Profile of the manufacturing sector in Ireland

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The economic contribution of manufacturing

Manufacturing plays a critical role in the Irish economy – as a driver of exports, as an employer, as a source of revenue and as a key driver of growth:

- Manufacturing accounted for approximately 22 per cent of GDP in 2009. This represents an increase from 19 per cent in 2006, however, it is still far below its share of 31 per cent in 1999.
- Manufacturing exports were approximately €92.9 billion in 2011, almost twice the level of manufacturing imports of €48.2 billion, giving a net export figure of €44.7 billion, thereby the primary positive contributor to the Balance of International Payments. This is in contrast to internationally traded services, where net exports are marginally negative.
- The manufacturing sector also has significant spin off effects, such as indirect employment supported in other sectors such as services, logistics, mining/quarrying, agriculture and sub- supply. Manufacturing firms source approximately €14 billion of materials and services from Irish based suppliers – although this has decreased from €17.5 billion since 2001.
- Manufacturing is a key driver of R&D activity and innovation, with 40 per cent of BERD being undertaken by manufacturing firms. Manufacturing firms invested €740 million in R&D in 2009;
- The Revenue Commissioners estimate that the manufacturing sector accounts for almost 40 per cent of net corporation tax receipts.

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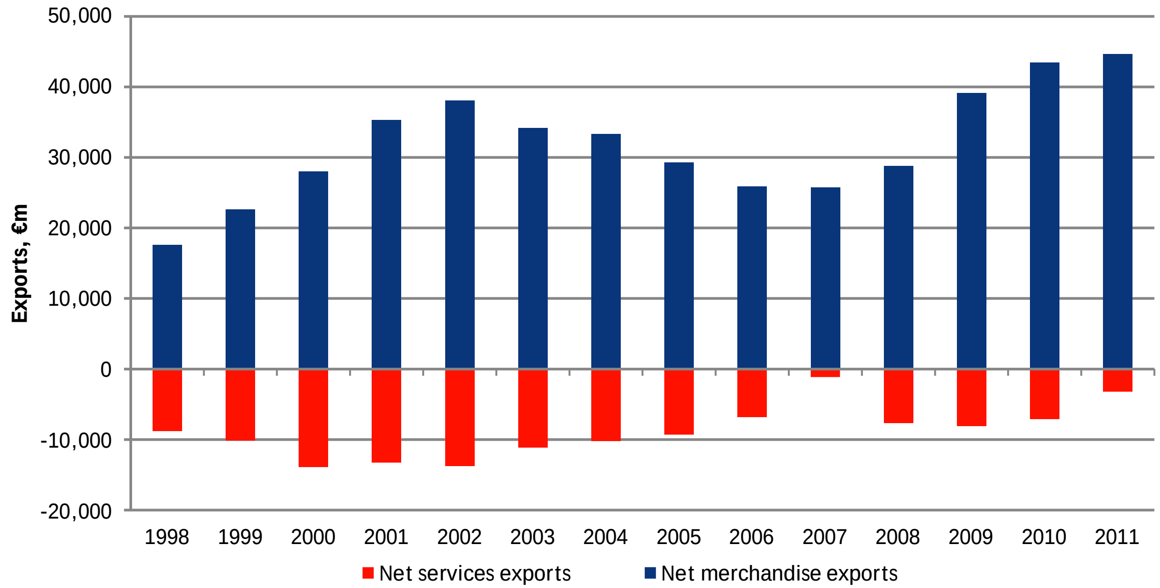
The economic contribution of manufacturing

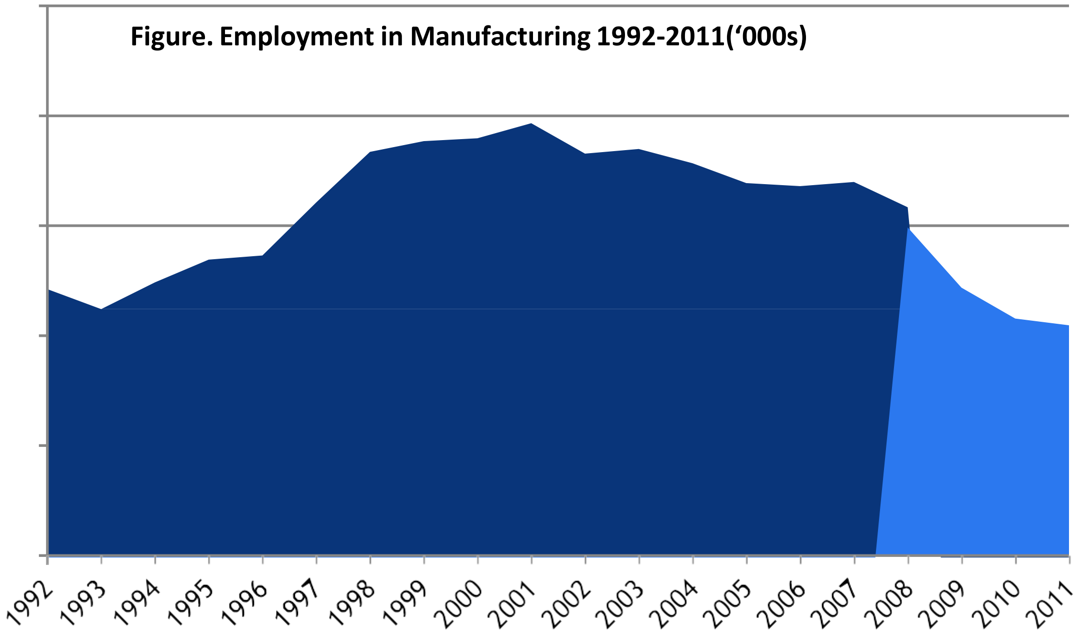
Figure. Merchandise and Services Net Export 1998-2011



Profile of the manufacturing sector in Ireland

Broad employment trends

There were approximately 206,000 people employed in manufacturing in 2011, accounting for 11.4 per cent of total employment. The long term employment contribution of manufacturing is downward, representing both cyclical (as a result of the global crisis) and structural losses (as a result of deindustrialisation/outsourcing/automation and productivity gains). However, employment has held relatively steady at 11-12 per cent of total employment from 2009 to 2011.



Profile of the manufacturing sector in Ireland

Broad employment trends

Over the last decade, there have been two major shocks to the manufacturing sector in Ireland. The first occurred in 2000-2001 when, just as employment in manufacturing peaked at 296,600, the dot com bubble burst resulting in significant losses in manufacturing output worldwide, particularly within the ICT sector. Employment in manufacturing declined steadily from 2001 onwards, coinciding with rapid growth in the domestic economy, particularly within construction, public sector and consumption-related industries. This period also marked a significant decline in Ireland's cost competitiveness. During the property boom, costs in Ireland rose dramatically. According to the National Competitiveness Council (NCC) Cost of Doing Business Report, this is reflected in a 22.5 per cent loss in competitiveness recorded between January 2000 and April 2008.

The second major shock occurred in 2007-2008 where approximately 50,000 jobs were lost in manufacturing in the next 3 years. This was driven by the impacts of the global financial crisis on the one hand, which resulted in worldwide consolidation of manufacturing, major relocation of some Irish-based multinational operations abroad, merger activities and a sudden drop in demand for exports. On the other hand, demand for Irish-based manufactured goods linked to construction and consumption declined significantly in line with the downturn in those sectors. Since then Ireland has regained some competitiveness primarily as a result of falls in relative prices and favourable exchange rate movements. From April 2008 to July 2012, Irish cost competitiveness improved by almost 19 per cent according to the real Harmonised Competitiveness Index (HCI) measure (and 10.6 per cent in nominal HCI terms). Prices have now fallen back to levels last seen in 2002.

Profile of the manufacturing sector in Ireland

Broad employment trends

While the claw back of some competitiveness is positive for the manufacturing sector, the NCC caution that the role played by exchange rates, both in terms of the initial deterioration in Irish cost competitiveness and the more recent competitiveness gains is important to note. Over half of the improvement in Ireland's cost competitiveness since 2008 is accounted for by favourable exchange rate movements (i.e. a weak euro, making Irish exports cheaper in non-euro markets). Therefore, a change in external conditions can have a highly significant bearing in terms of cost competitiveness in Ireland relative to other countries. At the same time, there are endogenous factors that impact on our cost competitiveness. While a significant proportion of manufacturing input costs (53 per cent) are determined in global markets, the NCC estimate 47 per cent of the manufacturing cost base is location sensitive, including costs for labour, utilities, property, transport and taxes. Therefore, there are significant external and internal risks impacting on manufacturing competitiveness in Ireland.

Many developed economies have seen a decline in manufacturing as a proportion of total employment. Compared to other competitor countries and the EU generally, the decline in employment in manufacturing in relation to total employment largely is representative of the experience in competitor developed countries. This is primarily due to a long term process of structural adjustment or 'deindustrialisation', where the contribution of services to economic growth relative to industry and agriculture has increased as a result of greater demand, both through globalisation in the form of services exports (for example financial services, software) and locally-traded services (driven by rising incomes).

Profile of the manufacturing sector in Ireland

Broad employment trends

Since 1992 in the EU, employment in manufacturing has declined as a per cent of total employment to 16 per cent. By comparison, employment in manufacturing has declined from 20 per cent of total employment in Ireland to approximately 12 per cent in 2011. The decline in the UK has been slightly more pronounced with manufacturing now accounting for 10 per cent of total employment.

Germany is one of the main outliers within developed economies, with 20 per cent of total employment in manufacturing in 2011 reflecting the very strong industrial base in Germany, however, there has also been a significant relative decline in Germany from 29 per cent of total employment in 1992.

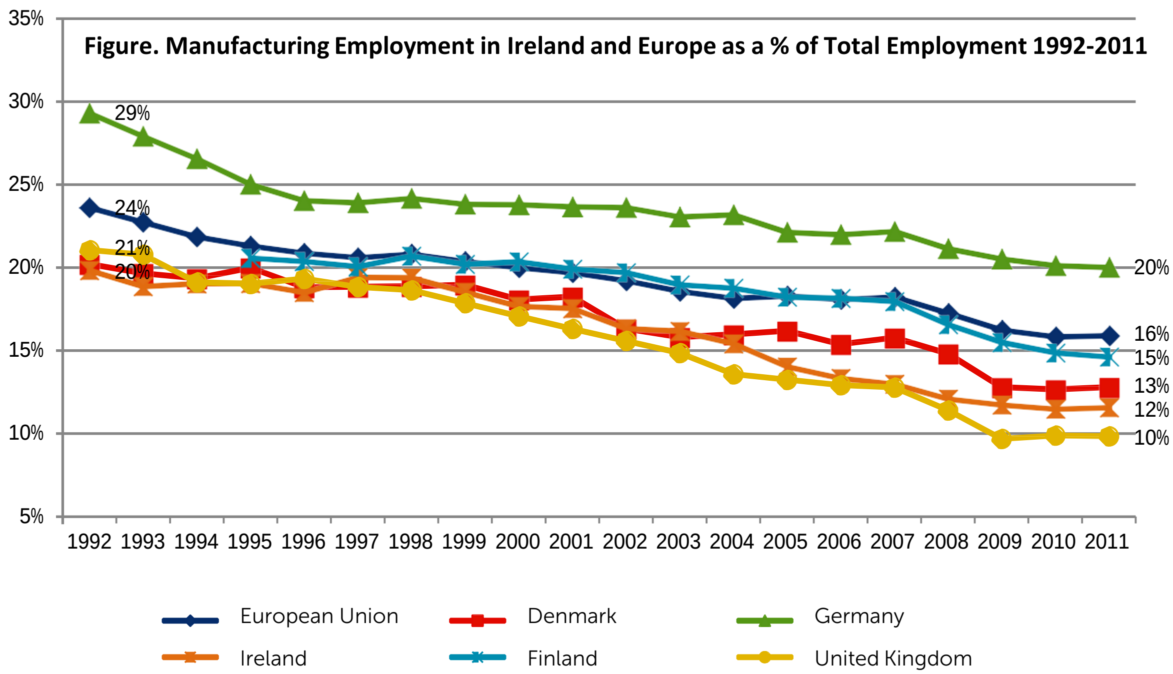


Figure. Manufacturing Employment in Ireland and Europe as a % of Total Employment 1992-2011

Profile of the manufacturing sector in Ireland

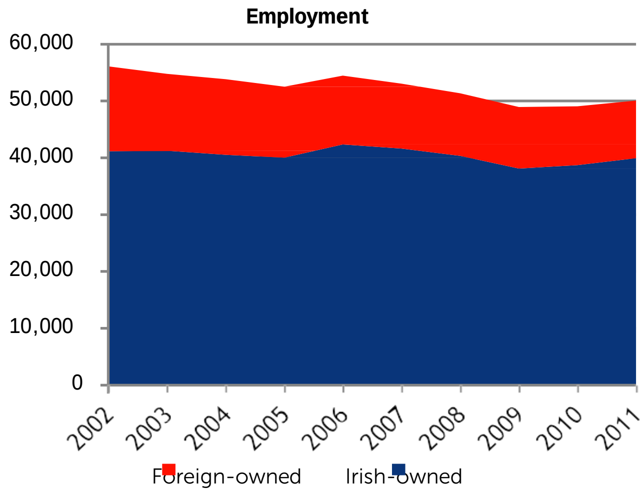
Sectoral Profile

In total, there are 12,790 manufacturing enterprises in Ireland. Most of these are small in scale, with 83 per cent employing less than 10 people (micro firms) and 95 per cent employing less than 50 people. In general, the larger firms are foreign owned, with the exception of a small number of firms involved in the food sector.

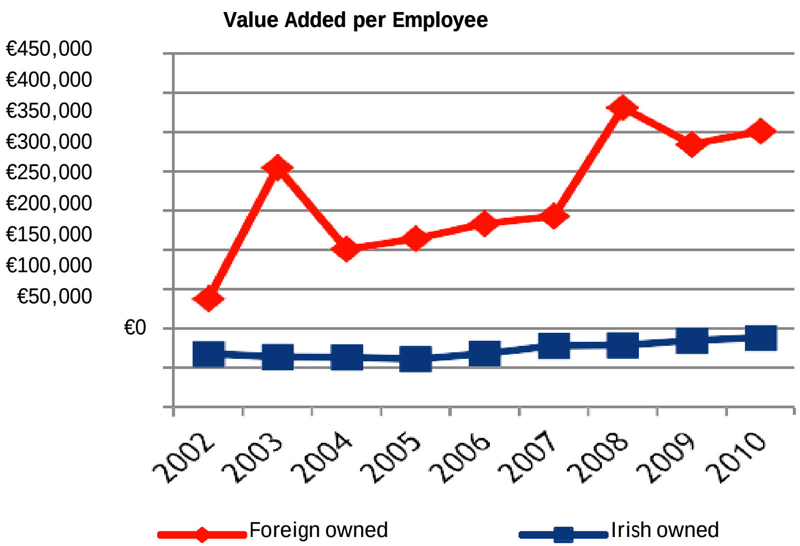
Overall, firms assisted by IDA and Enterprise Ireland represent approximately 92 per cent of total manufacturing employment. Looking at employment in manufacturing firms by ownership, historically, it has been split virtually evenly between Irish-owned and Foreign-owned firms. The following section provides a sectoral profile of manufacturing.

Sectoral Profile-
Food and Beverages

Figure . Employment and Value Added in Food and Beverages Manufacturing



Source: Forfás Annual Employment Survey/ABSEI



Sectoral Profile-
Food and Beverages

The Food and Beverages sector in Ireland is highly export-oriented, with total exports of over €9.2 billion in 2010. Irish companies provide significant direct and indirect employment throughout the country. While the sector is primarily made up of small firms, a number of firms of significant scale have developed over the last decade, through organic growth and mergers/acquisitions. There are over 50,000 people directly employed in Food and Beverages, with an estimated further 85,800 in primary production, agriculture, forestry and fishing. In 2009, 85 per cent of total agricultural output was exported to over 160 markets worldwide. Employment in Food and Beverages manufacturing has held up relatively strongly compared to other sectors in the recent downturn, however, significant downside risks prevail given the exposure of the sector to external fluctuations.

Foreign affiliates of leading multinationals have a strong presence in Ireland, employing just over 10,000 and with Irish economy expenditure of €1.2bn. They include Cadbury, Unilever, Nestle, Northern Foods and Heinz. A number of Irish owned firms are among the world's 50 largest food and beverage multinationals, ranked by foreign assets, including Kerry Group PLC, Greencore Group PLC (*UNCTAD, 2007*). Ireland's largest food and drink export market is the UK which is dominated by four large food stores: Tesco, ASDA, Morrison's and Sainsbury's. Indigenous agri-food companies in Ireland include: the co-ops, Cuisine de France, Glanbia, Kerry Foods, Greencore, Kepak, Fyffes, Carbery, Silver Hill, C&C, Gleeson's and Cooley Distillery. The Government Harvest 2020 strategy target is to increase exports of the sector by 42 per cent by 2020, to reach €12bn building on existing and expansion into new markets.

Profile of the manufacturing sector in Ireland

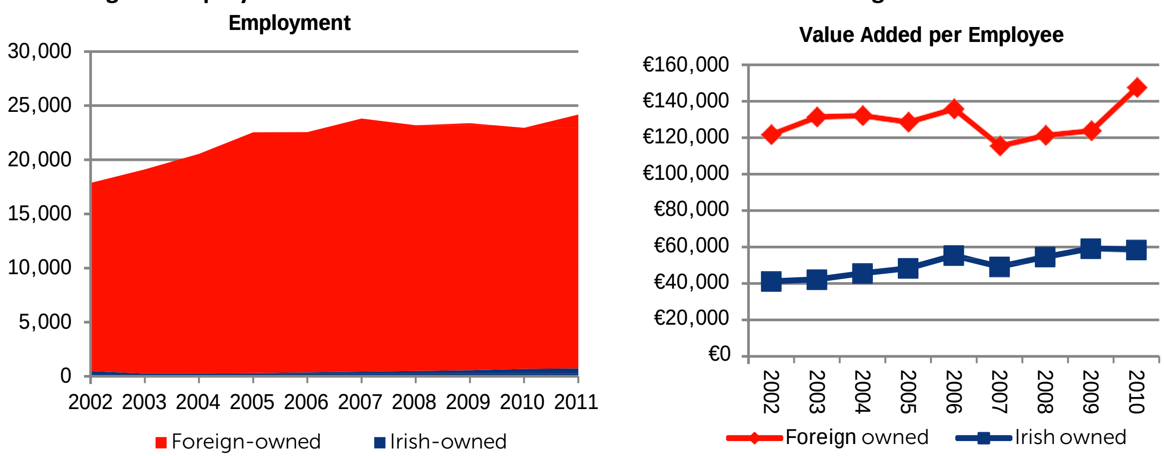
Sectoral Profile-
Medical Devices

The medical devices sector is highly diverse. It covers thousands of products – from simple bandages and spectacles, through implantable devices, equipment for screening, to the most sophisticated diagnostic imaging and minimally invasive surgical equipment. Strong growth prospects for the industry globally are driven by ageing populations, increase in chronic ailments and increasing consumer wealth driving demand in emerging economies. High value opportunities such as remote diagnostics, combination products and eHealthcare services are being driven by advances in science and technology and convergence, particularly with ICT. The sector employed over 24,000 people in 2011 with exports of approximately €7.2 billion in 2010. Employment in the sector has been largely resilient in the face of the downturn, with employment holding steady in the last number of years and even registering a small increase in 2011.

There is a very strong multinational presence in the sector with 20 of the top 30 medical devices companies globally (for example, Abbott, Boston Scientific, Medtronic) with large production facilities in Ireland. There is also a small but growing indigenous base with some notable medium sized Irish owned multinationals (Creganna, Trulife) & research/technology intensive SMEs (Chiroxia, ClearStream, Vysera). The medical devices sector also links in strongly with the ICT and engineering base, for example as key partners in delivering healthcare solutions (HP, IBM, Analog, and Intel).

Sectoral Profile-
Medical Devices

Figure. Employment and Value Added in Medical Devices Manufacturing



Source: Forfás Annual Employment Survey/ABSEI

Sectoral Profile-
ICT Hardware

ICT hardware encompasses the manufacturing of semiconductors, integrated circuits and computer hardware, peripherals and storage devices (note, it does not including consumer electronics, communications equipment, or industrial electronics). The majority of market share in these sub- markets is occupied by a few key players such as Intel and AMD in semiconductors and IBM, Dell and HP in computer hardware. In particular, the ICT sector has been impacted by a number of global trends. In the first instance, Ireland benefited from substantial investment by global telecoms and computer firms during the dot.com era and lead up to Y2K.

By 2000 employment peaked at 47,100. The dot.com bust resulted in global employment by these firms being almost halved. At that time, ICT employment in Ireland too experienced considerable decline – but generally fared well in the global context. Since then, the continued decline in employment in this sector has been driven primarily by location decisions of foreign firms. As computer products have become increasingly commoditised and prices have dropped, global firms will make decisions to locate operations in lower cost economies to reduce inputs costs.

They also locate in high growth markets, closer to a new and expanding customer base. More recently the Dell downsizing has had an impact on a wider cohort of sectors involved in sub-supply. That said, the ICT hardware sector continues to contribute a significant proportion toward total manufacturing employment. There are approximately 27,000 people employed in the sector (agency supported firms) with exports valued at €10.3billion in 2010. Approximately 3,500 are employed in Irish-owned companies, primarily in wireless and electronic technologies. There are a number of the leading multinationals based in Ireland, notably Intel, HP, EMC, Sanmina, IBM and Dell.

Sectoral Profile-
Pharma Chemicals

The Pharma-chemicals/biopharma sector encompasses the discovery, development, production and sale of drugs licensed by an appropriate body (e.g. Food & Drug Administration in the US) for use as medications. The sector is subject to stringent laws and regulations regarding the patenting, testing, production and marketing of drugs. In 2011, there were approximately 25,000 people employed in Pharma-chemicals, predominantly in multinational firms. It contributes in a major way to Ireland's export base with exports valued at €39.2 billion in 2010.

Nine of the top ten Pharma- chemicals/bio companies globally (Pfizer, Merck, GSK) have research, manufacturing and services activities here. In addition, there is a growing indigenous base made up of medium sized Irish owned multinationals (Trulife, Chanelle, Bimeda), and research/technology intensive SMEs (Opsona, AGI Therapeutics, Eirgen Pharma). Although employment in the sector has held up relatively strongly in the downturn, there are some significant challenges facing the sector in Ireland, particularly with regard to the increasing prevalence of generic drugs and consolidation within the industry driven by mergers and acquisitions.

Sectoral Profile-
Pharma Chemicals

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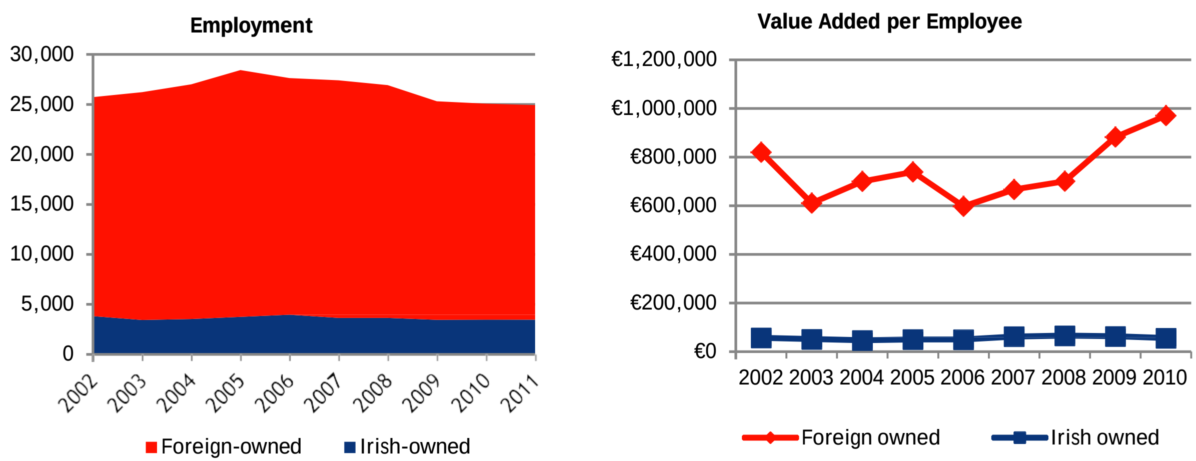
Figure. Employment and Value Added in Pharma-chemicals Manufacturing



Source: Forfás Annual Employment Survey/ABSEI

Sectoral Profile-
Engineering

The Irish Engineering sector is highly diverse. A range of engineering companies exist in terms of size, scale and product. The sector includes companies primarily concerned with metal and plastic processing and machine manufacture encompassing agricultural machinery, materials handling, precision engineering, process engineering, plastics and toolmaking and metal fabrication and processing. Many enterprises produce their own final products whereas others concentrate on sub-component manufacturing supplying in to manufacturing value chains. The majority of employment is in companies that are primarily indigenous. Employment in the broad engineering sector has decreased substantially since 2007, falling from over 35,000 to 26,000 in 2011. Much of this employment decline is associated with the downturn in the construction sector (for example, reduced demand for machinery and materials).

However, there are some parts of the engineering sector that have significant growth potential. Enterprise Ireland has identified Agricultural Machinery, Materials Handling and Niche Precision Engineering as key growth areas in the future. Within the multinational sector, engineering ranges from companies in the automotive sector and aerospace industry to those operating in mechanical and electrical engineering, fluid components, process equipment and materials handling. Activities carried out at these operations include High Value Manufacturing, Supply Chain Management, Research and Development and Intellectual Property Management. The key players include Liebherr (construction machinery), Valeo (automotive suppliers) and Siemens (solutions engineering).

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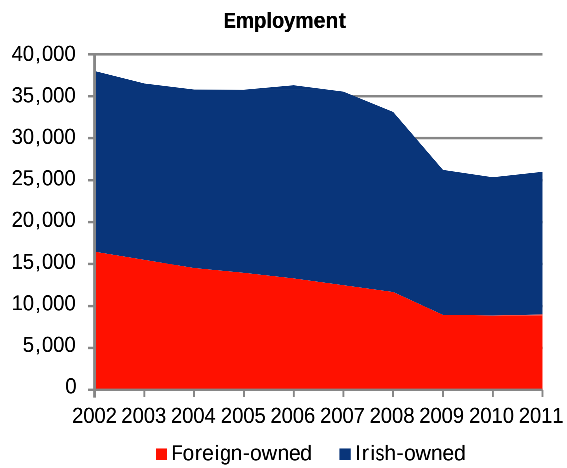
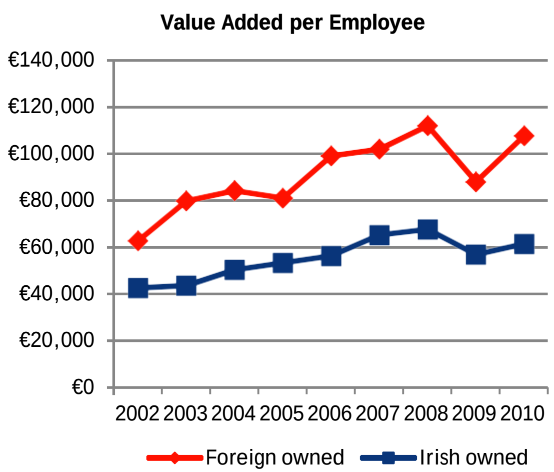
Sectoral Profile-
Engineering

Figure. Employment and Value Added in Engineering Manufacturing



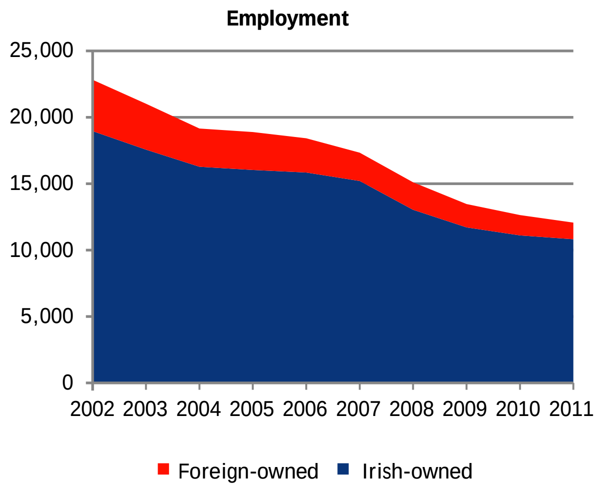


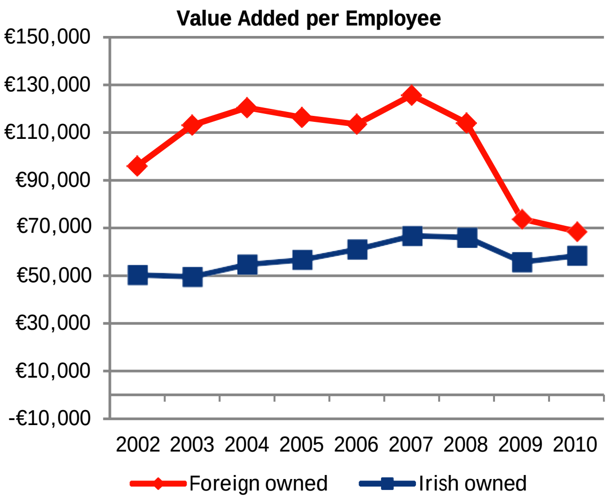
Source: Forfás Annual Employment Survey/ABSEI

Profile of the manufacturing sector in Ireland

Sectoral Profile-
Consumer Goods

Figure. Employment and Value Added in Consumer Goods Manufacturing





Source: Forfás Annual Employment Survey/ABSEI

Profile of the manufacturing sector in Ireland

Sectoral Profile-
Consumer Goods

Employment in the Consumer Goods sector is almost entirely within Irish owned companies, encompassing textiles and apparel, paper print and packaging industries. Many companies in the sector are long-established, family-owned and managed. Employment within the consumer goods sector is in long term decline falling by over 10,000 since 2002 to 12,000 in 2011 reflecting the exposure of the sector to international competition, technological advances and depressed consumer demand domestically.

In an increasingly competitive environment, Enterprise Ireland highlights that there are pressures to adapt business models to become more export focused. Firms that are remaining competitive have invested in marketing, product development, design, logistics and IT. While retaining their traditional manufacturing skills they have become increasingly knowledge intensive, flexible and digitally driven. For example, the Print and Packaging industry in Ireland has undergone significant restructuring to enable it to compete in a most difficult and competitive environment.

Enterprise Ireland highlights that many companies in the sector experienced significant increases in productivity. The Print and Packaging industry serves the Food, Beverage, Pharmaceutical, Healthcare, Media, Financial, Government and Industrial sectors, with these sectors accounting for over 80 per cent of turnover.

Sectoral Profile-
Other Manufacturing

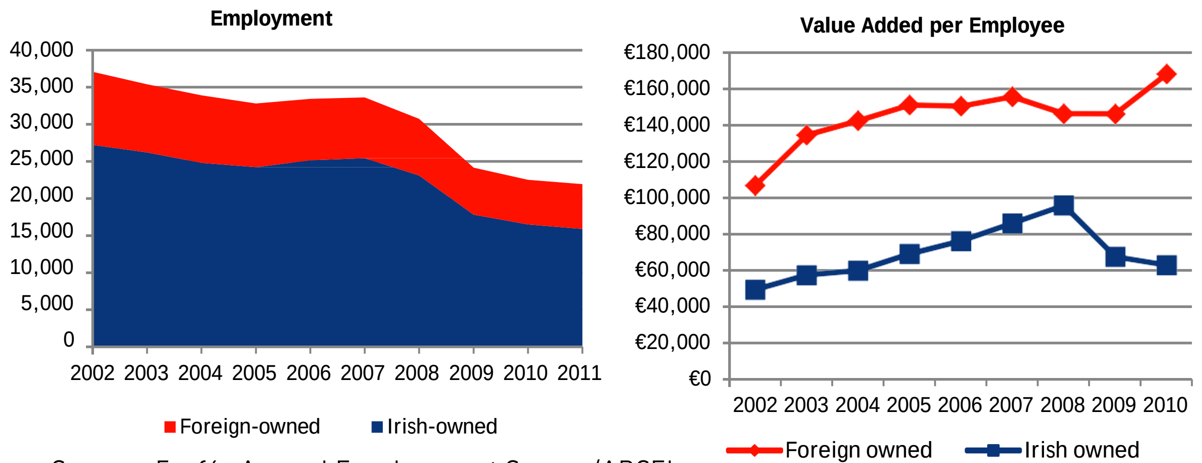
'Other Manufacturing' for the purposes of this report encompasses a diverse range of industrial products such as refined petroleum products, rubber and plastics and non-metallic mineral products. Overall, employment has declined significantly in the sector since 2007 from 33,000 to just under 22,000. Many of the activities within the sector are particularly exposed to international demand for commodities, industrial products and materials in addition to having exposure to the construction downturn domestically.

However, there are some niche markets that are crucial to Ireland's wider manufacturing base. The plastics/polymer industry is particularly notable given its importance as a vital material in manufactured goods across a range of sectors, including agriculture, automotive, construction, medical devices, electrical/electronic and packaging industries. A review by InterTradeIreland of the polymer and plastics industry in Ireland found that the sector employs approximately 11,800 people with an annual turnover of €1.98billion.

In terms of processes, the main activities of plastics/polymer firms in Ireland relate to injection moulding and extrusion, with an estimated 74 per cent of firms citing the medical devices sector as the main end user of their products. In this context, while the polymer/plastics sector may be of relatively small scale, it plays a vital role in supporting the activities of key exporting sectors such as medical devices.

Sectoral Profile-
Other Manufacturing

Figure. Employment and Value Added within 'Other Manufacturing'



Source: Forfás Annual Employment Survey/ABSEI

Occupational Profile

Occupations	Number Employed	Percentage of total
Managers, Directors and Senior Officials	**16,900**	**8.2%**
Production managers and directors in manufacturing	4,400	2.1%
Functional managers and directors n.e.c.	6,300	3.1%
Other Managers, Directors and Senior Officials	6,200	3.0%
Professional Occupations	**20,800**	**10.1%**
Engineering Professionals	6,400	3.1%
Information Technology and Telecommunications Professionals	5,400	2.6%
Business, Research and Administrative Professionals	3,100	1.5%
Other Professional Occupations	5,900	2.9%
Associate Professional and Technical Occupations	**29,900**	**14.5%**
Laboratory technicians	4,400	2.1%
Other Science, Engineering and Production Technicians	5,700	2.8%
Business sales executives	5,300	2.6%
Other Sales, Marketing and Related Associate Professionals	4,900	2.4%
Other Associate Professional And Technical Occupations	9,600	4.7%
Administrative and Secretarial Occupations	**15,700**	**7.6%**
Administrative Occupations: Finance	3,200	1.6%
Other administrative occupations n.e.c.	5,400	2.6%
Secretarial and Related Occupations	3,500	1.7%
Other Administrative and Secretarial Occupations	3,600	1.7%

Occupational Profile

Occupations	Number Employed	Percentage of total
Skilled Trades Occupations	**44,800**	**21.8%**
Metal Forming, Welding and Related Trades	5,200	2.5%
Metal Machining, Fitting and Instrument Making Trades	10,600	5.2%
Electrical and Electronic Trades	6,400	3.1%
Construction and Building Trades	5,100	2.5%
Printing Trades	3,100	1.5%
Food Preparation and Hospitality Trades	6,500	3.2%
Other Skilled Trades Occupations	7,900	3.8%
Caring, Leisure, Travel, Sales, Customer Services and related occupations	**4,000**	**1.9%**
Process, Plant and Machine Operatives	**55,100**	**26.8%**
Food, drink and tobacco process operatives	13,600	6.6%
Chemical and related process operatives	4,400	2.1%
Other Process Operatives	3,600	1.7%
Plant and Machine Operatives	3,800	1.8%
Assemblers (electrical and electronic products)	4,400	2.1%
Routine inspectors and testers	3,300	1.6%
Other Assemblers and Routine Operatives	16,500	8.0%
Other Process, Plant and Machine Operatives	5,500	2.7%
Elementary Administration and Service Occupations	**18,600**	**9.0%**
Elementary Construction Occupations	4,800	2.3%
Packers, bottlers, canners and fillers	4,800	2.3%
Elementary Storage Occupations	4,300	2.1%
Other Elementary Administration and Service Occupations	4,700	2.3%
Total	**205,800**	**100.0%**

Profile of the manufacturing sector in Ireland

Occupational Profile

The largest occupational group within manufacturing is Process, Plant and Machine operatives, accounting for 55,100 (27 per cent) of total employment in the sector followed closely by those in skilled trade occupations (44,800, 22 per cent of total). Within this group there are significant numbers of food and drink process operatives (13,600), assemblers and routine operatives (16,500). Professional and Associate Professionals account for approximately 51,000 (25 per cent) of total employment and a further 17,000 are employed in Managerial, Director and Senior Official roles.

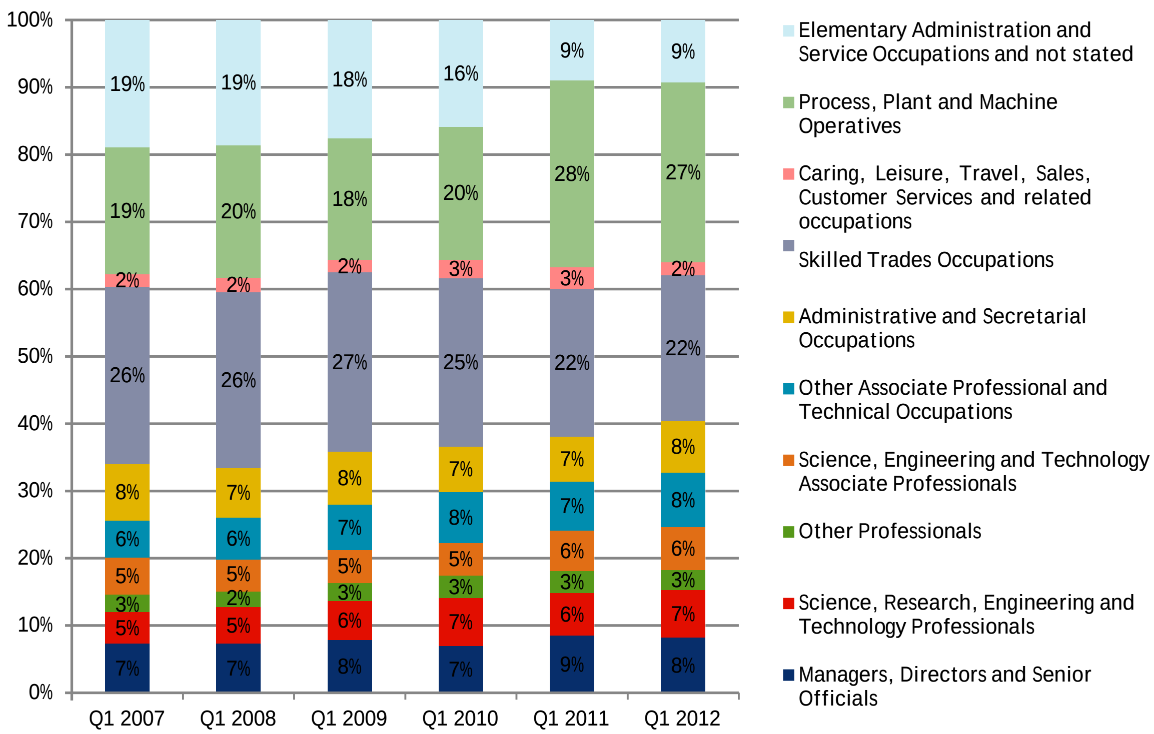
There are significant numbers employed in specialist positions within different occupational groups:

- Within managerial occupations there is a strong presence of functional (6,300) and production managers (4,400).
- Engineering and ICT professionals make up approximately 12,000.
- Laboratory Technicians (4,400) other science/engineering production technicians (5,700) feature strongly within Associate Professionals.
- There are a variety of craft occupations prominent within skilled trades including metal forming, welding, fitting, instrument making, electrical and electronic trades, construction, printing and food trades.
- Within the operatives group, food and drink process operatives (13,600), chemical process operatives, plant and machine operatives and assembly/general operatives feature strongly.

Profile of the manufacturing sector in Ireland

Occupational Profile

Figure. Employment in Manufacturing by Occupation: Broad Sector 2007-2012



Source: Skills and Labour Market Research Unit (FÁS)/CSO Quarterly National Household Survey

Profile of the manufacturing sector in Ireland

Occupational Profile

From 2007-2012, the proportion of those in managerial, professional and associate professional/technical roles has increased from approximately 25 per cent of total employment to 32 per cent. This highlights that as employment levels have declined overall from 262,000 to 206,000 from 2007 to Q1 2012, those in higher skilled roles have not been impacted to as great an extent as those within production and elementary roles. This is a function of a number of factors. As highlighted under the sectoral profile, employment declines have been primarily experienced in more traditional manufacturing industries, which tend to have greater labour requirements. In addition, the trend towards higher skills requirements is also a function of more knowledge intensive activities.

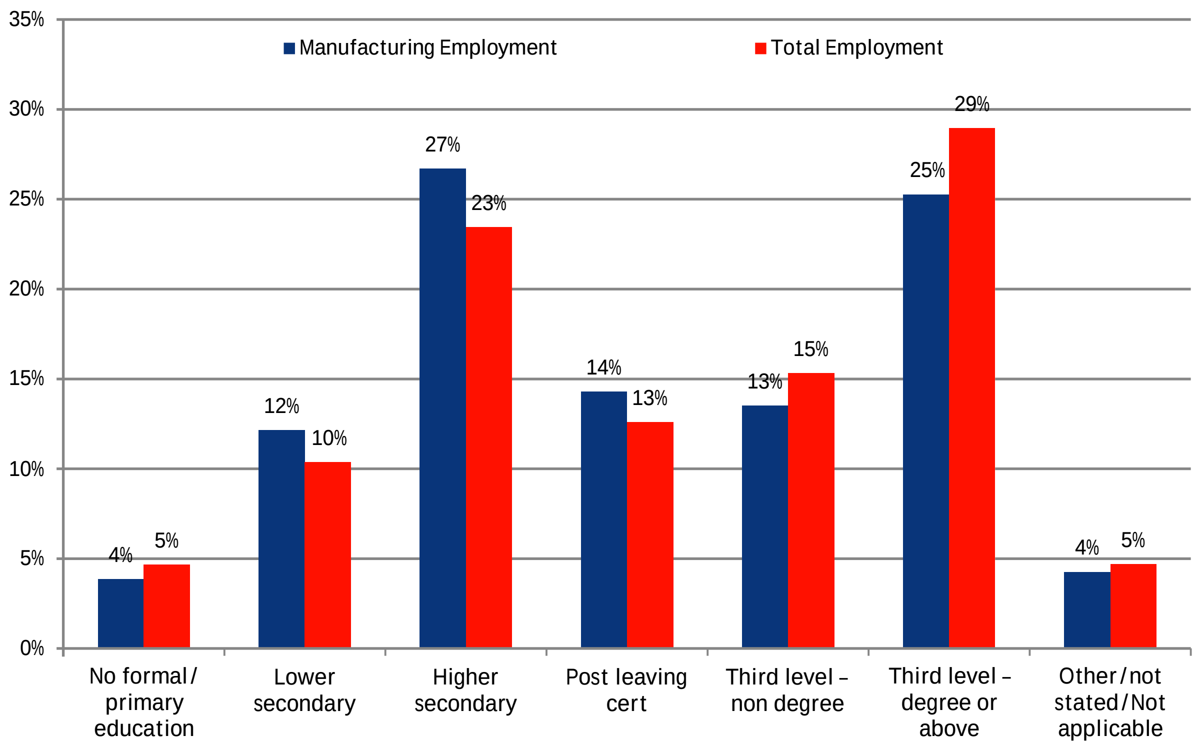
One of the main implications of the shift to more technology intensive and higher value-added manufacturing activities, is an increasing demand for higher skills across virtually all roles. At the same time, lean manufacturing practices and greater automation further reduce the demand for labour intensive roles. It is evident that the demand for elementary/assembly type occupations as a proportion of total employment has declined from almost 20 per cent of total employment in 2007 to 9 per cent in 2012. Coupled with this decline is a relative increase in the proportion of those in operative positions relative to elementary roles, indicating an increase in the skills requirements at entry level positions.

In summary, as employment declined from 2007-2012, there has been a greater impact on lower skilled positions, driven by a combination of competitiveness, human capital and technological factors.

Qualification Profile

The qualifications profile of those employed in the manufacturing sector overall is slightly below that of the national average. Approximately 16 per cent of those in manufacturing have lower secondary education or below compared to 15 per cent nationally. There is a greater percentage of those employed with Leaving Certificate and PLC or equivalent (41 per cent) than the national average (36 per cent). Finally, 25 per cent of those employed in manufacturing have third level degrees or above and a further 13 per cent have third level non degree. However, there are quite significant differences by sub sector as demonstrated in the figure below.

Figure. Employment in Manufacturing by Educational Attainment v National Average Q1 2012



Source: Skills and Labour Market Research Unit (FÁS)/CSO Quarterly National Household Survey

Qualification Profile-
Qualification by sector

The qualifications profile within the manufacturing sector is highly diverse depending on the sub- sector as evident. However, this should not be interpreted that a sector can be labelled as 'low skilled' as the sectoral profile does not reflect the skills profile of all firms in equal measure.

This is particularly relevant for highly diverse sectors such as engineering, food and packaging where very niche, high tech, knowledge intensive activities are not fully captured through the sectoral level statistics.

Within the food and drink, consumer products and remainder of manufacturing sectors, there are very significant proportions (20 per cent plus) of those with lower secondary education and below. At the same time, these sectors have comparatively low proportions of employees with higher level education compared to the national average. As documented in the EGFSN 2009 study on the Food and Beverages sector, there can be very significant and urgent upskilling requirements for employees at these qualifications levels in order to keep abreast of technological changes and developments in the sector to retain employment.

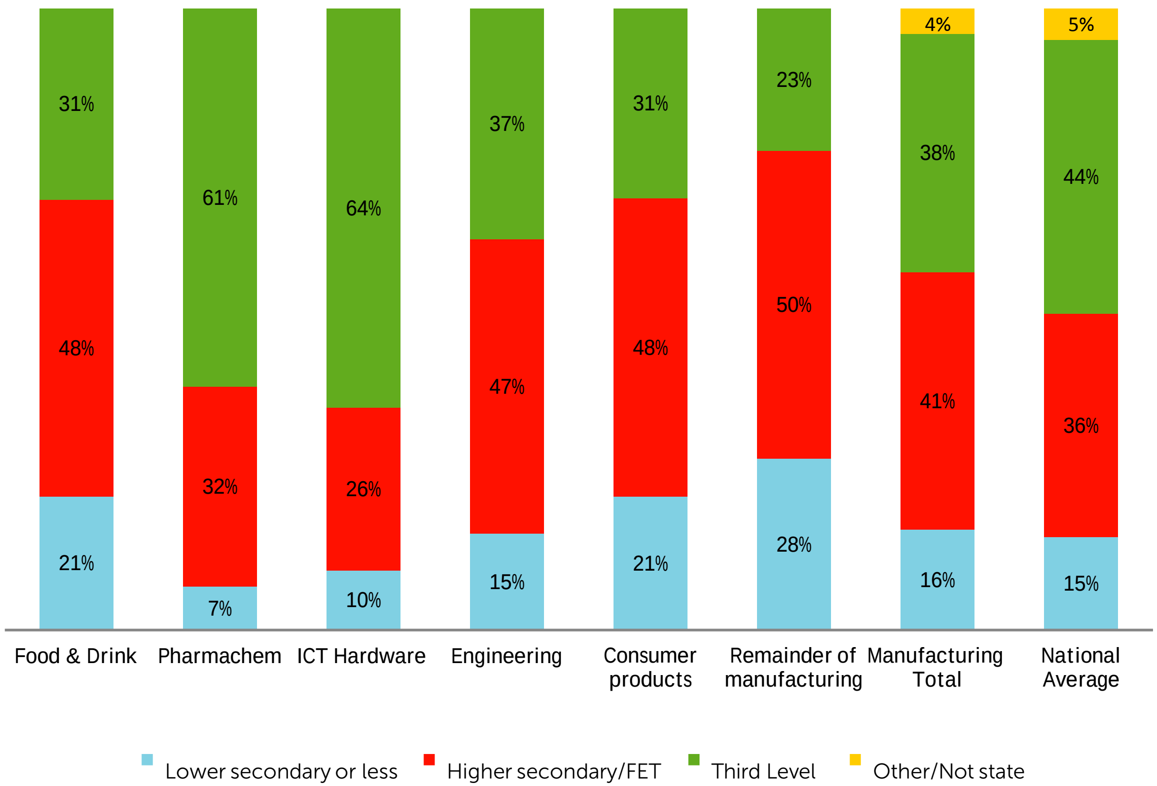
By contrast, the Pharma-chemicals and ICT hardware sectors have a very high qualifications profile, with over 60 per cent of those employed in those sectors having third level education and above. It should be noted, however, that much of the employment in basic assembly jobs within ICT manufacturing has been relocated out of Ireland in the last decade, which tends to enhance the qualifications profile of the employment base that remains. In addition, many firms within Pharma-chemicals and ICT have minimum requirements for entry level positions which necessitate at least third level education.

The engineering sector is highly diverse encompassing both high tech and more traditional activities while also playing a significant role by way of sub supply to sectors such as medical devices. The engineering profile has a comparatively high proportion (47 per cent) of those with secondary education/FET or equivalent, reflecting the strong apprenticeship base, while also having a significant proportion of those with third level education and above (37 per cent).

Profile of the manufacturing sector in Ireland

Qualification Profile-
Qualification by sector

Figures. Educational Attainment in Manufacturing Sub-Sectors v Total Manufacturing and National Average Q1 2012



Source: Skills and Labour Market Research Unit (FÁS)/CSO Quarterly National Household Survey

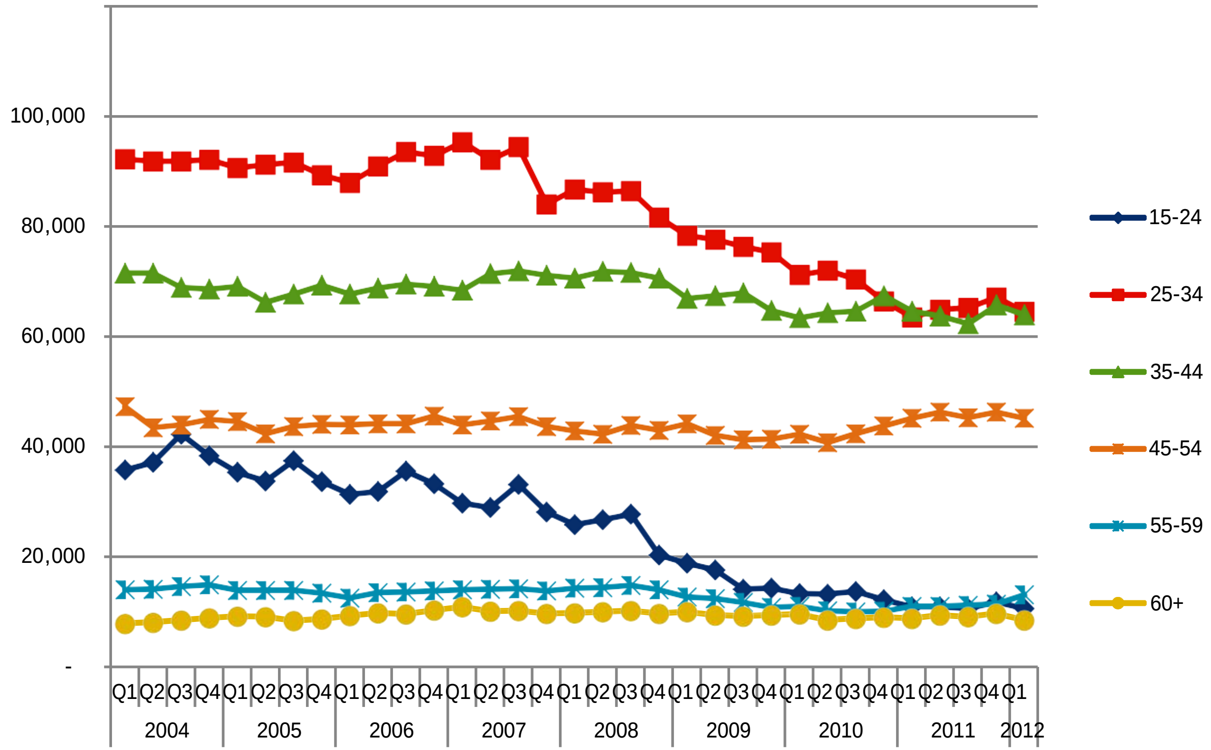
Employment by Age

The age profile of the manufacturing sector is slightly younger than the national age profile. Approximately 36 per cent of employees are under 35 years (equivalent to the national average) a further 31 per cent are 35-44 years (compared to 26 per cent nationally), with the remaining 34 per cent over 45 years of age (compared to 38 per cent nationally).

As employment has declined over the last number of years, it is clear that younger age cohorts have been affected more severely compared to older age cohorts. In particular, the number of those 15- 24 year olds working in manufacturing has declined from an average of approximately 38,000 in 2007 to approximately 11,000 in 2012. Similarly, since 2007 employment declined among the 25-34 year old age cohort by 30,000 to 64,000. All other age groups have been at approximately the same levels since 2004. Coupled with the sectoral and qualification information presented earlier, this data indicates that employment declines were mainly among young people with mid-low level qualifications and primarily within manufacturing production activities.

Employment by Age

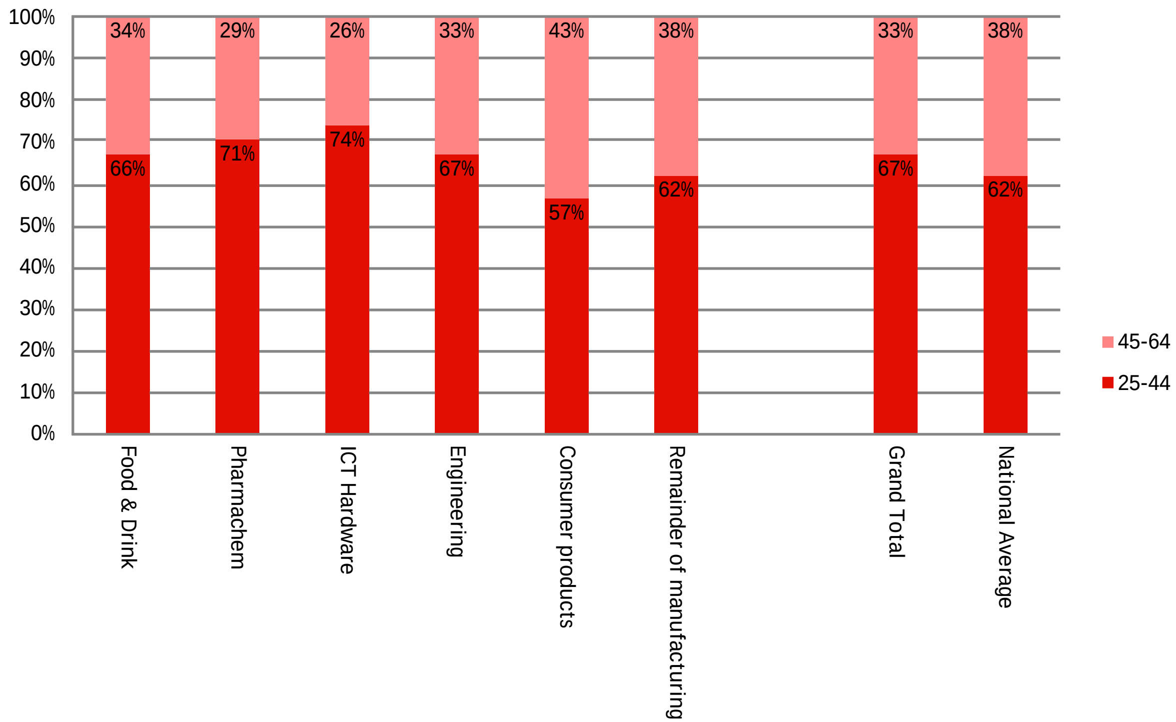
Figure. Employment in Manufacturing by Age Cohort 2004-2012



Source: Skills and Labour Market Research Unit (FÁS)/CSO Quarterly National Household Survey

Employment by Age

Figure. Employment in Manufacturing by Sector and Broad Age Group 2012



Source: Skills and Labour Market Research Unit (FÁS)/CSO Quarterly National Household Survey

Profile of the manufacturing sector in Ireland

Employment by Gender

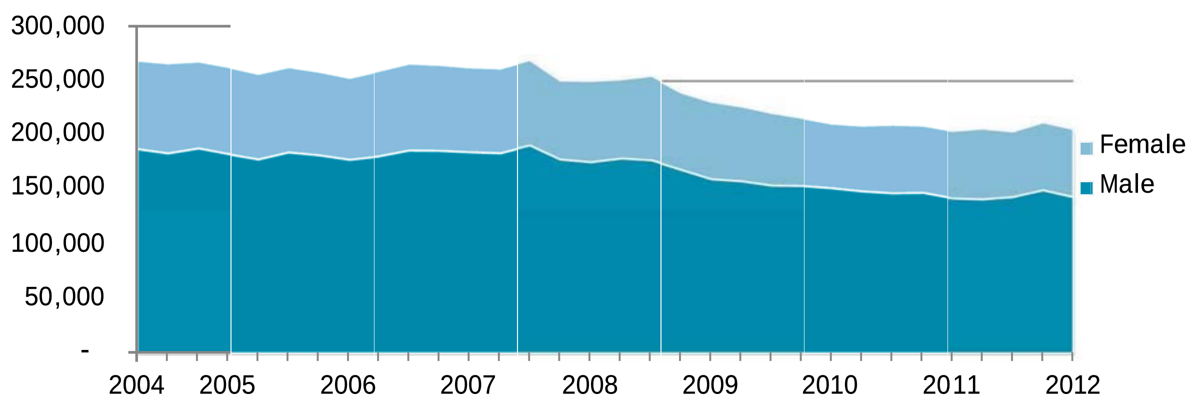
The manufacturing sector is heavily male dominated, with men accounting for 70 per cent o f total employment in the sector. Notably, this ratio has remained relatively equal since 2004 for which data is available, indicating that where employment declines occurred they have been distributed quite evenly between males and females in a relative sense.

Males account for 5 per cent of total employment nationally, therefore, manufacturing has a relatively high gender imbalance. Manufacturing is not peculiar in this sense as males account for the great majority of employment within manufacturing, construction and agriculture, whereas employment in other sectors such as education and health is predominantly (over 75 per cent) female. The main concern with gender imbalance within manufacturing is the ability of first to attract more females towards manufacturing careers, otherwise there is a more limited talent pool

Profile of the manufacturing sector in Ireland

Employment by Gender

Figure. Employment Trend in Manufacturing Se tor by Gender 2004-2012

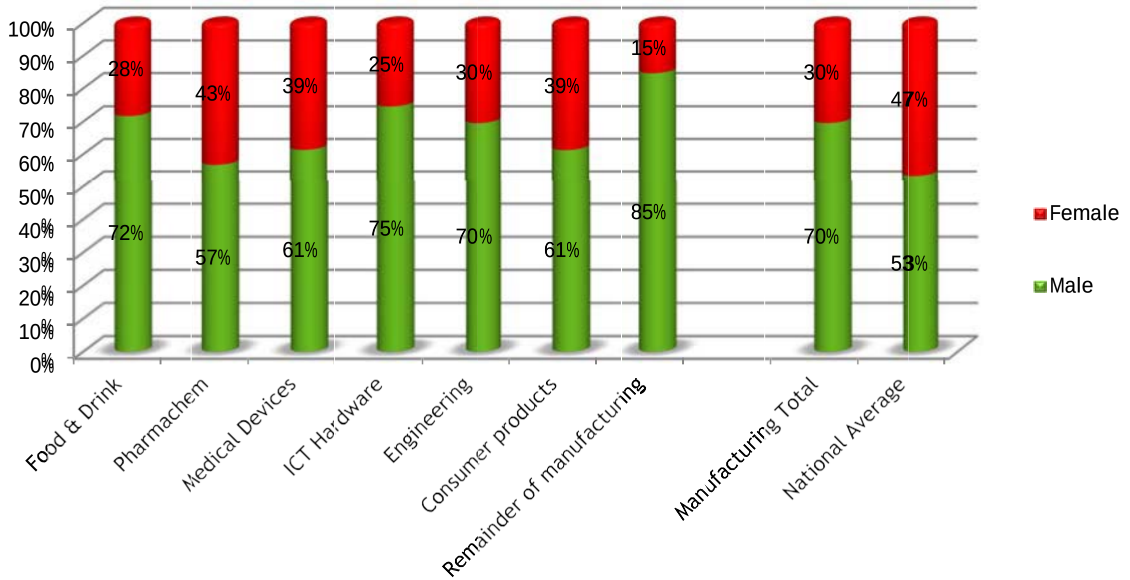


Source: Skills and Labour Market Research Unit (FÁS)/C O Quarterly National Household Survey

Employment by Gender

Looking at the gender profile by sector, there are quite significant differences underpinning the headline figure. Sectors such ICT hardware, food and 'remainder of manufacturing' have higher than average male participation (over 70 per cent). On the other hand, there are a comparatively high proportion of female employees within Pharma-chemicals (43 per cent) and medical devices sectors (39 per cent). In this context, there are significant sectoral differences within manufacturing in terms of female participation.

Figure. Manufacturing % Employment by Sector and Gender Q1 2012

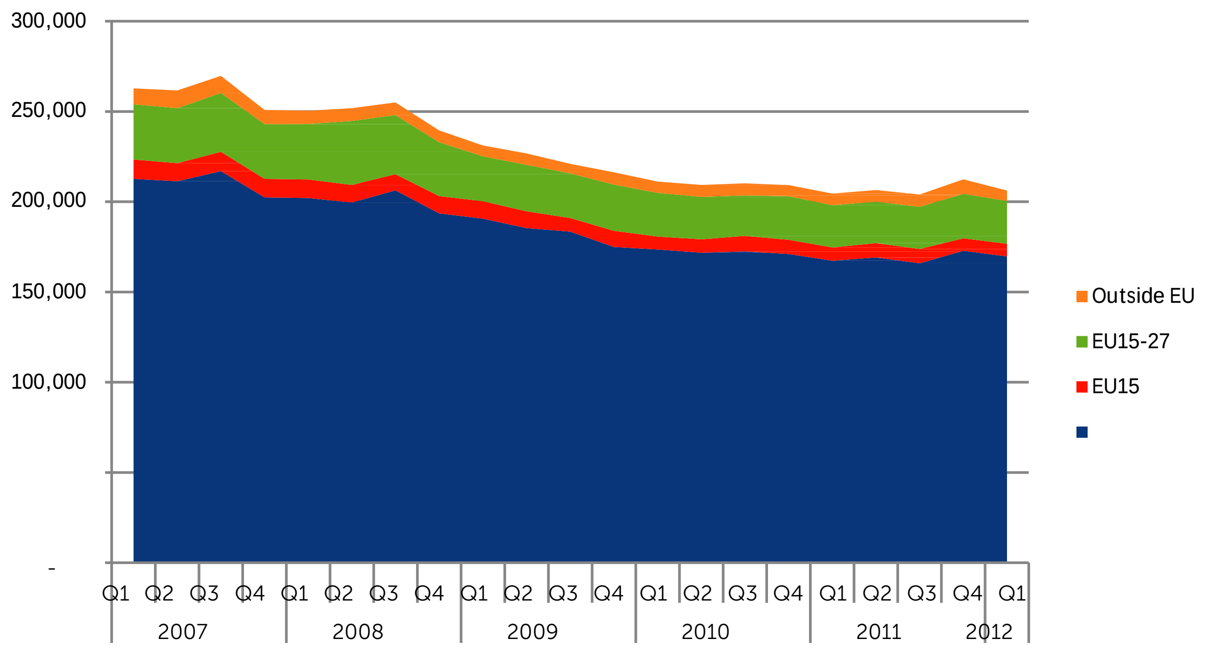


Source: Skills and Labour Marke Research Unit (FÁS)/CO Quarterly National Household Survey

Employment by Nationality

Foreign-nationals have played an important role in fulfilling the skills requirements of the manufacturing sector, particularly in areas of skills shortages such as engineering, science and food. Non-nationals account for approximately 18 per cent of total employment within manufacturing compared to 13 per cent nationally. In this context, the manufacturing sector is a significant employer of foreign nationals in Ireland. Within the foreign national base of 36,500 employed in the sector, 24,000 (65 per cent) are from EU 15-27 countries, a further 7,000 (19 per cent) are from EU15 countries, with the remaining 5,700 (16 per cent) from outside the EU.

Figure. Employment by Nationality 2007-2012



Source: Skills and Labour Market Research Unit (FÁS)/CSO Quarterly National Household Survey

Profile of the manufacturing sector in Ireland

Conclusion

- The manufacturing sector is a fundamental driver of the economy. It is the primary driver of net exports, and has significant spin off effects in terms of secondary employment, corporation tax and as a purchaser of materials and services.
- The sector is facing significant challenges from international competition, industry consolidation and reduced domestic demand. Employment in manufacturing in Ireland has experienced two significant shocks in the last decade, however, there are significant differences across sectors.
- Employment in Food and Beverages manufacturing; Pharma-chemicals and Medical Devices has been largely resilient in the face of significant internal and external downside risks. Employment in ICT hardware and Engineering manufacturing has also largely remained stable in the last three years after significant downturns in 2007/2008. There are long term declines within Consumer Goods and Other Manufacturing sectors, however, there is also sustainability and competitiveness improvements within these sectors where companies have invested in product development, design and technology.
- As employment declined from 2007-2012, there has been a greater impact on lower skilled positions, driven by a combination of competitiveness, human capital and technological factors. From 2007-2012, the proportion of those in managerial, professional, STEM professionals and associate professional/technical roles has increased from approximately 25 per cent of total employment to 32 per cent. This highlights that as employment levels have declined overall from 262,000 to 206,000 from 2007 to Q1 2012, those in higher skilled roles have not been impacted to as great an extent as those within production and elementary roles.

Profile of the manufacturing sector in Ireland

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