

Macra na Feirme Statement

Joint Oireachtas Committee on Agriculture - Brexit – 13th Dec 2016

Chairman, ladies and gentlemen, I would like to begin by thanking the Joint Oireachtas committee on Agriculture for giving us the opportunity to present to you today. My name is Seán Finan, the 35th National President of Macra na Feirme and I'm delighted to be joined today by Macra na Feirme CEO Denis Duggan.

We are delighted to be here and to get this opportunity to contribute to the discussion on Brexit. I have to say that as young farmers we were very disappointed as you all were by the democratic decision taken by the people of the UK to leave the EU on 23rd June last. From our point of view the decision taken does not make economic or political sense. The farming and Agricultural sector and young farmers are particularly vulnerable following the result due to our dependence on the UK as an export market for our main commodity products.

As a food exporting nation we have more to lose than any other country following the result. The value of the UK market to Irish food exports has been well articulated. The consequences and fallout from Brexit in my view is the biggest challenge our industry will face in our generation. In the past we have had BSE, Foot and Mouth and others crisis but this is bigger than all of those together.

For this reason Macra na Feirme is strongly calling on the Government to put on the green jersey and fight to protect the future of our industry, our livelihoods and our future farming careers. The medium to long term impact of Brexit for Ireland and young farmers will not become clear for some time until negotiations get underway between the UK and Europe.

Young farmers who I have spoken with are very worried about the impact on their business in the future but also in the short term with the current fluctuation in the value of sterling and uncertainty that exists at the moment.

Any fluctuations in the value of sterling will cause problems in particular for the forestry and mushroom sectors, although this is being keenly felt across all sectors, including beef and alcoholic beverages.

Young farmers are already under a lot of financial pressure at the moment due to low commodity prices. Processors cannot be allowed to use the current fluctuation in sterling to cut prices paid to farmers which are already under pressure. This will only add further to the current financial difficulties already faced by us farmers on the ground.

The negotiations on Brexit and on any future trade agreement between Ireland and the UK will be between the EU and the UK. This is a real concern for young farmers as we will not be able to directly negotiate our own trade deal with the UK until the broader terms are agreed at an EU level.

The protection of the Irish agriculture sectors needs and a bi lateral trade agreement with the UK with none or minimal tariffs. This needs to be the top priority of the Irish government in any future negotiation.

Young farmers farming along the border do not want to see a hardening of the border between Ireland and the North as some of the businesses they work with operate on both sides of the border. As young farmers we have the most to lose from Brexit. We are establishing our careers in the sector and are more vulnerable to short term uncertainty and volatility as we don't have the financial means to cushion us from such volatility.

I am calling on you chairman to strongly articulate our views and concerns at a government level.

Macra na Feirme is very clearly calling for the minimisation of any barriers to trade – no tariffs, we demand continuation of free movement (or as free as possible) of agricultural produce between Ireland and the UK, particularly between Ireland and Northern Ireland. We are calling for specific attention and provision made for cross-border trade.

Young farmers are frustrated at the prospect of additional labelling rules that could potentially occur with trade between the UK and Europe. Should additional regulations apply, Macra would call for resource to be put in place to make the transition to new labelling as easy as possible for all farmers. Increases in trade costs will follow any extra labelling criteria. Provisions need to be put in place to prevent farmers bearing the brunt of these new costs.

Ireland imports €3.5b worth of UK agricultural produce. Some of this, particularly the produce from Northern Ireland, is processed in Ireland and then added to our overall exports. Adding costs to this trade is not in the interests of consumers, producers and the economy as a whole.

Diversification of trade is very important and while €4.4b or 40% of our agricultural exports still go to the UK, we have diversified significantly our trade since joining the EU. Back in 1973, almost 70% of our agri-food exports went to the UK. This represented about €350m of a total of €500m. Today Ireland exports to over 120 countries, with exports of almost €11bn.

Expansion of access to new markets is important - trade missions should be accelerated further, and it is important to relay the message that Ireland is not part of Brexit and that it is open for business. With this said, Macra is calling for additional resources to be provided to bodies, such as Bord Bia, to sustain access to new global markets. Decreasing our dependence on agri trade to the UK will help to lessen the impacts of Brexit.

Over the last few weeks young farmers across the country have raised some very specific queries including:

- The implications for EU trade negotiations such as Mercosur and TTIP, which have been conducted to date on the basis of an EU of 28 Member States.
- Consumer confidence – potential risk in the UK and its impact on Irish products.
- Differences in EU and UK regulations in terms of animal feed such as genetically modified, hormone treated and antibiotic treated feeds.
- Country of origin labelling, and the UK's approach to this issue following its exit from the EU.
- Environmental targets – water quality issues and cross-border implications.
- Implications for EU research funding, particularly for cross-border projects.
- Issues associated with the transit of, for example, equipment and feed across a new EU/UK border.
- Cost competitiveness – the cost of doing business in Ireland is something that needs to be looked at in more detail, i.e. we have higher costs than many of our EU counterparts in areas such as insurance, energy, credit and legal costs.

Macra na Feirme welcomes the establishment of the consultative committee of stakeholders on Brexit which we are part of and brings all parties in the Agri Food industry together to discuss updates on development surrounding brexit, future negotiations and to discuss issues of mutual concern to the agri food industry following the UK decision to leave the EU in the recent referendum. We in Macra na Feirme look forward to working with the Minister and all stakeholders on the committee.

There is a part of us all that would love the UK to reverse their decision on Brexit. Having travelled to the Scottish Young farmer conference in Aberdeen recently and having attended a meeting on Brexit in Northern Ireland hosted by the Young Farmers Clubs of Ulster there are no indications from young farmers that it will happen. Discussions on the opportunities for young farmers following Brexit to supply the home UK market being the main discussion points. At both events there was an expectation that payments similar to what exist under the current CAP and access to the free market would be maintained. This is all unknown and to conclude in sporting terms this match has just kicked off. There is a long way to go and the result is far from certain for all of us both here and in the UK.