

An analysis of Irish food price increases



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The recent increase in Irish food prices, particularly at retail/grocery level, has received significant media attention over the past number of months. Much of this coverage has speculated on who is benefiting from these price increases,

with the commentary often failing to put any price increases into context, both in terms of what is occurring in other countries or the trends in food prices over the medium to long term in Ireland.

Food price increases over time

It is the case that the increase in food prices over the past 12 months has exceeded general inflation, increasing by 5.1% in comparison with an increase of 2% in the overall Consumer Price Index (CPI) according to the Central Statistics Office (CSO).

However, while food price increases have exceeded inflation over the past 12 months, over the longer-term food price increases have lagged significantly behind general inflation or that of other utilities such as electricity.

As Table 1 shows, over the last 20 years, electricity prices have increased by about 10 times the rate of food prices while general inflation has increased by c.2.6 times that of food prices.

When we examine CSO price data since the turn of the century, the difference in trends between food prices and CPI becomes even more extreme. In fact, food prices in 2021

were at a lower level than 2001, 20 years earlier. What has occurred over the last three years has seen food prices gain somewhat on CPI. It is in this context that recent food prices should be analysed.

Table 1: Percentage change in food prices compared with electricity and general inflation

% change in Food Prices vs General Inflation			
Period	Food	Electricity	CPI
1 year (Aug 2024 - Aug 2025)	5.1%	2.4%	2.0%
15 years (Aug 2010 - Aug 2025)	14.1%	127.1%	30.0%
20 years (Aug 2005 - Aug 2025)	15.2%	158.1%	40.0%

Source: CSO

Figure 1: Irish food price trends compared with General Inflation (2001-2024)

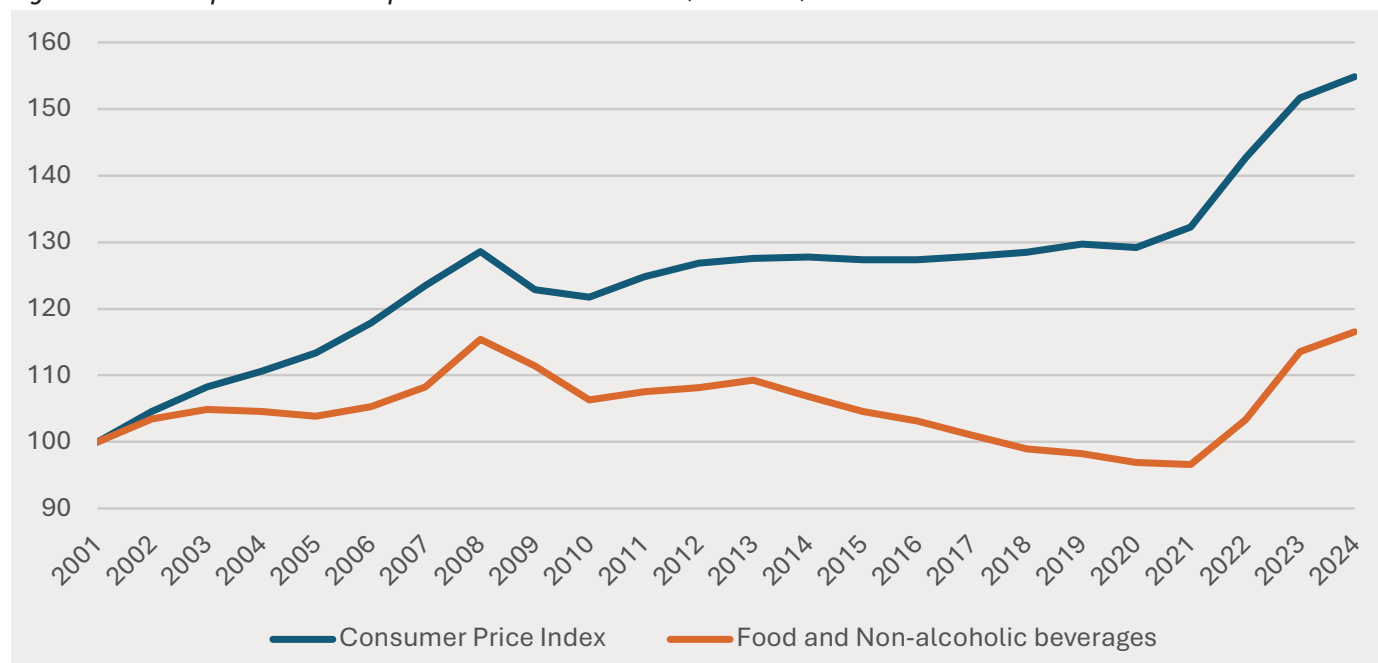
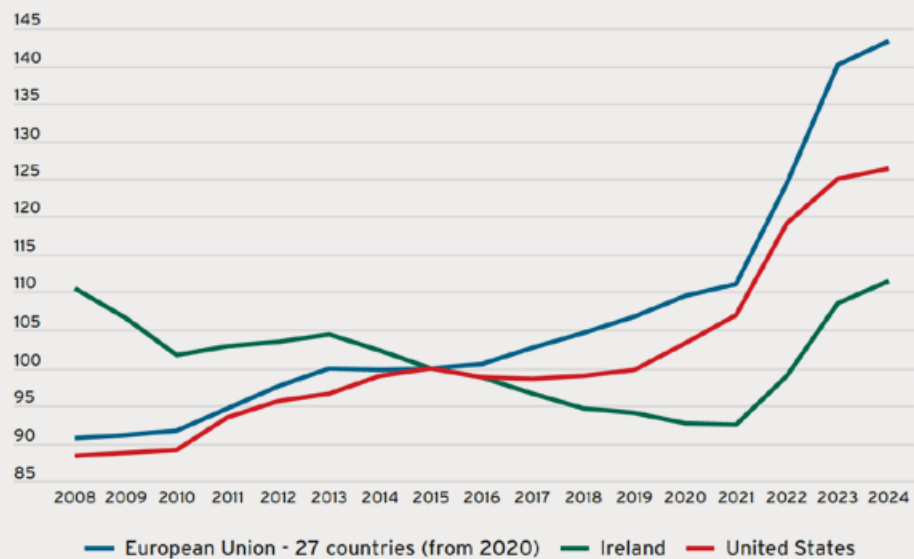


Figure 2: Food and non-alcoholic beverage price trends (2015=100)

Source: Eurostat



Ireland in comparison with EU and US

The recent increase in food prices has been evident throughout the European Union (EU) and beyond. By using data from the Harmonised Indices of Consumer Prices (HICP) prepared by Eurostat, we can compare the levels of increase in food and non-alcoholic beverages over the 16-year period from 2008 to 2024. The following graph shows the food price trends for Ireland, EU and the United States (US) over this period.

As Figure 2 shows, food prices both in Ireland, EU and the

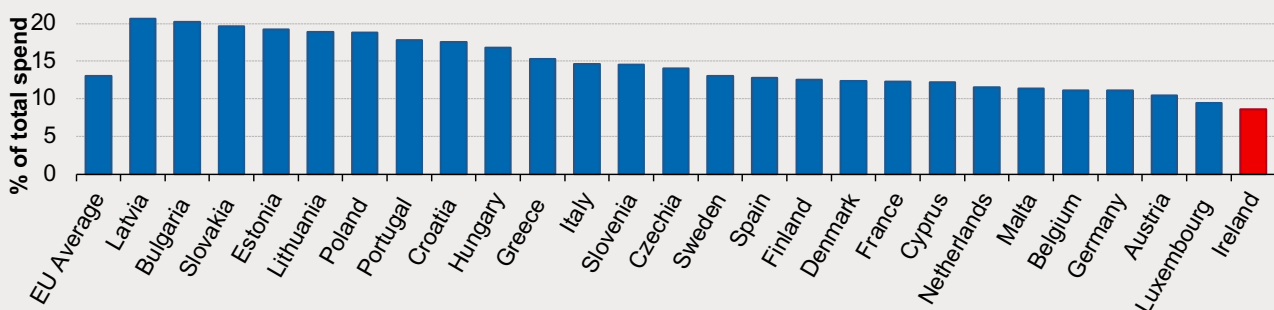
US increased significantly since 2021. However, it is also clear that food prices in Ireland fell substantially in the prior period from 2008 to 2021, differing significantly from EU and US trends. In fact, Ireland was the only country in the EU where food prices fell in the 2008 to 2021 period. Since 2021, significant food price inflation has been evident both in Ireland and across the EU. However, the rate of increase in food prices in Ireland (27%) has been less than the EU average food price increase (35%).†

How much are Irish consumers spending on food?

The amount being spent by consumers on food has increased significantly across the EU over the past three years as prices increased. However, in comparative terms

the level of total household expenditure on food, despite the recent increases, remains moderate. This is particularly the case in Ireland as data from Eurostat shows.

Figure 3: 2023 % of total consumer expenditure on food and non-alcoholic beverages



Based on 2023 data from Eurostat, the average spend on food and non-alcoholic beverages across the EU was 13% of total consumer expenditure. This ranged from 20.6% in Latvia to 8.6% in Ireland, the lowest in the EU.

According to the CSO, Irish consumers spent a total of €13.68bn on food and non-alcoholic beverages in 2023, a substantial figure. However, for context, in the same period

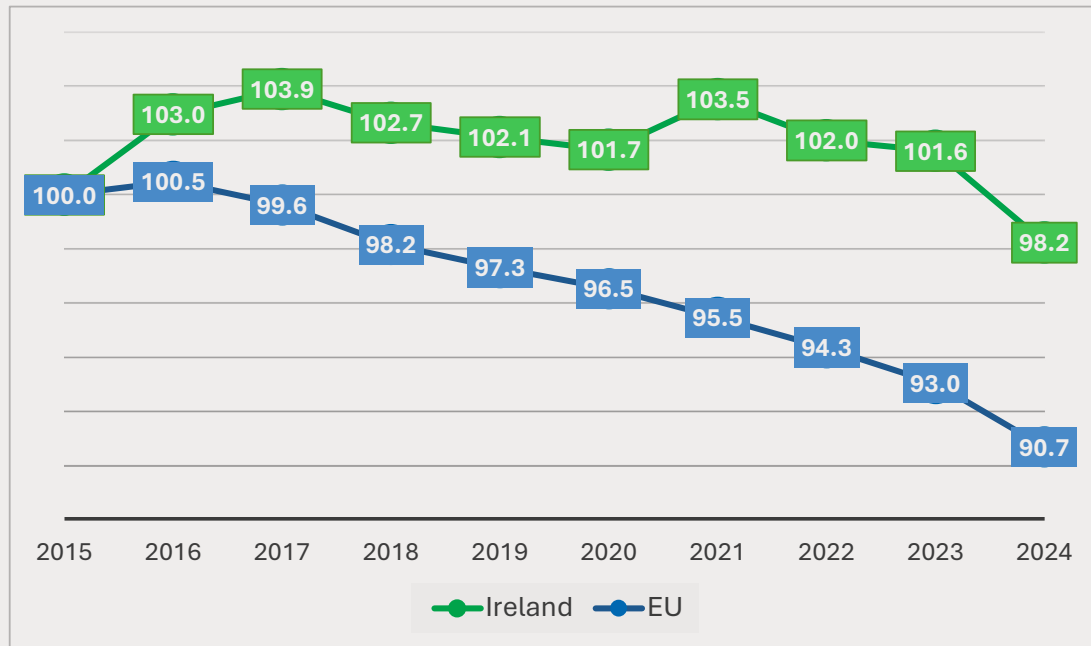
Irish consumers spent a total of €21.4bn on restaurants and hotels, both in Ireland and abroad, about 57% more than the total spent on food. In fact, Ireland had the third highest spend on hotels and restaurants in the EU, with consumers in Malta and Cyprus the only ones spending more as a percentage of total expenditure.

What is causing food price increases

There are numerous factors that have resulted in a sharp increase in food prices but chief among them has been a reduced supply of agricultural output. Over the past decade, a combination of a substantial increase in regulations

reducing farm productivity along with chronically low-income levels have seen a major decline in EU livestock numbers. This has been a key reason for recent food price increases.

Figure 4: EU and Irish Livestock numbers 2015-2024 (2015=100)



Source: CSO/Eurostat

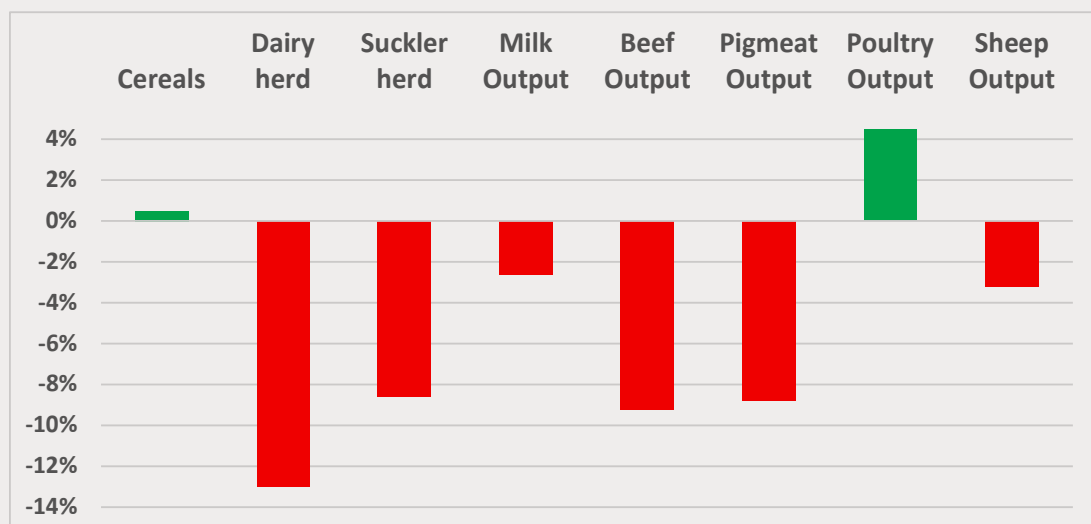
Over the past decade, EU livestock numbers have fallen by circa seven million, or almost 10%. Ireland's livestock numbers have also declined with a drop of c.200,000.

Despite improved commodity price increases, the likelihood of a reversal in the decline in agricultural output is far from certain. Recent EU Commission proposals to slash funding towards its Common Agricultural Policy by circa 20% would, if they came to pass, most likely further negatively impact EU agricultural output.

The EU Commission, in their own forecasts, are predicting significant reductions in overall EU agricultural output in the coming decade. The following is a summary of the Commission's forecasts for agricultural output published at the start of this year.

These projections point to a further tightening in supply of agricultural goods within the EU. More concerning, these projections were completed before proposals to significantly cut CAP funding were published.

Figure 5: EU Agricultural output projections – projected % change in output/size 2023-2035



Source: European Commission



Trends in Irish farm incomes

With the significant increase in food prices, many have assumed this has led to a significant increase in farm incomes. While 2024 did see a sizeable increase in average farm income and a further increase is likely in 2025, farm incomes still trail far behind when compared with average industrial wages in Ireland.

Teagasc, through their National Farm Survey, estimate the average income of a full-time farming labour unit in 2024 was €34,321, significantly higher than the 2023 figure of €18,800. However, this was still substantially lower than the average industrial wage for the same period which the CSO estimate to be €47,462 – 38% higher.

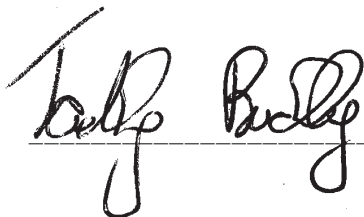
Despite the substantial increase in food prices, farmer incomes still lag well behind incomes in the wider Irish economy.

Conclusion

Over the past three years, Ireland has experienced a significant increase in food prices. This has no doubt had an impact on households in terms of overall expenditure, with lower income households (some of which are farming households) much more vulnerable to these sharp increases.

However, when food prices are viewed over a longer period it is clear that, in comparative terms, food prices remain at moderate levels when compared with general inflation. The increase in food prices is not just an Irish phenomenon; similar increases are evident throughout the EU and beyond. Despite the increases, the amount Irish consumers spend on food remains moderate and was, in percentage terms, the lowest in the EU in 2023.

Looking ahead, EU agricultural policy continues to pursue a path of reducing food production rather than encouraging it. CAP proposals as well as ongoing tightening of regulations such as nitrates, have seriously impacted the productivity of Irish and EU food production. Food is one of the most precious commodities in the world and it is likely to get more expensive into the future.

A handwritten signature in black ink, reading 'Tadhg Buckley', is positioned above a horizontal line.

Tadhg Buckley

Chief Economist, IFA