Trade and Transport Analysis 2005

IRISH exporters association

Acknowledgments

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Trends in Trade and Shipments

The total value of Irish merchandise exports reached €88bn in 2005 or 4.7% more than in 2004, while the value of imports for the same period was €56bn up 10.5 per cent on the 2004 figure. The overall trade surplus in 2005 was nearly €32bn.

2005 was the second consecutive year of increasing value of exports following a significant downturn in the export market in 2003. However, 2005 rates of growth in exports by value were slow, reflecting a poor performance in the first half of the year, especially in the broad chemical and ICT sectors. Slow growth was also due to increased competitive pressures, the strength of the euro (see Box 3 below), combined with an already high domestic cost base. The Central Bank forecasts that the growth in the volume of exports will continue at the modest pace of around 5 per cent for 2006 into 2007 due to a positive outlook for demand in most of Ireland's trading partners. In the absence of the US$/Euro exchange rate appreciation, competitive pressures for Irish exports are likely to be lower than at the beginning of 2005.

Robust growth in imports was mainly due to the demand for machinery goods, transport equipment and fuels. Overall, imports of petroleum products increased by 42% and "Other transport equipment" increased by 32%. The Central Bank is expecting that this pattern is likely to be repeated in 2006 due to accelerating consumer demand at home, although the latest figures for the SSIA spending patterns suggest that the original estimates of demand expansion were overstated.

The total volume of exports across all modes increased by 3.61% in 2005, rising by 13.94% since 2003 to 13.43 million tonnes in 2005. Imports increased significantly in volume by 21% to 38.72 million tonnes in 2005. Between 2003 and 2005 imports volumes increased by 32.2% in terms of tonnage for all modes of transport – more than double the rate of growth in exports volume. Overall volume of imports exceeded volume of exports by 188% in 2005, up from 147% in 2004, showing continued deterioration in the country net trade flows in terms of tonnage.

Total volume of international trade involving Ireland was therefore up by just under 16% on 2004 and 27% on 2003, whereas the value of international trade (exports plus imports) increased by 8% on 2004 and 12% on 2003. This implies only moderate increases in overall value per tonne in our trade, as illustrated in the table A1 below. Between 2003 and 2005, overall value of exports to imports increased by just 5%, with 2005 marking a reversal of the 2004 decline.

Table A1: Relative Terms of Trade by Mode of Transport, Totals, Value of Exports to Imports

Year	Mode	Sea	Rail	Road	Air	Post	Miscell	TOTAL
	2003	6.5877	27.560	2.9346	2.5549	1.8161	1.3416	4.3230
	2004	6.5791	31.381	2.2876	1.9662	1.6698	1.3127	4.1593
	2005	6.9325	32.347	3.1067	1.8917	3.7355	1.4051	4.5371
	Average	6.6998	30.429	2.7763	2.1376	2.4071	1.3531	4.3398
	± % 2003/2004	0%	13.9%	-22%	-23%	-8%	-2%	-4%
	± % 2004/2005	5%	17.4%	36%	-4%	124%	7%	9%
	± % 2003/2005	5%	17.4%	6%	-26%	106%	5%	5%
±%Average/2005		3%	10.4%	12%	-12%	55%	4%	5%

Considering the table above, Air delivery mode has experienced significant deterioration in terms of trade when it comes to the value added by exports relative to imports delivered via this mode of transportation to the overall trade balance. This is coincident with rising cost of shipments relative to other transportation modes (see Box 1 for details).

Sea shipments experienced low growth rate in terms of trade primarily due to increasing cost of shipping and the composition of trade. As highlighted in our analysis below, sea shipments primarily represent deliveries of lower value added commodities and most of growth in these shipments takes place in Asia-Pacific regions – the regions with lowest value added in exports and high value of imports to exports ratio (see Box 2 for details).

On the other hand, road and post modes have experienced significant improvement in the overall value added in trade balance. The latter, rising in terms of trade by 55% between 2003 and 2005, is becoming more important in terms of shipments of individual consumption items and services-related exports and imports. The former, increasing by 12% between 2003 and 2005, is becoming more important as an alternative to the rail services and due to capacity constraints in Irish ports (re-routing to Northern Ireland). It is remarkable that roads increased in importance in the climate of rapidly rising fuel costs – a fact that testifies to potentially severe capacity constraints in Irish ports – the closest compliment to road transport (see Boxes 1 and 2).

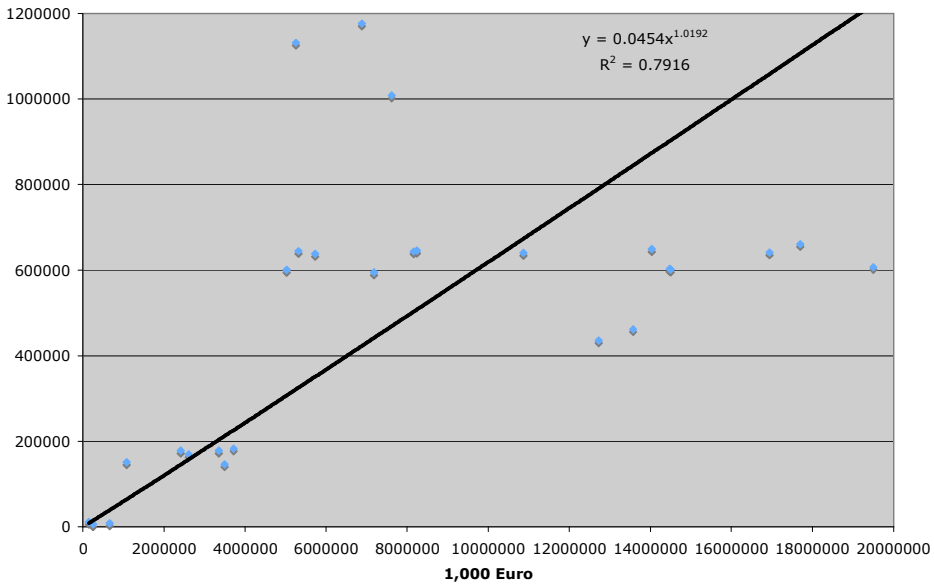
These figures also go some way in explaining the transport infrastructure problems facing the country. On the one hand we have a high imbalance of trade volume, with import volumes almost three times higher than export volumes. Also total trade volumes are increasing at three times the value of trade growth. The continued rapid growth in the volume of trade and the logistics of handling the high imbalance between the volume of imports and exports points to the need for much greater attention to seaport and airport capacity development. It also points to the urgent need of ensuring that freight modes such as existing rail capacity are utilised to the maximum in order to reduce the lack of capacity on the road systems to the ports. In general, these priorities are in line with the survey of exporting companies reported by Indecon in March 2006.

The Trade & Transport Analysis 2005 highlights the importance of the direct air freight connections to the United States with 46% by tonnage and 67% by value of air freighted exports going to the US and 49% of air freight imports by tonnage and 46% of imports by value coming from there. The critical nature of this vital transport connection must be safeguarded by policy by supporting more competition in airfreight services and by taking necessary steps to strengthen competitiveness of the national carrier, Aer Lingus and increase competitive capacity of other airlines operating the US-Ireland routes. In this context, revision of the passenger traffic emphasis at the Shannon Airport, as well as rapid expansion of Dublin Airport and deregulation of the smaller local airport facilities in the country must be made a priority under the NDP.

Exports Value Chain.

Overall, as shown in the figure below, Irish exports can be divided into two main categories. Between 2003 and 2005 there was a moderately positive relationship between the value of the goods shipped and the tonnage, with higher volume goods in general being associated with lower value of exports. This is a normal type of relationship for exports.

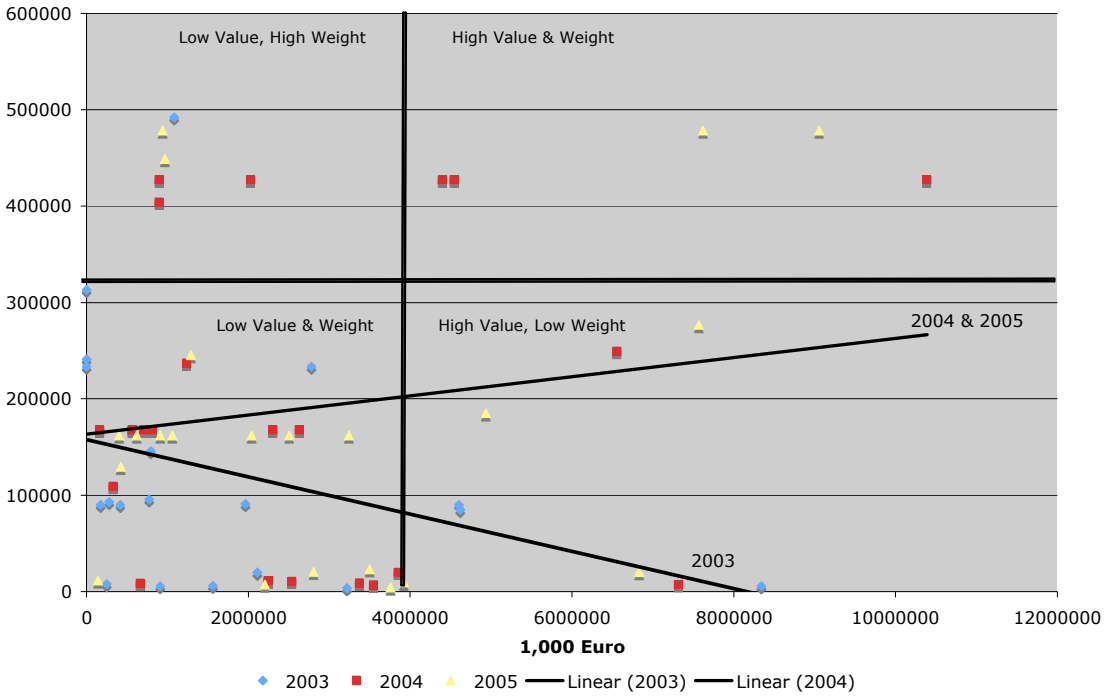
Figure A1: Terms of Trade by Top Export Categories, 2003-2005



These trends are also exemplified in Figure A2. Within the category of "High Value and High Tonnage" there were three types of goods in 2004. This number fell to two in 2005. There were one type of goods in the category of "High Weight, Low Value" in 2003, rising to three in 2004, before falling to two in 2005. As in 2003, category "High Value, Low Weight" exports contained three goods in 2005, up on two in 2004. Finally, the main cluster of exports from Ireland fall into the category of "Low Value, Low Tonnage" goods, which contained 15 goods in 2003 and 2005 and 13 in 2004. Overall, this suggests that between 2003 and 2004, Irish exports became more value-intensive in relationship to the weight of shipments, while during 2004-2005 this improvement in value-to-weight composition of exports deteriorated toward 2003 levels.

Between 2003 and 2004 there was a reversal in the relationship between the value of the goods exported from Ireland and the tonnage of shipments. In 2003, negative relationship between the volume and tonnage of exports suggested that as the higher value-added exports were less important in terms of tonnage in Irish export flows. Since 2003, however, there was a positive relationship between the value-added and tonnage, suggesting that Ireland is shipping more (in tonnage) of higher value-added exports through all channels. This further supports the assertion that deterioration in export flows has taken place in the nature of goods shipped from Ireland, as suggested in the preceding paragraph (so-called across categories heterogeneity in export flows composition) and not in the value/weight ratios for specific categories (within categories heterogeneity).

Figure A2: Exports: Euro value v Weight



Regional Analysis

As shown in the table below, by region United States dominates all other regions as a destination for highest value –added exports from Ireland. This trend is set to continue, due to two main factors – 1) continued strength of Euro relative to the Dollar (see Box 3) and 2) growth in high value-added exports. Overall 19% of our exports flow to the US, followed by 15% to Great Britain and Belgium and only 7% to Germany.

Overall, there was no growth in exports to the US and UK and only 1% increase year on year in exports (by value) to Germany. Exports to Belgium grew by 9% in terms of total value. The highest growth rate in Irish exports amongst the top 12 destinations was recorded for our exports to Spain (21% from €2.45 billion in 2004 to €2.95 billion in 2005) and Switzerland (16% from €2.76 billion in 2004 to €3.21 billion in 2005). Exports from Ireland to Italy fell in terms of value from €3.81 billion in 2004 to €3.63 billion in 2005, reflecting declining domestic demand in Italy. In value terms, exports to Belgium, Spain, Switzerland, France and the Netherlands accounted for the majority of the increase in total exports. There was also strong growth in exports to China (42% year on year), although China remains one of Ireland's less significant export markets for the time being. On the other hand, relative terms of trade in exports, as expressed in value per ton of exports, is set to decline for Europe across all categories of exports, continuing the decline registered since 2003. It is also worth noting that as in 2003 and 2004, India and Russia did not figure prominently as important destinations for exports from Ireland, despite robust economic growth and expansion of consumer demand in both countries.

In 2005, overall imports into Ireland increased in value terms by 11%, while imports from Ireland's top five suppliers all increased by 10% or more. The UK retained its first place as Ireland's largest supplier (29% share). Imports from China registered second highest rate of

growth (34%, from €2.78 billion in 2004 to €3.71 billion in 2005). China continues to strengthen with a 7% share of Ireland's total imports in value terms in 2005 (relative to 6% in 2004). Reflecting rising energy costs, imports from Norway increased by 54%, the largest change in value of imports by country of origin 2005.

In terms of relative value of exports to imports, Asia represents the lowest value-added opportunity for trade for Ireland. In fact, in 2005, the value of imports from Asia exceeded the value of exports both in absolute terms and in relative terms per tonne of cargo shipped. However, according to trend projections, this situation may be reversed within the span of the next 5-10 years, with Asia taking a distant second position to the US is terms of value-added in trade. Instead, Europe will become a region with lowest value-added in trade, although the ratio of exports to imports per tonne of cargo for European trade will remain above unity.

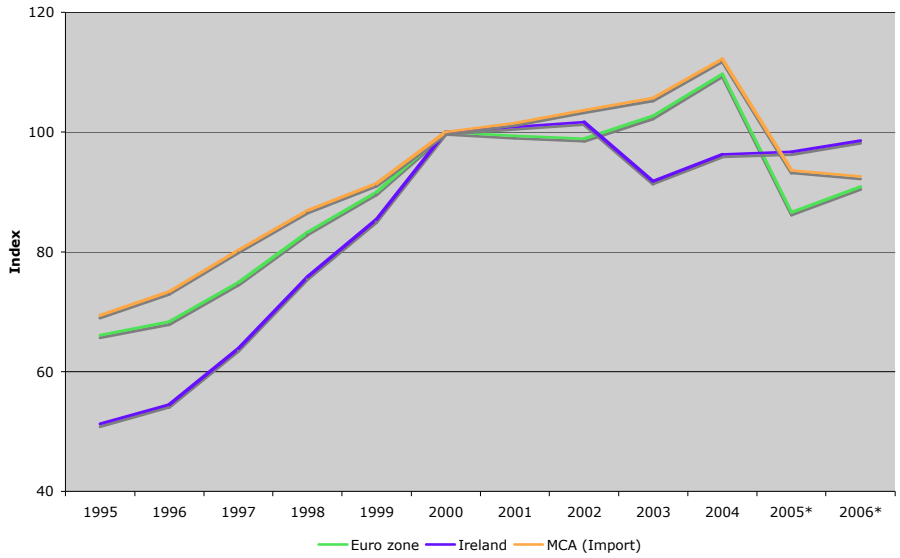
Overall, table A2 suggests that for Ireland, gains from trade with the US exceed gains from trade for all other regions and this dominance will remain for the foreseeable future. Asia is rapidly emerging as the destination with the second highest gains from trade, while Europe is declining in terms of gains from trade for Ireland.

Table A2: Value of Exports, Euro per Tonne: Air, Road and Sea

Year	2003	2004	2005	± % 2004 / 2005	± % 2003 / 2004	± % 2003 / 2005	Trend
United States	37.50074052	32.14272685	39.42811351	-14	23	5.14%	8.90%
Asia	1.175804263	1.46610308	1.749301717	25	19	48.77%	0.10%
Europe	1.627665737	1.339080394	1.274300055	-18	-5	-21.71%	-30.99%
Value of Imports, Euro per Tonne: Air, Road and Sea							
United States	4.651581067	4.948215667	6.364719385	6%	29%	36.83%	40.59%
Europe	1.495945297	1.268985978	1.134716724	-15%	-11%	-24.15%	24.67%
Asia	289.5827678	241.4123978	13.76644212	-17%	-94%	-95.25%	-6.81%
Relative Terms of Trade, Value of Exports to Imports							
United States	8.061934208	6.495821729	6.194792124	-19%	-5%	-23.16%	40.59%
Europe	0.785994158	1.155334342	1.541619753	47%	33%	96.14%	47.33%
Asia	0.005620727	0.005546858	0.092565678	-1%	1569%	1546.86%	1546%

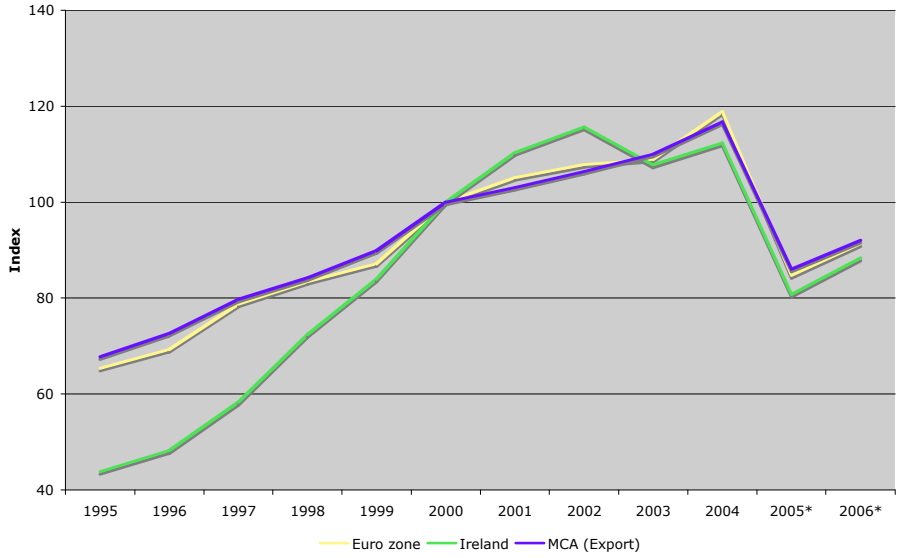
Figures below illustrate the volume shipments activities for Ireland relative to Euro zone and a group of European countries in direct competition with Irish trade flows. Volume index is defined as value index normalised by a unit-value index Value index is calculated by Eurostat as the percentage change between the trade value of the current month and the average monthly trade value of the previous year. We define Main Competitors Average (MCA) and Total (MCT) as the average and total of indices and unit values for Austria, Belgium, Denmark, Luxembourg, Netherlands, Portugal, Finland, Sweden, and the UK.

Figure A3: Import Volume Index (2000=100)



As illustrated by the import volume index, since 1995, Ireland's importing activities broadly follow dynamics similar to those for the rest of the Euro zone and in line with its main competitors. Relative to capacity, importing activity declined significantly between 2004 and 2005 for all Euro zone countries reflecting the rising costs, despite the strengthening of the Euro. However, in contrast with the Euro zone and the main competitor countries, Irish imports peaked around 2001 with subsequent decline representing a combination of global factors (such as rising energy costs and strengthening Euro) and domestic factors (such as slowdown in global investment activities, leading to reduced growth in demand for high value-added exports from Ireland).

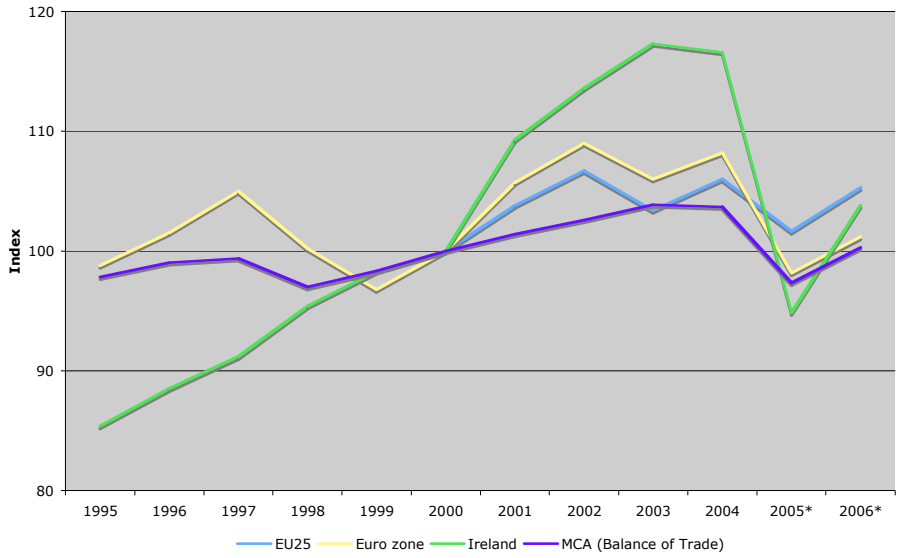
Figure A4: Export Volume Index (2000=100)



As illustrated by the export volume index, prior to 2001, Irish export activities were accelerating at a higher speed than exports in the Euro zone and the main competitor states. Following contraction in IT and other 'Modern" sector around 2001, growth in the Irish

exporting activities fell below the trend and did not recover since then.

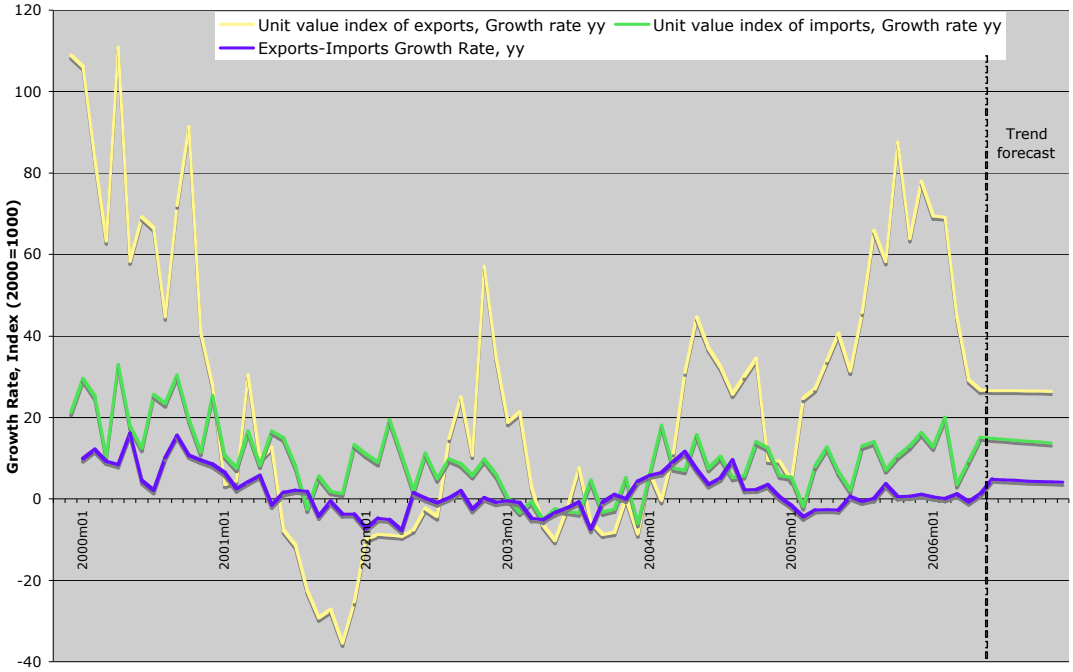
Figure A5: Volume Ratio: Exports/Imports (2000=100)



In relative terms of trade, volume ratio for Irish exports has been more volatile than the volume ratios for the EU25, Euro zone and Ireland's main competitors. This volatility reflects strong decline in the growth rates of exports relative to imports since 2002 and is likely to continue through 2006.

Overall, for 2005-2006, Euro zone data suggests continued downward pressures on the growth rate in the value of exports (terms-of-trade deterioration) along with stronger growth trend for the relative price of imports. The latter reflects global rising energy costs, strengthening of the Euro, general acceleration in global inflation and continued strong growth in supply of global liquidity.

Figure A6: External Trade, Euro-zone (monthly)



Box 1: Jet Fuel Costs and Air Traffic Taxation Conditions.

According to data from IATA jet fuel costs globally increased by 25.8% year on year since June 2005, with global impact of additional $24 billion in shipping costs. Accounting for the share of Irish exports and imports shipped via air in overall global freight, this translates in additional cost of shipments to and from Ireland by air in the amount of €30.773 million. However, cost inflation in Ireland was slightly more significant. Over the same period of time, European regional jet fuel prices increased by 27.7%, yielding an overall cost of €33.04 million in added costs in 2005 alone. Overall, since 2000, the cost of jet fuel increased by 147.6%, resulting in accumulated costs to the freight carriers in the amount of approximately €176 million.

According to IATA, at the end of July 2006, concerns over Nigerian oil exports and continued supplies constraints resulted in oil price increases above $75 per barrel. However, slower US Q2 economic growth figures support some expectations that the North American economies may begin to slow the rate of growth in energy demand.

IATA concludes that "Oil and fuel price levels remain a key uncertainty for airlines. The possibility of slower growth in the US economy should, normally, see oil prices fall back. However, there remains a high political premium in the current price. The market consensus appears to be that the current supply/demand balance would point to an oil price in the mid $50s, but that geo-political tensions add $15 to $20 to the market price. Worryingly, Deutsche Bank analysts grabbed some headlines [in last week of July] with their prediction that further instability in the Middle East could see a spike in the oil price as high as $125. Nevertheless, Deutsche Bank's central forecast is still $65 to $70 per barrel for the second half of 2006."

A separate June 2006 report "Economic Briefing: European Aviation Taxes" concludes that air transport in Europe currently faces high taxation regime relative to all other modes of transport. The IATA argues that "the industry continues to face political pressure from some quarters for new or higher taxes – whether on environmental, development or just revenue-raising grounds."

While the IATA analysis includes no cargo-specific estimates of taxation regime costs to European airlines, the report states that "the total tax burden for EU airlines is estimated to be at least €5.92 billion in 2004. This estimate does not include the large number of other small taxes and charges at smaller airports, for which it is difficult to obtain precise information. The estimate also excludes new or proposed taxes. The new French Solidarity Tax will add an estimated €246 million a year to the total tax burden, while the proposed Swedish Environmental Tax would a further €149 million." In the context of rising fuel costs, it is important that Irish Government adopts a cautious and skeptical approach to any new proposals for the EU-wide tax increases for airlines.

A combination of oil price uncertainty and taxation points to continued cost pressures on shipment across all modes of transport, but most importantly for air and road freight – the two highest value-added categories of Irish export flows. Given the importance of air freight services to Irish economy, according to the data shown in the March 2006 Indecon report, "investment in airports is an area where 65% of leading exporting firms believe that a high or very high priority should be attached under the Government's next National Development Plan".
All indications are airfreight shipments will continue to play an increasingly important role for Irish trade balance. IATA projects robust growth for 2006 in European freight shipments by air and there are all indications that this trend will have a positive overall impact on Irish volume of shipments as well.

Box 2: Sea Shipping Conditions.

Ireland is a small open economy that relies strongly on trade. According to the Indecon March

2006 report, “The importance of trade within the overall context of the Irish economy is evidenced by the fact that, in 2004… exports and imports accounted for 67.8% and 41.1% of Gross National Product respectively... In 2004, trade with other countries contributed 26.7% to the overall GNP or output of the Irish economy, following a peak at the end of the Celtic Tiger period in 2001 when the surplus reached over 35% of GNP.”

Sea-based transport accounted for 84% of the total volume and 58% of the total value of goods traded by the Irish economy in 2004 and this trend continued in 2005. By contrast, road transport handled 12% of the total volume of merchandise trade, with the balance transported by other modes including air, rail, fixed and post. According to Indecon, the share of trade carried by road masks the dominant role of the sea in trade across the economy of the island of Ireland, “as the majority of road transport trade with Northern Ireland involves the exporting or importing of goods through ports in Northern Ireland.”

According to the IMDO June 2006 report, fuel costs represent one of the most significant operating overheads for shipowners. Thus, “the high prices in 2005 impacted on profits, at the same time it also contributed to the closure of least two services in 2005.” As spot oil prices increased throughout 2005, oil price volatility has contributed to the overall cost environment uncertainty, with hedging and forward markets for fuel becoming less capable of absorbing the shocks. In addition to rising fuel costs, strengthening of the Euro had an adverse impact on overall growth in sea shipments. Toward the end of 2005, as the Euro gradually declined in value against the dollar, Irish exporting activity improved. Despite this, shipments to the UK and the US remained stagnant, while shipments to China were small in volume. Growth in ICT and chemical sectors was moderate, compared to previous years, further contributing to moderation in sea trade.

Despite this, IMDO concludes that during 2005, “the Irish ports put in a strong performance in both unitised and non unitised trades. Many of the larger and several smaller ports recorded record throughput in 2005. The non unitised ports in particular seen a 7 per cent increase in growth to 8 per cent compared to the relatively mute performance in 2004 which was just above 1 per cent In total more than 32 million tons of wet, dry and break bulk was handled by Irish Ports. The Ports which also handle Ireland's container traffic overall enjoyed another year of further growth in both load-on/load off and roll-on/roll off freight with 1.2 million TEU in [load-on/load off] or 5 per cent growth and 1.6 million trailers in the [roll-on/roll off] market which equated to 4 per cent growth in that market segment.”

According to IMDO 2006 Report, “As in 2004, the strategic central corridor routes between Ireland-UK and also the Ireland to France Roll-on/Roll-off route witnessed a number of different factors which affected the sector’s performance in 2005, such as capacity restructuring, industrial action and external competition form low cost airlines and passenger routes.” These factors primarily impacted passenger traffic, while the freight segment of this particular market grew by 5% in 2005 – a modest gain by comparison with the previous years.

Following a record year in 2004 for international shipping, the main container, dry and tanker markets enjoyed another profitable year. In 2005 Irish Ports handled in more than 32 million tonnes of bulk import and exports – an increase of more than 5% in 2005 as opposed to just 1% growth for 2004. Furthermore, 2005 was a record year for a number of Irish ports operating in the bulk sector. Large share of this growth is accounted for by increased construction industry activity in Ireland. The volume of cargo in the dry bulk market and wet markets are more or less evenly distributed at about 50% market share. According to IMDO figures, “total bulk throughput at all Irish ports in 2005 increased by 8 per cent compared to 2004 a significant increase of 7 per cent growth compared to the almost stagnate 2004 figures.” At the same time “liquid bulk traffic increased by 7 per cent in 2005 aided by the reopening of the Whitegate refinery after essential maintenance.”

Overall, in 2005, these markets did not surpass the peaks of 2004. IMDO concludes that "while the outlook for 2006 remains optimistic for continued growth in the sector, the underlying performance of the sector will be closely linked with the usual caveats of currency fluctuations and pressure on domestic merchandise export performance, while the demons of oil price volatility and its impact on operating costs for shipowners still loom large."

Table A3: Non-Unitised Traffic by Port & Type, 2005						
	Total		Bulk, 1000 tonnes			
	2004	2005	Liquid	Dry	Break	± % 2004 / 2005
Shannon Foynes	10,611	11,301	1,835	9,140	326	7.00%
Cork	7,559	8,424	6,554	1,562	308	11.00%
Dublin	5,750	6,211	4,037	2,085	89	8.00%
Bantry Bay	678	1,141	825	316	-	68.00%
Galway	961	1,018	953	10	55	6.00%
Waterford	1,016	974	99	703	172	-4.00%
New Ross	1,102	966	287	679	-	-12.00%
Drogheda	892	873	149	357	366	-2.00%
Greenore	660	646	-	454	192	-2.00%
Dundalk	350	355	-	-	-	0.00%
Wicklow	234	282	-	-	282	21.00%
Kinsale	126	122	-	122	-	-3.00%
Youghal	80	98	-	-	98	23.00%
Killybegs	62	46	-	-	-	-26.00%
Trailee/Feint	9	9	-	-	-	0.00%
Total	30,160	32,531	14,739	15,306	1,888	8.00%

Source: IMDO.

Indecon Report from March 2006 estimates that "an aggregate net economic impact arising from the presence and operation of the State Commercial Seaports of €5.5 Billion. This is estimated to support approximately 57,500 FTEs across the Irish economy." According to the report "two thirds of exporters (66%) believe that investment in access to seaports should be a high or very high priority under the Government's next National Development Plan", while "three quarters (75%) of respondents believe that a high or very high priority should be attached to investment in the State commercial seaports" under the NDP.

Comparatively, less than half of exporters surveyed (45%) believe that investment in the railways is a high or very high priority and only a third of respondents believe that investment in railways should not be a priority under the Government's NDP.

Box 3: Exchange Rate Environment.

According to the Central Bank report, the euro depreciated against the US dollar during 2005 from an all time high in Q4 of 2004 of US$/Euro 1.36 to US$/Euro 1.18 in December 2005. Over 2005 the Euro/Sterling exchange rate remained fairly static at around UK£/Euro 0.68-0.70. These developments had positive impacts for exports in the latter half of 2005, following a relatively poor performance in early 2005. The Nominal Trade Weighted Competitiveness Index (NTWCI) which is a measure of the international price competitiveness of the Irish economy, fell by 0.45 in Q4 2005, compared with Q3 2005.

The Irish Economy has a larger trade exposure to the US dollar and sterling then other euro-

area countries and is therefore particularly vulnerable to sharp exchange rates changes. According to the Central Bank, last year's weakening of the euro against the dollar may be short-lived as there is a risk that a dollar appreciation could form part of the adjustment process for the US current account deficit. This would decrease our international competitiveness. The FOREX movements in the first half of 2006 point in this direction with the US$/Euro exchange rate reaching 1.25-1.27 range once again by Q2 2006.

Executive Summary

Table 1: Mode of Transport-Exports in Tonne Weight

TONNE WEIGHT IN 000M Year / Mode	Sea	Rail	Road	Air	Post	Miscell	TOTAL
2003	5,688,688	2,478	1,605,015	86,230	396	4,407,622	11,790,429
2004	5,926,269	5,518	2,022,761	108,956	337	4,902,191	12,966,032
2005	6,421,897	6,967	1,991,968	137,317	189	4,875,634	13,433,972
± % 2003 / 2004	4.18%	122.68%	26.03%	26.36%	-14.90%	11.22%	9.97%
± % 2004 / 2005	8.36%	26.26%	-1.52%	26.03%	-43.92%	-0.54%	3.61%
± % 2003 / 2005	12.89%	181.15%	24.11%	59.25%	-52.27%	10.62%	13.94%

Table 2: Mode of Transport-Exports in Euro Value

EURO VALUE IN 000M Year / Mode	Sea	Rail	Road	Air	Post	Miscell	TOTAL
2003	€35,732,158	€1,283,868	€7,937,811	€25,601,401	€22,320	€9,988,383	€80,565,941
2004	€38,811,465	€729,317	€9,299,148	€25,140,250	€17,587	€8,488,523	€82,486,290
2005	€43,499,757	€93,359	€10,830,735	€25,580,879	€26,143	€7,039,620	€87,070,493
± % 2003 / 2004	8.62%	-43.19%	17.15%	-1.80%	-21.21%	-15.02%	2.38%
± % 2004 / 2005	12.08%	-87.20%	16.47%	1.75%	48.65%	-17.07%	5.56%
± % 2003 / 2005	21.74%	-92.73%	36.44%	-0.08%	17.13%	-29.52%	8.07%

As shown in Table 1, between 2004 and 2005, export freight flows increased for Sea, Rail and Air, while falling for Road and Post. Table 2 indicates that over the same period, value of Exports shipments has increased for Sea, Road, Air and Post, while falling for Rail. On the net, between 2004 and 2005, increase in value of exports exceeded increase in the weight of the cargo shipped, indicating improved value-to-weight ratio in Irish exports, despite the adverse transport cost conditions associated with higher energy prices and global insurance costs. Despite this overall improvement, Rail freight experienced increased volumes along with deteriorating value of shipments, while in Air transport, growth in weight of cargo far outstripped growth in value of the shipments. Increases in postage rates are likely to account for significant improvement in the value to weight ratio of exports delivered via Post.

Sea exports in terms of tonnage increased in 2005 by 8.36% as compared with 2004 and 12.89% compared to 2003 (from 5,688,700 tonnes in 2003 to 6,421,900 tonnes in 2005), showing an overall faster rate of growth between 2004 and 2005 than in the previous year. Air tonnage growth remained robust at ca 26% pa in both 2003-2004 and 2004-2005. The latter figure is extremely encouraging, given that according to IATA, European freight shipments growth in 2005 reached only 1.1%, and is expected to grow by only 2.2-2.4% in 2006. This

highlights the importance of air mode of transport for Irish economy relative to the rest of the EU.

This was contrasted by slower annual rate of growth in Rail transport, which experienced increase of 26.26% between 2004 and 2005, down from the rate of growth of 122.68% in 2003-2004. Road tonnage actually contracted between 2004 and 2005, reversing previous growth of 2003-2004 period. Post deliveries show accelerated rate of decline in tonnage, with post freight falling by 44% in 2004-2005, following a contraction of ca 15% in 2003-2004.

In terms of value, Irish exports were more robust over 2004-2005 period. Sea exports Rail shipments collapsed from €1.239 billion in 2003 to €93.4 million in 2005, while Air exports remained virtually unchanged at €25.6 billion. Strong increases in value of shipments took place in Road cargo (from €7.938 billion in 2003 to €10.831 billion in 2005), in Sea shipments (an increase on 21.74% over 2003-2005 period to €43.5 billion in 2005) and in Post (a 17.13% increase to €26.143 billion in 2005 on 2003 figures).

Figure 1: Mode of Transport-Export in Tonne Weight

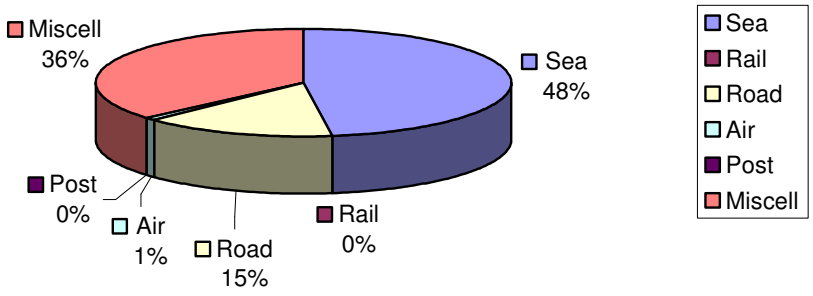
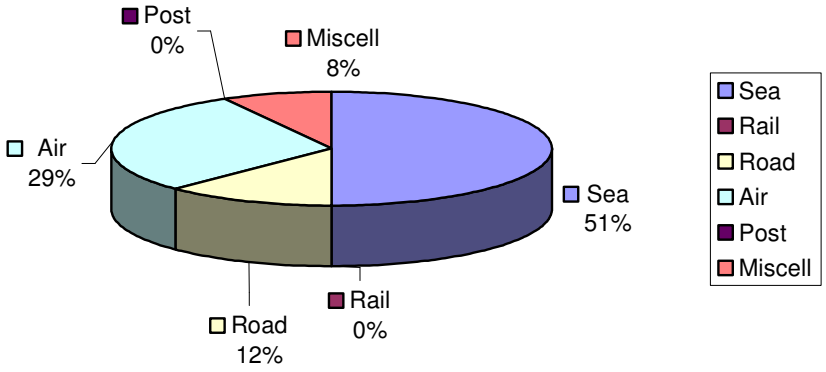


Figure 2: Mode of Transport-Export in Euro Value



As illustrated in Figure 1, Sea transport dominated all other forms of shipments for Irish exports in 2005 both in terms of value of shipments and the tonnage. This is consistent with the last two years.

Figure 3: Trend for Modes of Transport-Exports in Tonne Weight from 2003 to 2005

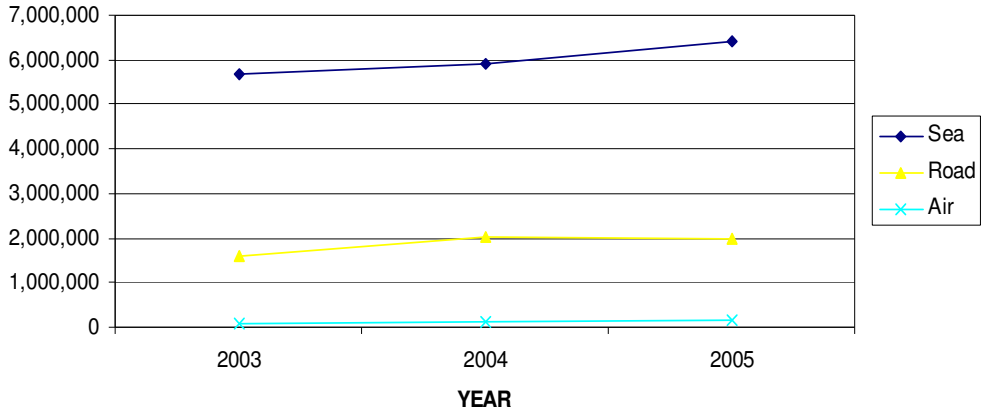
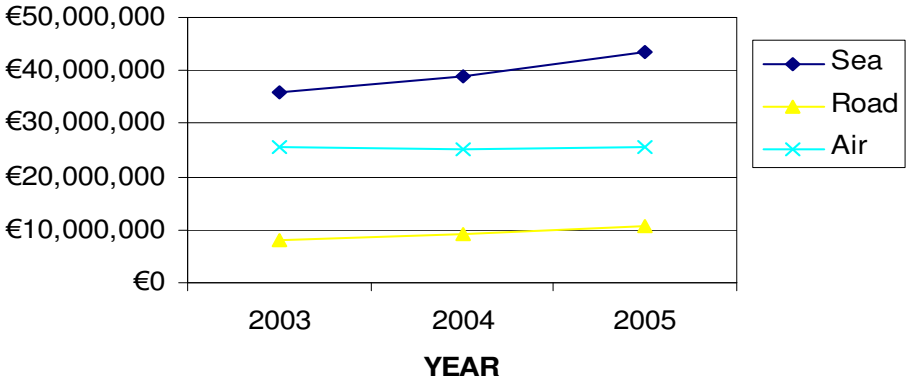


Figure 4: Trend for Modes of Transport-Exports in Euro 000 Value from 2003 to 2005



As illustrated in Figures 3 and 4, growth in Sea transport by volume and value exceeded both Road and Air transport growth rates for the period of 2003-2005. These trends are indicative of several developments in exporting patterns since 2003, namely increasing importance of trade between Ireland, North and South America and Asia, and relatively slower growing trade between Ireland and Europe and North Africa.

Table 3: Mode of Transport-Imports in Tonne Weight

TONNE WEIGHT IN 000M							
Year / Mode	Sea	Rail	Road	Air	Post	Miscell	TOTAL
2003	21,030,581	39,836	2,203,833	100,875	2,369	5,907,498	29,284,992
2004	22,425,222	95,507	2,155,782	104,356	4,106	7,238,715	32,023,688
2005	26,064,568	32,537	3,164,966	143,938	11,885	9,306,943	38,724,837
± % 2003 / 2004	6.63%	139.75%	-2.18%	3.45%	73.32%	22.53%	9.35%
± % 2004 / 2005	16.23%	-65.93%	46.81%	37.93%	189.45%	28.57%	20.93%
± % 2003 / 2005	23.94%	-18.32%	43.61%	42.69%	401.69%	57.54%	32.23%

Table 4: Mode of Transport-Imports in Euro Value

EURO VALUE IN 000M

Year / Mode	Sea	Rail	Road	Air	Post	Miscell	TOTAL
2003	€20,052,314	€748,876	€3,714,136	€11,722,229	€73,523	€9,978,545	€46,289,623
2004	€22,322,820	€402,251	€4,332,386	€12,246,183	€128,329	€9,548,258	€48,980,227
2005	€25,467,205	€134,791	€5,539,154	€14,175,045	€440,097	€9,563,465	€55,319,757
± % 2003 / 2004	11.32%	-46.29%	16.65%	4.47%	74.54%	-4.31%	5.81%
± % 2004 / 2005	14.09%	-66.49%	27.85%	15.75%	242.94%	0.16%	12.94%
± % 2003 / 2005	27.00%	-82.00%	49.14%	20.92%	498.58%	-4.16%	19.51%

In terms of Imports, Sea transport dominated all other categories in terms of weight and value of the shipments over the period of 2003-2005. Sea transport experienced strong growth in 2004-2005 rising by 16.23% in terms of cargo weight (to 26.065 million tonnes in 2005) and 27% in value (to €25.47 billion). Between 2003 and 2005, the strongest growth in terms of both value and weight of shipments was recorded by Post (499% and 402% respectively), followed by Road (49% and 44% respectively) and Air (20.9% in value terms and 42.7% in terms of weight). As with exports, Rail shipments contracted between 2003 and 2005 by 18.3% in terms of weight (accounted for by a fall of 66% in 2004-2005 alone) and in terms of value (falling by 66.5% in 2004-2005 and by 82% between 2003 and 2005).

Overall, Imports increased in weight by 20.93% between 2004 and 2005 to reach 38.724 million tones in 2005 and by 12.94% in terms of value, reaching €55.32 billion in 2005. At the same time, total exports increased by 3.61% to 13.434 million tonnes in 2005 in terms of weight and by 5.56% to €87.1 billion in terms of value. This confirms earlier estimates of the shrinking trade surplus.

Figure 5: Mode of Transport-Import in Tonne Weight

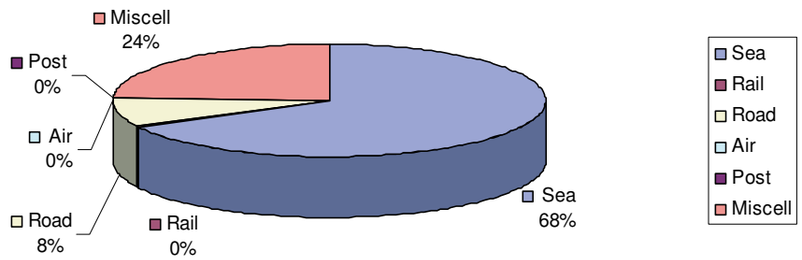


Figure 6: Mode of Transport-Import in Euro Value

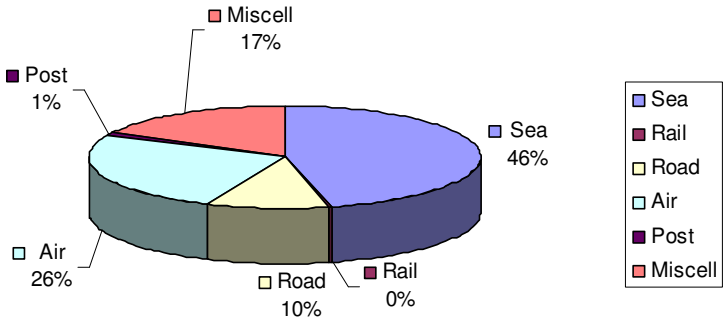


Figure 7: Trend for Modes of Transport-Imports in Tonne Weight from 2003 to 2005

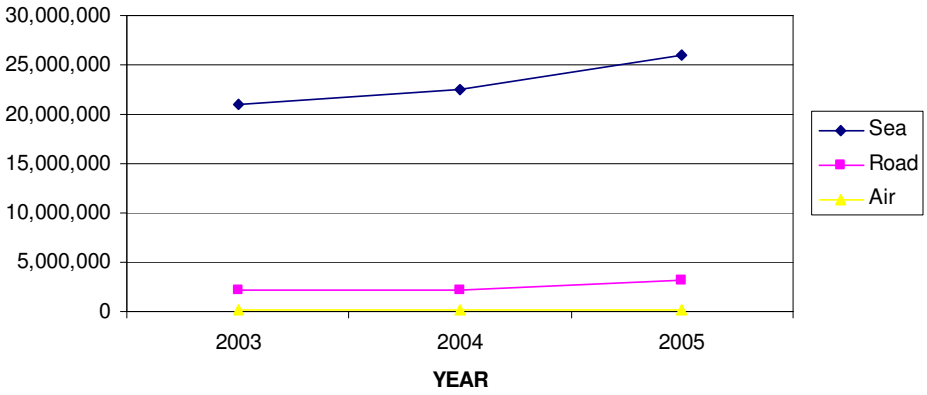
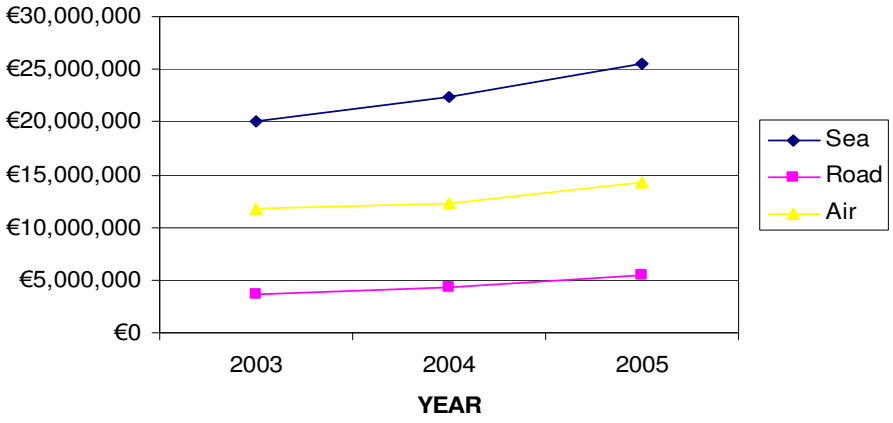


Figure 8: Trend for Modes of Transport-Imports in Euro 000 Value from 2003 to 2005



Trade by Air

The United States retains its position as the largest destination for air freight exports in weight/tonnage. Direct air link to the US from Ireland play a huge role for Irish exporters, especially multinational companies looking for fast access for high value products to the US market. More than half of the total value of exports air freighted from Ireland goes to the United States (66.54% in 2005, virtually unchanged relative to 67% in 2004). This is still up 15% on 2003 figures reflecting return to the pre-2001 steady state levels of exports to the US within the categories of high-value added goods. Once again this underlines the importance of direct air links to the United States.

The same conclusions apply with respect to other destinations.

Air freight tonnage has increased to each of the top ten destinations, with exception of Germany (6.7% decline year on year in 2005) and Japan (30.2% decline on 2004 figures). In the case of Germany, 2004-2005 decline in weight follows a smaller, 2.4% decline in shipments between 2003 and 2004. Continued decline in export flows via air transport to Germany resulted in a change in the order of the top 5 destinations. United States remains at the top of the chart – the same position occupied in 2003 and 2004. Germany slid to 3rd place in 2005, surpassed by Italy in weight of goods exported via air. As shown in Table 5, air shipments to Italy increased nearly five-fold between 2004 and 2005. Great Britain occupies the 4th place, as in 2003 and 2004.

In contrast with exports by weight, value of Irish exports shipped by air declined for six out of ten major destinations in 2004-2005. Strong growth in terms of value of exports to China (rising 43% to reach a relatively moderate level of €668 million in 2005) was more than offset by declines in the value of exports to the United States (2.3% fall on 2004 that follows a 2% drop in 2004), Germany (a combined drop of 64.6% since 2003), Italy (a 4.23% decline in 2005 that erased similar gains made in 2004) and Japan (a cumulative decline of 52.7% on 2003). These losses may signal deterioration of our competitiveness in terms of trade and transport costs.

Overall, the United States remained top exports destination for air transport in terms of value, outperforming the second ranked Germany by a factor of 13.14.

Significantly, the reversal of 2004 gains in air freight to Japan shows that Japan remains a volatile export destination for Irish goods in terms of volume of shipments. This, combined with the fact that our air transport exports to Japan show significant sustained declines in terms of value, may reflect a combination of factors, such as continued economic underperformance in Japan, rising transport costs and rising value of Euro.

Table 5: Top Ten Countries for Air Freight Exports in Tonne Weight

POSITITION 1 TO 10 (in Tonne Weight)								
Mode / Year	2003	Tonnes	2004	Tonnes	± % 2003 / 2004	2005	Tonnes	± % 2004 / 2005
Air								
1	United States	33,247	United States	45,033	35.45%	United States	47,680	5.88%
2	Germany	10,496	Germany	10,241	-2.43%	Italy	12,426	482.83%
3	Japan	5,154	Japan	6,217	20.62%	Germany	9,535	-6.89%
4	Great Britain	2,842	Great Britain	3,413	20.09%	Great Britain	6,978	104.45%
5	Singapore	2,348	France	3,401	122.87%	Netherlands	6,596	159.28%
6	Hong Kong	1,980	Singapore	3,275	39.48%	France	4,781	40.58%
7	Australia	1,944	Hong Kong	3,106	56.87%	Japan	4,340	-30.19%
8	Netherlands	1,795	Netherlands	2,544	41.73%	Mexico	3,994	na
9	France	1,526	Australia	2,149	10.54%	Hong Kong	3,521	13.36%
10	Canada	1,409	China	2,132	na	Singapore	3,424	4.55%

Figure 9: Top Ten Countries for Air Freight Export in Tonne Weight

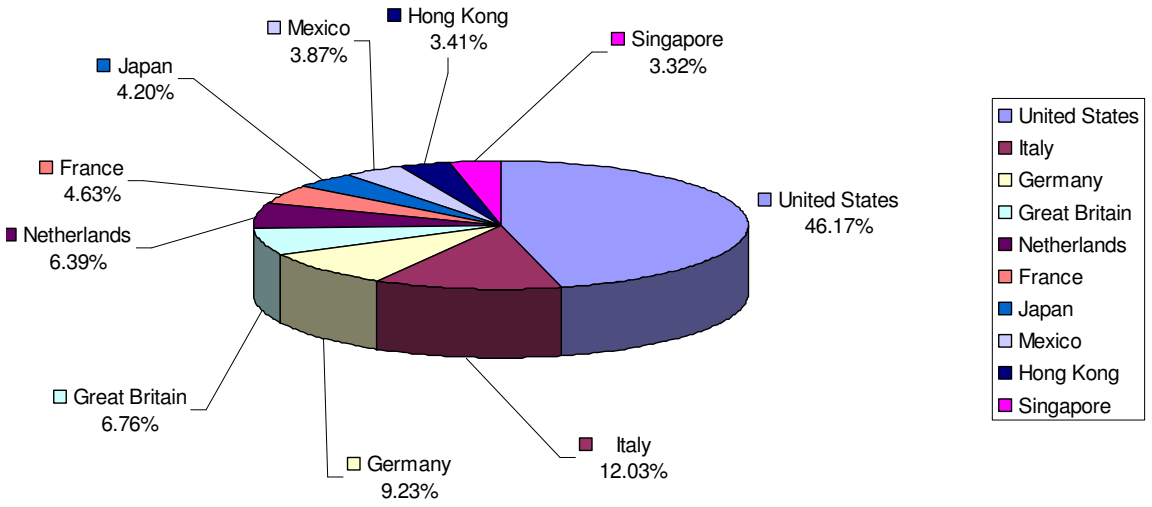


Table 6: Top Ten Countries for Air Freight Exports in Euro 000 Value

POSITITION 1 TO 10 (in Euro)								
Mode / Year	2003	Euros 000	2004	Euros 000	± % 2003 / 2004	2005	Euros 000	± % 2004 / 2005
Air								
1	United States	€13,716,498	United States	€13,439,938	-2.02%	United States	€13,131,362	-2.30%
2	Great Britain	€3,826,807	Germany	€1,101,918	-60.94%	Germany	€999,611	-9.28%
3	Germany	€2,821,288	Japan	€973,118	-47.69%	Italy	€883,847	-4.20%
4	Japan	€1,860,291	Italy	€922,552	4.23%	Japan	€879,165	-9.65%
5	Malaysia	€1,092,084	Singapore	€773,079	43.28%	Great Britain	€695,903	2.54%
6	Italy	€885,118	Great Britain	€678,658	-82.26%	Netherlands	€673,650	10.34%
7	Philippines	€703,587	Netherlands	€610,530	13.16%	China	€667,226	43.14%
8	South Korea	€593,096	South Korea	€510,607	-13.91%	Singapore	€615,351	-20.40%
9	Switzerland	€553,531	China	€466,131	na	Switzerland	€595,522	65.05%
10	Netherlands	€539,540	Switzerland	€360,807	-34.82%	Belgium	€593,183	na

Figure 10: Top Ten Countries for Air Freight Export in Euro 000 Value

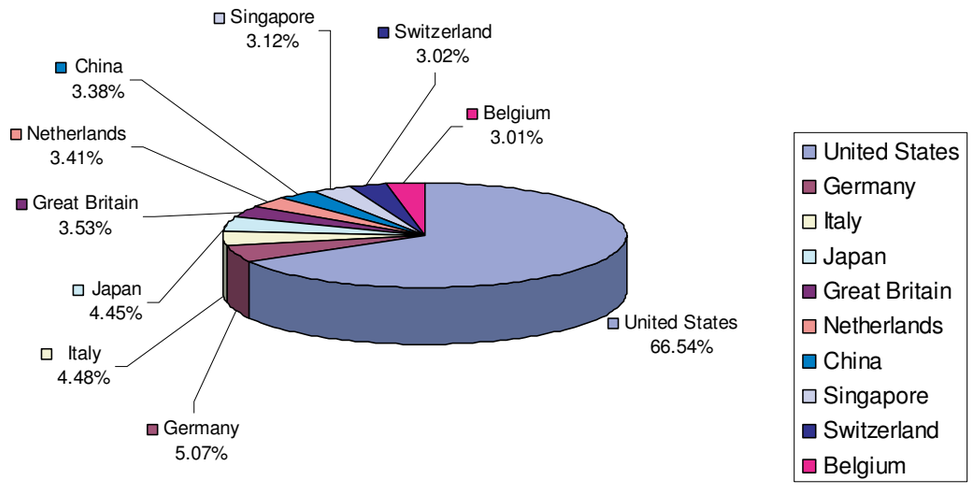


Figure11: Trend of the Top 5 Countries 2003-2005 Air Exports in Tonne Weight

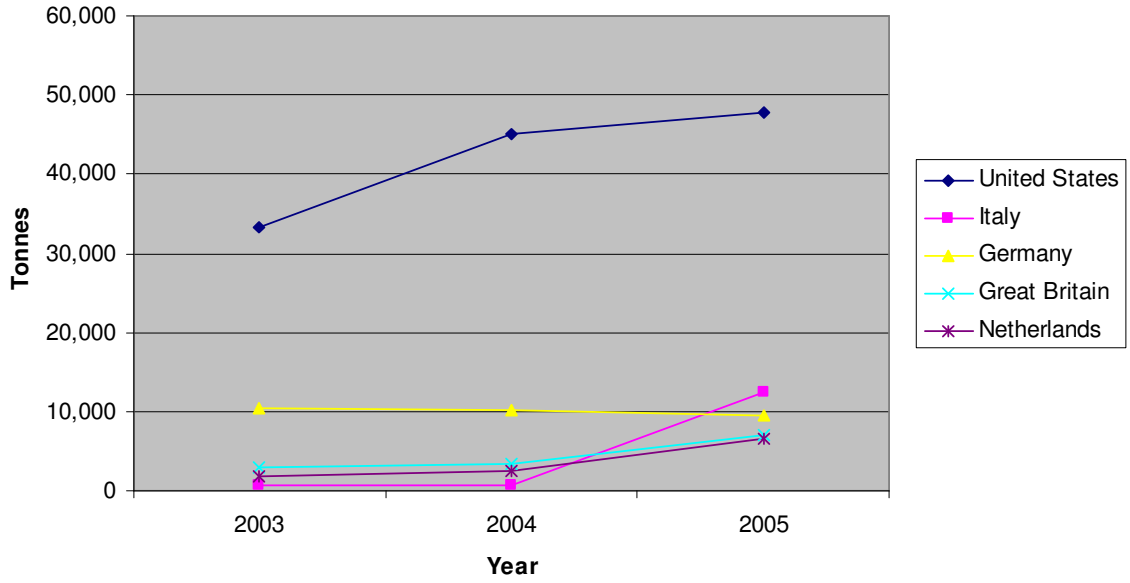
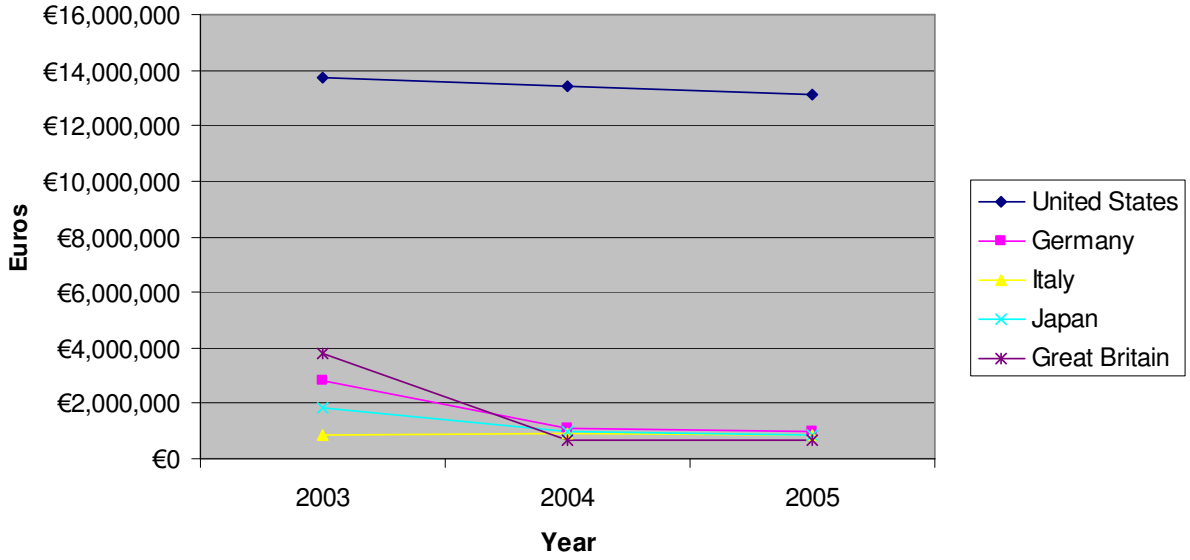


Figure12: Trend of the Top 5 Countries 2003-2005 Air Exports in Euro 000 Value



Looking at the tonnage of air-freight exports (Table 7), it is clear that 'Office Machines & Automatic Data Processing Machines' is once again the leading product category. Tonnages figures for 2005 are registering a continued increase of 18.4% on 2003 figures (19,834 tonnes). This category includes PCs, servers and storage units and would include the significant export tonnage from MNCs such as Dell and EMC. It is worth commenting that 'Paper, Paperboard and Related Products' are a category that have worked its way up the rankings in terms of air freight export tonnage. It appears now that large quantities of high quality paper are being freighted by air.

In addition, there has been significant gains in other categories of products. Organic chemicals shipped by air increased in weight from 3,356 tonnes in 2003 to 6,662 tonnes in 2004 and 20,213 tonnes in 2005, registering a rate of growth of 602% since 2003. Power generating machinery shipments increased by 40.9% in 2005 and 90.4% since 2003, Medical and Pharmaceutical products shipments by air have increased in weight by 19.85% since 2003. Professional, Scientific and controlling apparatus category shipments decreased by 32.7% in 2005, and electrical machinery, apparatus and appliances air transport declined by 30.4% year on year.

In Ireland, there is a substantial non-pharmaceutical industry involved in the manufacture of a range of finished products and a number of bulk commodity chemicals. Examples of finished products would be adhesives, sealants and paints. Examples of bulk chemical products include fertilizers, industrial gases, resins, alumina and citric acid. This is reflected in the Table 8 below whereby 'Organic Chemicals' lies in first position (value) for products exported by air from Ireland. Moreover, Table 8 outlines that in value terms, 'Organic Chemicals' has overtaken 'Office Machines & Automatic Data Processing Machines' for two years in a row. It proves yet again the huge value that this industry holds in terms of Irish exports, especially by air.

Exports of Organic Chemicals by air have steadily decreased since 2003 level of €11.218 billion in 2003 to €6.83 billion in 2005 – a decline of 39.1%. This trend is consistent with declining value of exports by air of Office machines and automatic data processing machines (46.5% since 2003), Electrical machinery, apparatus and appliances (40.3%), and in Power Generating Machinery and equipment (42.3% on 2003).

There were increases in values of air transported exports in Medical and Pharma products (21.9% on 2003), and Professional, scientific and controlling apparatus (242%).

Table 7: Top Ten Products in Air Freight Exports in Tonne Weight

POSITITION 1 TO 10 (in Tonne Weight)		
Mode \ Year	2005	Tonnes
Air		
1	Office machines & automatic data processing machines	23,090
2	Miscellaneous manufactured articles thereof	20,703
3	Organic chemicals	20,213
4	Textile Yarn, Fabrics, Made-up articles & related products	13,672
5	Medical and Pharma products	9,262
6	Prof, Scientific & controlling apparatus	7,172
7	Paper & paperboard & articles thereof	6,526
8	General Ind Equip & mach	5,669
9	Electrical mach, apparatus & appliances	4399
10	Non metallic minerals for manufacture	3576

Figure 13: Top Ten Products in Air Freight Exports in Tonne Weight

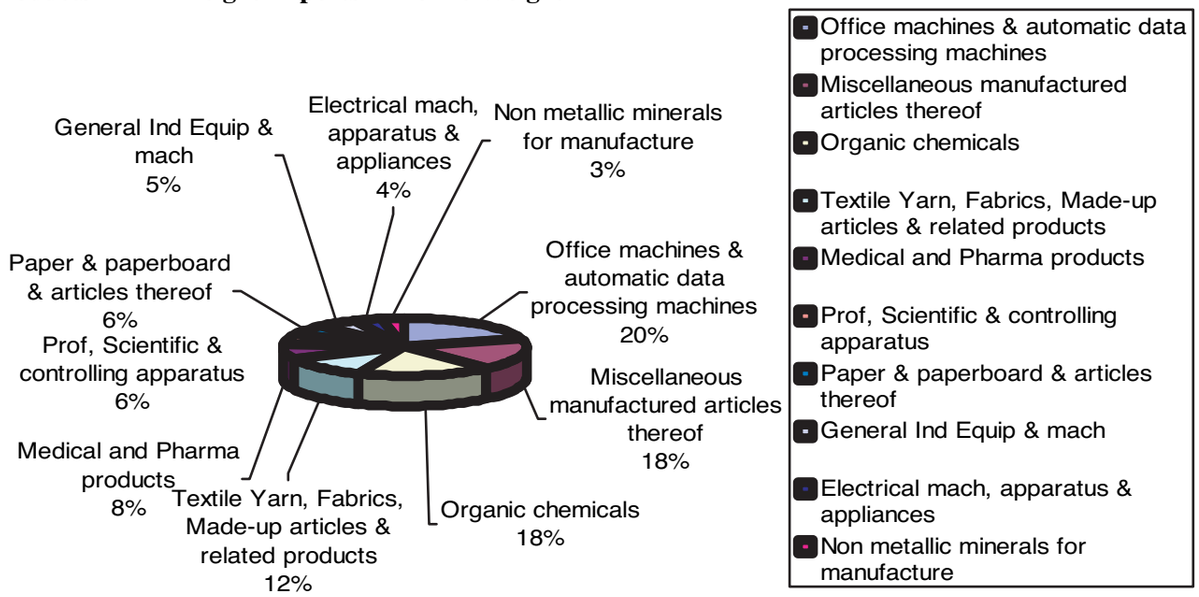


Table 8: Top Ten Products in Air Freight Exports in Euro 000 Value

POSITITION 1 TO 10 (in 000 Euro)		
Mode / Year	2005	Euros 000
Air		
1	Organic chemicals	€6,829,225
2	Medical and Pharma products	€3,924,406
3	Electrical mach, apparatus & appliances	€3,758,495
4	Office machines & automatic data processing machines	€3,498,423
5	Miscellaneous manufactured articles thereof	€2,806,256
6	Prof, Scientific & controlling apparatus	€2,207,559
7	Commodities & transactions not classified elsewhere	€1,055,691
8	Tele and Sound equip	€378,108
9	General industrial machinery & equipment nes & parts nes	€203,735
10	Power generating machinery & equip	€144,757

Figure 14: Top Ten Products in Air Freight Exports in Euro 000 Value

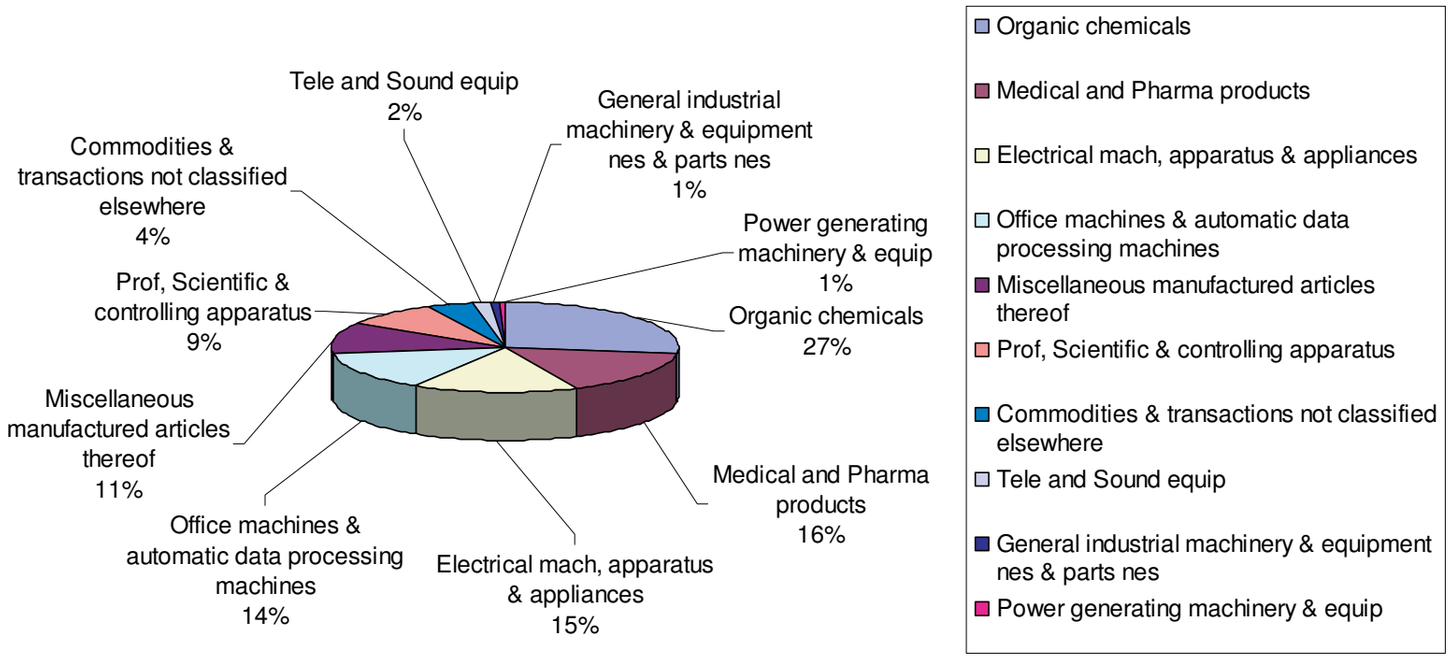


Figure 15: Trend of the Top 5 Products 2003-2005 Air Exports in Tonne Weight

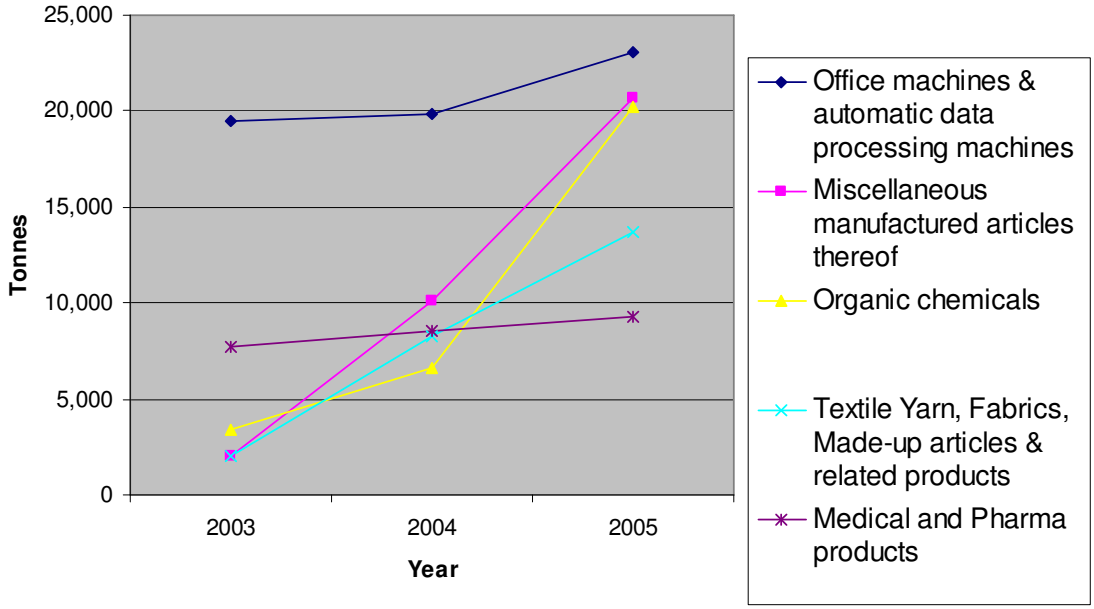
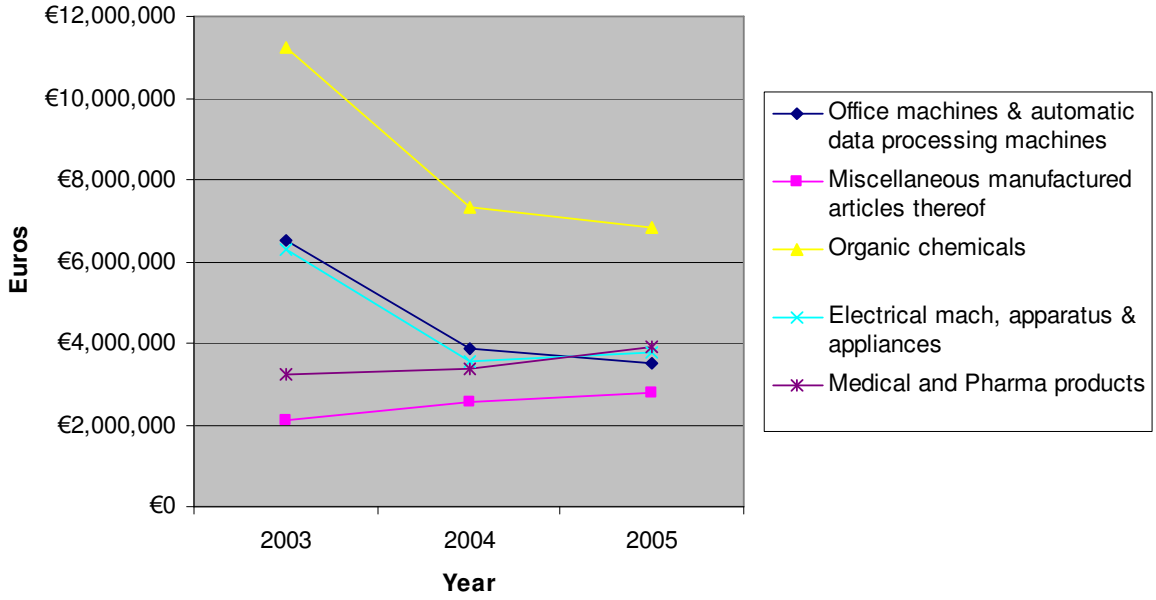


Figure 16: Trend of the Top 5 Products 2003-2005 Air Exports in Euro 000 Value



It is worth noting that while shipments by air increased in volume for all top 5 products categories, the value of these shipments fell in three out of five top categories, signalling deterioration in the real terms of trade.

In 2004, 45% of import tonnage freighted by air to Ireland came from the United States, representing a reduction of 12% on 2003 figures. However, in 2005, 48.9% of all air freight imports to Ireland originated from the US, partially offsetting losses in freight flows relative to 2003 (Figure 17). These changes in the relative share of the US in overall air freight imports coincide with significant growth in freight by air from the US which increased by 50.7% in 2005 and by a cumulative 20.8% since 2003.

Expansion in the number of routes and more frequent services offered from the US in the last two years have resulted in greater overall trade volumes. Again, this high import tonnage percentage from the US signifies the huge importance of direct air links with the United States, especially when compared with the second largest country of air freight imports origin – Great Britain (tonnage of imports shipped by air from Great Britain fell by 36.3% between 2003 and 2005).

In terms of value of the imports shipped by air (Figure 18), the United States retained its leading position with 46.18% share of the overall shipments. More importantly, imports from the US shipped by air experienced a reversal of the 2004 decline in value, recording a net 16.31% increase in a value relative to 24.99% decline in 2004. In part, as in 2004, the overall weaker imports by air from the US may indicate continued outsourcing of intermediate inputs production from the US to other countries (import country substitution) and higher costs of shipments. In addition, increased allocation of parallel patents to Ireland can contribute to declining accounting level of value-added in intermediate goods shipments. However, stronger Euro is likely to contribute to the amelioration of the above effects resulting in improvement in the value of imports between 2004 and 2005 (terms of trade effect).

The latter terms of trade effect can be traced to the fact that in 2005 all top ten countries of origin for imports shipped by air have recorded gains in values shipped.

Another significant trend is that Chinese imports shipped by air increased by an incredible 503% since 2003, rising from €246.6 million in 2003 to 1.237 billion in 2005. In part this reflects decline of shipments from Hong Kong, as combined shipments from all Chinese destinations grew by 221% - less than a half of the rate of growth of shipments by air from China alone. In addition, there has been potential shipments substitution from Taiwan in favour of China as more Taiwanese goods are being channelled through China today. However, growth of imports from China was also coincident with decline of imports shipments via air from Singapore (decline of 40.6% on 2003) and South Korea (decline of 14.37% on 2004), suggesting that there is potential substitution of East Asian imports for Chinese imports taking place as trade links between Ireland and China are expanded.

Air freight imports from the UK (combining Great Britain and Northern Ireland) increased by 12.5% in tonnage and fallen by 50.7% in terms of value between 2005 and 2003, suggesting that cheaper air freight costs associated with new routes and expanded carrier choices have contributed to decline in relative value of imports from the UK. Although companies operating in Ireland continue to view Great Britain as a market in which there are increasingly more opportunities to source high value components (as exemplified by the fact that year on year air freight imports from the UK increased by 42% in 2005), there remains significant unexplored opportunities for growth in imports flows from the UK relative to 2003 levels. These opportunities depend crucially on our ability to retain low cost, multiple destinations points of delivery within Ireland.

Table 9: Top Ten Countries for Air Freight Imports in Tonne Weight

POSITITION 1 TO 10 (in Tonne Weight)								
Mode / Year	2003	Tonnes	2004	Tonnes	± % 2003 / 2004	2005	Tonnes	± % 2004 / 2005
Air								
1	United States	48,761	United States	39,090	-19.83%	United States	58,913	50.71%
2	Great Britain	22,708	Great Britain	13,290	-41.47%	Great Britain	14,481	8.96%
3	Taiwan	5,020	China	7,316	175.66%	China	13,119	79.32%
4	Singapore	4,831	Japan	4,561	26.73%	Northern Ireland	11,073	356.05%
5	Belgium	3,608	Singapore	4,523	-6.38%	Singapore	4,376	-3.25%
6	Japan	3,599	Netherlands	4,396		Taiwan	4,231	
7	Germany	3,074	Taiwan	4,012		Japan	4,031	
8	Hong Kong	2,756	Hong Kong	3,268		Germany	3,868	
9	China	2,654	South Korea	2,615		Malaysia	3241	
10	Canada	2,572	Germany	2,428		South Korea	3140	

Figure 17: Top Ten Countries for Air Freight Import in Tonne Weight

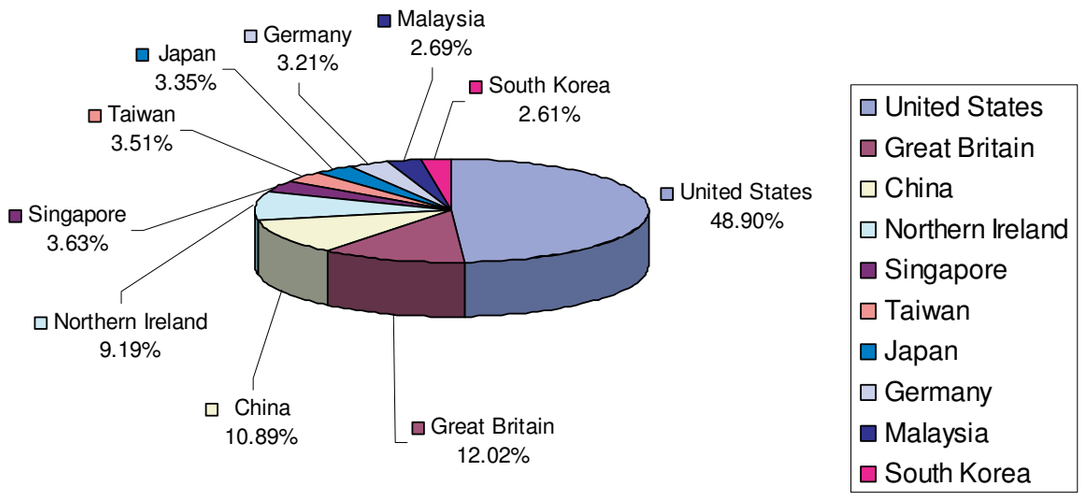


Table 10: Top Ten Countries for Air Freight Imports in Euro 000 Value

POSITITION 1 TO 10 (in Euro)								
Mode / Year	2003	Euros 000	2004	Euros 000	± % 2003 / 2004	2005	Euros 000	± % 2004 / 2005
Air								
1	United States	€6,457,181	United States	€4,843,432	-24.99%	United States	€5,633,275	16.31%
2	Great Britain	€3,082,359	Great Britain	€1,069,346	-65.31%	Great Britain	€1,518,163	41.97%
3	Singapore	€1,156,971	Japan	€789,492	4.27%	China	€1,236,793	63.92%
4	Taiwan	€800,881	China	€754,525	205.98%	Japan	€797,158	0.97%
5	Japan	€757,145	South Korea	€662,409	44.52%	Singapore	€687,503	7.79%
6	South Korea	€458,349	Taiwan	€657,666		Taiwan	€680,960	
7	Canada	€336,292	Singapore	€637,818		South Korea	€567,226	
8	France	€318,895	Denmark	€380,002		Denmark	€391,263	
9	Hong Kong	€312,130	France	€357,999		Netherlands	€334,196	
10	China	€246,592	Netherlands	€254,854		Malaysia	€322,557	

Figure 18: Top Ten Countries for Air Freight Imports in Euro 000 Value

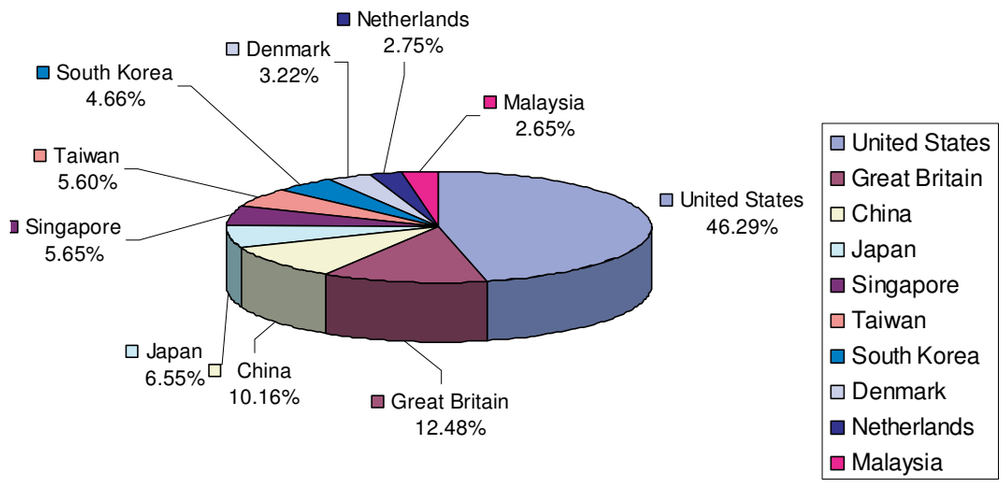


Figure 19: Trend of the Top 5 Countries 2003-2005 Air Imports in Tonne Weight

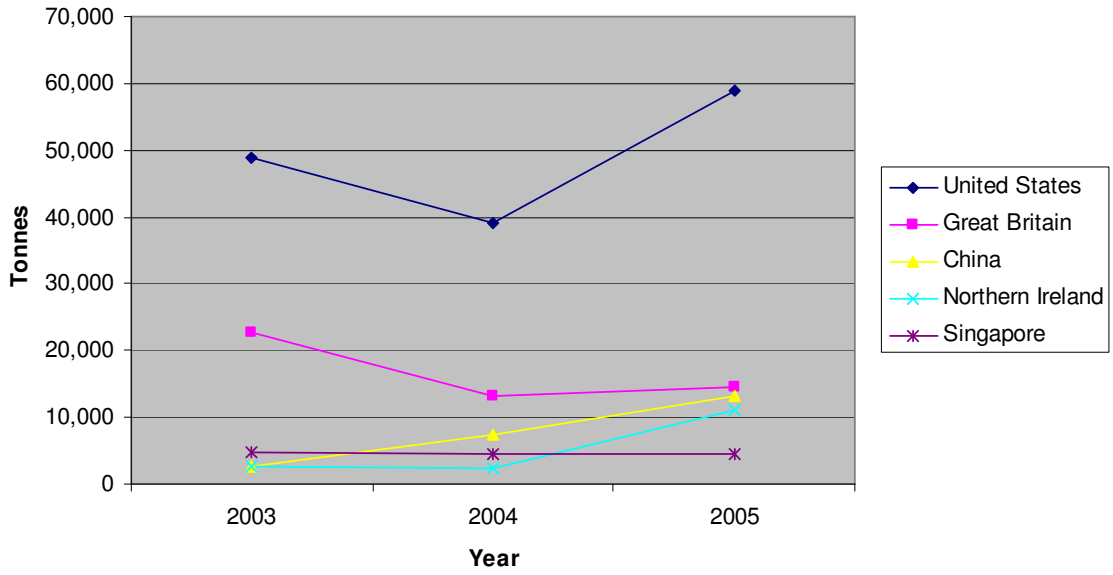


Figure 20: Trend of the Top 5 Countries 2003-2005 Air Imports in Euro 000 Value

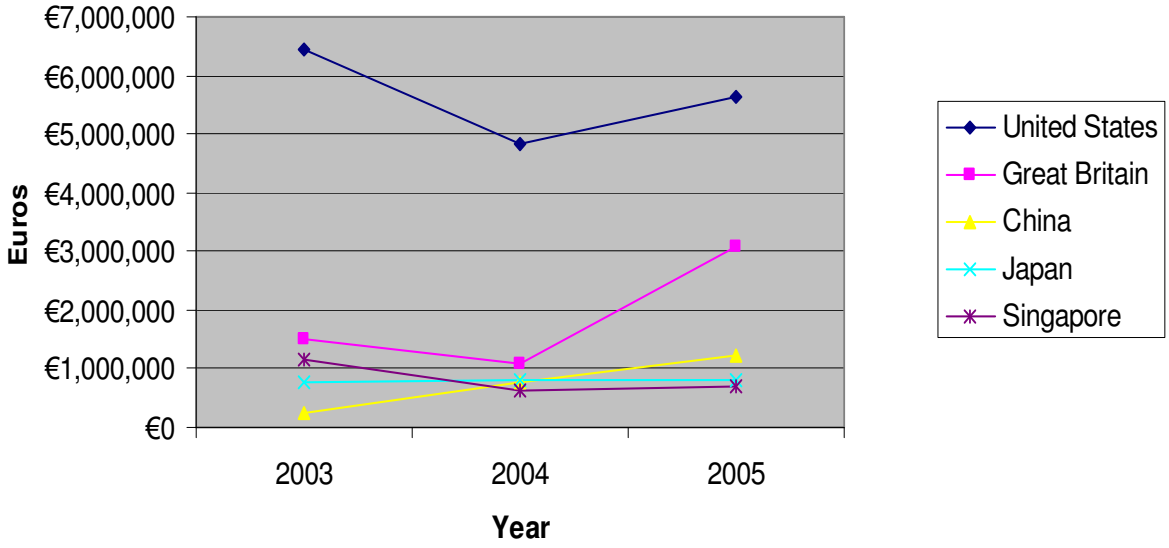


Table 11: Top Ten Products in Air Freight Imports in Tonne Weight

POSITITION 1 TO 10 (in Tonne Weight)		
Mode / Year	2005	Tonnes
Air		
1	Office machines & automatic data processing machines	32,419
2	Inorganic chemicals	12,713
3	Dairy products and birds eggs	11,503
4	Electrical Mach, apparatus & appliances	7,853
5	Miscell manufactured articles	7,347
6	Telecommunication and sound equipment	5,699
7	Organic chemicals	5,497
8	General industry mach & equip	5,205
9	Medical and pharmaceutical products	5,173
10	Prof, Scientific & controlling apparatus	4,804

Figure 21: Top Ten Products in Air Freight Imports in Tonne Weight

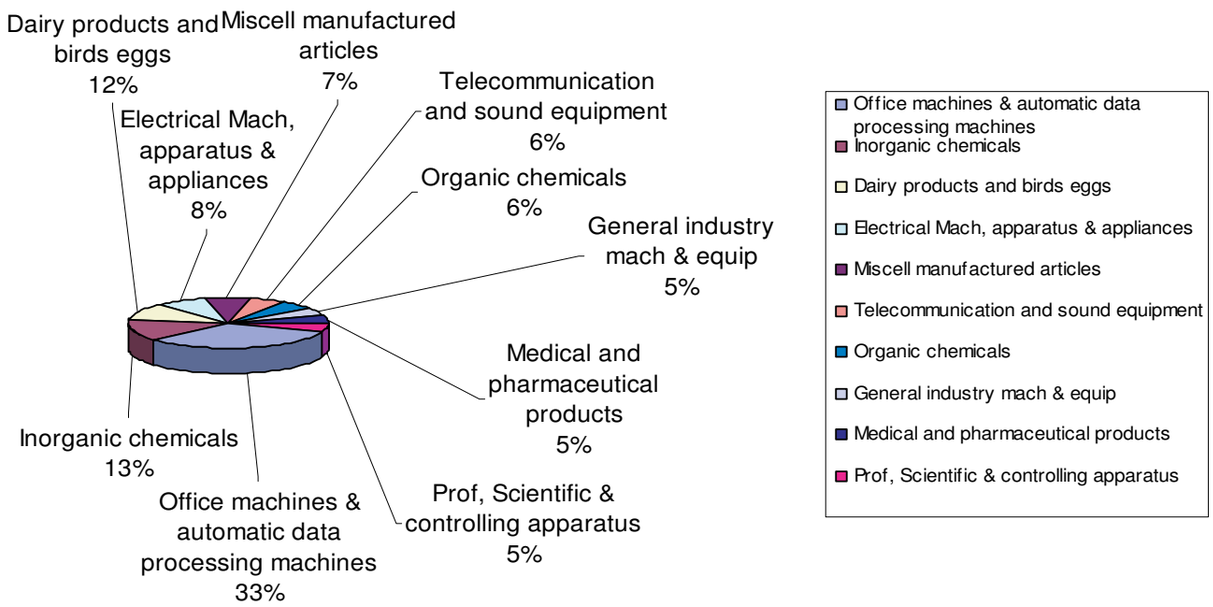
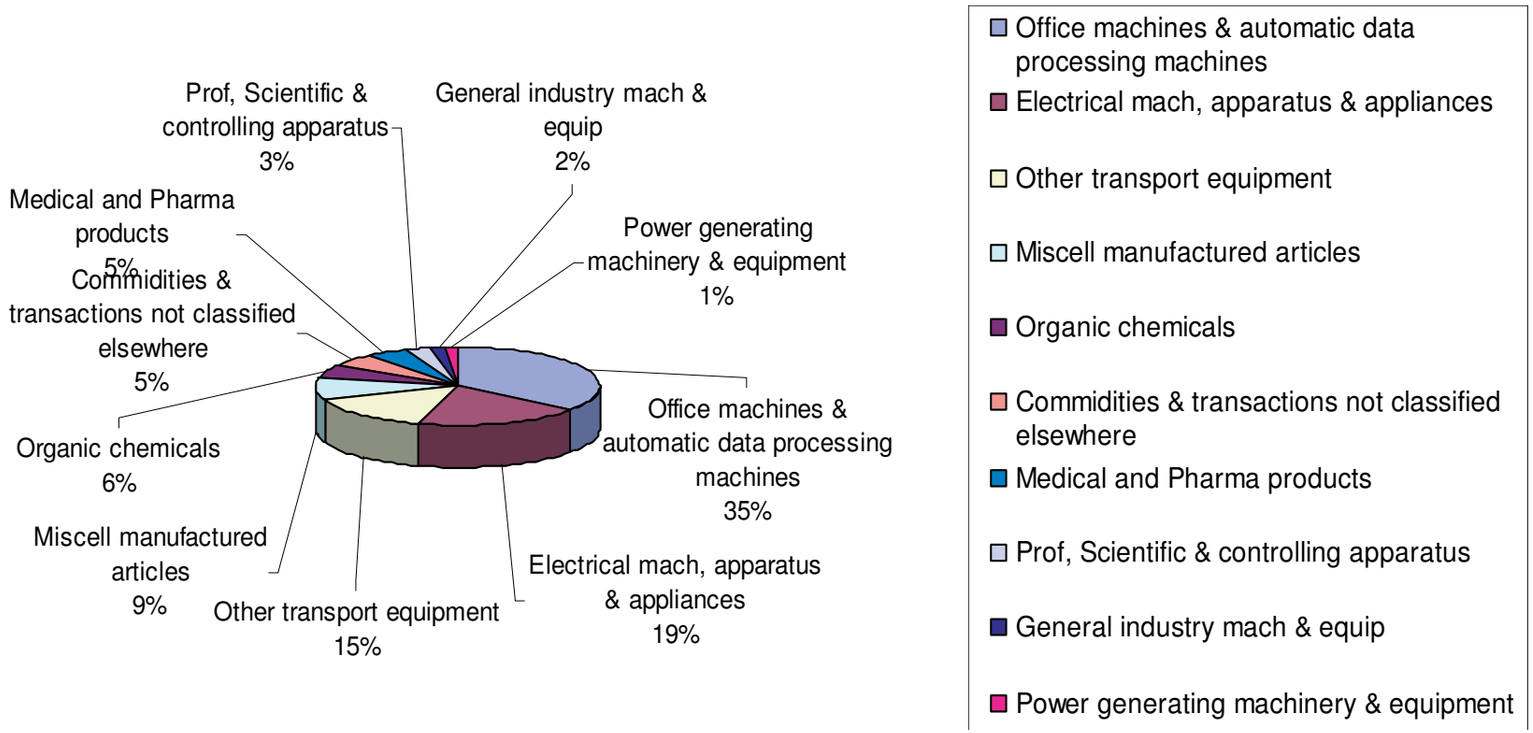


Table 12: Top Ten Products in Air Freight Imports in Euro 000 Value

POSITITION 1 TO 10 (in 000 Euro)		
Mode / Year	2005	Euros 000
Air		
1	Office machines & automatic data processing machines	€4,528,924
2	Electrical mach, apparatus & appliances	€2,391,030
3	Other transport equipment	€1,874,566
4	Miscell manufactured articles	€1,147,442
5	Organic chemicals	€745,271
6	Commidities & transactions not classified elsewhere	€625,170
7	Medical and Pharma products	€623,910
8	Prof, Scientific & controlling apparatus	€363,871
9	General industry mach & equip	€205,934
10	Power generating machinery & equipment	€189,440

Figure 22: Top Ten Products in Air Freight Imports in Euro 000 Value



In relation to air freight imports by tonnage, the top position is being held by Office machines and automatic data processing machines which account for 33% of all imports by air by weight and 35% of all imports by air in value. As in 2004, imports in this category for air transport fell below exports, generating a surplus of €1.5 billion. Furthermore, while exports increased in value by 1.82%, imports fell by 30.7% between 2004 and 2005. Imports for this product category in 2003 was €5.4 billion (€3.49 billion in 2004 and €2.4 billion in 2005) and exports were €6.53 billion in 2003 (€3.85 billion in 2004 and €3.9 billion in 2005). This represents slight improvement in trade balance in 2005 following a significant correction in 2003 that took place in the markets for PC's and other data processing machines. It may be attributed once again to a shift in transport mode or a change in demand for these types of product in the EMEA region. It can also be attributed to overall deterioration in the terms of trade for Euro.

Figure 23: Trend of the Top 5 Countries 2003-2005 Air Imports in Tonne Weight

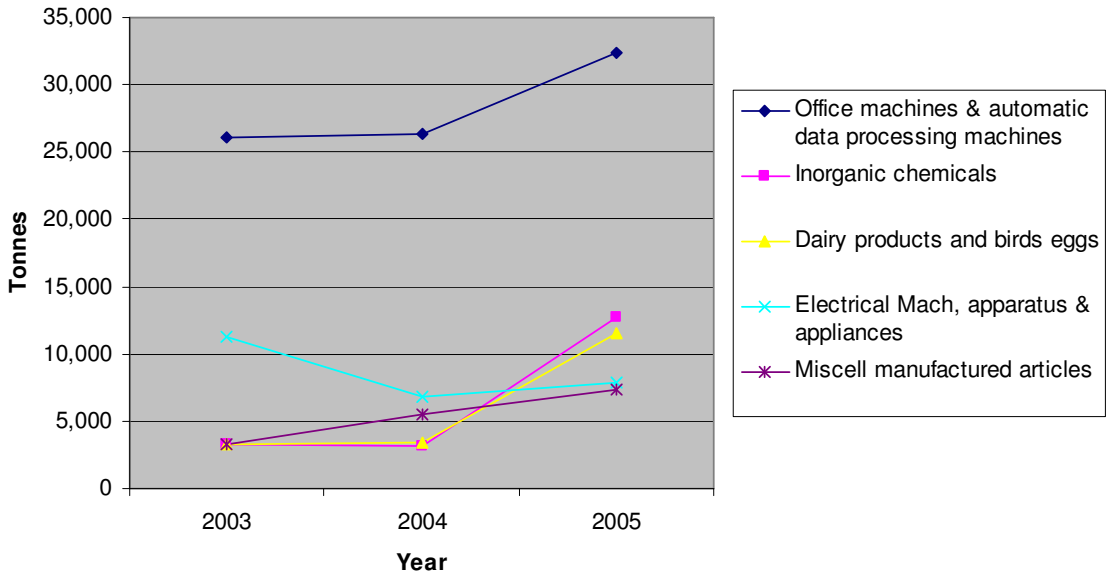
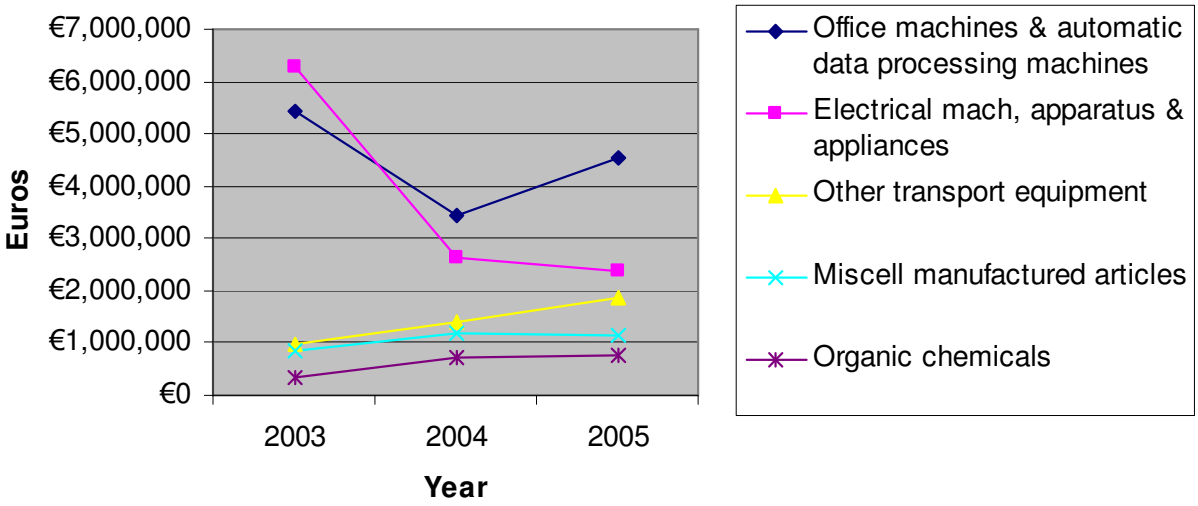


Figure 24: Trend of the Top 5 Countries 2003-2005 Air Imports in Euro 000 Value



Trade by Road

Great Britain remains the largest destination for Irish exports shipped by road in terms of value – a position occupied since 2003. However, substantial decline in value of exports shipped to Great Britain that occurred in 2004 (a fall of 37% on 2003 value of €4.81 billion) remains a majour feature of export flows in 2005. Between 2004 and 2005 road freight to Great Britain increased by just 0.77% to €3.06 billion, resulting in a cumulative loss in the value of road freight exports of 36.4% on 2003. This is consistent with air freight exports, signalling declining overall value of trade with Great Britain. However, in contrast with air freight exports, road exports to Great Britain failed to grow appreciably between 2003 and 2005 in terms of cargo weight.

Including Northern Ireland, overall road exports to the UK play an absolutely dominant role in all road shipments from Ireland, holding combined share of 93.33% of all road shipments by weight (Northern Ireland share is 75.31%) and 37.17% of all road exports by value (Northern Ireland share is 7.24%), according to Figures 25 and 26.

This dominance is likely to remain unchallenged by any other country in the near future. Since 2003, shipments by road to Germany – the second largest recipient of road freight exports in terms of value – have declined by 41.6%, despite experiencing an 11.9% gains in 2005. Road shipments to Italy (3rd ranked destination in terms of value in 2004) slipped by 13% in 2005, resulting in the country rank sliding to the 4th place. France (4th in 2004) saw a 54.75% increase in road shipments from Ireland in 2005 and is currently ranked as 3rd largest recipient of road exports deliveries.

Table 13: Top Ten Countries for Road Freight Exports in Tonne Weight

POSITITION 1 TO 10 (in Tonne Weight)								
Mode / Year	2003	Tonnes	2004	Tonnes	± % 2003 / 2004	2005	Tonnes	± % 2004 / 2005
Road								
1	Northern Ireland	646,983	Northern Ireland	1,525,700	135.82%	Northern Ireland	1,487,613	-2.50%
2	Great Britain	364,245	Great Britain	379,185	4.10%	Great Britain	356,037	-6.10%
3	France	44,471	France	29,309	-34.09%	France	38,511	31.40%
4	Netherlands	38,584	Germany	24,993	-33.35%	Germany	28,439	13.79%
5	Germany	37,498	Morocco	12,854	-7.11%	Italy	15,000	21.47%
6	Italy	17,756	Italy	12,349		Morocco	14,719	
7	Morocco	13,838	Netherlands	8,507		Spain	13,805	
8	Denmark	10,295	Spain	8,333		Netherlands	10,595	
9	Spain	10,020	Belgium	4,674		Sweden	5,484	
10	Sweden	8,854	Sweden	3,643		Belgium	5,048	

Figure 25: Top Ten Countries for Road Freight Export in Tonne Weight

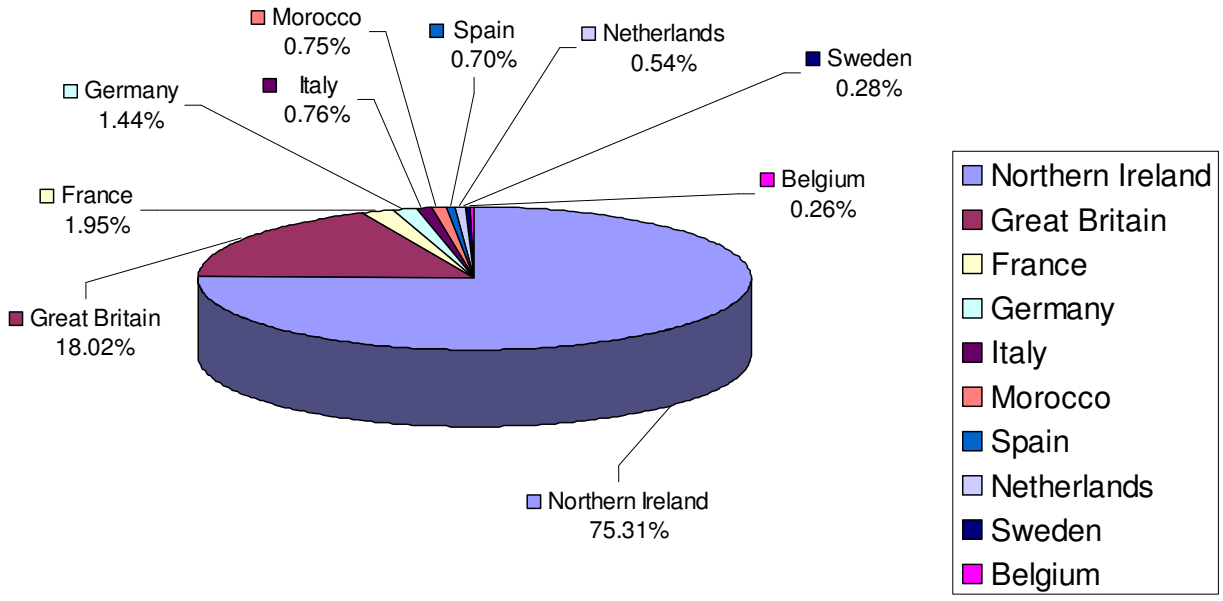
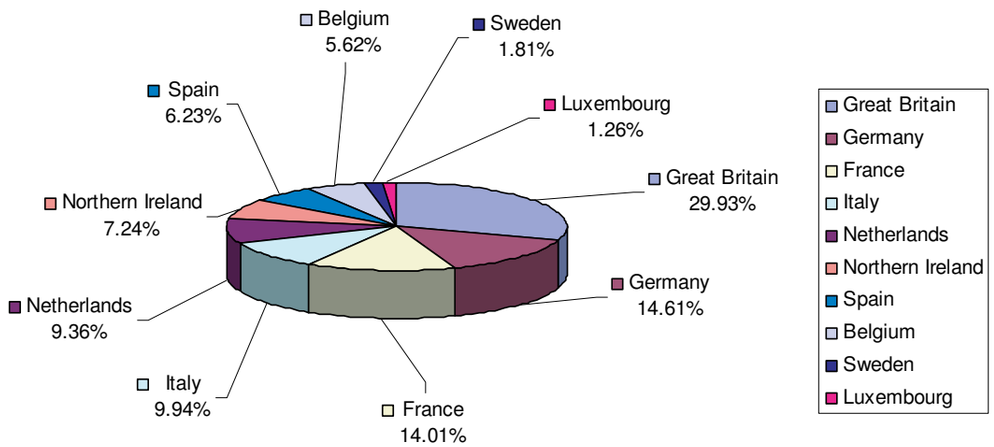


Table 14: Top Ten Countries for Road Freight Exports in Euro 000 Value

POSITITION 1 TO 10 (in Euro)								
Mode / Year	2003	Euros 000	2004	Euros 000	± % 2003 / 2004	2005	Euros 000	± % 2004 / 2005
Road								
1	Great Britain	€4,808,449	Great Britain	€3,034,560	-36.89%	Great Britain	€3,057,960	0.77%
2	Germany	€2,556,725	Germany	€1,333,767	-47.83%	Germany	€1,492,494	11.90%
3	France	€1,651,588	Italy	€1,167,056	37.37%	France	€1,431,887	54.75%
4	Netherlands	€1,502,081	France	€925,283	-43.98%	Italy	€1,015,553	-12.98%
5	Italy	€849,575	Netherlands	€734,767	-51.08%	Netherlands	€956,315	30.15%
6	Northern Ireland	€634,373	Northern Ireland	€622,843		Northern Ireland	€739,605	
7	Sweden	€511,440	Spain	€385,609		Spain	€636,346	
8	Spain	€510,477	Belgium	€368,247		Belgium	€573,833	
9	Belgium	€483,237	Sweden	€192,267		Sweden	€185,295	
10	Denmark	€185,427	Portugal	€74,455		Luxembourg	€129,118	

Figure 26: Top Ten Countries for Road Freight Export in Euro 000 Value



Whereas Northern Ireland claimed the top position for road exports in tonnage terms in 2005 as in 2003 and 2004; when we speak of the value of road exports, Northern Ireland lies in sixth position as it had in the previous years. MNCs use the Republic as a gateway to the much larger European markets such as Great Britain, Germany and France. Clearly many of these products are high value and exported by ro-ro. This can explain why these countries lie higher than Northern Ireland in Table 14 as compared with Table 13. Also significant is that during 2005 the value of road exports to Great Britain did not increase in value significantly enough to reverse substantial losses recorded in 2004 (€4.8 b in 2003 & €3.03 b in 2004 to €3.06 billion in 2005). Similar pattern holds for the value of road exports to the Netherlands which decreased by 36.33% between 2003 and 2005 (from €1.5 billion in 2003 to €0.73 billion in 2004, rising to €0.96 billion in 2005). A reason for the decrease in value figures to these countries may be that multinational companies have relocated their logistics and distribution there.

As illustrated in Figures 27 and 28, for top five destinations of road exports, overall value of Irish exports declined for all destinations, while with exception of Northern Ireland, while tonnage of shipments remained flat in four out of five destinations, increasing since 2003 in Northern Ireland. This signals substantial deterioration in relative terms of trade for road shipments – a trend similar to that in air transport exports.

Figure 27: Trend of the Top 5 Countries 2003-2005 Air Exports in Tonne Weight

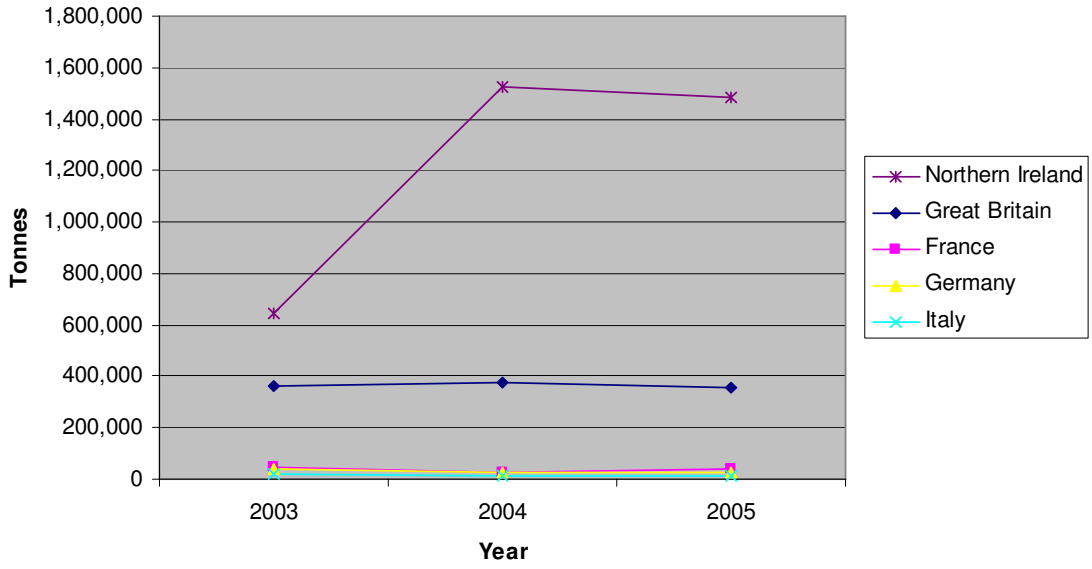
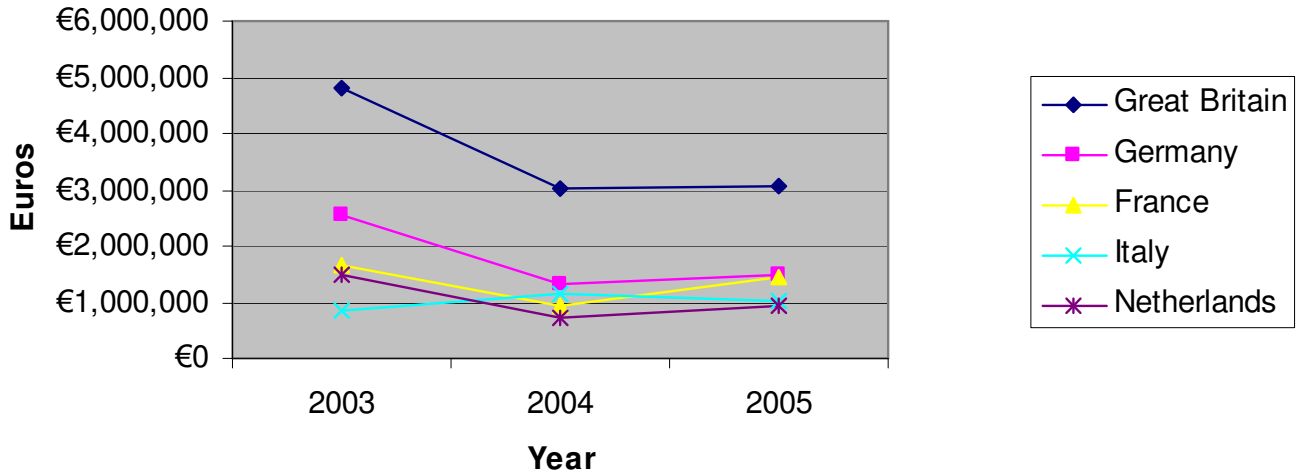


Figure 28: Trend of the Top 5 Countries 2003-2005 Air Exports in Euro 000 Value



From Table 15 and Figure 29 we can see that 'Non-Metallic Mineral Manufactures' make up 60% of Ireland's total tonnage of road freight exports, up from 56% in 2004. Meat and prepared meat products come in second position but there is a significant gap between the first and second rankings, just as in 2004. Animal feed is down on the 2003 figure by nearly 12%, but up on 2004 figures by 133%. This demonstrates that these exports have improved in the past year, but overall stagnation in this products category remained since 2003.

In terms of value, Organic Chemicals strengthened their dominant position in road exports from Ireland, increasing by 23.3% on 2004 and by 107% on 2003 to €3.24 billion in 2005. Slight gains of 8.81% between 2004 and 2005 in Office machines and automatic data processing machines was not sufficient to reverse losses in value of these shipments between 2003 and 2004, resulting in a cumulative decline in the value of road freight shipments in this category of 70% between 2003 and 2005. Once again, these patterns are similar for air transport shipments as well.

Table 15: Top Ten Products in Road Freight Exports in Tonne Weight

POSITITION 1 TO 10 (in Tonne Weight)		
Mode / Year	2005	Tonnes
Road		
1	Non metallic minerals for manufacture	947,858
2	Meat & meat prep	129,130
3	Cork & wood	121,153
4	Feed Stuff for animals	109,151
5	Cereals & cereal prep	68,542
6	Dairy products and birds eggs	54,049
7	Crude Fertilisers & minerals	53,544
8	Cork & wood manufactures	51,397
9	Sugar, sugar prep & honey	45,717
10	Iron & steel	38,732

Figure 29: Top Ten Products in Road Freight Exports in Tonne Weight

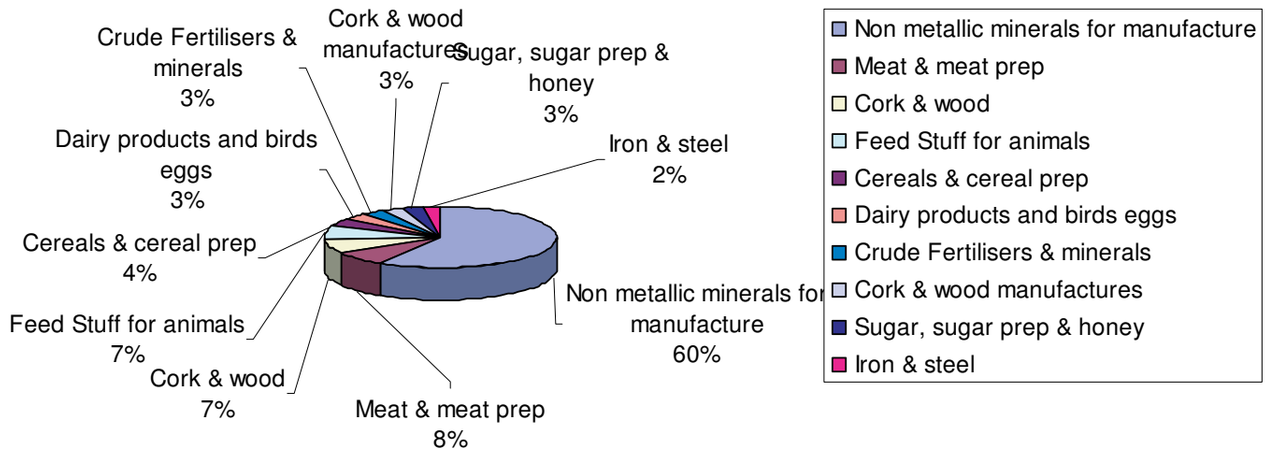


Table 16: Top Ten Products in Road Freight Exports in Euro 000 Value

POSITITION 1 TO 10 (in 000 Euro)		
Mode / Year	2005	Euros 000
Road		
1	Organic chemicals	€3,243,532
2	Office machines & automatic data processing machines	€2,508,323
3	Medical and Pharma products	€1,058,966
4	Miscell manufactured articles	€909,665
5	Electrical mach, apparatus & appliances	€620,748
6	Meat & meat prep	€422,841
7	Prof, Scientific & controlling apparatus	€404,891
8	Power generating machinery & equip	€224,655
9	Beverage	€172,972
10	Essential Oils perfume materials toilet & cleansing prep	€145,469

Figure 30: Top Ten Products in Road Freight Exports in Euro 000 Value

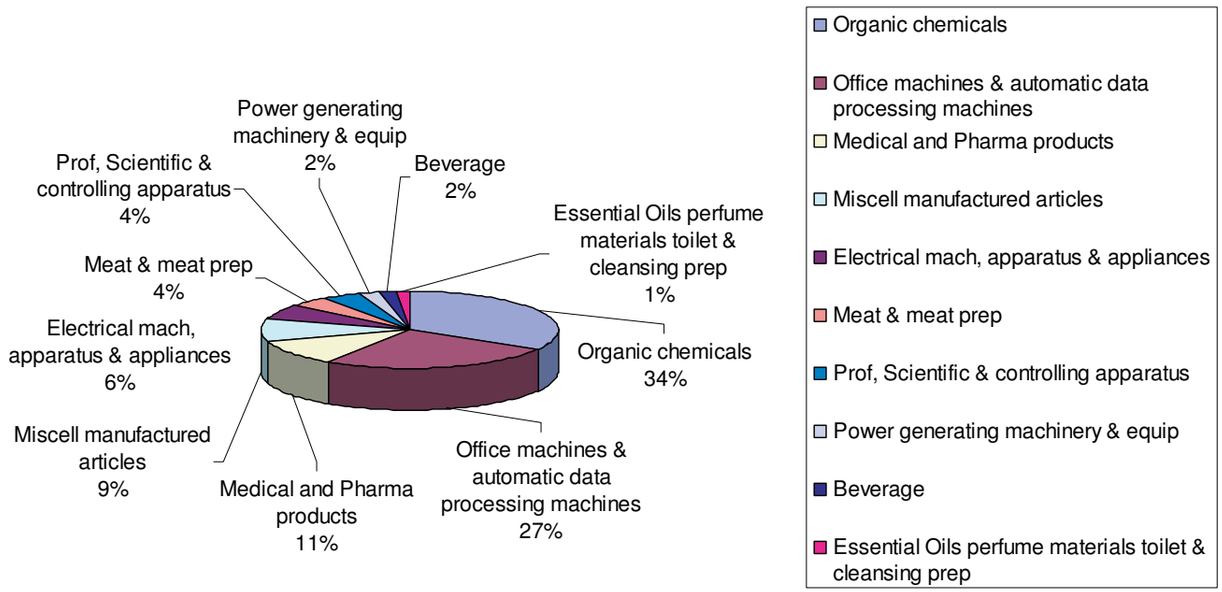


Figure 31: Trend of the Top 5 Products 2003-2005 Road Exports in Tonne Weight

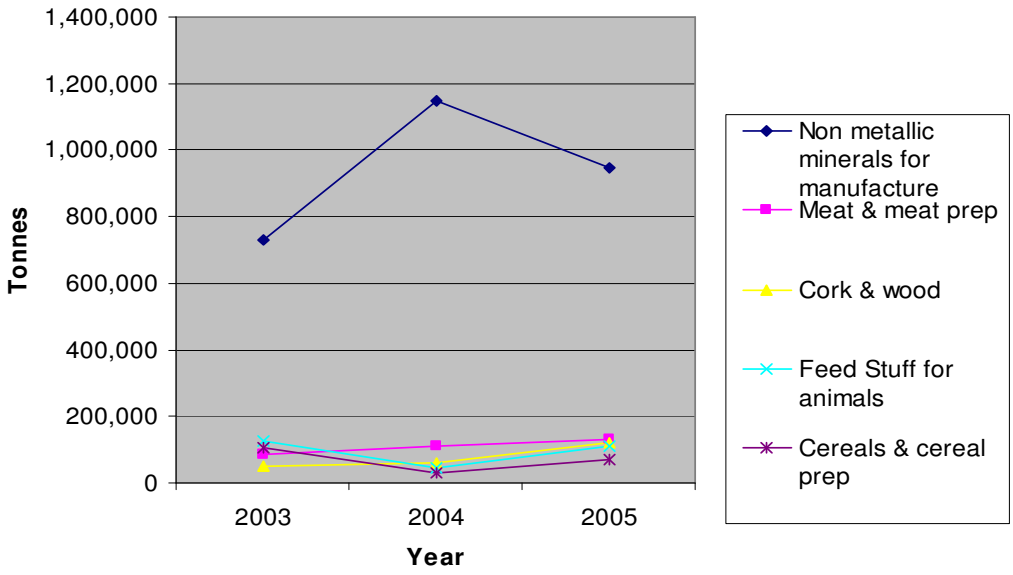
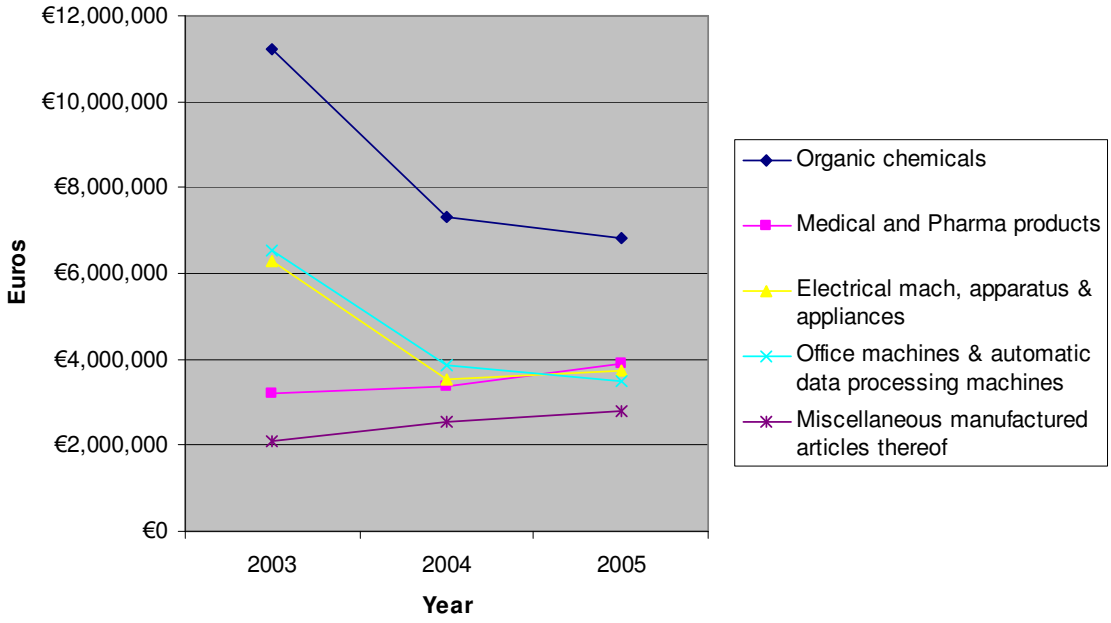


Figure 32: Trend of the Top 5 Products 2003-2005 Road Exports in Euro 000 Value



As with exports shipments by road, Great Britain and Northern Ireland are the two countries from which we receive the majority of our import tonnage as well. This is a historical trend present in 2003 and 2004 as well. Figure 33 shows that import tonnage by road from these two areas represents 82% of the total, while figure 34 indicates that Great Britain alone accounts for 38.6% of all road imports by value. In terms of tonnage, Great Britain and Northern Ireland share in overall imports by road increased by 43.1% between 2003 and 2005. However, in terms of value of road imports the two areas experienced a decline of 42.9% for the same period.

Table 17: Top Ten Countries for Road Freight Imports in Tonne Weight

POSITITION 1 TO 10 (in Tonne Weight)								
Mode / Year	2003	Tonnes	2004	Tonnes	± % 2003 / 2004	2005	Tonnes	± % 2004 / 2005
Road								
1	Northern Ireland	886,804	Great Britain	1,013,012	23.83%	Northern Ireland	1,328,351	113.38%
2	Great Britain	818,041	Northern Ireland	622,520	-29.80%	Great Britain	1,111,343	9.71%
3	France	98,448	France	99,472	1.04%	Germany	158,661	87.98%
4	Netherlands	85,481	Germany	84,402	164.36%	France	123,801	24.46%
5	United States	32,082	Netherlands	55,700	-34.84%	Netherlands	77,189	38.58%
6	Germany	31,927	Belgium	43,628		Belgium	55,253	
7	Belgium	30,122	Spain	31,112		Poland	39,690	
8	Spain	24,549	Poland	26,362		Italy	31,949	
9	Finland	17,878	Italy	23,756		Spain	30,358	
10	Italy	13,759	Norway	22,248		United States	23,382	

Figure 33: Top Ten Countries for Road Freight Import in Tonne Weight

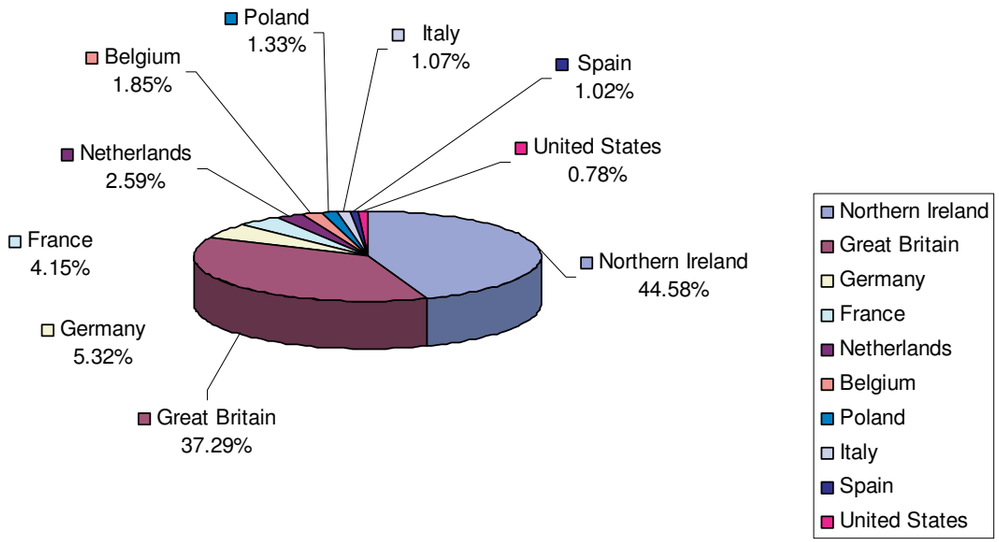


Table 18: Top Ten Countries for Road Freight Imports in Euro 000 Value

POSITITION 1 TO 10 (in Euro)								
Mode / Year	2003	Euros 000	2004	Euros 000	± % 2003 / 2004	2005	Euros 000	± % 2004 / 2005
Road								
1	Great Britain	€2,532,487	Great Britain	€1,467,231	-42.06%	Great Britain	€1,770,807	20.69%
2	France	€616,863	France	€580,054	-5.97%	Germany	€581,354	59.76%
3	Northern Ireland	€567,849	Northern Ireland	€439,538	-22.60%	France	€540,361	-6.84%
4	Netherlands	€383,019	Germany	€363,903	41.59%	Germany	€480,059	31.92%
5	Germany	€257,016	Netherlands	€307,716	-19.66%	Italy	€392,398	260.10%
6	Belgium	€181,890	Belgium	€267,706		Morocco	€196,533	
7	United States	€144,855	Italy	€108,970		Belgium	€186,137	
8	Italy	€114,287	Sweden	€101,640		Japan	€183,000	
9	Ireland	€111,634	Japan	€93,629		United States	€138,763	
10	Sweden	€68,223	Spain	€85,503		China	€123,198	

Figure 34: Top Ten Countries for Road Freight Imports in Euro 000 Value

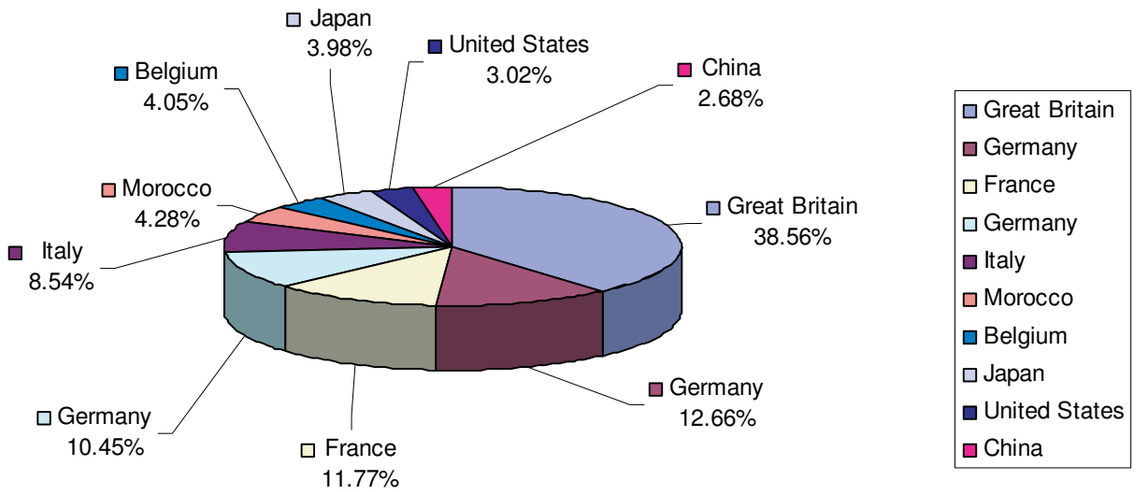


Figure 35: Trend of the Top 5 Countries 2003-2005 Road Imports in Tonne Weight

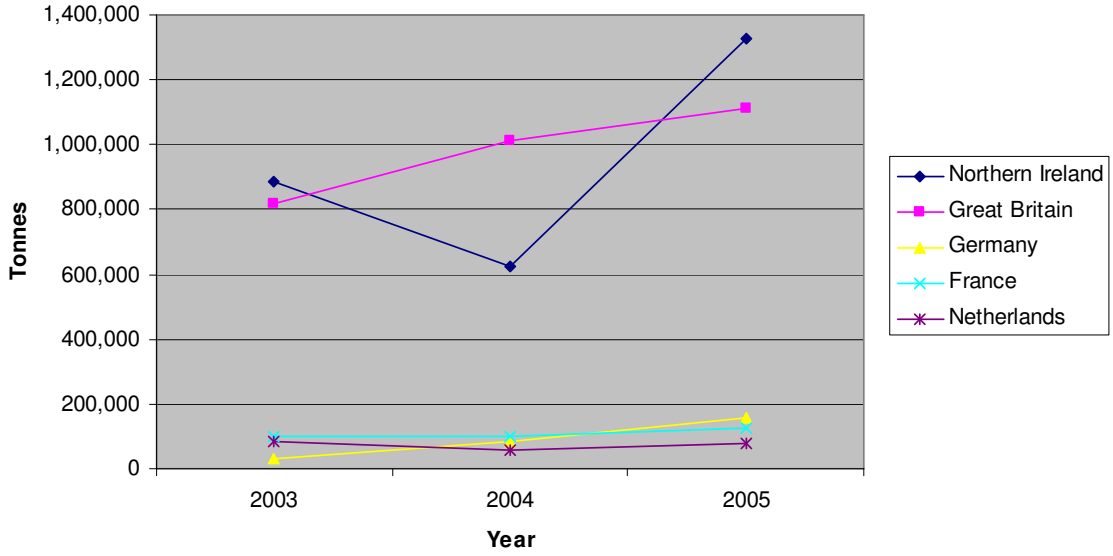
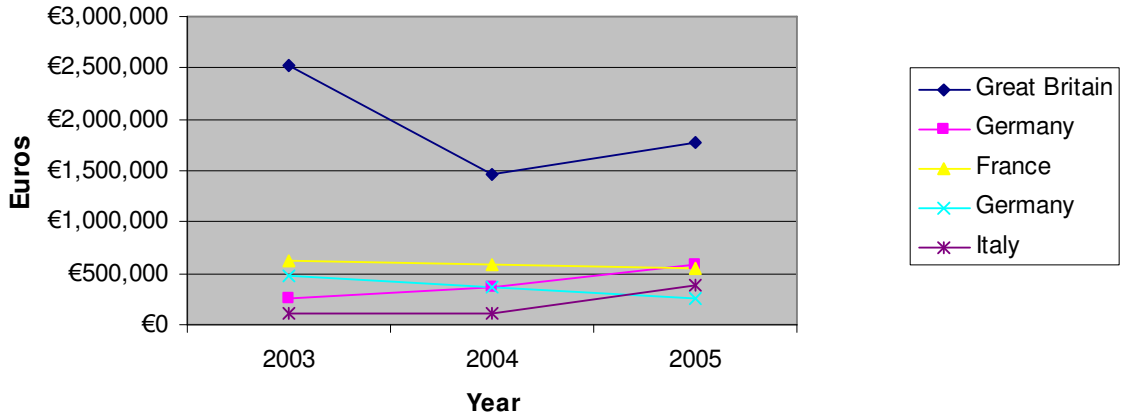


Figure 36: Trend of the Top 5 Countries 2003-2005 Road Imports in Euro 000 Value



Figures 35 and 3 indicate that for top five countries in terms of tonnage and value of road imports, the overall trend of declining value of imports by road was slightly reversed during 2005, primarily due to a moderate increase in value of imports shipped from Great Britain. Germany and Italy also registered small gains in value of imports shipped via road freight. In terms of tonnage, substantial gains in 2005 in shipments from the United Kingdom and moderate gains in shipments from Germany resulted in stronger gains in tonnage shipments relative to the value of imports. Overall, these trends point to decreasing relative terms of trade in imports shipped by road during 2005.

Figure 36 and Table 19 show that 23% of our imports by road accrue to Petroleum, petroleum products & related materials in terms of tonnage in 2005. While 20% of our road import tonnage was attributed to 'crude fertilisers and minerals' in 2004, the share of these products in 2005 fell to 12%. Non-metallic minerals accounted for 15%. Much of these products and commodities come from Northern Ireland. This shows a reversal of the 2004-2003 trend for crude fertilisers and minerals.

'Dairy products' was in number two position in 2003. This product category's ranking has dropped however to fifth place for 2004 where it remained in 2005 as well. This figure can be justified to a great extent by milk tankers coming in from Northern Ireland.

Petroleum and related products are a product category holding an increasing share of Irish imports. The import tonnage of this product category has increased by 53% in the previous year (154,492 tonnes in 2003 & 237,106 in 2004) before increasing by 69.8% in 2005 (to 521,870 tonnes).

In terms of value, Figure 37 and Table 20 show that between 2004 and 2005, Office machines and automatic data processing machines imports regained some of the losses recorded in 2004. In 2005, growth of imports shipped by road in this category reached 27.95%, reducing the overall losses to 51.3% relative to 2003 (from €2.35 billion in 2003 to €1.14 billion in 2005). Similar trend applies to Electrical mach, apparatus & appliances, recording an overall decline of 19.8% on 2003 value. In addition there was strong moderation in growth of the value of imports of Medical and Pharma products. Between 2003 and 2004, value of imports in this category grew by 62.3% to €334 million in 2004. Over 2005, this growth was almost erased, with imports of Medical and Pharma products by road contracting by 26.9% in 2005 to ca €245 million.

Just as the exports in terms of value have reduced significantly, this is also the case in relation to imports. As seen in Figure 38, these imports in the most part come from the UK including Northern Ireland, France and Germany. It would signify that although Ireland exports huge values of these products by sea and air, it is important to remember that we also import considerable values of these types of products by road.

Table 19: Top Ten Products in Road Freight Imports in Tonne Weight

POSITITION 1 TO 10 (in Tonne Weight)		
Mode / Year	2005	Tonnes
Road		
1	Petroleum, petroleum products & related materials	521,870
2	Non metallic minerals for manufacture	350,097
3	Crude fertilisers and minerals	289,609
4	Road vehicles	287,363
5	Dairy products and birds eggs	267,188
6	Cereals & cereal prep	179,549
7	Vegetables & fruit	161,147
8	Cork & wood	133,446
9	Plastics in primary forms	69,031
10	Manufactured of metals	67,971

Figure 36: Top Ten Products in Road Freight Imports in Tonne Weight

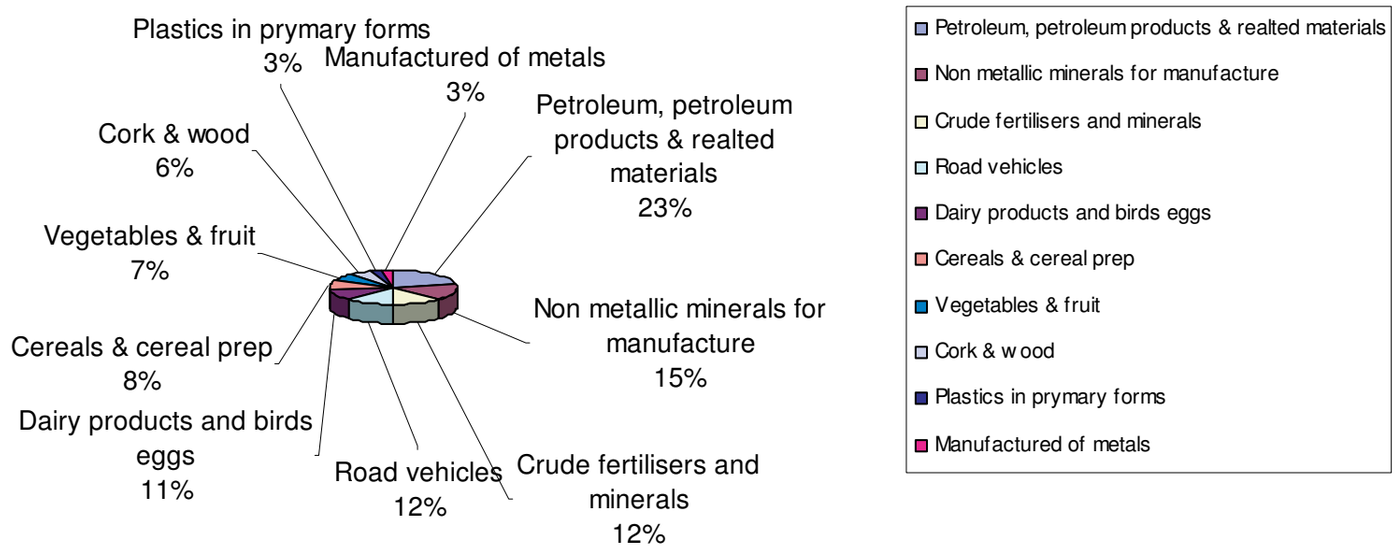


Table 20: Top Ten Products in Road Freight Imports in Euro 000 Value

POSITITION 1 TO 10 (in 000 Euro)		
Mode \ Year	2005	Euros 000
Road		
1	Office machines & automatic data processing machines	€1,143,538
2	Electrical mach, apparatus & appliances	€349,860
3	Organic chemicals	€277,221
4	Medical and Pharma products	€244,558
5	Petroleum, petroleum products & realted materials	€238,846
6	Road vehicles	€224,693
7	Beverages	€209,046
8	Miscell manufactured articles	€207,093
9	Essential Oils perfume materials toilet & cleansing prep	€213,036
10	Telecommunication and sound equipment	€194,721

Figure 37: Top Ten Products in Road Freight Imports in Euro 000 Value

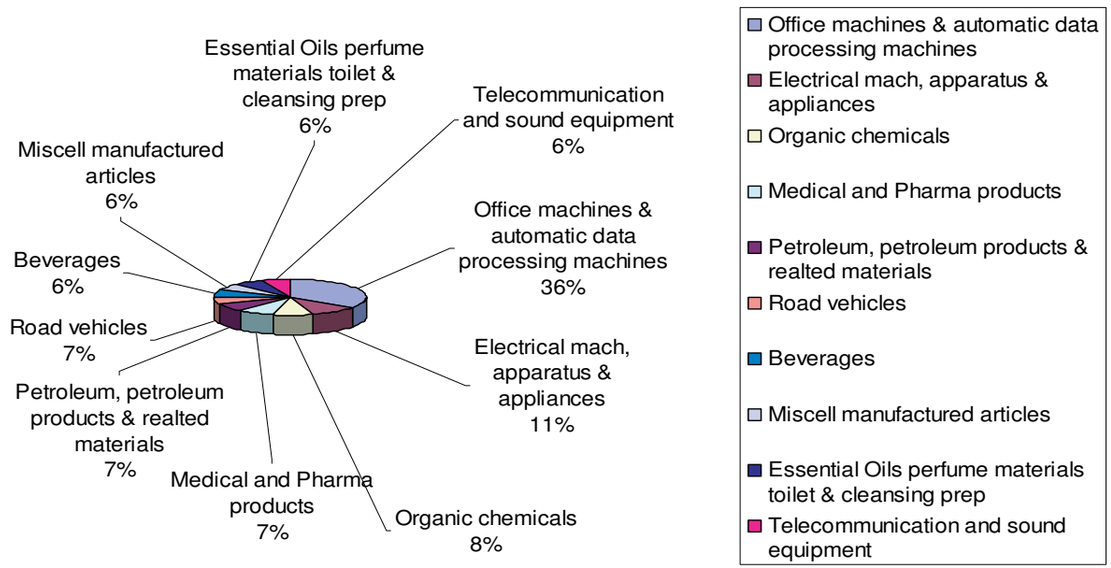


Figure 38: Trend of the Top 5 Countries 2003-2005 Road Imports in Tonne Weight

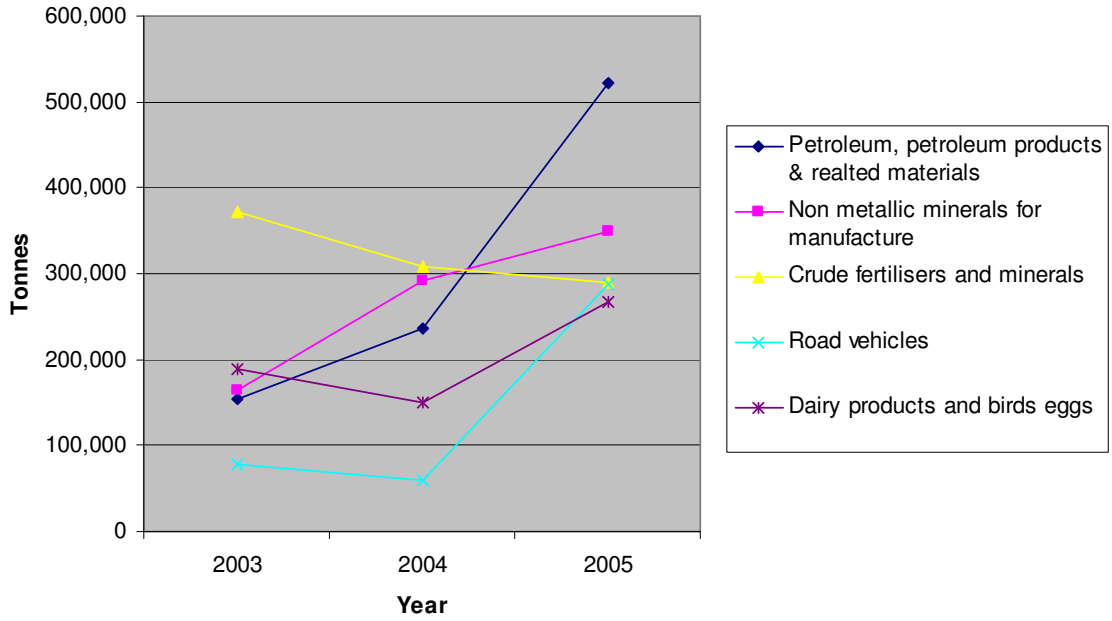
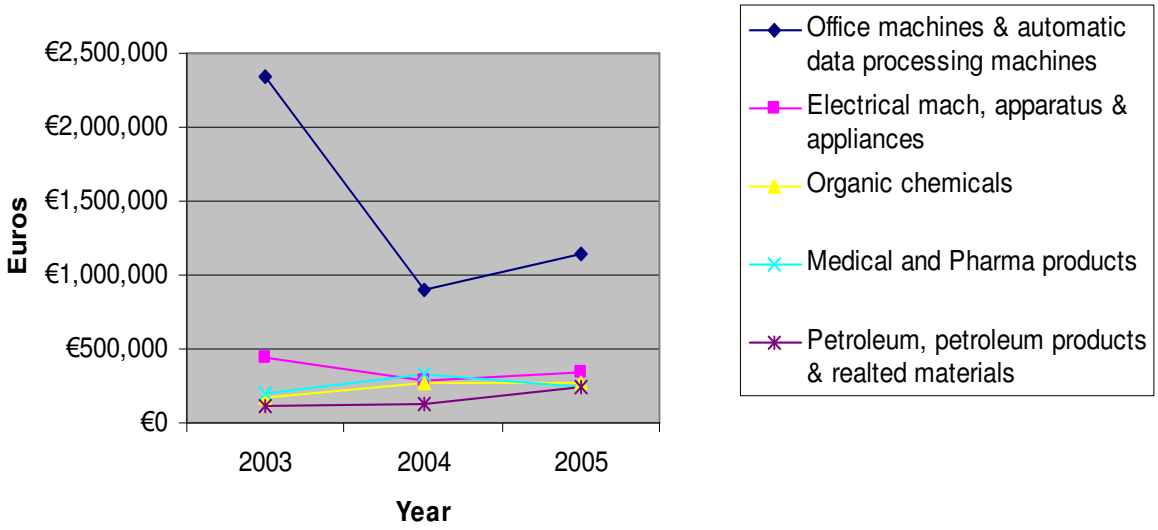


Figure 39: Trend of the Top 5 Countries 2003-2005 Road Imports in Euro 000 Value



Trade by Sea

Exports by sea in this context take in to consideration lift-on/lift-off, liquid, dry and break bulk. These figures exclude roll-on/roll-off.

There is a well established short sea shipping network that Ireland enjoys with Great Britain and also the Netherlands. This is why is 2003, these two countries were in position one and two. The ranking changed however in 2004 with the Netherlands coming in fourth position, which it retained in 2005 as well. Indeed the figures for 2004 reflect that exports to the Netherlands have severely decreased (1,032,513 tonnes in 2003 & 365,980 tonnes in 2004) before increasing slightly by 13% in 2005 to 414,600 tonnes. It is important to note that sea shipments to the Netherlands were less intensive in terms of value with the country occupying 9th place in 2005, down from 6th place in 2004. Sea exports to Great Britain were relatively more value intensive. Overall, although much of our sea freight transits the Netherlands, ultimately it is not the final destination.

There are no direct shipping services between Ireland and the United States. The US fell from third position in relation to the tonnage of sea exports in 2004 to 5th position in 2005, reflecting a 19% decline in tonnage exported by sea. At the same time, the US retained its third position in ranking in terms of value of exports shipped by sea, improving on 2004 by 22.72% despite the marked deterioration in the real exchange rate between the two countries. Overall value of Irish exports shipped by sea to the US increased by a cumulative 76% since 2003.

For the second year in a row, Belgium dominated (in terms of value) Irish sea exports potentially due to Belgian ports acting as gateways for Irish goods to the rest of the continent.

Irish sea exports to China were negligible in terms of value of goods shipped, while improving in terms of tonnage between 2004 and 2005 from 131,031 tonnes to 211,997 tonnes. Exports to Japan declined in relative importance in terms of value, while increasingly only slightly in absolute terms from €1.4 billion in 2003 to €1.46 billion in 2005. In contrast with China, the value of the goods shipped by sea to Japan was negligible, reflecting stronger terms of trade for Irish exports to Japan than to China.

Table 21: Top Ten Countries for Sea Freight Exports in Tonne Weight

POSITITION 1 TO 10 (in Tonne Weight)								
Mode / Year	2003	Tonnes	2004	Tonnes	± % 2003 / 2004	2005	Tonnes	± % 2004 / 2005
Sea								
1	Great Britain	1,696,915	Great Britain	1,789,078	5.43%	Great Britain	1,884,469	5.33%
2	Netherlands	1,032,513	Germany	656,766	38.37%	Germany	653,275	-0.53%
3	Norway	545,539	United States	459,308	19.60%	Norway	532,711	72.20%
4	Germany	474,638	Netherlands	365,980	-64.55%	Netherlands	414,600	13.28%
5	United States	384,025	Norway	309,354	-43.29%	United States	371,613	-19.09%
6	France	310,071	France	273,711		France	243,649	
7	Spain	197,959	Belgium	185,939		Belgium	212,859	
8	Belgium	168,029	Iceland	173,412		China	211,997	
9	Northern Ireland	165,251	Italy	146,784		Sweden	178,132	
10	Russia	163,313	China	131,031		Iceland	156,443	

Figure 40: Top Ten Countries for Sea Freight Export in Tonne Weight

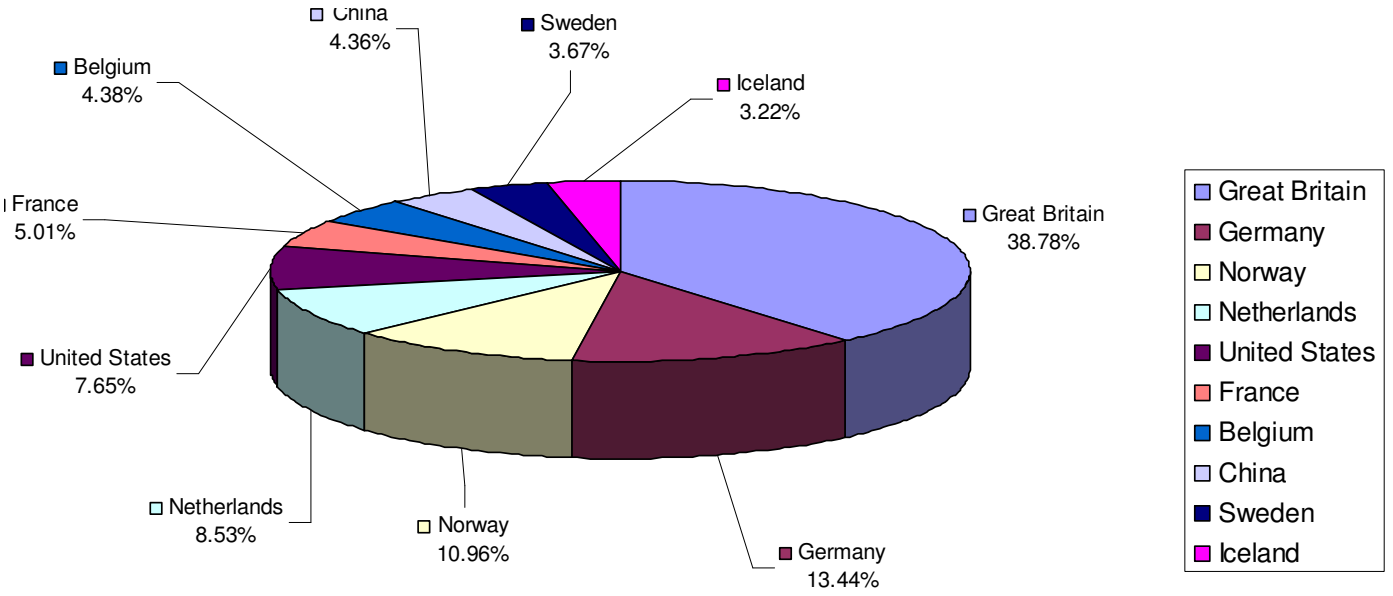


Table 22: Top Ten Countries for Road Freight Exports in Euro 000 Value

POSITITION 1 TO 10 (in Euro)								
Mode / Year	2003	Euros 000	2004	Euros 000	± % 2003 / 2004	2005	Euros 000	± % 2004 / 2005
Sea								
1	Great Britain	€5,391,843	Belgium	€11,068,910	248.32%	Belgium	€11,920,874	7.70%
2	Germany	€4,389,336	Great Britain	€5,934,734	10.07%	Great Britain	€6,945,482	17.03%
3	Belgium	€3,177,759	United States	€2,770,957	43.46%	United States	€3,400,570	22.72%
4	Switzerland	€2,129,905	Germany	€2,624,774	-40.20%	Germany	€3,063,869	16.73%
5	France	€2,002,285	France	€2,371,279	18.43%	France	€2,668,337	12.53%
6	United States	€1,931,511	Netherlands	€1,684,111		Switzerland	€2,608,109	
7	Japan	€1,393,027	Japan	€1,314,924		Spain	€1,478,765	
8	Netherlands	€997,215	Spain	€1,267,845		Japan	€1,455,688	
9	Spain	€948,847	Italy	€964,848		Netherlands	€1,402,895	
10	Italy	€789,782	Sweden	€626,594		Italy	€1,160,416	

Figure 41: Top Ten Countries for Road Freight Export in Euro 000 Value

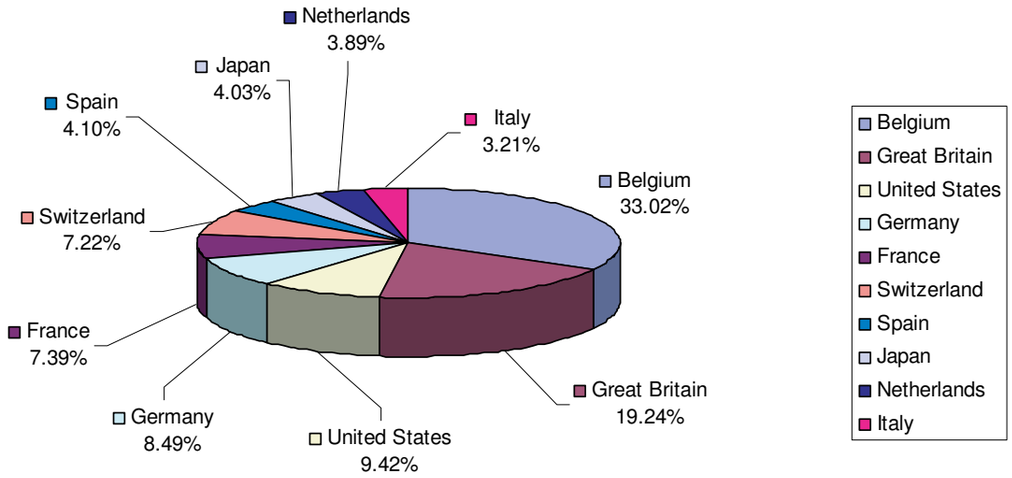


Figure 42: Trend of the Top 5 Countries 2003-2005 Sea Exports in Tonne Weight

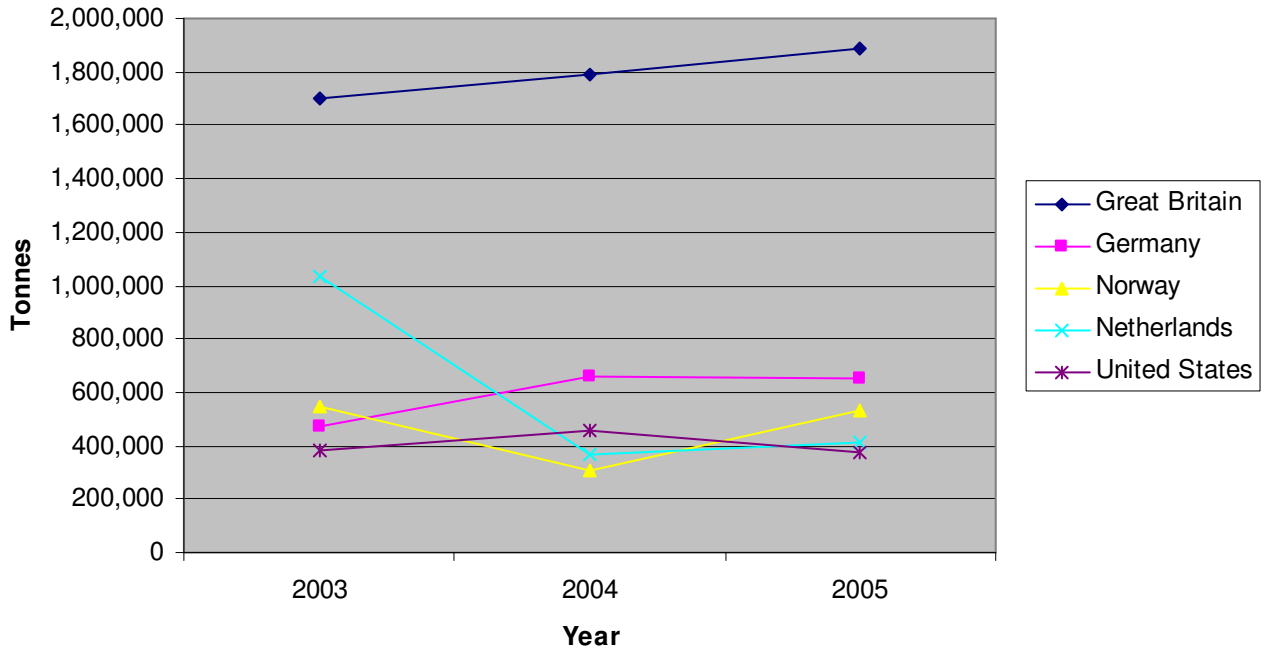


Figure 43: Trend of the Top 5 Countries 2003-2005 Air Exports in Euro 000 Value

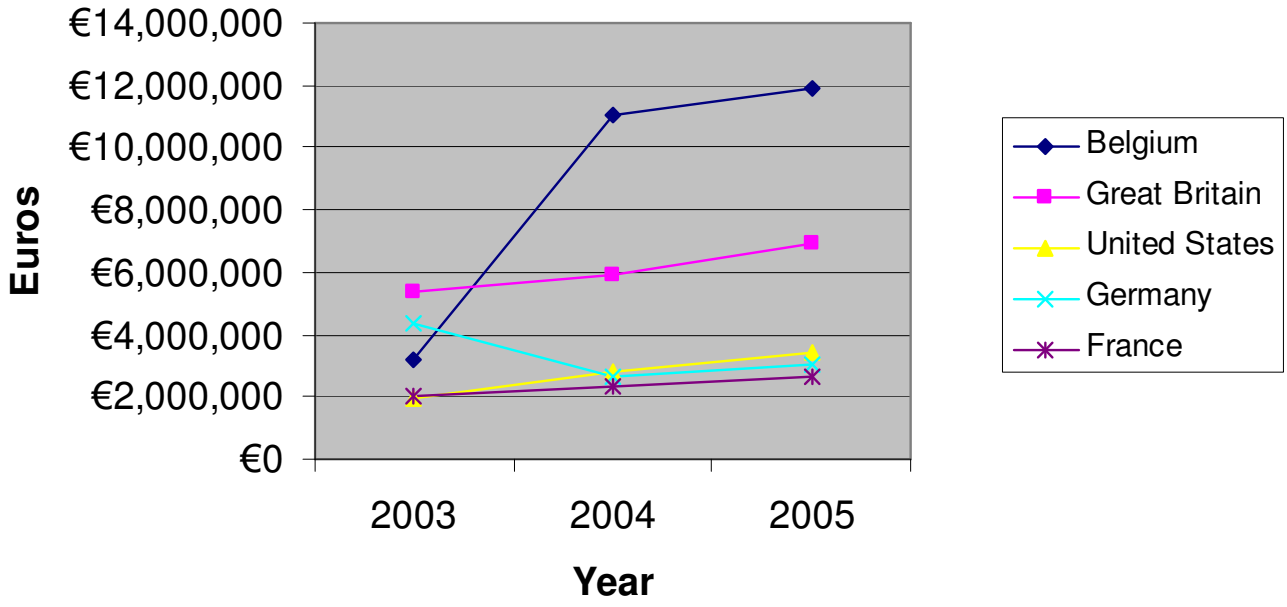


Table 22 shows that products exported by sea in tonnage terms are bulky products like ores, scrap metals and petroleum related products. This is to be expected considering that these export statistics by sea take in to consideration lift-on/lift-off, liquid, dry and break bulk. Again, considering the well established short sea network with Great Britain, Belgium and the Netherlands, these products are mostly shipped to these countries.

In this report it has been highlighted that there has been a shift in mode for 'Office Machines & Automatic Data Processing Machines' that continues the trend established in 2004. From table 23 it can be seen that this modal shift has been to lo-lo. In fact there has been a 42% increase in the value of exports for this type of product category by this mode in 2004, followed by a slight increase of 15.4% in 2005, recording a net growth of 64% in terms of value of these goods between 2003 and 2005.

Overall, sea exports by value were dominated by Medical and Pharma products in 2005 as was the case in 2004. The slight contraction of value of the exports in this category (from €10.4 billion to €9.1 billion) between 2004 and 2005 did not erase strong gains made in 2004, with overall growth in the category reaching 96.7% since 2003.

Essential Oils perfume materials toilet & cleansing prep remained in the fourth place in terms of value of export shipments by sea – a trend continued since 2003. The same applied to the Chemical materials & product (5th place) and Miscell Edible products & prep (6th place). These goods represent higher value added per tonne of shipment and reflect stronger than average relative terms of trade performance.

Table 22: Top Ten Products for Sea Freight Exports in Tonne Weight

POSITITION 1 TO 10 (in Tonne Weight)			
Mode / Year		2005	Tonnes
Sea			
1		Metalliferous Ores & metal scrap	1,908,698
2		Dairy products and birds eggs	448,643
3		Cork & wood manufactures	434,005
4		Petroleum, petroleum products & realted materials	416,623
5		Meat & meat prep	347,524
6		Pulp & Waste paper	278,153
7		Office machines & automatic data processing machines	276,486
8		Miscell Edible products & prep	245,365
9		Cereals & cereal prep	244,707
10		Essential Oils perfume materials toilet & cleansing prep	185,059

Figure 44: Top Ten Products for Sea Freight Exports in Tonne Weight

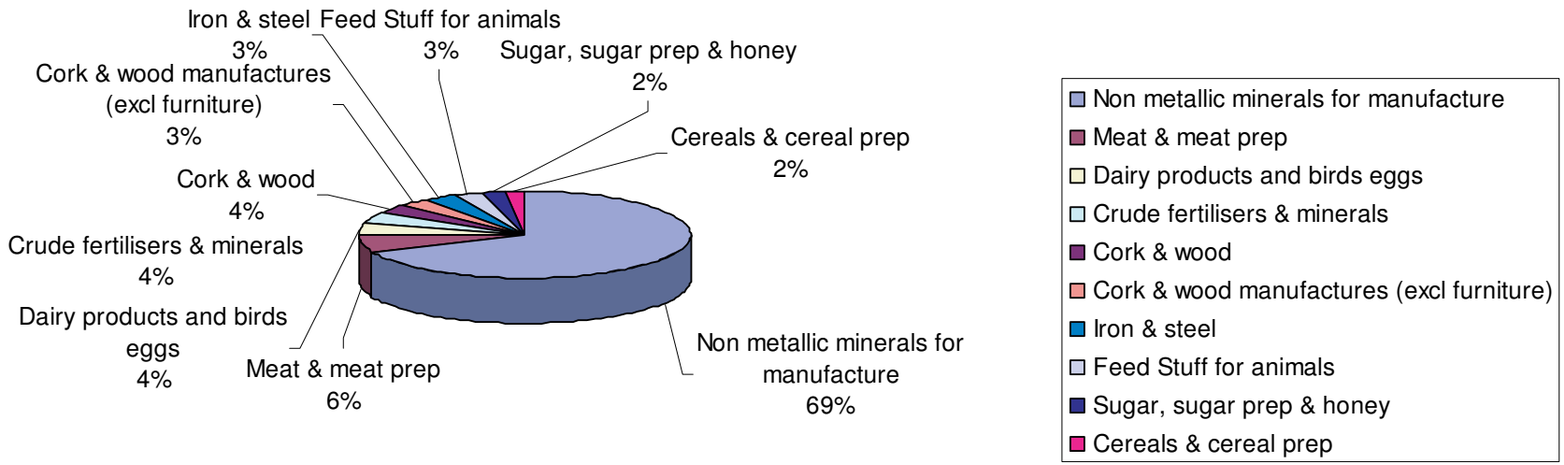


Table 23: Top Ten Products for Sea Freight Exports in Euro 000 Value

POSITITION 1 TO 10 (in 000 Euro)		
Mode / Year	2005	Euros 000
Sea		
1	Medical and Pharma products	€9,058,487
2	Organic chemicals	€7,621,830
3	Office machines & automatic data processing machines	€7,566,763
4	Essential Oils perfume materials toilet & cleansing prep	€4,933,303
5	Chemical materials & product	€2,043,648
6	Miscell Edible products & prep	€1,289,674
7	Meat & meat prep	€1,163,335
8	Dairy products and birds eggs	€970,172
9	Electrical mach, apparatus & appliances	€941,462
10	Beverage	€732,993

Figure 45: Top Ten Products for Sea Freight Exports in Euro 000 Value

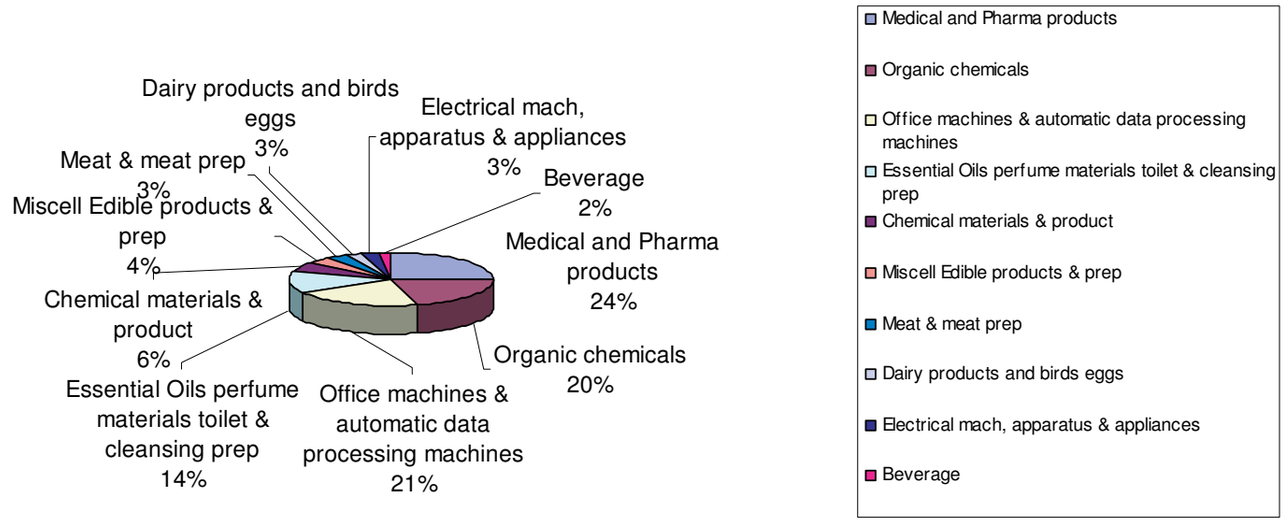


Figure 46: Trend of the Top 5 Products 2003-2005 Sea Exports in Tonne Weight

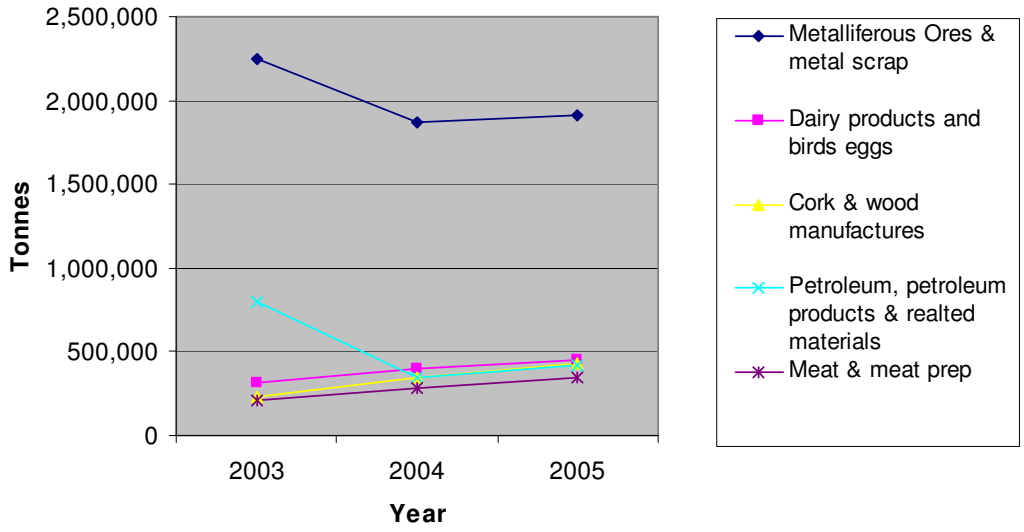
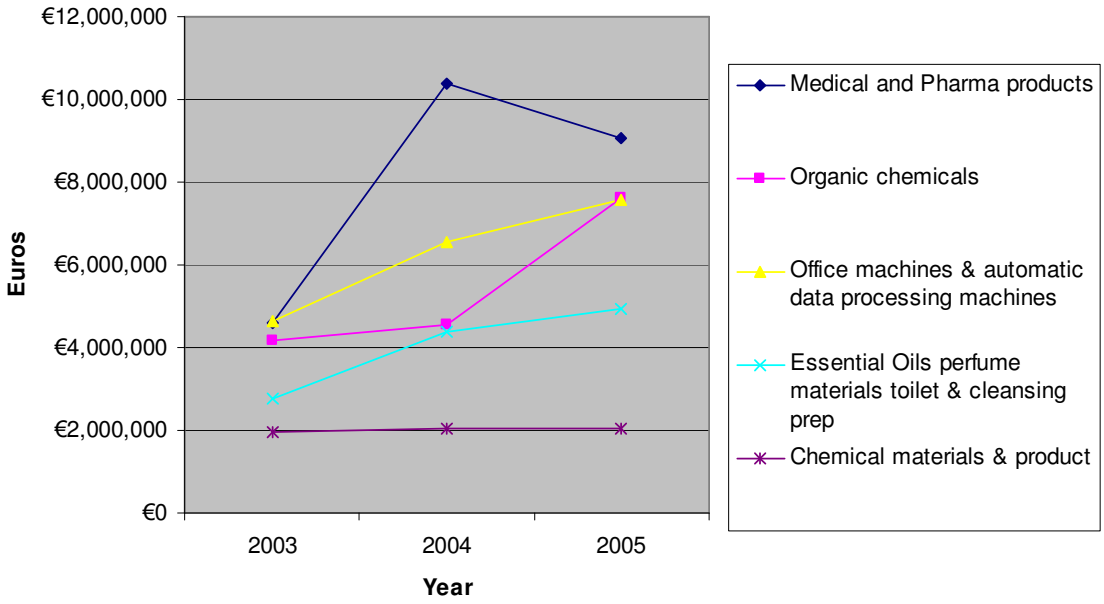


Figure 47: Trend of the Top 5 Products 2003-2005 Sea Exports in Euro 000 Value



41.8% of our imports by sea come from Great Britain (Table 24 & Figure 38), up on 2004 share of 34%. In 2004, as in 2003, in second place lied Guinea, which in 2005 moved to the third place, displaced by Norway (attributable to increasing importance of petroleum products imports into Ireland). We have a large tonnage of imports by sea from Guinea country as a result of the large volumes of fruit, vegetables, cereals and metallic ores that we import. These types of products lend themselves well to load-on/load-off, although overall tonnage of these goods declined in 2004 (by 13.2%) and in 2005 (by 5.3%). The top three positions remain unchanged from 2003. The large tonnage from Brazil is also fruit and vegetables, and these shipments increased in tonnage by 3.28% in 2005, yielding overall increase in tonnage of 128% since 2003.

The high tonnage of imports from Norway is attributed to petroleum or related products. These increased in weight by 25% and in value by 60.8% in 2005 alone, reflecting both the increased importance of imports and the rising world prices of these products.

Sea shipments of imports from the United States have fallen in terms of tonnage from 1.76 million tonnes in 2003 to 1.12 million tonnes in 2005, and in value – from €1.97 billion in 2003 to €1.89 billion in 2005. This pattern is likely to be driven by two forces: 1) substitution of component sources away from the US in favour of other destinations, 2) continued lack of direct shipping routes to Ireland. It is important to note that this deterioration is taking place in the presence of strengthening Euro.

Finally, between 2003 and 2005, Chinese imports shipped by sea are increasing in importance. In terms of value, Chinese imports grew by 148% between 2003 and 2004 and by further 18.3% between 2004 and 2005, reaching €2.18 billion in 2005.

Table 24: Top Ten Countries for Sea Freight Imports in Tonne Weight

POSITITION 1 TO 10 (in Tonne Weight)								
Mode / Year	2003	Tonnes	2004	Tonnes	± % 2003 / 2004	2005	Tonnes	± % 2004 / 2005
Sea								
1	Great Britain	5,554,909	Great Britain	6,053,376	8.97%	Great Britain	8,675,567	43.32%
2	Guinea	3,120,157	Guinea	2,709,276	-13.17%	Norway	3,246,214	24.95%
3	Norway	2,971,014	Norway	2,598,021	-12.55%	Guinea	2,566,259	-5.28%
4	United States	1,762,438	Brazil	1,344,226	120.62%	Brazil	1,388,265	3.28%
5	France	847,397	United States	1,313,404	-25.48%	Germany	1,341,687	42.38%
6	Netherlands	671,244	Australia	995,782		Unites States	1,121,828	
7	Germany	629,701	Germany	942,331		Netherlands	794,384	
8	Brazil	609,295	Netherlands	675,390		France	583,445	
9	Poland	421,812	France	629,532		Indonesia	534,197	
10	Belgium	304,266	Belgium	369,609		South Africa	507,656	

Figure 48: Top Ten Countries for Sea Freight Import in Tonne Weight

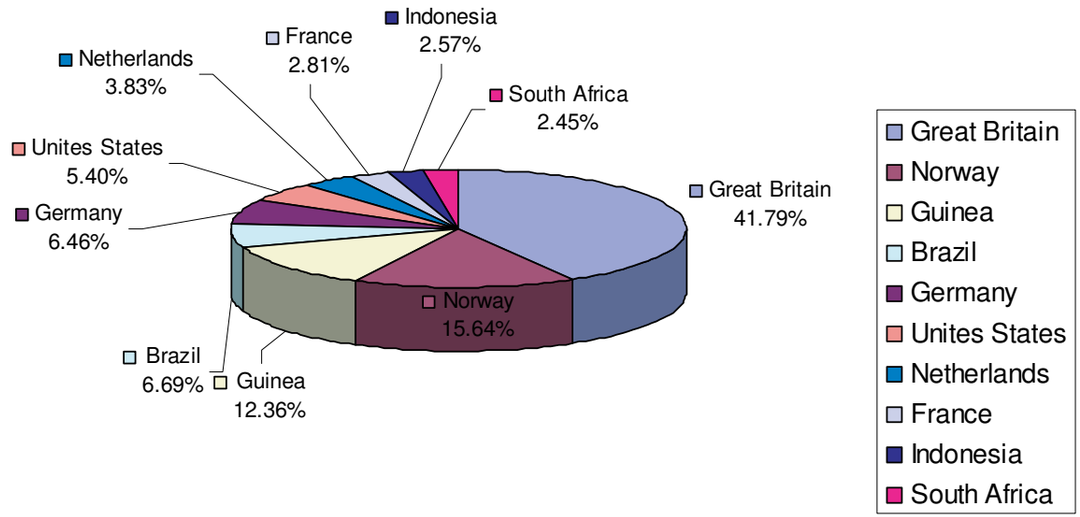


Table 25: Top Ten Countries for Road Freight Imports in Euro 000 Value

POSITITION 1 TO 10 (in Euro)								
Mode / Year	2003	Euros 000	2004	Euros 000	± % 2003 / 2004	2005	Euros 000	± % 2004 / 2005
Road								
1	Great Britain	€6,106,498	Great Britain	€6,740,935	10.39%	Great Britain	€7,838,790	16.29%
2	United States	€1,972,135	Germany	€1,991,204	5.64%	Germany	€2,432,844	22.18%
3	Germany	€1,884,884	United States	€1,849,000	-6.24%	China	€2,176,895	18.30%
4	France	€1,286,496	China	€1,840,140	147.77%	United States	€1,891,867	2.32%
5	Japan	€986,779	Japan	€912,260	-7.55%	Norway	€1,381,784	60.81%
6	Norway	€909,338	France	€884,608		Japan	€1,021,128	
7	Netherlands	€903,512	Norway	€859,263		France	€921,422	
8	China	€742,684	Netherlands	€703,376		Netherlands	€849,266	
9	Italy	€475,068	Switzerland	€388,462		Spain	€383,164	
10	Spain	€411,947	Spain	€337,503		Turkey	€355,909	

Figure 49: Top Ten Countries for Road Freight Imports in Euro 000 Value

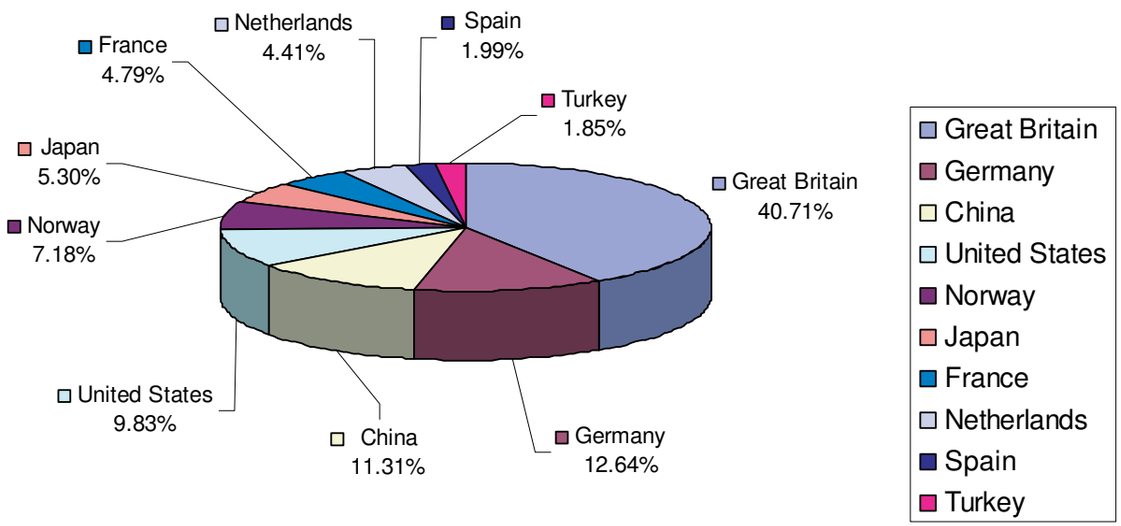


Figure 50: Trend of the Top 5 Countries 2003-2005 Sea Imports in Tonne Weight

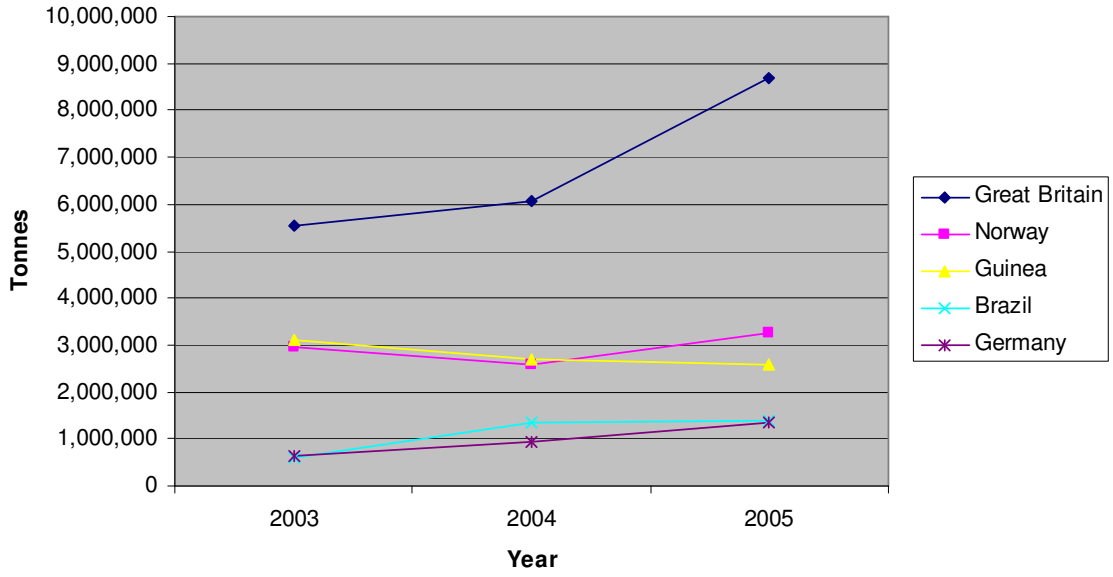
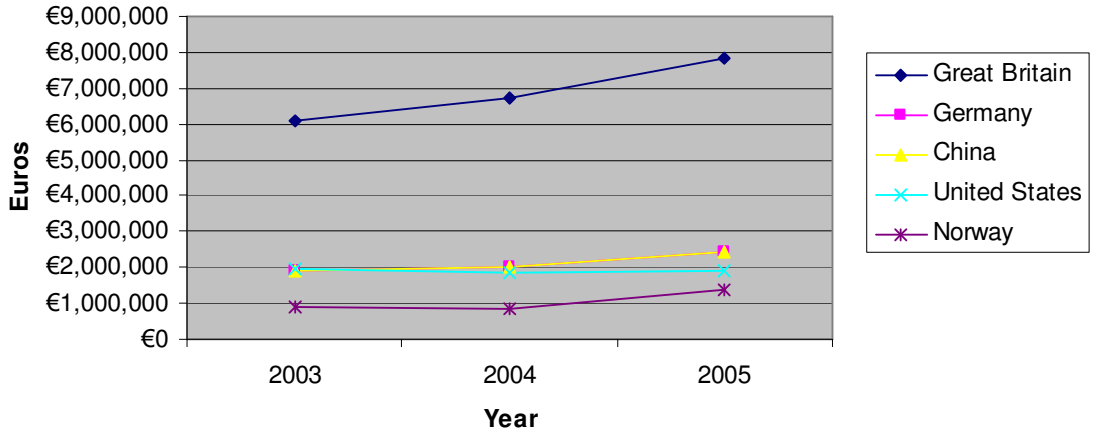


Figure 51: Trend of the Top 5 Countries 2003-2005 Sea Imports in Euro 000 Value



'Petroleum & Petroleum Products' mostly imported from Norway and Great Britain takes the top position in Table 27 and Figure 42 in terms of tonnage. This was also the case for 2003 and 2004. Import tonnage figures for this product category have not changed significantly in the past two years, rising by just 6.4% in total since 2003. However, reflecting the rising price of these goods in the global markets, overall value of imports shipped by sea in the category increased from €1.45 billion in 2003 to €2.56 billion in 2005.

Shipments of office machines and automatic data processing machines increased in value from €2.6 billion in 2003 to €3.07 billion in 2005, while shipments of road vehicles (a number one category in 2003 and 2005) have risen in value by 21.1% between 2003 and 2005 to reach €3.2 billion in 2005. The latter reflects rising value of the Euro and robust growth in consumer demand, also reflected in an increase in both value and tonnage of clothing imports. The former, reflects increased substitution for components parts for assembly of IT equipment away from the US in favour of Asian and other destinations, as well as an overall rebound in demand for computer equipment since 2001-2003.

Table 27: Top Ten Products in Sea Freight Imports in Tonne Weight

POSITITION 1 TO 10 (in Tonne Weight)		
Mode / Year	2005	Tonnes
Sea		
1	Petroleum, petroleum products & realted materials	7,212,197
2	Metalliferous Ores & metal scrap	3,583,858
3	Coal, coke & briquettes	2,508,326
4	Road vehicles	2,372,282
5	Feed Stuff for animals	1,741,711
6	Fertilisers	1,395,668
7	Non metallic minerals for manufacture	912,580
8	Cereals & cereal prep	634,550
9	Iron & steel	518,902
10	Cork & wood	489,791

Figure 52: Top Ten Products in Sea Freight Imports in Tonne Weight

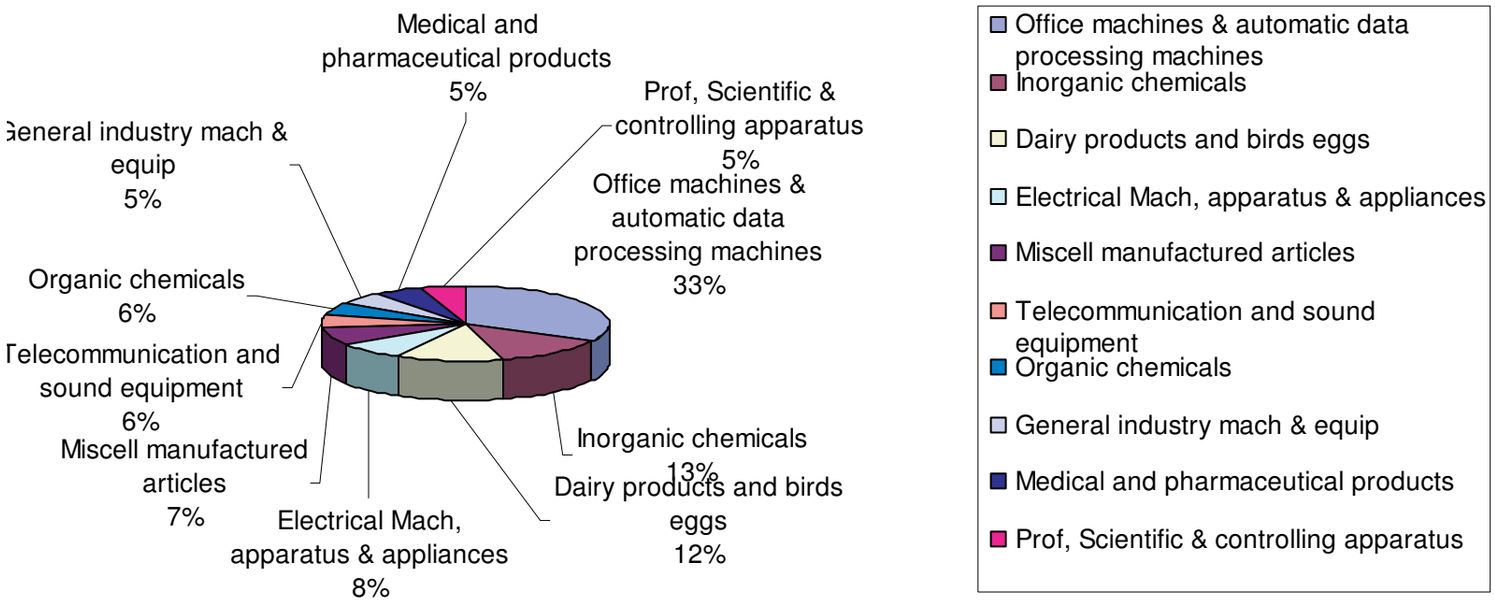


Table 28: Top Ten Products for Sea Freight Imports in Euro 000 Value

POSITITION 1 TO 10 (in 000 Euro)		
Mode / Year	2005	Euros 000
Sea		
1	Road vehicles	€3,213,914
2	Office machines & automatic data processing machines	€3,067,850
3	Petroleum, petroleum products & realted materials	€2,563,283
4	Electrical mach, apparatus & appliances	€1,176,546
5	Miscell manufactured articles	€947,182
6	Medical and Pharma products	€930,826
7	Organic chemicals	€913,198
8	Articles of apparel clothing accessories	€805,056
9	Telecommunication and sound equipment	€791,398
10	Essential Oils perfume materials toilet & cleansing prep	€621,141

Figure 53: Top Ten Products for Sea Freight Imports in Euro 000 Value

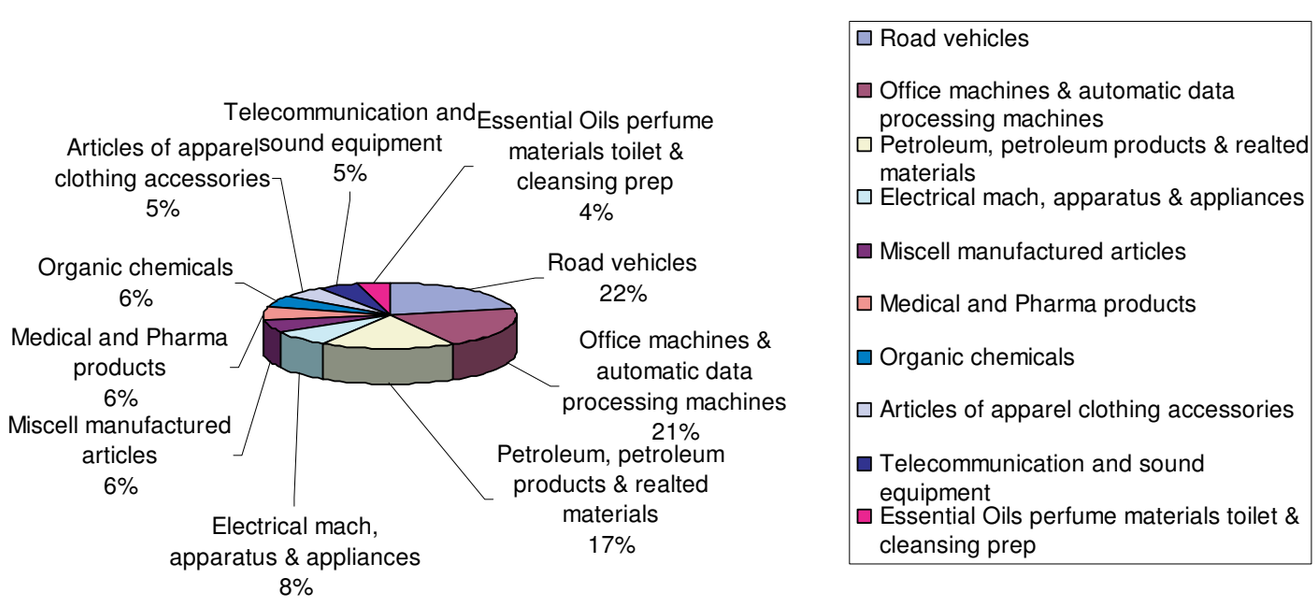


Figure 55: Trend of the Top 5 Countries 2003-2005 Sea Imports in Tonne Weight

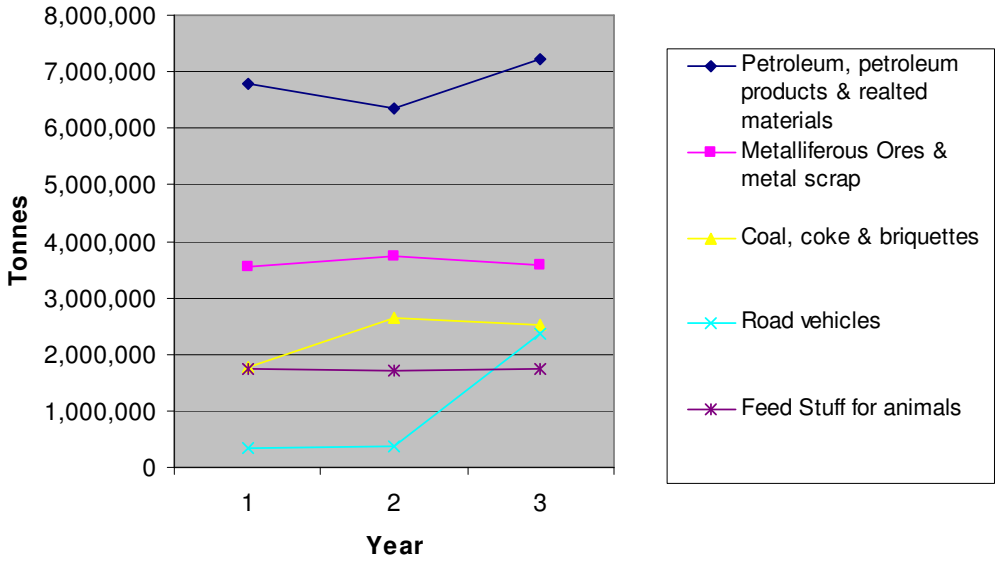


Figure 56: Trend of the Top 5 Countries 2003-2005 Sea Imports in Euro 000 Value