



**Tithe an
Oireachtais
Houses of the
Oireachtas**

An Comhchoiste um Thalmhaíocht, Bia agus Muir

Todhchaí Earnáil na Mairteola i gcomhthéacs Food Wise 2025

Meitheamh 2019

Joint Committee on Agriculture, Food and the Marine

The Future of the Beef Sector in the context of Food Wise 2025

June 2019

32/AFM/28



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Pat Deering T.D.

Chairman

The Department of Agriculture, Food and the Marine launched its 10 year plan for the Irish agri-food industry in 2015: *Food Wise 2025*. Food Wise 2025 identifies growth projections for the industry over this ten year period, including:

- 85% increase in exports to €19 billion;
- 70% increase in value added to €13 billion
- 65% increase in primary production to €10 billion, and
- The creation of 23,000 additional jobs all along the supply chain from producer level to high end value added product development.

The Joint Committee on Agriculture, Food and the Marine believed that it was necessary to review the progress of Food Wise 2025 to date, given that the strategy has nearly reached its mid-point.

In particular, the Committee chose to focus on the beef sector in the context of Food Wise 2025 as it appears to the Committee that this sector is under increasing pressure, for a number of reasons. Firstly, it is evident to the Committee that there is real concern with regard to the levels of profitability of primary producers in the beef sector.

Secondly, the prospective EU-Mercosur Free Trade Agreement may have unintended consequences, one such being that cheaper and less carbon efficient beef from South America will come onto the EU market. This, in effect, will undercut Irish beef prices while also undermining progress towards meeting the EU's climate change obligations.

Thirdly, and on a related point, Ireland has been underperforming in its efforts to combat climate change, and the agricultural sector undoubtedly has its part to play in that regard. The evidence provided to the Committee indicates that stakeholders in the beef sector are willing to play their part, but the Committee believes that a much more detailed discussion between all stakeholders needs to take place so that the ambitions of the agricultural sector can be aligned with Ireland's Paris Agreement commitments. In this regard, the Committee again commends its report of July 2018 entitled *Climate Change and Sustainability in the Agriculture and Food Sectors* to the Minister for Agriculture, Food and the Marine.

Fourthly, in an environment where funding from the Common Agricultural Policy (CAP) can make up to 114% of a beef farmer's salary, the CAP will undoubtedly have an impact on this sector. The Committee notes that negotiations on the next Multiannual Financial

Framework and the next CAP are currently ongoing, and so it is difficult to determine the levels of funding which will result from those negotiations. On this basis, the Committee looks forward to the publication of Ireland's CAP Strategic Plan and encourages the Minister for Agriculture, Food and the Marine to ensure that the concerns of all stakeholders are considered in its formulation. The Committee will also be undertaking its own consideration of Ireland's prospective CAP Strategic Plan later this year.

Lastly, Brexit will undoubtedly have an impact on the beef sector. The evidence provided to the Committee in this regard echoes the evidence which the Committee has previously heard when it compiled reports on the issue both in 2017 and 2018. The Committee notes that some of the recommendations contained in its previous reports on Brexit have come to fruition but accepts that there is still much uncertainty in this regard.

Ultimately, the Committee believes that there is no "silver bullet" solution to the issues mentioned above in relation to the beef sector. However, the Committee has included recommendations in this report in the context of Food Wise 2025 which the Committee believes will assist in empowering producers and will ensure that they are in a position to extract a fairer price from the high-quality products that they produce, while also highlighting the concerns of stakeholders in relation to the CAP and Ireland's climate change obligations in particular.

As Chairman of the Committee, I would like to thank my fellow Committee Members for their input and work in bringing forward this important report. On behalf of the Committee, I would like to express my sincere gratitude to every stakeholder that came before the Committee to give evidence, and also to those who provided written submissions to the Committee.



Pat Deering T.D.

Chairman

25 June 2019

1 SUMMARY OF RECOMMENDATIONS

The Committee decided to explore the headline ambition of the Food Wise 2025 strategy of increasing the value of Irish agri-food exports to €19 billion per annum by 2025. The Committee chose to explore the Strengths, Weaknesses, Opportunities and Threats associated with the beef sector as a means of exploring this ambition. As such, the recommendations which follow are made in the context of Food Wise 2025.

- 1.** The Committee recommends that the Minister undertakes a Regulatory Impact Assessment (RIA) in consultation with the relevant stakeholders in relation to the implementation of the Unfair Trading Practices Directive. In the context of the Directive, the Committee believes that this RIA should consider, at a minimum:
 - The merits of establishing a dedicated sectoral regulator as the competent authority, with responsibility for both the enforcement of the Directive and the delivery of ongoing regulatory interventions to improve the welfare of farmers. The RIA should also consider the possibility of having more than one competent authority with responsibility for the roles outlined above.
 - The costs involved in ensuring that the Directive can be adequately enforced and how the required funding will be raised.
 - The merits of developing a suitable arbitration mechanism, whereby potentially aggrieved parties can attempt to settle disputes if, and when, they arise. [See section 6.2]

- 2.** The Committee recommends that the Minister actively pursues the establishment of a more detailed Meat Market Observatory at EU level, which would include pricing data in relation to individual meat products as is the case with dairy products and the EU Milk Market Observatory. This measure will provide further transparency in the food supply chain as it relates to meat products. [See section 6.3]

- 3.** The Committee recommends that the Minister establishes a dedicated section within his Department which specialises in the live export trade. This section should be adequately resourced and should support and develop the live export trade so that it can reach its full potential. [See section 6.4]

- 4.** The Committee recommends that the Minister facilitates a review of both the Quality Payment System (QPS) and the associated grading practices to establish if this system is being exploited and to ensure that the grading practices are accurate. [See section 6.5]

- 5.** The Committee recommends that the Minister conducts a review of feedlots with a view to establishing the potential adverse impacts that their use may be having on the beef sector. [See section 6.6]
- 6.** The Committee recommends that the Minister increases the levels of support available to prospective Producer Organisations. [See section 6.7]
- 7.** The Committee recommends that the Minister prioritises seeking Protected Geographical Indication (PGI) status for Irish suckler beef. [See section 7.1]
- 8.** The Committee recommends that an association be established by live exporters to represent their interests with a view to enhancing coordination in relation to the live export trade. The Committee also recommends that the Minister offers all available support to ensure that such an association is established. [See section 7.2]
- 9.** The Committee recommends that the Minister directs further funding to research with regard to improving sexed semen techniques. The Committee is firmly of the view that enhanced sexed semen techniques will be vital to the future of the beef sector. [See section 7.3]
- 10.** The Committee objects strongly to the inclusion of beef products in the prospective EU-Mercosur Free Trade Agreement. The Committee believes that the prospective agreement, as it stands, will have unintended consequences. One such unintended consequence which is of particular concern to the Committee is that a substantial amount of less carbon efficient beef will be introduced to the EU market, and the Committee feels that this is unacceptable given the EU's, and Ireland's, increased focus on addressing climate change. [See section 8.1]
- 11.** The Committee supports the decision of the Minister to establish the CAP Post-2020 Consultative Committee and recommends that the Minister endeavours to ensure that the concerns of all stakeholders are considered in the formulation of Ireland's CAP Strategic Plan. [See section 8.2]
- 12.** The Committee recommends that the Department engages on a cross-departmental level with the farming, environmental and scientific communities to develop a plan for the agricultural sector to align it with meeting Ireland's Paris Agreement commitments. [See section 8.3]

2 INTRODUCTION

The Joint Committee on Agriculture Food and the Marine (the Committee) undertook, as part of its Work Programme for 2019, to examine the future of the beef sector in the context of Food Wise 2025.

The Committee invited submissions from stakeholders during February/March 2019. In its call for submissions, and with specific reference to the details contained in Food Wise 2025, the Committee specified that the submissions should address some or all of the following topics:

- The extent to which the SWOT analysis undertaken in 2015 needs to be revisited in light of emerging challenges in 2019 and anticipated challenges in the future;
- The measures that are/should be in place to support the strengths of the beef sector;
- The remedies that are/should be in place to address the weaknesses of the beef sector;
- The strategies that are/should be in place to exploit the opportunities associated with the beef sector; and
- The measures that are/should be in place to ensure that the threats associated with the beef sector are mitigated.

The Committee considered the submissions received, which can be accessed [here](#), along with information provided by witnesses in oral hearings.

The Committee notes that a number of stakeholders from the multiple retail sector were invited to make submissions on this topic and were also invited to attend a meeting of the Committee.

In this regard, the Committee wishes to express its disappointment that those from the multiple retail sector who were invited to engage on this topic declined to do so. The Committee believes that all stakeholders in the beef sector must work together to ensure its future.

This report summarises the issues raised and includes recommendations and observations of the Committee.

3 EVIDENCE FROM COMMITTEE MEETINGS

The Committee held 7 days of hearings during February-May 2019. Table 1 below identifies all witnesses who made presentations to the Committee and the date of their presentations.

3.1 TABLE 1 – WITNESSES

	Hearings of the Joint Committee on Agriculture, Food and the Marine
12 February 2019	<p><u>The Irish Co-operative Organisation Society</u></p> <ul style="list-style-type: none"> Mr Ray Doyle, Livestock and Environmental Services Executive <p><u>The Wicklow Calf Company Limited</u></p> <ul style="list-style-type: none"> Mr Seamus Scallan, Managing Director Ms Elizabeth Scallan, Director
19 February 2019	<p><u>Department of Agriculture, Food and the Marine</u></p> <ul style="list-style-type: none"> Ms Sinéad McPhillips, Assistant Secretary General Ms Maria Dunne, Head of Division, Meat and Milk Policy Ms Wila Bruce, Economics and Planning Division
09 April 2019	<p><u>Irish Farmer’s Association</u></p> <ul style="list-style-type: none"> Mr Joe Healy, President Mr Angus Woods, Livestock Chairman Mr Kevin Kinsella, Livestock Director <p><u>Irish Creamery and Milk Suppliers’ Association</u></p> <ul style="list-style-type: none"> Mr Pat McCormack, President Mr Des Morrison, Chairperson, Livestock Committee Mr John Enright, General Secretary <p><u>Irish Natura and Hill Farmers’ Association</u></p> <ul style="list-style-type: none"> Mr Vincent Roddy, Director of Organisation Mr Brendan Joyce, National Vice President <p><u>An Taisce</u></p> <ul style="list-style-type: none"> Mr Charles Stanley Smith, Public Affairs Mr Ian Lumley, Advocacy Officer

	Hearings of the Joint Committee on Agriculture, Food and the Marine
16 April 2019	<p><u>Irish Cattle and Sheep Farmers' Association</u></p> <ul style="list-style-type: none"> • Mr Patrick Kent, President • Mr Edmund Graham, Beef Chair • Mr Eddie Punch, General Secretary <p><u>Macra na Feirme</u></p> <ul style="list-style-type: none"> • Mr James Healy, President • Mr Derrie Dillion, Agricultural Affairs <p><u>Beef Plan Movement</u></p> <ul style="list-style-type: none"> • Mr Eamon Corley, National Chairman • Mr Eoin Donnelly, Western Regional Chairman • Mr Hugh Doyle, National Vice-Chairman <p><u>Meat Industry Ireland</u></p> <ul style="list-style-type: none"> • Mr Philip Carroll, Chairman • Mr Cormac Healy, Senior Director • Mr Joe Ryan, Director
14 May 2019	<p><u>Glanbia Ireland</u></p> <ul style="list-style-type: none"> • Mr Martin Ryan, Head of Beef • Mr Pat O'Keefe, Corporate Affairs <p><u>Kepak Group</u></p> <ul style="list-style-type: none"> • Mr Mick O'Dowd, Agribusiness
21 May 2019	<p><u>Bord Bia</u></p> <ul style="list-style-type: none"> • Ms Tara McCarthy, Chief Executive Officer • Mr Padraig Brennan, Director, Meat, Food and Beverages • Mr Joe Burke, Senior Manager, Meat & Livestock
28 May 2019	<p><u>Teagasc</u></p> <ul style="list-style-type: none"> • Professor Frank O'Mara, Director of Research • Mr Pearse Kelly, Head of Drystock Knowledge Transfer Department <p><u>Competition and Consumer Protection Commission</u></p> <ul style="list-style-type: none"> • Ms Isolde Goggin, Chairperson • Mr Fergal O'Leary, Member

4 FOOD WISE 2025

Food Wise 2025 identifies:

...significant growth opportunities across all subsectors of the Irish agri-food industry. Cumulatively, it projects export have the potential to grow to €19bn per annum in value by 2025, a figure that would represent an 85% increase from the current three-year average. This export growth will be driven chiefly by expansion in dairy, beef, seafood and consumer food and drinks exports.¹

The Department of Agriculture, Food and the Marine (the Department) undertook a SWOT analysis in 2015 of each sector of the Irish agri-food industry in advance of the publication of Food Wise 2025.

The Committee has chosen to focus on the SWOT analysis in respect of the beef sector as a means of exploring the ambition to grow agri-food exports to €19 billion per annum by 2025 from the baseline figure of approximately €10 billion per annum in 2012-2014.²

The Committee notes that the Department has identified a substantial amount of actions which will need to be undertaken in relation to each sector if this ambition is to be realised. The Committee believes that the work which has been undertaken as part of this report will complement the actions which will be taken in relation to the beef sector in the future.

4.1 SUMMARY POSITION

The Committee recognises the lead role of the Department in facilitating the growth of Irish agri-food exports to €13.6 billion per annum as of 2018.³ It appears to the Committee that, based on the current trend, the ambition to grow Irish agri-food exports to €19 billion per annum by 2025 is certainly an achievable one.

However, it also appears to the Committee that the pursuit of growth in agri-food exports poses risks for other stakeholders in the beef sector.

¹ Department of Agriculture, Food and the Marine, [Food Wise 2025: A 10-year vision for the Irish agri-food industry](#), 2015, p. 3.

² *ibid*, p. 3

³ Department of Agriculture, Food and the Marine, [Debate: Joint Committee on Agriculture, Food and the Marine, 19 February 2019](#).

5 STRENGTHS

The Committee notes that the 2015 SWOT analysis identified seven main strengths that are associated with the beef sector, of which include:

- Grass reared, welfare friendly production system;
- Specialist suckler beef production;
- Cattle and beef traceability systems;
- Credible and sustainable quality assurance scheme;
- High penetration of high-end retail outlets across the EU;
- Strong reputation in traditional markets; and
- Capacity and capability to meet demand.

5.1 SUMMARY POSITION

The Committee notes from the evidence provided that most stakeholders generally agree that the strengths listed are present in the beef sector and the original findings of the SWOT analysis remain valid. Accordingly, the Committee has no recommendations to make.

6 WEAKNESSES

The Committee notes that the 2015 SWOT analysis identified six main weaknesses that are associated with the beef sector, of which include:

- Land transfer, mobility and structural issues;
- Low profitability at farm level and dependence on direct payments;
- Skill gaps at all levels of the supply chain;
- National cost competitiveness, especially utilities and labour;
- Lack of scale across the sector combined with demographic factors; and
- Dependency on the UK market while the reputation of Irish beef is less well known in new and developing markets.

The Committee notes from the evidence presented to it that a number of the weaknesses listed above were not addressed substantively. As such, the Committee will focus on weakness which arose most frequently during its deliberations on this topic, namely: low profitability at farm level and dependence on direct payments.

LOW PROFITABILITY AT FARM LEVEL AND DEPENDENCE ON DIRECT PAYMENTS

Undoubtedly, the issue which arose most frequently throughout the Committee's hearings was the lack of profitability on the part of primary producers and their dependence on direct payments as a result.

According to Teagasc's National Farm Survey, average family farm incomes in 2017 were €12,529 per annum for cattle rearing farms and €17,199 per annum for other cattle farms.⁴

According to the preliminary results of Teagasc's National Farm Survey for 2018, a reduction in incomes is forecast to €8,318 per annum for cattle rearing farms and €14,408 per annum for other cattle farms.⁵ The forecast reductions would represent a decrease in income of 34% for cattle rearing farms and 16% for other cattle farms based on 2017 levels.

Additionally, the Committee heard that direct payments account for 114% of farm income for cattle rearing farms and 96% of farm income for other cattle farms,⁶ which highlights the dependence of cattle farmers on direct payments in this sector.

⁴ Teagasc, [National Farm Survey 2017 Results](#), 2018, p. 1

⁵ Teagasc, [National Farm Survey 2018 Preliminary Results](#), May 2019, p. 5

⁶ Irish Farmers' Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

6.1 DRIVERS OF LOW PROFITABILITY

The Committee heard a number of possible causes of low profitability at farm level as well as a number of potential solutions.

The Irish Creamery Milk Suppliers Association (ICMSA) informed the Committee that, given the current situation, beef farmers may actually be better off financially if they had no livestock.⁷

The Irish Natura and Hill Farmers Association (INHFA) informed the Committee that it believes that market price and profitability are the major weaknesses in the sector.⁸

The Irish Cattle and Sheep Farmers Association (ICSA) informed the Committee that “beef farmers have not seen a single cent of extra income from expanded agrifood exports” which have resulted from Food Wise 2025.⁹

Macra na Feirme informed the Committee:

*We cannot ignore the basic fact that the return to beef farmers for the quality product they produce is not sufficient to sustain a viable income for the vast majority of them, regardless of the beef production system they have chosen to operate.*¹⁰

The Beef Plan Movement informed the Committee:

*The reason we are here is that, even though the beef industry is the most profitable in the country and even though there are many stakeholders in the industry, including the retailers, food service sector, manufacturers, factories, Bord Bia and the ICBF, the reality is that beef farmers are slaves on their own farms.*¹¹

Meat Industry Ireland (MII) also voiced concerns with regard to the lack of profitability at primary producer level. In November 2018, a report of the Food Wise Meat Implementation Group was presented to the Minister for Agriculture, Food and the Marine (the Minister). According to MII, this report stressed the view that:

...that beef from the suckler herd is of critical importance for the international marketability of Irish beef abroad and for the health and viability of the rural

⁷ Irish Creamery Milk Suppliers Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

⁸ Irish Natura and Hill Farmers Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

⁹ Irish Cattle and Sheep Farmers Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019](#).

¹⁰ Macra na Feirme, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019](#).

¹¹ The Beef Plan Movement, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019](#).

*economy in large parts of the country. The report also expressed concerns that very low profitability would lead to a sharp drop in suckler output thus risking long-term overall growth in respect of the Food Wise 2025 ambitions. The possibility of introducing some form of targeted support for this sector was recommended by the group. However, it accepted that any such measures, in addition to providing income support, should be clearly geared towards bringing environmental and animal welfare benefits.*¹²

MII informed the Committee that it supports this approach.

6.2 RECURRING CLAIMS AND THE CCPC RESPONSE

A number of witnesses alleged that there are anti-competitive practices in operation in the beef sector. The INHFA,¹³ the ICMSA,¹⁴ the Irish Farmers' Association (IFA)¹⁵ and the Beef Plan Movement¹⁶ informed the Committee that they believe there is a cartel in operation at processor level in the beef sector.

MII informed the Committee that they believe that these allegations "have emerged without any evidence at all being advanced by anybody",¹⁷ and pointed to the fact that a number of mergers of meat processors have been subject to scrutiny at both Irish and European level and no evidence of wrongdoing has been found.

The Competition and Consumer Protection Commission (CCPC) informed the Committee that:

There have been allegations about the existence of a cartel in the beef processing sector. Under Irish and European law, a cartel is an agreement between competitors to fix prices, limit output or share markets for their own benefit. It is a serious breach of the law, so much so that it carries a burden of proof similar to that for other crimes such as theft or murder. Anyone convicted of such a crime can face a maximum sentence of ten years' imprisonment. The serious nature of this type of crime frames how we investigate allegations of a cartel. An allegation does not provide a sufficient basis for us to open an investigation or obtain a warrant from a judge in order that we can search the premises of businesses suspected of being involved.

¹² Meat Industry Ireland, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019](#).

¹³ Irish Natura and Hill Farmers Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

¹⁴ Irish Cattle and Sheep Farmers Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019](#).

¹⁵ Irish Farmers' Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

¹⁶ The Beef Plan Movement, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019](#).

¹⁷ Meat Industry Ireland, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019](#).

*We have a team of experienced senior investigators, including serving and former gardaí, whose roles are to examine the evidence and establish lines of inquiry in investigating potential cartels. We also have a dedicated cartel immunity phone number to enable anyone who has been part of a cartel to come forward with evidence in return for immunity from prosecution. To date, the CCPC's criminal investigations team has examined a number of complaints and followed various lines of inquiry in the meat processing sector. So far, however, we have not uncovered evidence of a cartel.*¹⁸

A number of witnesses also raised the prospective Unfair Practices Directive as a means of addressing the perceived imbalance of power in the food supply chain. The Committee notes that the Unfair Trading Practices Directive was published in the Official Journal of the European Union on 25 April 2019,¹⁹ and that Member States must transpose this Directive by 01 May 2021.²⁰

In this regard, the Committee notes that comments of the CCPC to the effect that the Directive has been drafted as a solution to addressing primary producers' relatively low bargaining power in the context of the food supply chain, but that this measure is unlikely to succeed in addressing the imbalance in farmers' power in the market as it stands.²¹

The CCPC's concerns include, *inter alia*:

- The competent authority, which will have responsibility for the enforcement of the Directive, has not yet been appointed.
- It is not clear if there will be one competent authority, which would have responsibility for providing support to concerned parties while also dealing with complaints, or if there will be a number of competent authorities with different responsibilities.
- The scale and scope of the Directive is vastly greater than the current Grocery Goods Regulations which are currently in place,²² with the CCPC estimating that the Irish legislation could apply to 10,000 traders in the food supply chain and their direct relationships with suppliers as opposed to the 22 grocery undertakings which are captured by the current regulations.

¹⁸ Competition and Consumer Protection Commissions, *Debate: Joint Committee on Agriculture, Food and the Marine*, 28 May 2019.

¹⁹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2019:111:TOC>

²⁰ <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32019L0633&from=EN>, Article 13.

²¹ Competition and Consumer Protection Commissions, *Debate: Joint Committee on Agriculture, Food and the Marine*, 28 May 2019.

²² <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/02/Grocery-Goods-Undertakings-Regulations.pdf>

- There will be a significant cost in ensuring that the designated competent authority can adequately perform its functions and it is not yet clear how it will be funded.²³

Having heard from a range of stakeholders, the Committee recommends that the Minister undertakes a Regulatory Impact Assessment (RIA) in consultation with the relevant stakeholders in relation to the implementation of the Unfair Trading Practices Directive. In the context of the Directive, the Committee believes that this RIA should consider, at a minimum:

- The merits of establishing a dedicated sectoral regulator as the competent authority, with responsibility for both the enforcement of the Directive and the delivery of ongoing regulatory interventions to improve the welfare of farmers. The RIA should also consider the possibility of having more than one competent authority with responsibility for the roles outlined above.
- The costs involved in ensuring that the Directive can be adequately enforced and how the required funding will be raised.
- The merits of developing a suitable arbitration mechanism, whereby potentially aggrieved parties can attempt to settle disputes if, and when, they arise.

[Recommendation 1]

6.3 TRANSPARENCY AND LOW PROFITABILITY

The Committee also heard that there is a lack of transparency with regard to profit margins in the beef sector. The IFA, the ICMSA, the ICSA, Macra na Feirme and the Beef Plan Movement informed the Committee that there is a lack of transparency at all points along the supply chain and that improving transparency may assist in increasing profitability at primary producer level.

According to the IFA:

*The situation where processors and retailers always make a margin, while farmers are sometimes forced to produce at or below the cost of production, is unacceptable. We have...called for greater transparency in the market at all levels of the food chain in order that the margins and profitability of processors and retailers are clearly visible.*²⁴

However, the MII advised the Committee that there is an initiative at EU level at the moment in respect of the broader agri-food sector and increased price transparency which

²³ Competition and Consumer Protection Commissions, [Debate: Joint Committee on Agriculture, Food and the Marine, 28 May 2019](#).

²⁴ Irish Farmers' Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

will apply in every Member State but it is best that it is done at an EU level rather than at Member State level.²⁵

The Committee acknowledges that there is ongoing work at EU level with regard to increased price transparency and notes from a report published in November 2016 by the Agricultural Markets Task Force (which was established by European Commissioner for Agriculture and Rural Development, Mr. Phil Hogan) that it was found that “a lack of knowledge about prices and costs at the different stages of the chain undermines farmers' trust in the supply chain.”²⁶ The findings of this same report were an input to the Unfair Trading Practices Directive.²⁷

The Committee also agrees with the view of the Agricultural Markets Task Force that a lack of transparency in this regard serves to undermine farmers' trust in the supply chain.

A number of witnesses also raised concerns with regard to the European Commission's Meat Market Observatory, which is a system whereby market data is disseminated and short term market analysis is provided.

The difficulty in this regard, according to the ICMSA, relates to a lack of data. It stated:

*I know the carcass price in Ireland and different European countries, but I do not know the price of sirloin or fillet steak, minced meat, burgers, etc. as there are no data available. If we do not get into that detail, we will be having the same conversation in 20 years' time.*²⁸

The IFA holds similar views with regard to the Meat Market Observatory and increased price transparency; however, it believes that this data should be collated at a national level rather than waiting for the situation to be improved at EU level.²⁹

The Committee believes that this lack of data again serves to undermine farmers' trust in the supply chain and recommends that the Minister actively pursues the establishment of a more detailed Meat Market Observatory at EU level, which would include pricing data in relation to individual meat products as is the case with dairy products and the EU Milk Market Observatory. This measure will provide further transparency in the food supply chain as it relates to meat products. **[Recommendation 2]**

²⁵ Meat Industry Ireland, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019](#).

²⁶ Agricultural Markets Task Force, [Enhancing the position of farmers in the supply chain](#), November 2016, p. 16.

²⁷ https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/market-measures/agri-food-supply-chain/unfair-trading-practices_en

²⁸ Irish Creamery Milk Suppliers Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

²⁹ Irish Farmers' Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

6.4 REBALANCING THE RELATIONSHIP

The Committee heard that the live export trade is essential to the beef sector as a means of empowering primary producers. For instance, the INHFA informed the Committee that it sees “another opportunity in increasing our live exports, which is the best way of ensuring the factories do not dictate the price. This has worked in the past and can deliver in the future but needs to be supported.”³⁰

The ICOS also informed the Committee that “trade in live animals is vital to maintaining competition in the marketplace and acts as a countervailing force against the beef processing sector which is dominated by four private companies.”³¹

However, the Committee also heard that there was great dissatisfaction amongst farmers at recent experiences in relation to live exports, including:

- difficulties in relation to both ferry and lairage capacity;³²
- a potential over-reliance on the EU market for live exports when there appears to be opportunities in other markets;³³
- a possible ban on live exports at European Union level;³⁴
- a lack of planning for bad weather;³⁵
- a lack of a representative group on behalf of exporters.³⁶

Given that the live export trade appears to add strength to the relatively weak position of primary producers in the supply chain, the Committee believes that further support needs to be provided in relation to the live export trade.

Accordingly, the Committee recommends that the Minister establishes a dedicated section within his Department which specialises in the live export trade. This section should be adequately resourced and should support and develop the live export trade so that it can reach its full potential. **[Recommendation 3]**

³⁰ Irish Natura and Hill Farmers Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

³¹ Irish Co-operative Organisation Society, [Debate: Joint Committee on Agriculture, Food and the Marine, 12 February 2019](#).

³² Irish Farmers’ Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

³³ Irish Natura and Hill Farmers Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

³⁴ Irish Co-operative Organisation Society, [Debate: Joint Committee on Agriculture, Food and the Marine, 12 February 2019](#).

³⁵ The Wicklow Calf Company Limited, [Debate: Joint Committee on Agriculture, Food and the Marine, 12 February 2019](#).

³⁶ The Wicklow Calf Company Limited, [Debate: Joint Committee on Agriculture, Food and the Marine, 12 February 2019](#).

6.5 THE IMPACT OF THE QPS ON INCOME AND CONFIDENCE

The Committee heard concerns with regard to the Quality Payment System (QPS), also known as the “grid”, and the grading of carcasses. The ICMSA informed the Committee that it is concerned with regard to the accuracy of the grading process and its effect on the QPS as a result.³⁷

The ICMSA also believes that the beef price grid needs to be reviewed³⁸ and Macra na Feirme informed the Committee that a review of the grid system “is a matter that should possibly be explored to ensure a greater return to the farmer.”³⁹

In relation to the grading process, the INHFA stated:

*Most farmers feel powerless. The issue has to be looked at and we should legislate for it in order to bring objectivity to the process in order that farmers can have confidence in it. It should not be the case that they are left to pray for a particular person to be in charge of an abattoir on a given day. A level of confidence has to be brought to the system.*⁴⁰

The Committee was also informed that there is dissatisfaction amongst farmers about the specifications which are required by processors before bonuses relating to the QPS will be paid out. In particular, the Committee heard that farmers are dissatisfied with what are known as the “four movement rule”⁴¹ and the “70 days requirement”⁴².

The Beef Plan Movement and the INHFA informed the Committee that they believe that the four movement rule should be abolished as they both claim that this rule serves to allow the processors to dictate price.^{43,44}

³⁷ Irish Creamery Milk Suppliers Association, *Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019.*

³⁸ Irish Cattle and Sheep Farmers Association, *Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019.*

³⁹ Macra na Feirme, *Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019.*

⁴⁰ Irish Natura and Hill Farmers Association, *Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019.*

⁴¹ A Quality Payment System (QPS) for the payment of bonuses in respect of certain categories of cattle at slaughter plants was introduced in 2009 by agreement between Meat Industry Ireland (MII) and the Irish Farmers Association (IFA). The conditions attached to qualification for this bonus payment include a limit on the number of movements of cattle in their lifetime prior to slaughter. -

<https://www.oireachtas.ie/en/debates/question/2019-02-14/196/>

⁴² In order to be deemed a quality assured animal and to be eligible for the related QPS bonus, the animal must have spent the last 70 days (unbroken) on Bord Bia Quality Assured farms. -

https://www.bordbia.ie/globalassets/bordbia.ie/farmers--growers/farmers/qas/document-libraries/sblas-pdfs/sustainable_beef_and_lamb_assurance_standard.pdf

⁴³ Irish Natura and Hill Farmers Association, *Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019.*

⁴⁴ The Beef Plan Movement, *Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019*

The Beef Plan Movement also called for the 70 days requirement, as it stands, to be changed to allow for the quality assurance to be applied to the animal so long as the animal has reached the 70 days on a quality assured farm and the relevant paperwork is made available to the buyer.⁴⁵

However, according to MII:

*The four-residency and the 70-day rules are not absolutes for any farmer who supplies. They are a requirement of customers. For most customers, the product that meets the criteria of 30 months, 70 days and four movements commands the best price in the market because that is what the customer demands. Whether we like it or not, we always say the customer is always right, even when he or she is wrong. That is the requirement in the marketplace we must meet.*⁴⁶

Accordingly, the Committee recommends that the Minister facilitates a review of both the Quality Payment System (QPS) and the associated grading practices to establish if this system is being exploited and to ensure that the grading practices are accurate.

[Recommendation 4]

6.6 FEEDLOTS AND POTENTIAL IMPACT ON PRICES

The Committee heard from witnesses that there are concerns with regard to the prevalence of feedlots⁴⁷ in the beef sector.

The ICMSA informed the Committee that feedlots are being used by processors to manage supply and prices. It stated:

There were 54,000 cattle killed in Department registered feedlots in January and February. What impact did it have on the overall kill figures? They represented a substantial 17%, but it had a massive impact on any hope of a price rise for the primary producer...

*...There is a belief in rural Ireland that it significantly manipulates the price we receive and prevents the occasional rise in prices.*⁴⁸

⁴⁵ The Beef Plan Movement, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019](#)

⁴⁶ Meat Industry Ireland, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019](#).

⁴⁷ Under the TB eradication programme a feedlot herd is a restricted herd that comprises a 'non-breeding' unit which disposes of all cattle direct for slaughter and fulfils at least one of the following three criteria: the cattle are permanently housed (never on pasture); there are no contiguous holdings/lands with cattle (in other words, they must not have any neighbour contacts), either through cattle being confined exclusively in yards/buildings or, if intending to graze cattle, the land must be secured so there can be no contact with other cattle; the boundaries are walled, double fenced or equivalent so as to prevent any direct contact with cattle on contiguous lands/premises/holdings - <https://www.agriland.ie/farming-news/feedlot-operations-increase-sixfold-in-10-years-across-ireland/>

The INHFA, the ICSA, Macra na Feirme and the Beef Plan Movement also share the view that feedlots are being used, in at least some instances, to manipulate price.⁴⁹⁵⁰

MII informed the Committee that not all feedlots are owned by processors. It stated:

*The figures have been well commented on. The Department of Agriculture, Food and the Marine estimates there are 338 herds with this particular feedlot status. I think it has been called something different recently but it is the same as feedlot status. Those herds accounted for 18% of all cattle slaughtered. In respect of factory-owned or controlled feedlots, where a yard is rented and cattle put into it, figures from our members quantify that as less than 5% of the overall total.*⁵¹

MII also stated that the number of feedlots, as designated by the Department, has grown from 223 in 2013 to 338 in 2019. MII also acknowledged that it would be concerned about the prospect of feedlots accounting for an increased percentage of cattle produced in the future.⁵²

Based on the information provided to the Committee, it is not possible to state, with certainty, that feedlots are being used to manage cattle prices. However, given that there is a belief amongst at least some of the farmers' organisations' that this is the case and given that there is an upward trend in the prevalence of feedlots, it seems reasonable to the Committee that they may be having an impact on cattle prices.

Accordingly, the Committee recommends that the Minister conducts a review of feedlots with a view to establishing the potential adverse impacts that their use may be having on the beef sector. **[Recommendation 5]**

6.7 INCREASED UNCERTAINTY

The Committee heard from witnesses that there is particular concern with regard to uncertainty amongst farmers and that uncertainty has increased in recent times, particularly as a result of Brexit. Witnesses informed the Committee that this uncertainty largely arises due to the fact that producers, as a group, are most exposed to risk in situations where there are changes in price.

⁴⁸ Irish Creamery Milk Suppliers Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

⁴⁹ Irish Natura and Hill Farmers Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

⁵⁰ Irish Cattle and Sheep Farmers Association, Macra na Feirme, the Beef Plan Movement, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019](#).

⁵¹ Meat Industry Ireland, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019](#).

⁵² Meat Industry Ireland, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019](#).

Macra na Feirme was keen to illustrate to the Committee that certainty is essential if there is to be an increase in young people who choose to go into beef farming. It stated:

The reality is that if we want to attract the next generation of young beef farmers they need a degree of economic certainty. If someone cannot make money they will not go into that business. Farmers are the only ones in the food supply chain without a degree of certainty. They borrow money for stock without knowing the price they will get. They are not sure what specifications they need to finish them to or what kind of margin they can expect. They have no contract with anyone and no guarantee when they go out to buy that stock. The processor has a contract with the retailer. The retailer knows the consumer will go into their shop and purchase that product because the retailer does not offer the consumer choice. The farmer, and especially the young farmer, is looking at a business model that has absolutely no certainty in it whatsoever.⁵³

MII advised the Committee that “there is some level of contracting between processors and farmers but it is not substantial or significant.”⁵⁴

The Committee believes that some form of contracting arrangement between producers and processors may assist in reducing the risk on the part of the producer. The Committee also welcomes the fact that MII appears to be open to working with producers in this regard.⁵⁵

The Committee notes that the Department has been involved in ongoing work in relation to the development of Producer Organisations. It stated:

We have been working on encouraging beef producer organisations. The legislation is in place for the organisations to be recognised. We have a funding system in place to provide grants, as well as a system of approved facilitators. A prospective producer organisation can avail of a grant and assistance from a facilitator to help set it up. We have had some interest from groups but it is still quite new to the Irish system. We have had several meetings and facilitated several workshops with interested groups...

⁵³ Macra na Feirme, [Debate](#): Joint Committee on Agriculture, Food and the Marine, 16 April 2019.

⁵⁴ Meat Industry Ireland, [Debate](#): Joint Committee on Agriculture, Food and the Marine, 16 April 2019.

⁵⁵ Meat Industry Ireland, [Debate](#): Joint Committee on Agriculture, Food and the Marine, 16 April 2019.

...While it will not be the solution to everything, the producer organisation system should have a role in strengthening the farmers' position in the supply chain.⁵⁶

The Committee believes that a fair contracting arrangement for producers would assist in limiting the risk that producers are often exposed to and would distribute the risk amongst the main players in the supply chain. The Committee believes that Producer Organisations could be the catalyst for the development of such an arrangement but also notes that, to date, there has only been limited interest from groups as regards seeking recognition as a Producer Organisation. In particular, the Committee notes the comments of the IFA in this regard to the effect that the current requirements to become formally recognised as a Producer Organisation are too onerous, while the grant of €3,000 is not sufficient to offset the establishment costs of being recognised.⁵⁷

Accordingly, the Committee recommends that the Minister increases the levels of support available to prospective Producer Organisations. **[Recommendation 6]**

⁵⁶ Department of Agriculture, Food and the Marine, [Debate](#): *Joint Committee on Agriculture, Food and the Marine, 19 February 2019.*

⁵⁷ Irish Farmers' Association, [Submission](#), March 2019, p. 10.

7 OPPORTUNITIES

The Committee notes that the 2015 SWOT analysis identified six main opportunities that are associated with the beef sector, of which include:

- Global growth in protein demand;
- Developing a brand image for Irish beef based on superior attributes to secure additional markets and price premiums;
- Building Ireland's reputation for beef production in new markets (USA, Africa and Asian Markets, particularly China) which can absorb any increased production;
- Use of genomics, breeding indices and sexed semen to improve beef quality output from the dairy herd and technical efficiencies in the suckler herd;
- Potential markets for niche high grade products; and
- Fifth quarter and meat by-products.

Three of these opportunities featured prominently in the evidence provided to the Committee, namely: developing a brand image for Irish beef based on superior attributes to secure additional markets and price premiums; building Ireland's reputation for beef production in new markets (USA, Africa and Asian Markets, particularly China) which can absorb any increased production; and, use of genomics, breeding indices and sexed semen to improve beef quality output from the dairy herd and technical efficiencies in the suckler herd.

7.1 DEVELOPING A BRAND IMAGE FOR IRISH BEEF BASED ON SUPERIOR ATTRIBUTES TO SECURE ADDITIONAL MARKETS AND PRICE PREMIUMS

The Committee heard from witnesses that there is a belief that Irish beef is not being marketed in a way which capitalises on its unique properties. Some witnesses suggested that Irish beef, in general, needs to be rebranded.

The INHFA informed the Committee that it believes that suckler beef should be marketed as a low carbon or indeed carbon neutral option, while also demonstrating that it supports biodiversity, and that by branding beef in this way, a premium price can be delivered to producers.⁵⁸

The Beef Plan Movement informed the Committee that Ireland needs "a proper brand for suckler-bred, grass-fed beef and for grass-fed, dairy-bred beef."⁵⁹ The Beef Plan Movement

⁵⁸ Irish Natura and Hill Farmers Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

⁵⁹ The Beef Plan Movement, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019](#).

also stated that the carbon efficiency of Ireland's sucklers needs to be clearly illustrated to customers.⁶⁰

As a means of rebranding Irish beef effectively, the Committee heard that a number of witnesses believe that Irish beef should be granted Protected Geographical Indication (PGI) status⁶¹ at EU level.

According to the ICESA:

*We need to seek protected geographical indication status for speciality suckler beef. This must underpin a strategy to develop a high-value suckler brand, built around imagery of biodiversity, high animal welfare and low-carbon emissions per hectare.*⁶²

Macra na Feirme informed the Committee that it believes that PGI status should be granted to Irish beef in general, while it also believes that the added value which would result from Irish beef being granted PGI status should "be returned to the primary producers for their work and production techniques in producing this distinctive product which consumers clearly identify and associate with."⁶³

The IFA shares the view that PGI status is important for Irish beef and that any added value should be returned to the primary producer.⁶⁴

The Beef Plan Movement shares the view that PGI status is important for Irish suckler beef.⁶⁵

The Committee acknowledges that the Department has engaged with the European Commission's "Directorate General of Agriculture and Rural Development and with stakeholders in giving consideration to the possible development of geographical indication, GI, status for Irish beef."⁶⁶ The Committee is of the opinion that Irish beef is produced to the highest standard and that seeking PGI status should be prioritised. The Committee is also of the opinion that there are a number of positive characteristics associated with Irish beef and there is an opportunity to market these characteristics more effectively.

⁶⁰ The Beef Plan Movement, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019.](#)

⁶¹ https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels/quality-schemes-explained_en#geographicalindications

⁶² Irish Cattle and Sheep Farmers Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019.](#)

⁶³ Macra na Feirme, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019.](#)

⁶⁴ Irish Farmers' Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019.](#)

⁶⁵ The Beef Plan Movement, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019.](#)

⁶⁶ Department of Agriculture, Food and the Marine, [Debate: Joint Committee on Agriculture, Food and the Marine, 19 February 2019.](#)

Accordingly, the Committee recommends that the Minister prioritises seeking Protected Geographical Indication (PGI) status for Irish suckler beef. **[Recommendation 7]**

7.2 BUILDING IRELAND'S REPUTATION FOR BEEF PRODUCTION IN NEW MARKETS (USA, AFRICA AND ASIAN MARKETS, PARTICULARLY CHINA) WHICH CAN ABSORB ANY INCREASED PRODUCTION

The Committee was informed by witnesses that Ireland has historically had an over-reliance on the UK market and this is also presented as a weakness in the Department's SWOT analysis which was undertaken as part of Food Wise 2025.

According to the Department "almost half of our beef exports, by both value and volume, go to the UK market, accounting for almost €1.2 billion of exports in 2017."⁶⁷

The Committee also heard that the initiative to build Ireland's reputation for beef production in new markets is a welcome one, but one which has not had significant results for primary producers to date.

According to the INHFA:

*Historically, there has been a reliance, or over-reliance, on the UK market. A question was asked about the US and Chinese markets. Any diversification has to be welcomed. If one were to ask a farmer whether it had delivered, the answer would be no, but the opening of any new market has to be welcomed. We have to encourage and push the Irish story and the way our beef is reared into these markets to try to achieve premium prices.*⁶⁸

Macra na Feirme informed the Committee that while campaigns such as Origin Green have been successful in illustrating the strengths of Irish beef to both domestic and international consumers, the access to new markets has not necessarily rewarded young farmers in an impactful way.⁶⁹

The ICOS commended the work of Bord Bia in that it has identified new markets and worked to open these markets to trade of beef products. However, the ICOS informed the Committee that it believes that Bord Bia should do more to promote live exports in other markets.⁷⁰

⁶⁷ Department of Agriculture, Food and the Marine, [Debate: Joint Committee on Agriculture, Food and the Marine, 19 February 2019](#).

⁶⁸ Irish Natura and Hill Farmers Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

⁶⁹ Macra na Feirme, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019](#).

⁷⁰ Irish Co-operative Organisation Society, [Debate: Joint Committee on Agriculture, Food and the Marine, 12 February 2019](#).

The Beef Plan Movement informed the Committee that it believes that Ireland needs more markets in which to trade its cattle.⁷¹

The Committee notes that Bord Bia strives to promote Irish beef exports and acknowledges that there are great efforts being made to address the over-reliance on the UK market.⁷² However, the Committee is also concerned that the live export trade is not receiving the requisite level of attention.

The Committee also notes the views of the Wicklow Calf Company Limited that live exporters must come together to form an official group or association as this would allow for live exporters to collectively deal with both Bord Bia and the Department on issues relating to live exports.⁷³

Accordingly, the Committee recommends that an association be established by live exporters to represent their interests with a view to enhancing coordination in relation to the live export trade. The Committee also recommends that the Minister offers all available support to ensure that such an association is established. **[Recommendation 8]**

7.3 USE OF GENOMICS, BREEDING INDICES AND SEXED SEMEN TO IMPROVE BEEF QUALITY OUTPUT FROM THE DAIRY HERD AND TECHNICAL EFFICIENCIES IN THE SUCKLER HERD

The Committee heard from a number of witnesses that the opportunity of using sexed semen to improve the beef quality output from the dairy herd and technical efficiencies in the suckler herd is not being adequately pursued.

Macra na Feirme informed the Committee that the use of sexed semen could play an important role in reducing the carbon emissions of the beef sector.⁷⁴

The ICSA informed the Committee that it believed that sexed semen could be used to the advantage of the beef sector, but that it also has concerns with regard to conception rates in the context of sexed semen.⁷⁵

Glanbia informed the Committee that a "lot more research needs to be done on sexed semen and it has to be promoted more."⁷⁶

⁷¹ The Beef Plan Movement, [Debate: Joint Committee on Agriculture, Food and the Marine](#), 16 April 2019.

⁷² Bord Bia, [Debate: Joint Committee on Agriculture, Food and the Marine](#), 21 May 2019.

⁷³ The Wicklow Calf Company Limited, [Debate: Joint Committee on Agriculture, Food and the Marine](#), 12 February 2019.

⁷⁴ Macra na Feirme, [Debate: Joint Committee on Agriculture, Food and the Marine](#), 16 April 2019.

⁷⁵ Irish Cattle and Sheep Farmers Association, [Debate: Joint Committee on Agriculture, Food and the Marine](#), 16 April 2019.

⁷⁶ Glanbia, [Debate: Joint Committee on Agriculture, Food and the Marine](#), 14 May 2019.

In relation to sexed semen, Teagasc stated:

Fertility using sexed semen is lower. We have conducted two large trials with sexed semen. The first was three or four years ago, where fertility was approximately 20% lower than conventional semen, although I cannot recall the figure exactly. Indications were that the process of producing the sexed semen had improved over the years so we conducted another trial last year, in the hope that we would find improved fertility. We found that it had not improved much at all since the previous trial. On analysing the data in detail, there was some evidence that the timing of AI might have an impact on its success rate when using sexed semen, so we felt it was worth doing another trial to examine that. That trial is ongoing on farms in recent weeks. We are examining timing in relation to the onset of heat. We are hopeful but we do not know what the answer will be. That is why we are doing the trial. The fertility might be similar to what one would get in conventional semen.⁷⁷

The Committee agrees that there appears to be merit in pursuing the opportunity of improving sexed semen techniques with a view to improving output from the dairy herd and efficiencies in the suckler herd, especially if there may be benefits in terms of reducing carbon emissions. The Committee notes that there are concerns with regard to conception rates and the timing of insemination in relation to sexed semen and also notes that a number of trials to research these concerns have also taken place. The Committee believes that this opportunity is not being adequately pursued.

Accordingly, the Committee recommends that the Minister directs further funding to research with regard to improving sexed semen techniques. The Committee is firmly of the view that enhanced sexed semen techniques will be vital to the future of the beef sector.

[Recommendation 9]

⁷⁷ Teagasc, [Debate](#): Joint Committee on Agriculture, Food and the Marine, 28 May 2019.

8 THREATS

The Committee notes that the 2015 SWOT analysis identified seven main threats that are associated with the beef sector, of which include:

- Impact of animal disease incident;
- Food safety incident;
- Health image of beef products;
- Raw material supply changes linked to dairy expansion;
- Failure to adopt carbon efficient practices;
- Potential negative impacts of trade deals; and
- Future CAP reform.

Three of these threats featured prominently in the evidence provided to the Committee, namely: potential negative impacts of trade deals; future CAP reform; and, failure to adopt carbon efficient practices.

8.1 POTENTIAL NEGATIVE IMPACTS OF TRADE DEALS

The IFA informed the Committee that it believes that the Irish Government and the EU should withdraw any offer of further access for beef in the Mercosur negotiations on the grounds that it would seriously damage the EU beef market.⁷⁸ The IFA stated that this should be done for a number of reasons, namely:

- The Mercosur countries fail to meet EU production standards on the key issues of traceability, animal health, food safety and the environment.⁷⁹
- The carbon footprint of Mercosur countries is four times that of Irish beef production and involves the destruction of the Amazon rainforests.⁸⁰
- Ireland may stand to lose the UK market as a reliable, high-price market for its beef and to allow an influx of beef into the EU market at such a time could have severe adverse effects on Irish beef farmers.⁸¹
- Beef products which are currently being imported from the Mercosur bloc into the European Union are subject to full tariffs and these products still come in at cheaper price than Irish beef.⁸²

The ICMSA, MII and the ICSA share these views also.

⁷⁸ Irish Farmers' Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

⁷⁹ Irish Farmers' Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

⁸⁰ Irish Farmers' Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

⁸¹ Irish Farmers' Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

⁸² Irish Farmers' Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

Accordingly, the Committee objects strongly to the inclusion of beef products in the prospective EU-Mercosur Free Trade Agreement. The Committee believes that the prospective agreement, as it stands, will have unintended consequences. One such unintended consequence which is of particular concern to the Committee is that a substantial amount of less carbon efficient beef will be introduced to the EU market, and the Committee feels that this is unacceptable given the EU's, and Ireland's, increased focus on addressing climate change. **[Recommendation 10]**

8.2 FUTURE CAP REFORM

The Committee heard from all witnesses that there is significant concern with regard to future reforms to Common Agricultural Policy (CAP).

According to the Department:

*The Department's key priority in respect of CAP reform is to ensure an adequate CAP budget for the agrifood sector. The CAP budget is fundamentally important to Irish farmers, particularly now at a time of Brexit uncertainty and in the context of dealing with serious climate change obligations and challenges in the future. Based on nine objectives, the future CAP will continue to ensure access to high-quality food and strong support for the unique European farming model. The Department is currently examining all appropriate measures to support the different agrifood sectors during the CAP reform process.*⁸³

The IFA informed the Committee that "any reduction or cut to direct payments will impact severely on the incomes of livestock farmers."⁸⁴ The IFA also detailed the anticipated impact of reductions for the Committee:

*The current proposals provide for a cut of 5% in nominal terms in the CAP budget. In Ireland that would mean a loss of €97 million, which is totally unacceptable. When the 2% EU proxy rate of inflation is applied, the real figure for Ireland would amount to 17%, or €246 million per year.*⁸⁵

⁸³ Department of Agriculture, Food and the Marine, [Debate](#): Joint Committee on Agriculture, Food and the Marine, 19 February 2019.

⁸⁴ Irish Farmers' Association, [Debate](#): Joint Committee on Agriculture, Food and the Marine, 09 April 2019.

⁸⁵ Irish Farmers' Association, [Debate](#): Joint Committee on Agriculture, Food and the Marine, 09 April 2019.

The ICMSA informed the Committee that it believes that "at the very least, we need to maintain the existing budget"⁸⁶ while the INHFA advised the Committee that more targeted supports are needed for those who are most vulnerable in the context of the next CAP.⁸⁷

According to MII:

*We are concerned that there are two potential cuts to the CAP budget, namely, a 5% linear cut, which seems to be settled on, and the loss of the €6 billion that will result from the departure of the UK and how that will be made good. The latter will have a cascading effect on other areas, including the support package that might be available in respect of greening, GLAS, BDGP and other schemes. These are all critical schemes.*⁸⁸

According to the Beef Plan Movement:

*On the previous question about the Beef Plan Movement's position on the CAP, our first point is that there must be more up-to-date reference years. Comparing 20 years ago is utterly out of sync. We agree with full convergence, supporting the family farm and a cap of approximately €50,000 on the amount that should be paid. We do not agree with people's wages being taken into account. We want to support family farms. On the CAP definition of an active farmer, we believe it should be the farmer who farms the land or who employs somebody on his or her behalf to farm it, rather than somebody who has retired and given the land to somebody else.*⁸⁹

Teagasc informed the Committee:

*Obviously we are coming into the negotiation stage for the next phase of the Common Agricultural Policy, CAP. The outcome is uncertain and potential changes to the distribution of direct income supports is again, potentially, a challenge for certain elements of the sector. The price of cattle is a very important factor for the sector and profitability.*⁹⁰

The Committee notes and acknowledges the diversity of views amongst stakeholders in the context of future CAP reform. The Committee also notes that negotiations on the next

⁸⁶ Irish Creamery Milk Suppliers Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

⁸⁷ Irish Natura and Hill Farmers Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

⁸⁸ Meat Industry Ireland, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019](#).

⁸⁹ The Beef Plan Movement, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019](#).

⁹⁰ Teagasc, [Debate: Joint Committee on Agriculture, Food and the Marine, 28 May 2019](#).

Multiannual Financial Framework (MFF) and the next CAP are currently ongoing, and so it is difficult to determine the levels of funding which will be attached to the CAP as of yet.

On this basis, the Committee believes that further detailed discussions with stakeholders need to take place on how the next CAP will affect Ireland. The Committee believes that the Department should endeavour to take account of the views of all concerned and affected stakeholders in advance of the publication of Ireland's CAP Strategic Plan, which the Committee understands is being drafted at present and is due to be completed later this year/early next year.

Accordingly, the Committee supports the decision of the Minister to establish the CAP Post-2020 Consultative Committee and recommends that the Minister endeavours to ensure that the concerns of all stakeholders are considered in the formulation of Ireland's CAP Strategic Plan. **[Recommendation 11]**

The Committee has also decided to undertake an examination of the future CAP, and in particular Ireland's CAP Strategic Plan, as part of its work programme for 2019. On this basis, the Committee will be seeking the views of stakeholders and holding hearings on this topic at a later point in the year.

8.3 FAILURE TO ADOPT CARBON EFFICIENT PRACTICES

The Committee heard from witnesses that stakeholders in the beef sector are not resistant to adopting carbon efficient practices.

The IFA informed the Committee that:

Some 200,000 farmers have had 200,000 individual carbon assessments carried out on their farms, with approximately 1.5 per farm. As far as I am aware, no other sector and no other country in the world does that work to assess and tackle the climate and carbon challenge.⁹¹

Macra na Feirme informed the Committee that it agrees that those involved in agriculture need to put their "shoulders to the wheel and contribute to addressing the carbon emissions which are driving climate change."⁹²

A number of witnesses also informed the Committee that Irish beef production is the fifth most carbon-efficient in Europe.⁹³ While the Committee notes this positive position, the Committee also notes that agriculture accounted for one third of Ireland's greenhouse gas

⁹¹ Irish Farmers' Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

⁹² Macra na Feirme, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019](#).

⁹³ Irish Creamery Milk Suppliers Association, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

⁹⁴ Macra na Feirme, [Debate: Joint Committee on Agriculture, Food and the Marine, 16 April 2019](#).

emissions in 2017,⁹⁵ and accepts that all stakeholders involved in the agriculture industry need to play their part in reducing their carbon footprints.

In this regard, the Committee notes the comments from An Taisce, in referencing the recent report published by the Joint Committee on Climate Action that “a diversified, resilient, sustainable and equitable model for Irish agriculture” is required.⁹⁶

The Committee endorses the recommendations of the Joint Committee on Climate Action⁹⁷ and recommends that the Department engages on a cross-departmental level with the farming, environmental and scientific communities to develop a plan for the agricultural sector to align it with meeting Ireland’s Paris Agreement commitments.

[Recommendation 12]

⁹⁵ Environmental Protection Agency, [What are Irelands greenhouse gas emissions?](#). Accessed on 06 June 2019.

⁹⁶ An Taisce, [Debate: Joint Committee on Agriculture, Food and the Marine, 09 April 2019](#).

⁹⁷ Joint Committee on Climate Action, [Climate Change: A Cross-Party Consensus for Action](#), March 2019, p. 77.

9 CONCLUSION

The Committee believes that, based on the current trajectory, the ambition to grow Irish agri-food exports to €19 billion per annum by 2025 is certainly an achievable one.

However, it has become clear to the Committee that the benefits from the growth in exports are not being reflected throughout the supply chain as it relates to the beef sector. In particular, it appears to the Committee that primary producers may be treated unfairly.

As such, many of the recommendations in this report relate to the further empowerment of producers, while also ensuring that they are in a position to extract a fairer price from the high-quality products that they produce.

The Committee believes that cooperation and coordination between stakeholders are vital to the continued viability of the beef sector and, on this basis, the Committee encourages stakeholders to engage fully in any available consultative processes, such as the Beef Forum, the CAP Post-2020 Consultative Committee and any consultations which arise in the context of Ireland's efforts to address climate change.

The Committee commends this report to the Minister and believes that the recommendations contained therein should be implemented as part of the Food Wise 2025 strategy. The Committee believes that the Minister should take the concerns of stakeholders, as set out in this report, into consideration with regard to the targets relating to the beef sector as set out in Food Wise 2025. The Committee also believes that that the concerns raised by stakeholders should be considered in the context of the successor to the Food Wise strategy, which the Committee understands will be published in 2020.

a. Functions of the Committee – derived from Standing Orders [DSO 84A; SSO 70A]

- (1) The Select Committee shall consider and report to the Dáil on—
 - (a) such aspects of the expenditure, administration and policy of a Government Department or Departments and associated public bodies as the Committee may select, and
 - (b) European Union matters within the remit of the relevant Department or Departments.
- (2) The Select Committee appointed pursuant to this Standing Order may be joined with a Select Committee appointed by Seanad Éireann for the purposes of the functions set out in this Standing Order, other than at paragraph (3), and to report thereon to both Houses of the Oireachtas.
- (3) Without prejudice to the generality of paragraph (1), the Select Committee appointed pursuant to this Standing Order shall consider, in respect of the relevant Department or Departments, such—
 - (a) Bills,
 - (b) proposals contained in any motion, including any motion within the meaning of Standing Order 187,
 - (c) Estimates for Public Services, and
 - (d) other matters as shall be referred to the Select Committee by the Dáil, and
 - (e) Annual Output Statements including performance, efficiency and effectiveness in the use of public monies, and
 - (f) such Value for Money and Policy Reviews as the Select Committee may select.
- (4) The Joint Committee may consider the following matters in respect of the relevant Department or Departments and associated public bodies:
 - (a) matters of policy and governance for which the Minister is officially responsible,
 - (b) public affairs administered by the Department,
 - (c) policy issues arising from Value for Money and Policy Reviews conducted or commissioned by the Department,
 - (d) Government policy and governance in respect of bodies under the aegis of the Department,
 - (e) policy and governance issues concerning bodies which are partly or wholly funded by the State or which are established or appointed by a member of the Government or the Oireachtas,

- (f) the general scheme or draft heads of any Bill,
 - (g) any post-enactment report laid before either House or both Houses by a member of the Government or Minister of State on any Bill enacted by the Houses of the Oireachtas,
 - (h) statutory instruments, including those laid or laid in draft before either House or both Houses and those made under the European Communities Acts 1972 to 2009,
 - (i) strategy statements laid before either or both Houses of the Oireachtas pursuant to the Public Service Management Act 1997,
 - (j) annual reports or annual reports and accounts, required by law, and laid before either or both Houses of the Oireachtas, of the Department or bodies referred to in subparagraphs (d) and (e) and the overall performance and operational results, statements of strategy and corporate plans of such bodies, and
 - (k) such other matters as may be referred to it by the Dáil from time to time.
- (5) Without prejudice to the generality of paragraph (1), the Joint Committee appointed pursuant to this Standing Order shall consider, in respect of the relevant Department or Departments—
- (a) EU draft legislative acts standing referred to the Select Committee under Standing Order 114, including the compliance of such acts with the principle of subsidiarity,
 - (b) other proposals for EU legislation and related policy issues, including programmes and guidelines prepared by the European Commission as a basis of possible legislative action,
 - (c) non-legislative documents published by any EU institution in relation to EU policy matters, and
- (6) matters listed for consideration on the agenda for meetings of the relevant EU Council of Ministers and the outcome of such meetings. The Chairman of the Joint Committee appointed pursuant to this Standing Order, who shall be a member of Dáil Éireann, shall also be the Chairman of the Select Committee.
- (7) The following may attend meetings of the Select or Joint Committee appointed pursuant to this Standing Order, for the purposes of the functions set out in paragraph (5) and may take part in proceedings without having a right to vote or to move motions and amendments:
- (a) Members of the European Parliament elected from constituencies in Ireland, including Northern Ireland,
 - (b) Members of the Irish delegation to the Parliamentary Assembly of the Council of Europe, and
 - (c) at the invitation of the Committee, other Members of the European Parliament.

b. Scope and Context of Activities of Committees (as derived from Standing Orders) [DSO 84; SSO 70]

- (1) The Joint Committee may only consider such matters, engage in such activities, exercise such powers and discharge such functions as are specifically authorised under its orders of reference and under Standing Orders.
- (2) Such matters, activities, powers and functions shall be relevant to, and shall arise only in the context of, the preparation of a report to the Dáil and/or Seanad.
- (3) The Joint Committee shall not consider any matter which is being considered, or of which notice has been given of a proposal to consider, by the Committee of Public Accounts pursuant to Standing Order 186 and/or the Comptroller and Auditor General (Amendment) Act 1993.
- (4) The Joint Committee shall refrain from inquiring into in public session or publishing confidential information regarding any matter if so requested, for stated reasons given in writing, by—
 - (a) a member of the Government or a Minister of State, or
 - (b) the principal office-holder of a body under the aegis of a Department or which is partly or wholly funded by the State or established or appointed by a member of the Government or by the Oireachtas:

Provided that the Chairman may appeal any such request made to the Ceannt Comhairle / Cathaoirleach whose decision shall be final.
- (5) It shall be an instruction to all Select Committees to which Bills are referred that they shall ensure that not more than two Select Committees shall meet to consider a Bill on any given day, unless the Dáil, after due notice given by the Chairman of the Select Committee, waives this instruction on motion made by the Taoiseach pursuant to Dáil Standing Order 28. The Chairmen of Select Committees shall have responsibility for compliance with this instruction.

APPENDIX 2: COMMITTEE MEMBERSHIP

Deputies:

Jackie Cahill (FF) [Vice-Chairman]

Marcella Corcoran-Kennedy (FG)

Pat Deering (FG) [Chairman]

Martin Kenny (SF)

Charlie McConalogue (FF)

Willie Penrose (Lab)

Thomas Pringle (I4C)

Senators:

Rose Conway-Walsh (SF)

Paul Daly (FF)

Tim Lombard (FG)

Michelle Mulherin (FG)

