



IRELAND'S FOOD & DRINK SECTOR

An analysis of emerging risks, operational challenges and resilience priorities facing Irish food and beverage businesses.



BACKGROUND

Ireland's agri-food industry continues to be one of the country's most important domestic manufacturing sectors, with the greatest concentration of fixed assets, insured value and operational exposure now sitting in food and drink manufacturing, processing and ingredient production.

In 2024–2025, agri-food exports reached approximately €19 billion, with prepared consumer foods, dairy, beverages, meat processing and ingredients contributing most of the value. Prepared consumer foods exceeded €3.6 billion, while dairy products surpassed €6.5 billion, reflecting the continued shift toward value-added and branded outputs.

The sector supports over 100,000 direct and indirect jobs, and remains critical to regional economies where large plants, cold-storage hubs and export-led processing sites operate. As margins improve in higher-value categories, so too does the potential severity of insured losses due to asset concentration, operational dependencies and brand exposure.

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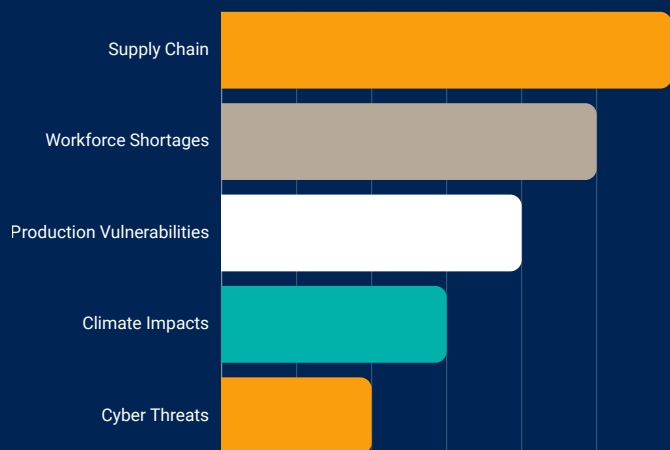
LHK CLIENTS: FOOD & AGRICULTURE SURVEY

LHK surveyed 20 Food & Agriculture clients to understand their highest-priority risks for the next 12–24 months. Clients were asked to categorise each risk as:

- Risk One (Primary Risk): The most immediate or serious exposure
- Risk Two (Secondary Risk): Significant, but not the foremost threat
- Risk Three (Tertiary Risk): Lesser day-to-day concern, but still relevant

Across the responses, five risks consistently appeared:

1. **Supply chain disruptions**
(highest-ranking overall)
2. **Skilled workforce shortages**
and wage pressures
3. **Production facility vulnerabilities** (fire, equipment failure, refrigeration)
4. **Climate and weather-related impacts**
5. **Cyber threats** affecting operational technology and business systems



Clients also provided qualitative comments, highlighting concerns about supplier dependency, increased downtime due to maintenance issues, difficulty recruiting technical staff, and greater exposure to logistics and weather-related delays.

These findings align with broader sector trends and highlight the need for robust operational resilience planning.

HIGHEST-RISK CATEGORIES IN THE FOOD & AGRICULTURE INDUSTRY

1. Supply Chain & Business Interruption Exposure

Supply chain issues were the highest-ranked risk in our survey. Clients cited sourcing challenges, logistics delays, and reliance on single-source suppliers. This aligns with ongoing volatility in international trade, transport disruption, energy supply variability and climate-affected harvest cycles.

For manufacturers, even minor upstream issues now regularly translate into contingent business interruption, quality inconsistency, or reduced production throughput.

Irish food and drink exports reached €17bn in 2024 (+5%) and €19bn in 2025 (+12%), reflecting strong value growth but also continued exposure to international transport volatility.

In December 2025, Storm Bram led to weather-driven closures and significant delays at Holyhead Port,

disrupting freight on the Dublin–Holyhead corridor and highlighting the continued vulnerability of Irish supply chains to UK transit-route interruptions.



LHK Support: Business interruption insurance (including contingent extensions) and credit insurance for customer non-payment.

2. Labour Shortages & Workforce Costs

Clients continue to identify access to skilled labour as a primary constraint. Wage growth and competition for technical and quality-control staff remain persistent challenges. Many respondents noted difficulty retaining experienced operators and increased onboarding costs. This is consistent with wider industry patterns, where manufacturers report rising labour and compliance costs and pressure on staffing models.

- At sector level, food inflation remained at 5.1% in August 2025, reflecting wider cost pressures that directly influence wage expectations.
- Staffing costs were highlighted as a key challenge in 2024, driven in part by a minimum wage increase and rising salaries for non-EEA permit holders.

LHK Support: Employee benefits design, pensions, and structured retention packages remain key tools for supporting workforce stability.

3. Climate Change Impacts

Climate change continues to influence operational reliability across the food and agriculture sector. Increased rainfall intensity, more frequent storms, and greater variability in seasonal conditions are contributing to inbound supply disruption, transport delays, and pressure on energy and water infrastructure.

February 2026 illustrates this trend clearly: national rainfall reached 119% of the long-term average, and Dublin Airport recorded 255% of normal rainfall for the month; its wettest February on record. These conditions led to widespread surface flooding, saturated soils and knock-on disruption to road networks and logistics, all of which heighten the risk of business interruption for food producers.

For manufacturers, the operational impact generally presents as delayed raw material deliveries, reduced quality consistency, restricted site access and increased downtime risk, rather than direct physical damage alone. Strengthening site resilience and reviewing business interruption indemnity periods remain central considerations for managing climate-related exposures.



LHK Support: Property, business interruption and tailored risk assessments for flood, storm and infrastructure resilience.

4. Production Loss (Fire, Flood, Machinery Breakdown)

Processing environments carry meaningful exposure to fire, explosion, refrigeration failure, and machinery breakdown. Single-point failures — such as boilers, chillers, evaporators, conveyors and blending equipment — can result in significant production outages. Many survey respondents expressed concern around the availability of critical spare parts and extended repair lead-times.

Recent site losses across the sector have reinforced the importance of accurate reinstatement values and realistic BI indemnity periods.

In 2024, exports of prepared consumer foods rose 7% (€3.4bn), and dairy exports reached €6.3bn, reflecting increased reliance on continuous-process, high-throughput manufacturing — where machinery breakdown carries greater loss severity.

LHK Support: Property damage, machinery breakdown and BI cover, including risk engineering and asset-specific reviews.

5. Cyber Attacks

Although often ranked lower than operational risks, clients acknowledge growing exposure to cyber threats. As production systems integrate more automation, SCADA/PLC systems and remote monitoring, vulnerabilities increase. The national cyber risk landscape has become more complex, and ransomware incidents affecting food and logistics operators have risen.

- Ireland's national picture shows increased cyber risk, with ransomware incidents affecting food and logistics operators noted as rising across 2024–2025. (Bank of Ireland and NCSC publications)
- Sector surveys continue to show that accessing raw materials and managing cost inflation remain top concerns — areas where cyber-related disruption (e.g., supply chain compromise, ransomware on logistics partners) can have rapid knock-on effects.

Even when cyber is not the highest-ranked risk, the potential scale of disruption is significant.

LHK Support: Cyber insurance (including OT considerations), assessment of IT/OT segregation, and incident response planning.

ADDITIONAL SECTOR EXPOSURE

Food Safety, Contamination & Recall Risk (2024–2026)

- FSAI issued 126 recall notifications (68 food safety alerts, 58 allergen alerts)
- Drivers included Salmonella, STEC, Listeria monocytogenes, norovirus, allergen mislabelling and formulation errors
- Several incidents involved multi-batch and multi-customer recalls, increasing cost and operational disruption
- Recall activity remained high through 2025 and into early 2026, with a noticeable increase in recall complexity and wider distribution footprints. Ingredient manufacturers, in particular, face growing systemic exposure, as a single contaminated input can now affect multiple downstream customers and brands.

For many businesses, this is one of the most financially significant non-property risks.



WHAT SHOULD I DO NOW?

Based on both the survey and updated sector data, organisations should:

- Perform a structured assessment of supply chain dependencies
- Review workforce planning, benefits design and succession mapping
- Validate property, machinery breakdown and BI insurance adequacy
- Strengthen recall protocols and confirm contamination/review cover
- Assess cyber posture, including OT security and backup integrity
- Revisit climate-related site exposure, including flood and power resilience

LHK Group can support businesses across all of these areas through insurance programme design, risk assessment, and specialist consultation.

Conclusion

The Irish food manufacturing and ingredient sector continues to deliver strong output and export performance, but the risk environment has grown more complex.

The insights from our own client survey, combined with national recall, climate and operational data, demonstrate the need for robust, integrated insurance and risk management strategies to protect assets, continuity and brand reputation.

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WHO WE ARE

LHK Group is a third-generation, family-owned insurance brokerage and financial advisory firm, established in 1938. With offices in Dublin and Drogheda, we specialise in providing tailored insurance and financial planning solutions to both individuals and businesses across Ireland.

Our expertise spans a range of services, including business insurance, risk advice, and mortgages, ensuring personalised coverage for every client.

As proud members of Guaranteed Irish and the Family Business Network, we are dedicated to supporting local businesses and maintaining strong ethical standards.

Our approach combines innovative thinking, a culture of empathy, and simplicity to help clients navigate the complexities of insurance and financial planning with confidence.

We pride ourselves on building lasting relationships with our clients by offering impartial advice and exceptional service, ensuring they are well-protected today and prepared for tomorrow.

For more information about our services and how we can help protect your business, please visit our website or contact us directly.

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