employed in Ireland's ICT sector by multinational companies, many of which having their headquarters in the US. At the time of writing, Amazon, Google, Salesforce, Microsoft, Apple, Meta and Oracle to name a few are all actively hiring for cumulatively, hundreds of roles in Ireland.

Recent impact of Tariffs on Tech Sector Stocks

Whilst the "Magnificent Seven" (Alphabet, Apple, Amazon, Meta, Microsoft and Nvidia) lost more than $1.8 trillion[4] in market value initially post the US Tariff announcement, these stocks have rallied and regained some of their lost value in the interim. However, with the application of 145% tariffs on China, it is inevitable we will see further stock market fluctuation in the times ahead.

Potential Tariff on Non-US Movies

President Trump has signaled an intent to impose 100% tariffs on all films that are produced abroad and then sent into the United States. Developments on this will be monitored with interest by the well-established Irish media sector.

Source: American Chamber of Commerce US-Ireland Business Report 2025[3]

Opportunities for Ireland

Ongoing uncertainty caused by the application of retaliatory tariffs may yet prove to be an opportunity for Ireland. In a time of crisis, investors seek sanctuary and certainty of a stable, pro-business environment; a proposition with which, Ireland is synonymous.

Looking Ahead

To date, those hardest hit by the implementation of tariffs, are businesses that have global supply chains incorporated into their business models, such as consumer technology hardware (device manufacturers) and ecommerce retailers. The vast majority of businesses that comprise the technology sector in Ireland are classed as digital services providers and therefore not directly affected by tariffs, for the time being at least. Downside risk associated with broader uncertainty could impact sales volumes for digital services as customers may choose to pause technology investment while trading uncertainty continues continues.

A Word of Caution

There are increasing calls from businesses to see a determined uplift in investment by government in infrastructure and dependable energy; likewise, the issue of providing access to affordable housing for employees remains a significant challenge.

[1] https://www.cso.ie/en/releasesandpublications/ep/p-lfs labourforcesurveyquarter42024/employment/
[2] https://www.idaireland.com/explore-your-sector/business-sectors/technology
[3] https://www.amchambusinessreport.com/
[4] https://finance.yahoo.com/news/live/stock-market-today-dow-sinks-300-points-sp-500-nears-bear-market-as-trumps-tariffs-keep-roiling-wall-street-200257670.html

Healthcare Sector

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As of the first quarter of 2025, Ireland has seen a notable increase in tax receipts, rising by €3.5bn year-on-year to reach €23.6 bn. This growth is bolstered in part from the Apple 'State Aid' outcome, contributing €1.7bn, along with strong employment and consumer confidence driving income and VAT receipts.[1] However the introduction of tariffs poses challenges that will affect the Irish economy and the dynamics of trade with the United States (US).

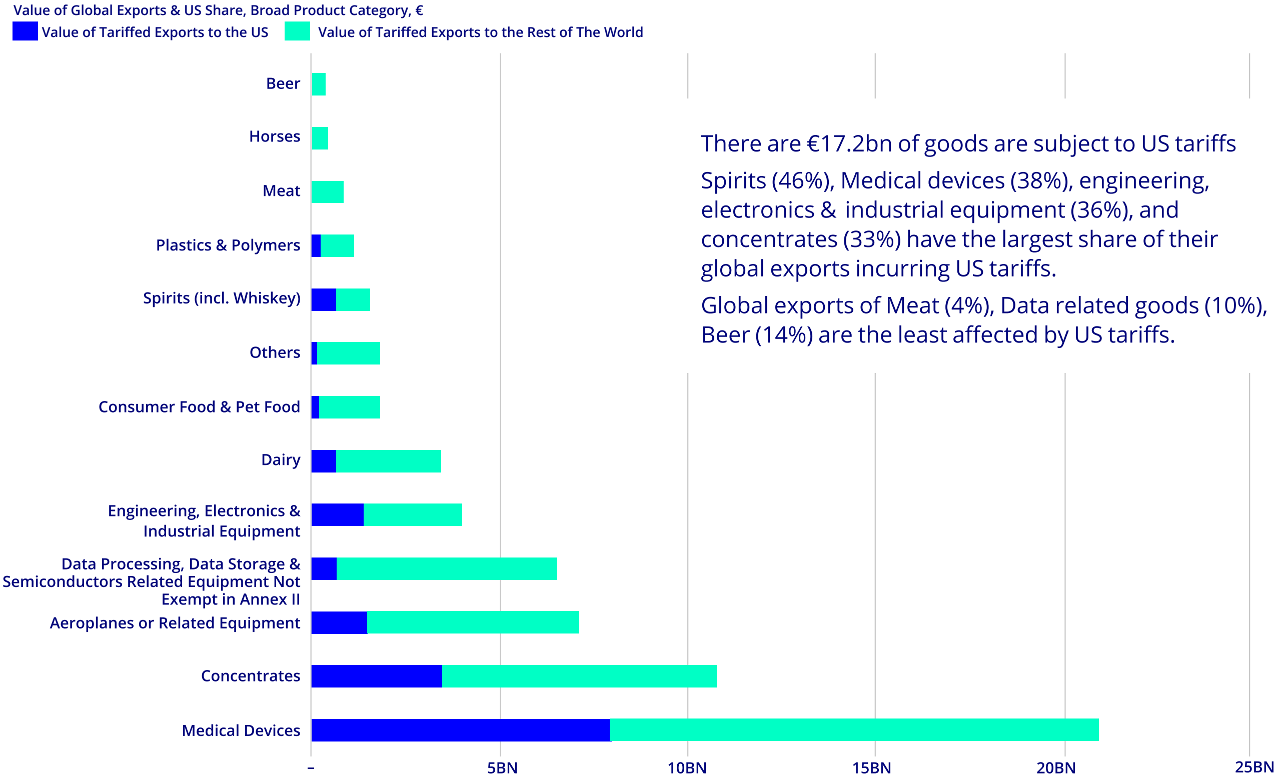
Ireland has critical trade ties with the US, particularly in the healthcare sector, where approximately half the value of Irish exports consist of pharmaceuticals and medical devices.[2] While a baseline 10% tariff applies to all goods imported into the US (as of April 5th 2025), there is a pause of 90 days on country specific measures with an associated deadline of 9th July.[3] The European Commission has also suspended countermeasures for the same timeframe.

In terms of tariffed trade, medical devices are the leading category, accounting for 41% of tariffed trade, valued at €7.9bn. This sub sector is the most exposed, with 38% of its overall exports going to the US.[4] Medical devices will incur this universal tariff, whereas pharmaceuticals products are currently excluded from these additional tariffs; however this could change in the future. Organisations in the medical devices sector, such as GE Healthcare which anticipates a €500m impact due to tariffs, are implementing mitigating strategies, such as adjusting exports sources for targeted markets and changing component sourcing. Additionally, firms are planning to transition to local manufacturing to reduce imports from China and the US.[5]

Amid growing tariff tensions, leaders of major pharmaceutical companies such as Pfizer and Eli Lilly have called on the EU to mitigate these impacts by reviewing plans to reduce the intellectual property protection period for newly developed drugs before generic versions are allowed to enter the market. They are also advocating for a streamlined process for new drug approvals and a delay in plans to introduce charges for urban wastewater treatment. These requests have been framed in the context of their consideration to redirect €100 billion in planned investments from Europe to the US.[6]

Value of Global Exports and Tariff Liability

Value of Global Exports & US Share, Broad Product Category, €



Source: Ibec tariff sectoral impact analysis, April 2025.[4]

Healthcare companies with substantial export volumes may face headwinds due to these tariffs. Since the US importer, not the exporter, is responsible for paying these tariffs, the costs are likely to be passed on to American consumers, resulting in higher product prices, and potentially reduced demand for imports. This decline in demand could adversely affect Ireland's export markets, necessitating that Irish companies adapt their strategies to maintain growth amid these changing dynamics.

The introduction of tariffs could lead to broader challenges for healthcare services in Ireland as the overall economic environment may influence funding and investment in the sector. While tariffs on imports may not directly affect domestic healthcare services, increased costs for imported medical supplies and medications may impact budgets. Community pharmacies might also experience some challenges if costs rise due to tariffs on imported products, which could lead to supply issues and increase the administrative burden. Ultimately these factors may impact quality of care and access to services.

The healthcare sector is inherently defensive, and often shows resilience during economic downturns, making it attractive to investors seeking stable returns. However, the inter-connectedness of the Irish economy means that any long-term changes to trade could create ripple effects that are at this point difficult to quantify.

[1] Department of Finance, databank.finance.gov.ie April, 2025
[2] CSO, Goods Exports and Imports, October 2024
[3] European Commission, Statement by President von der Leyen April 10th 2025
[4] Ibec, Ibec tariff sectoral impact analysis, April 9 2025
[5] Reuters, "GE HealthCare sees about $500 million annual tariff hit, plans local manufacturing" April 30th 2025
[6] Business Post, "Pharma companies warn up to €100 billion investment for Europe at risk" April 16th 2025