

CBI MARKET SURVEY

The pipes and process equipment market in Ireland

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Introduction

This CBI market survey provides exporters in developing countries (DCs) with information on some of the main developments in the pipes and process equipment market in Ireland. The information is complementary to the information provided in the CBI market survey 'The pipes and process equipment market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.eu/marketinfo>.

1 Market description: industrial demand and production

This section discusses the industrial demand for and production of the six relevant product groups; instruments, pipes and fittings, process equipment, pumps, storage equipment and valves. Please note that industrial demand is calculated by using Prodcom data for production, exports and imports (demand = production + imports – exports). These are the best detailed data available.

Industrial demand

In 2006, total demand for pipes and process equipment in Ireland reached €889 million. Ireland ranked nineteenth in the EU in 2006 with a share of 1% of total EU demand, behind Greece and Portugal, but ahead of Slovenia and Bulgaria. In the period 2002-2006, demand increased by 6% per year, which showed a better growth rate than in the EU on average (+3%). The demand for the various product groups, with the annual increase in the period 2002-2006, is as follows:

- Process equipment: €290 million (+21%).
- Pumps: €171 million (+12%).
- Storage equipment: €132 million (+9%).
- Pipes and fittings: €112 million (-15%).
- Valves: €107 million (+18%).
- Instruments: €77 million (-4%).

Production

Ireland was a medium-sized producer, ranking fifteenth in the EU in 2006 with a share of 1% of total EU production, behind Finland and Belgium, but ahead of Slovakia and Romania. Total production value of pipes and process equipment in Ireland amounted to €1 billion. Between 2002 and 2006, production recorded a growth of 14% per year, which showed a better growth rate than in the EU on average (+6%).

In 2006, the largest product group in terms of value was process equipment (€547 million), ranking twelfth in the EU with a share of 2% of total EU production. Between 2002 and 2006, production of process equipment in Ireland recorded an annual growth of 12%. The other product group that saw a large increase in production value was pumps (+18% per year).

Some examples of producers are:

- ABS Pumps – <http://www.absgroupireland.ie> - pumps and compressors
- Harris Calorific Ireland - <http://www.harrisproductsgroup.com> - fittings
- Myson Heating Controls - <http://www.myson.ie> - process equipment
- Viking Pumps - <http://www.vikingpumpeurope.com>

Trends and characteristics

In addition to the trends that are common for Western European countries, such as the growing demand for energy, energy efficient products and increasing specialisation of local manufacturers, another major trend is the restructuring of the (waste) water sector. Some major projects to maintain and improve water and wastewater services in Ireland, such as the Strategic Rural Water Plan, have been started and will drive a healthy demand for pipes and process equipment in the years to come.

Opportunities and threats

- + Irish demand showed strong (+6%) results between 2002 and 2006. It is expected that investments in the water sector and the growing energy market will drive a healthy demand for pipes and process equipment in the years to come.
- + Irish companies have been facing strong competition from low cost countries in recent years. If they are able to change strategy and focus on solutions and innovative products, this may lead to better opportunities for DC exports of commodity products to the Irish market.
- Growing demand for more sophisticated products which require advanced technological skills, also driven by environmental legislation.

Refer to Section 7 of the CBI market survey covering the EU market for more information on opportunities and threats.

2 Trade channels for market entry

Trade channels

Importers are the most important trade channels for DC exporters. Importers play a more important role as regards standard products compared to complex products, but they also count as the most important channels with regard to complex products. Refer to the CBI market survey covering the EU market for a detailed explanation of relevant trade channels in this market. An example of an intermediary is Measurit Technologies (<http://www.measurit.com>) which sells valves and fittings.

Some important end-users are:

- Bord Gáis Éireann (BGE) - <http://www.bordgais.ie> - Supplier of gas and electricity. To meet the increasing demand for natural gas in the Cork area, this company will construct a new pipeline of 45km in length. Construction is proposed to take place in 2009.
- Jennings O'Donovan - <http://www.jodireland.com> - water treatment and other civil engineering
- Phoenix Natural Gas - <http://www.phoenix-natural-gas.com> - gas provider

Price structure

Prices and margins depend on many variables. For one thing, standard products have lower margins than complex products. Furthermore, important factors will be the price agreement made, the size of the order, and the terms of delivery. In general, margins in this country are the same as in other EU countries. Refer to the CBI market survey covering the EU market for common margins in this industry.

Useful sources

Some examples of available sources to find clients:

- The British Pump Manufacturers Association - <http://www.bpma.org.uk> → go to 'BPMA members'.
- UK Process & Control market - <http://www.pandct.com>
- Europages - <http://www.europages.com> - search for a product, click on 'refine your search' on the results page to show Irish companies.

3 Trade: imports and exports

Imports

In 2006, Ireland was a small importer of pipes and process equipment, ranking eighteenth in the EU, behind Slovakia and Portugal, but ahead of Greece and Slovenia. Between 2002 and 2006, total import value increased annually by 1% to €713 million in 2006 (EU: +8%). The product group shares were as follows:

- Process equipment: 23% of total imports. Annual increase in import value of 6%.
- Pumps: 21% of total. Annual increase of 4%.
- Pipes and fittings: 19% of total. Annual decrease of 11%.
- Valves: 17% of total. Annual increase of 12%.
- Storage equipment: 10% of total. Annual decrease of 1%.
- Instruments: 10% of total. Annual decrease of 1%.

Between 2002 and 2006, imports from DCs increased annually by 26% in value. Compared to 2002, the total share of DCs in import value increased from 2% to 5% in 2006. DC shares in imports of some product groups showed better growth compared to other product groups, as can be seen below:

- Storage equipment: growing from 1% to 2% in value.
- Valves: growing from 2% to 7%.
- Pipes and fittings: growing from 4% to 10%.
- Pumps: growing from 1% to 2%.
- Process equipment: growing from 1% to 3%.
- Instruments: remained stable at 1%.

China accounted for 57% of all pipes and process equipment imports coming from DCs and for 3% of total imports. China was followed by Turkey (16%), India (7%), Thailand (6%), South Africa (4%) and Malaysia (4%). Besides the fast growing Chinese share of DC exports to Ireland (+149% in the period 2002-2006), the other DC that saw a large increase in its share was Thailand.

Of all intra EU imports a small part may be re-exports, but the exact value of re-exports is unknown because Eurostat does not allow for such detailed analysis.

Exports

In 2006, Ireland was a small exporter, ranking seventeenth in the EU, behind Romania and Slovakia, but ahead of Portugal and Slovenia. Total export value of Ireland showed an annual increase of 4% in the period 2002-2006, totalling €800 million in 2006. Exports consisted of:

- Process equipment, accounting for 50% of total exports (€397 million). Annual increase in export value of 2%.
- Pumps, 23% of total exports (€183 million). Annual decrease of 1%.
- Valves, 12% of total exports (€100 million). Annual increase of 20%.
- Instruments, 11% of total exports (€90 million). Annual increase of 11%.
- Storage equipment, 2% of total exports (€16 million). Annual increase of 3%.
- Pipes and fittings, 2% of total exports (€13 million). Annual decrease of 2%.

A small part of exports may consist of re-exports to other EU countries, mainly to neighbouring CEE countries, but the exact value of re-exports is unknown because Eurostat does not allow for such detailed analysis.

Opportunities and threats

- + Total import value of process equipment, pumps and valves increased in the period 2002-2006.
- + Ireland ran trade deficits (more imports than exports) for valves (€21 million), storage equipment (€58 million) and pipes and fittings (€120 million).
- ± The Chinese share of DCs exports to Ireland grew fast in the period 2002-2006 (+149%), but some other DCs also saw a large increase in their share.

- ± The import share of DCs increased from 2% in 2002, to 5% in 2006, below the EU average (9%).
- Ireland was a small importer in the EU in 2006 and China accounted for 57% of all imports coming from DCs.
- Total import value of pipes and fittings, storage equipment and instruments decreased in the period 2002-2006.
- In 2006, Ireland was a net-exporter, running trade surpluses for process equipment (€235 million), pumps (€32 million) and instruments (€20 million).

Useful sources

- EU Expanding Exports Helpdesk - <http://exporthelp.europa.eu>
- Eurostat - official statistical office of the EU - <http://epp.eurostat.ec.europa.eu>
- Understanding Eurostat: Quick guide to easy comext →
http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20080117.pdf

4 Price developments

2000-2004 saw a period of heavy price pressure which has eased since then. Prices have risen considerably as a result of rising raw material prices, in conjunction with longer lead-times due to demand exceeding supply. In general, manufacturers in the EU have been able to pass on the higher prices to customers, so that there has only been limited pressure on margins. However, the global competitive pressure has remained very strong with regard to standard products. Importers, agents, subcontractors and system suppliers will, therefore, continue to keep on looking for opportunities to reduce sourcing costs for standard products. Although the share of wage costs has slightly decreased in recent years, wage costs still account for a large share of the cost price in the industry. Please refer to the CBI market survey covering the EU market for pipes and process equipment for a detailed explanation of these major trends.

Useful sources

- Eurostat – official statistical office of the EU – <http://epp.eurostat.ec.europa.eu>. By comparing import value and volume, it is possible to get an idea of import prices.
- London Metal Exchange – <http://www.lme.co.uk>

5 Market access requirements

As a manufacturer in a developing country preparing to access Ireland, you should be aware of the market access requirements of your trading partners and the Irish government. For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select pipes and process equipment sector and Ireland in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found on the ITC website under export packaging: <http://www.intracen.org/ep/package/packit.htm>. Information on tariffs and quota can be found at <http://exporthelp.europa.eu>.

6 Doing business

Information on doing business, such as approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications. For more information on doing business in Ireland, visit the following websites:

- Central Statistics Office - <http://www.cso.ie>
- Department of Enterprise, Trade & Employment - <http://www.entemp.ie> - association
- Engineering News-Record – <http://www.enr.com> - magazine

- Irish Construction & Plant Show - <http://www.expo-events.com> - trade fair, held biennially (February) in Punchestown.
- Irish Engineering Enterprises Federation (IEEF) – <http://www.ibec.ie/ieef> - association
- Irish LP Gas Association - <http://www.ilpga.ie>
- Irish State Development Agency - <http://www.enterprise-ireland.com> - association
- IWWE & IRWM - <http://www.environment-ireland.com/environment07/common> - trade fair for water management, held annually (March) in Dublin.
- SEI Sustainable Energy Ireland - <http://www.sei.ie> - association

This survey was compiled for CBI by Facts Figures Future in collaboration with Kommanet.

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