

Joint Oireachtas Committee on Agriculture, Food and the Marine

19th February 2019

Opening Statement by Sinéad McPhillips, Assistant Secretary General,

Department of Agriculture, Food and Marine

Beef and Food Wise 2025

Thank you, Chairman, for the opportunity to attend today to brief the Committee on the latest position in relation to the beef sector and Food Wise 2025.

Introduction

The agri-food sector is Ireland's largest indigenous industry, accounting for 7.8% of modified Gross National Income, 7.9% of employment and 11.1% of merchandise exports. According to the CSO, the estimated output value of the beef sector at farm level in 2018 was almost €2.4 billion.

Last year agri-food sector exports totalled €13.6 billion. Irish food is produced by thousands of farmers, fishermen and agri-food companies around the country, and this locally produced food is exported to over 180 countries worldwide. In 2018, beef exports were valued at €2.4 billion.

I am very conscious that the last year has been a difficult year for the beef sector, particularly in terms of unprecedented weather events, which resulted in increased input costs due to fodder shortages. The Department is deeply committed to fully supporting and developing Ireland's beef sector.

One of the unique strengths of the agri-food sector as a whole has been the shared vision for the sustainable development of the sector in Food Wise 2025. It is crucial that we all continue to work together to address the

challenges facing the sector. Minister Creed, at meetings of the Beef Round table, has highlighted the need for stakeholders to recognise their inter-dependency, and to support the sector through efforts to add value, and to increase the strength of all links in the supply chain.

Officials in the Department are currently engaging extensively with stakeholders in relation to Beef Producer Organisations, which have strong potential to help strengthen the position of the primary producer in the supply chain.

The Department is also engaging with DG Agri and with stakeholders in giving consideration to the possible development of GI (Geographical Indication) status for Irish beef.

Minister Creed has also made considerable efforts towards facilitating and developing the live export trade, including leading a trade delegation to Turkey last year. The live trade will again be a focus of efforts in 2019.

Brexit

I know that you have already had briefings from colleagues in the Department on Brexit impacts and preparedness, as part of the whole of Government Brexit preparations.

Brexit poses enormous challenges for the agri-food and fisheries sectors, and for the beef sector in particular. 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.

In a worst case no deal scenario, tariff and non-tariff barriers, sterling volatility, potentially transport delays, and additional overheads, would all impact very significantly on the competitiveness of Irish beef exports to the UK.

In stepping up to the challenges posed by Brexit, the implementation of the Food Wise strategic recommendations seems more relevant than ever.

Food Wise 2025

Food Wise 2025, the ten year strategy for the agri-food sector, includes more than 400 detailed recommendations, spread across the cross-cutting themes of environmental sustainability, market development, competitiveness, innovation and human capital; as well as specific recommendations for key sectors including beef. Food Wise suggested that ambitious growth projections for the value of the sector were achievable if the recommendations were implemented – for example projecting an increase of 85% in the total value of exports to €19 billion, and an increase of 23,000 in direct and indirect employment, by 2025.

I should stress that these projections did not include volume growth targets.

Food Wise implementation is very much a live and continuously updated process. Minister Creed chairs the High Level Implementation Committee, involving senior officials from relevant Departments and State agencies. The Committee meets seven times annually to review progress, as well as engaging with stakeholders on key sectoral issues. The meat sector is discussed in detail at the HLIC on a regular basis.

Food Wise SWOT

A SWOT analysis was undertaken for each sector and published as part of the Food Wise strategy in 2015. This SWOT fed into the actions for beef, and

across the wider themes of Food Wise, which are updated quarterly and reported to Minister Creed through the High Level Implementation Committee.

The beef sector SWOT illustrates the **strengths** of the sector as one of our most important indigenous industries. The strong reputation of Irish grass fed beef production, our welfare friendly production system, our cattle and beef traceability systems, and Origin Green's sustainable quality assurance scheme, support our strong reputation in traditional markets.

Opportunities for the sector were identified in the global growth in protein demand and the possibility for expansion into new markets, building on the reputation and quality of our beef. In addition, the use of beef genomics, breeding indices and sexed semen were identified as opportunities to address beef quality from the dairy herd and improve technical efficiencies in the suckler herd.

Weaknesses were also identified in the sector including structural issues, low profitability, the sector's dependence on direct payments and dependency on the UK market.

Threats identified by the SWOT included animal disease outbreaks, food safety incidents, raw material supply changes linked to dairy expansion, and the possible threats linked to new trade deals and CAP reform.

I will now outline how the issues raised in the Beef SWOT are addressed across the five cross-cutting themes of Food Wise 2025:

Market Development

Market Development identifies the need to ensure that Irish food exports are targeted at the right markets, and at the right segments within these markets.

Opening and developing new markets is a key part of the Government response to the uncertainties arising from Brexit, and is particularly important for beef exports. The opening of the Chinese beef market, following a huge effort by Team Ireland over a number of years, presents an excellent opportunity for the Irish beef sector, from farmer's right through to processors.

Also 2018, Minister Creed announced the opening of the markets in Qatar and Kuwait to exports of Irish beef, poultry and sheepmeat; again reflecting ongoing efforts on market access and market development.

As part of the Department's Action Plan on intensifying international market access, a new online international market access tool was developed. This portal provides information across some of the major export sectors of dairy, meat, seafood and live animals.

These initiatives should be of direct assistance to the Irish beef sector. They are consistent with the Food Wise 2025 strategy, and are all the more relevant against the background of Brexit. The Department will keep market access efforts under review, to ensure that resources are deployed to best effect and that our efforts are focussed on making real progress in priority markets.

Of course, ensuring the highest standards of food safety is fundamental to our industry, and particularly to our export success.

Environmental Sustainability

Environmental Sustainability is at the heart of Food Wise.

- Ireland is already one of the world's most efficient food producers, in terms of carbon footprint per unit of output. But under Food Wise, we are implementing measures to drive down the carbon intensity of our food production even further.
- Initiatives such as: Bord Bia's world leading Origin Green programme; Teagasc's research on climate change and environment; and the support for national and locally led environmental schemes and knowledge transfer programmes provided under the Department's Rural Development Programme, as well as our Forestry Development Programme, all contribute to improving the environmental, as well as the economic and social, sustainability of the sector.

The Committee will be familiar with the overall climate challenge which Ireland faces. Minister Creed has reiterated that every sector will need to play a part and step up to do more on climate action.

Competitiveness

Food Wise 2025 identifies competitiveness as a key theme and includes a recommendation that stakeholders work to "*improve access to finance for agriculture, forestry and seafood producers and agri-food companies*" and the Department has been involved in a number of initiatives in recent years, including the Agriculture Cashflow Loan Support Scheme, the Brexit Loan Scheme for SMEs, and the forthcoming Future Growth Loan Scheme, focused on capital investment for farmers, fisheries and SMEs. These initiatives have also acted as a catalyst to encourage financial institutions to improve and develop new loan products for the sector.

Significant progress has also been made on agri-taxation measures focused on the areas of land mobility and succession.

Human Capital

Under the Human Capital theme, Food Wise identified a series of actions that support the development of ongoing and lifelong education, training and knowledge transfer programmes for farmers.

The Knowledge Transfer Programme under the Rural Development Programme has provided significant investment in providing high quality training and up-skilling for Irish farmers. The beef programme currently includes about 570 knowledge transfer groups consisting of about 9,300 participants. Participation in the beef sector is by far the largest of all 6 sectors.

Innovation

Under the innovation heading, a key Food Wise action was the establishment of a Meat Technology Centre as a centre of excellence for meat processing and innovation, Meat Technology Ireland opened in 2017; it is an €8.1 million five-year research and innovation programme, developed by industry and co-funded by Enterprise Ireland and a consortium of nine beef and sheepmeat processing companies. It is hosted by Teagasc at its Ashtown Food Research facility, with DIT, DCU, UCC and ICBF as research providers. The Centre has an agreed research programme focused on topics including genomics, tenderness, shelf-life, carcass characterisation, meat and health.

Food Wise also recommended the establishment of a High Level Innovation Team. This High Level Team was established last year, and will report back to the HLIC in 2019.

Supports for beef farmers

The Department has rolled out a range of schemes as part of the €4 billion Rural Development Programme (RDP). The Beef Data and Genomics Programme (BDGP) is currently the main support specifically targeted for the suckler sector, which provides Irish beef farmers with some €300 million in funding over the current RDP period. This scheme is an agri-environmental measure to improve the environmental sustainability of the national suckler herd by increasing genetic merit within the herd.

In addition to the BDGP, other supports which are available for suckler and sheep farmers under Pillar II of the CAP include GLAS, ANCs and Knowledge Transfer Groups. Suckler farmers also benefit from the Basic Payment Scheme (BPS) and Greening payments under CAP Pillar I.

Teagasc National Farm Survey data suggests that suckler farmers receive support equivalent to approximately €500 per suckler cow on average across all schemes.

It is also envisaged that suckler farmers will be the primary beneficiaries of the €23 million ANC increase announced in Budget 2019.

€20 million has been made available under the Beef Environmental Efficiency Pilot (BEEP), which was recently launched by Minister Creed, and is open for applications until this Friday, 22nd February. The Pilot is aimed at further improving the economic and environmental efficiency of beef production, by measuring the weaning efficiency of suckler cows.

Meat Implementation Report

In November 2018, Michael Dowling presented the Food Wise Meat Implementation Group report to the HLIC. This group was convened to monitor and drive the implementation of the meat-specific Food Wise actions and the future development of the meat sectors. The report followed a series of meetings between the Department and stakeholders across the beef, sheep, pig and poultry sectors.

The Department was encouraged to see this group, comprising stakeholders across the meat sectors and in different tiers of the supply chain, collaborating to produce a very useful report, which will provide valuable input in the effort to deliver on the ambition of Food Wise 2025.

The issues raised in the group's report included an acknowledgement of the need for specific supports for the suckler sector, and the need to work on the issue of beef from the dairy herd. The possibility of introducing some form of targeted support for the suckler sector was recommended by the Group. However, it is accepted that such measures, in addition to providing income support, should be clearly geared towards bringing environmental and welfare quality benefits. Consideration of these issues has fed into the development of additional supports for the sector such as the BEEP pilot.

CAP Reform

The Department's key priority in relation to CAP reform is to ensure an adequate CAP budget for the agri-food 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 very 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 agri-food sectors.

Agri-food Strategy 2030

Finally, we have now begun preparations within the Department on developing the next 10 year strategy to replace Food Wise 2025. It is envisaged that this will be published in 2020. Without pre-empting the content of the next plan, it is clear that the broad, cross-cutting themes contained in Food Wise will continue to remain highly relevant. Clearly, there are broader policy developments that will have a strong impact on the development of the strategy, particularly CAP reform, climate action and Brexit.

In terms of process, 2019 will see the preparation of background discussion papers, a public consultation, a stakeholder event, the establishment of an independent committee by the Minister, and the beginning of that committee's deliberations. Then in 2020, the committee should conclude its work by agreeing a new strategy, which will then be subject to an environmental assessment before finalisation.

The Department will be seeking the views of the Joint Oireachtas Committee as part of this process, and looks forward to input from the Committee on the new strategy.