

MACHINERY | MANUFACTURING

Machinery manufacturing helps maintain Irish jobs

Ireland's general economy may be struggling but its farm machinery manufacturing sector is punching above its weight, explains **Derek Casey**

CASE STUDY

Keenan

* One of our most famous indigenous machinery manufacturers is Keenan. Established by Richard Keenan in 1978, the company now employs 240 people.

Keenan is currently Europe's biggest manufacturer of mixer wagons with more than 25,000 customers worldwide. The firm holds the number-one market position for diet feeders both in Ireland and Europe.

Perhaps, crucially, this

company has shown an ability to adapt and specialise to meet farmer demand. In the past 10 years, Keenan has very much gone down the ruminant nutrition route coupled to the actual machine offering, whereas in the firm's early days it was all about the diet feeder. Annual turnover is in the region of €45m, with 90% of that figure accounted for by exports.

The Irish farm machinery sector's importance to employment is considerable. According to the Farm Tractor and Machinery Trade Association (FTMTA), the Irish machinery industry employs about 4,800 people, ranging through dealer principals, owner-managers, engineers, mechanics and sales personnel.

That figure includes Northern Ireland, where it is thought about 800 people earn livelihoods in the machinery trade. At a time when national unemployment levels in Ireland have risen to 14.5%, this is a serious contribution and one that is often overlooked.

Chief executive officer of the FTMTA, Gary Ryan, estimates that in total there are about 300 machinery dealers on the island of Ireland. Some 250 of them are based in Ireland itself, while about 50 are in Northern Ireland. There are also about 18 big manufacturers in Ireland and six in Northern Ireland.

Ireland's strengths are, of course, in grass-based dairy farming. No surprise, then, that the most successful Irish machinery companies have particular product expertise in grass, fodder and slurry spreading systems. When it comes to balers, wrappers, handlers, feeders and slurry spreaders, Irish makers are very much playing to their strengths.



The FTMTA estimates that total annual retail revenue, including new and used machinery, parts and service, amounts to €400m in Ireland and €500m if Northern Ireland is included. That's obviously somewhat smaller than Britain but you have to remember that 1,600 new tractors are bought every year in Ireland compared to 14,000 in Britain.

EXPORTS

With 100,000 active farms in Ireland, it sounds like Irish-based machinery manufacturers such as McHale, Keenan, DairyMaster and Tanco would have a fairly limited market. However, the reality is that exports are ultimately the name of the game for a small open economy like Ireland's.

Trade sources indicate that Irish machinery exports are valued in the region of €300m in a good farming



MANUFACTURING | **MACHINERY**

CASE STUDY

McHale

* Brothers Padraic and Martin MCHale established the company in 1980 and MCHale now employs 240 people.

With a turnover of €55m, the firm is arguably the biggest Irish machinery success story of them all. Some 90% of MCHale's sales now come from exports and the firm has actively developed

products aimed at the continental market, such as the V660 belt baler. The firm also runs a second manufacturing facility in Szolnok in Hungary.



Hi-Spec Engineering is one of a group of successful Irish farm machinery companies.

year such as 2011 – but even in an *annus horribilis* like 2009, that figure is likely to be at least €200m.

Now, more than ever, machinery manufactured in Ireland is being shipped to places as far afield as New Zealand, Canada, Russia and the Middle East, and of course as near as England, Scotland and Wales on a weekly basis.

One of the positive things about the Irish recession is that it forced manufacturers to look abroad and secure new export contracts. This was often done out of necessity to counter a depressed home market in 2009 and 2010.

But just why are Irish machinery manufacturers so good at exporting? The answer is that it came about as the result of decades of hard work building brands and exhibiting at shows all over the world.

Despite the stubborn recession that Ireland is just now awakening from, there have been relatively few machinery business casualties. Even the two or three manufacturing businesses that went into receivership (Redrock is one example) made it through to the other side – albeit under different ownership and in a more streamlined guise.

In general, owner-managers strived to reduce overheads through a combination of cost cutting and, in difficult cases, putting staff on a three-day week until business reached a threshold level again. Lessons were learned on the key issues of tighter credit control and using out-of-season servicing as a means to smooth over the cashflow dips in quieter times of the year.

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