**Opening Statement by IFA President Joe Healy
to the Joint Oireachtas Committee on Agriculture, Food & the Marine
on**

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

9th April 2019

Chairperson and Committee Members, thank you for inviting IFA to address you today.

I am joined by IFA Livestock Chairman Angus Woods, IFA Director General Damian McDonald and IFA Director of Livestock Kevin Kinsella.

The IFA has 73,000 farmer members, the majority which are involved in beef and livestock production. The Association is structured with 947 branches and 29 County Executives across the country. Our branch, county and national officers are democratically elected by their fellow farmers.

The beef and livestock sector is Ireland's largest farming sector, accounting for one-third of all agricultural output and over 20% of total Irish food and drink exports Ireland is the largest exporter of beef in the EU and the sixth largest exporter of beef in the world. Beef exports in 2018 reached 573,000t, valued at €2.4bn. In all, the value of the Irish beef sector is estimated to be €2.9 billion.

At farm level, the beef and livestock sector involves up to 100,000 farmers, with the number of breeding herds at about 75,000[1], made up of over 65,000 farmers with suckler cows and about 18,000 farmers with dairy cows. Some farms have both suckler and dairy cows.

[1] DAFM 2017 AIMS data

The single biggest challenge in the beef sector is low farm incomes. The Teagasc National Farm Survey for 2017 (latest available figures) show family farm income at €12,529 pa for cattle rearing farms and €17,199 for cattle other farms. The Teagasc 2018 projected income figures show a reduction in these figures to €10,175 for cattle rearing and €15.412 for cattle other farms.

The NFS data also highlights the importance and dependence of the beef and livestock sector on direct payments in terms of farm income. For the cattle rearing system (sucklers) 114% of income is made up from direct payments and for the cattle other system (store and fattening) the figure is 96%.

It is clear from the above data that any reduction or cut to direct payments will impact very severely on the income of livestock farmers. This is critical in terms of the future reform of the CAP.

Incomes on livestock farms are defined by 4 critical factors, cattle prices, direct payments, costs and productivity. In order to address the income challenges on livestock farms, policy must focus on addressing these issues.

To develop the beef and livestock sector to reach its full potential, the sector must return a viable and sustainable income at farm level. Without this, the sector will continue to struggle.

While addressing the issues raised by the Committee regarding the challenges facing the beef sector and Food Wise 2025, the IFA submission to the Committee focuses strongly on proposals and recommendations to address the income crisis in the beef and livestock sector at farm level.

IFA is strongly of the view that the Food Wise 2025 strategy needs to be revisited with the primary objective of developing and implementing policy change on the beef and livestock side that will deliver profitability to beef and livestock farmers.

Food Wise 2025

The most fundamental problem in the Food Harvest 2020 and Food Wise 2025 national strategy for the important beef and livestock sector is the absence of a clear policy to make beef farming profitable for farmers and its on-going failure to deliver a fair income back to farmers.

While the Food Wise strategy has delivered substantial growth in the volume and value of beef output and beef exports, it has failed to address the income crisis at farm level.

In detailed submissions to Government in 2015 (Farm profitability Key to Agri-food Growth- Jan 2015) and again in 2017, and in every annual Budget submission, the IFA has consistently highlighted the farm income issue and the need for farmers to be rewarded for their work and to get a fair income return.

An analysis of the data from 2012 to 2017, shows that beef cattle sales have grown by 25% or 350,000 head at the factories, beef output has grown by 27% or 130,000t and the value of beef exports has increased by €360m or by 19%.

However, in the same period there has been no increase in beef and livestock farm incomes.

In 2012, the average R3 steer beef price was €4.07/kg incl vat. From 2012 to 2018 the average annual steer price was also €4.07/kg, varying between €3.90/kg to €4.30/kg. Currently, in March 2019, the R3 steer beef price is only €3.84/kg and the factories are quoting a price of €3.70/kg.

If beef prices followed the same growth pattern as beef output, exports and value, the 2012 price should have increased by about 20% to €4.88/kg.

So the reality under Food Wise is that beef output, beef exports and value have all grown. The Minister along with Bord Bia and the factories have lauded this a major success. However cattle prices and farm incomes have fallen. Its farm from a success for beef farmers.

Beef prices in Ireland are low and inadequate to cover the costs of production and leave a margin for the farmer. Irish cattle prices are consistently and substantially below cattle prices in our largest export market in the UK. Irish prices have closed the gap with average EU prices over recent years, but since the Brexit uncertainty prices have fallen back below the EU average.

Lack of Price Competition

There is a real lack of competition in the beef cattle price in Ireland that needs to be addressed. The more powerful retailers and meat factory groups dictate the pace on cattle price at the expense of the farmer.

An analysis of the cattle price differential between Irish cattle prices and prices in our main export market in the UK shows that for the 10 year period 2000 to 2009 the average price gap was 23.78c/kg. However, for the 10 year period from 2010 to 2019(to date) the price gap has widened to 40.90c/kg, an increase of 17.12c/kg or 72%.

A detailed report by Dr. Pat McCloughan on behalf of the IFA regarding proposed transactions in the Irish meat processing sector in July 2016 analyses in some detail the competition issues in the beef processing sector.

A key conclusion of Dr. Pat McCloughan report is that *the relevant primary procurement markets are characterised by weak competition.*

While the Minister for Agriculture constantly reminds farmers that he cannot get involved in cattle prices, the Government has a major responsibility to ensure that there is a fair and competitive market for farmers selling cattle in Ireland.

IFA is calling on the Minister for Agriculture and this Dáil Committee to request the Irish Competition and Consumer Protection Commission (CCPC) undertake a compressive analysis and report on the lack of competition in the Irish beef processing sector.

IFA Investigation into aspects of the Beef Sector

With a view to bringing more transparency to the beef sector, the IFA has engaged the economist Jim Power to conduct an independent investigation on a number of important aspects of the beef and livestock sector.

These include the impact of CAP Policy changes and reforms on livestock farmers' incomes.

The margins along the supply chain including for processors, retailers and food service.

The value from all parts of the animal including the 5th quarter.

The costs of production at farm level.

The possibility of devising a formula for a beef price index.

Clarifying the proportion of the kill coming from factory-controlled feedlots and what impact this is having on cattle prices.

Accessing the requirements for the in-specification bonus (eg 30 months, 4 farm residencies or 70 day residency) and are they still being demanded by buyers or retailers.

The effectiveness of Department inspections and controls in factories on classification, trim, weights and prices.

Live Exports are Essential

The IFA is very clear that a strong live export trade is essential for cattle price competition and to provide additional market outlets and maintain a balance in the supply to factories.

Over the years the volumes of cattle exported live from Ireland has varied from 100,000 to over 400,000 head p.a. In 1995, Ireland exported 263,953 adult cattle to international markets such as Libya and Egypt. In 2006, 84,185 weanling animals were exported to EU markets. Last year Ireland exported 246,226 live animals, made up of 158,226 calves, 32,994 weanlings and 19,956 adult animals to third countries.

IFA is strongly of the view that Ireland needs a live export trade that has the capacity to export at least 400,000 animals annually. With the increase in the dairy herd, this capacity is essential to keep a balance in the supply to factories, as it is clear when factory slaughtering's increase much above 30,000 head per week, factories are unable to process and market the volumes at viable prices.

It is essential that there is a strong mix of live exports across the different categories of calves, weanlings, store cattle and finished cattle.

IFA is of the view calf exports need to increase to 200,000 -250,000 head annually to accommodate the increase in the dairy herd.

The logjam with the calf export trade this year has created major problems for both dairy and beef farmers. This problem related to ferry and lairage difficulties and a lack of action on behalf of the Minister and the Government to recognise and resolve the issues.

It is essential that the Government takes immediate action to resolve this logjam, especially for future years. Irish farmers cannot be denied access to the EU single market for live animals. The Government must see to it that the necessary infrastructure in terms of ferries and lairages are in place to ensure that the full potential of the live export trade is available to Irish farmers, particularly in terms of price competition and market outlets.

IFA is recommending that the Government and the Department of Agriculture establish a dedicated section on live exports with high level expertise and put significant additional resources into supporting and developing the live export trade to maximise its full potential.

Retail Prices and the Supply Chain

The excessive power of retailers and processors in the supply chain must be addressed. Farmers cannot continue to produce at below the costs of production.

Data from the AHDB in the UK show that average UK retail beef price in 2018 was £7.84/kg or €8.90/kg at an exchange rate of 88p/€.

At an average retail beef price of €8.90/kg in our main export market in the UK and a similar retail price in the Irish market, the IFA believes there is more than adequate scope in the overall market return for retailers and factories to pay a higher price to farmers, without increasing the consumer beef price.

At retail beef prices of €8.90/kg and producer prices at less than €4.00/kg, it is clear that there is a very unfair divide of the price across the food price chain.

IFA has welcomed the initiative by the European Commission in prioritising the imbalance in the food supply chain and recognising the vulnerability of producers in it. The introduction of a minimum common standard of protection across Member States is welcomed, but this is only a first step in reining in retailers and rebalancing power in the food chain. 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 totally unacceptable.

IFA proposes that the EU must now progress and oversee the transposition by Member States of the Directive into national legislation.

Ensure that the common European Framework provided for in the Directive is implemented and compliments existing national legislation.

Ensure that Member States appoint a designated ‘public authority’ for the purpose of enforcement of the Directive.

Market Transparency & Price Reporting

IFA has called for greater market transparency at all levels in the food chain, so that margins and profitability of processors and retailers are clearly visible.

IFA is demanding that there is a fairer distribution of the price returns across the beef supply chain, from retail back to the primary producer, and farmers receive a price above the costs of production, which provides a viable margin.

There needs to be full price and margin transparency along the supply chain, with compulsory price reporting data on stock levels.

IFA proposes that the work of the EU High Level Forum for a Better Functioning Food Supply Chain would continue under the new EU Commission.

Brexit impact on cattle prices

Mainly as a result of the uncertainty from Brexit and its impact on sterling, cattle prices are down 20/25c/kg on last year's levels, or up to €100 per head.

Winter finishers selling young bulls in recent months have endured price cuts of over €200 per head.

Farmers selling cattle at the current low base price levels of €3.70/kg for steers and €3.80/kg for heifers are shipping major financial losses and some are facing financial ruin.

Irish beef exports to the UK market reached 298,000t (52% of all beef exports) in 2019[2]. In addition the UK is the highest priced market for Irish beef exports.

In the event of a no deal or a hard Brexit and the imposition of import tariffs, the impact on the Irish beef sector and Irish farming would be devastating.

Irish beef exports to the UK could not economically survive the tariff rates proposed by the UK Government of approximately €1,500/t for manufacturing beef and €2,500/t on steak cuts. In addition, the UK proposals on zero tariff import quotas are extremely restrictive and are also open to all global suppliers.

EU Brexit Emergency Support Package

IFA has made proposals to the Irish Government and the EU Commission on the need to introduce a comprehensive package of market supports and direct aid for farmers from the EU to cover a bad Brexit and the losses already incurred.

Current EU intervention and APS support measures are not fit for purpose. New emergency market disturbance measures are required. The EU must provide support of

[2] Bord Bia Beef Market Outlook March 2019.

€20 per animal for each 5c/kg price drop. It is vitally important that Irish beef holds its position in the UK market, there are no comparable alternative markets.

IFA is seeking a Brexit support package for all farming sectors including dairying, sheep, pig meat, poultry, tillage, mushrooms, forestry and horticulture.

IFA's objectives for any new EU-UK trading relationship include, tariff-free and quota-free trade for agri-food products between the EU and the UK.

Full UK regulatory alignment to current and future EU standards, including food safety, animal health/welfare and environmental standards, as well as full guarantees of a level playing field.

Full UK application of the EU's Common External Tariff and Tariff Rate Quotas (TRQ) to ensure no increase in third country imports of agri-food products.

Access to the UK market and the land bridge route to the EU through Britain.

An increased CAP budget to make up for the shortfall arising from Brexit, so that the real value of the budget is protected, and opposition to Mercosur and any other trade concessions by the EU which would damage Irish farmers.

IFA has calculated that beef farmers have already incurred losses of €101m as a result of Brexit price cuts since last autumn. An IFA analysis, comparing pre-Brexit prices for 2015 with the prices in the autumn of 2018 and the winter/spring period of 2019, and the number of cattle sold in this period, farmers are down €101m on price alone. Farmers cannot afford to carry this loss and it must be made good by the Government and the EU Commission. IFA has already put this to Minister Creed and we are requesting the support of this Committee.

CAP Policy

Direct payments are extremely important to incomes on beef and livestock farms, accounting for over 100% of net income in most cases. The CAP Pillar I payments of basic payment and greening and the CAP Pillar II farm schemes make up the majority of direct payments.

The current CAP proposals put forward a cut to the Irish CAP budget of €97m pa (5% in nominal terms). This is totally unacceptable. When the 2% EU proxy rate of inflation is applied, the real impact of the cut amounts to 17% for Ireland.

IFA is insisting that the CAP Budget be increased to take account of inflation and to compensate farmers for any additional requirements placed upon them as a result of this CAP reform.

IFA proposes should the CAP be rolled over it is critical that the Budget is in place to avoid any linear cuts in direct payments and to fully facilitate a seamless transition for farm schemes under Pillar II.

Our Livestock Chairman Angus Woods will go into the detail of the IFA proposals on the CAP. However, the key issue is the budget and I want to repeat, the Minister for Agriculture cannot accept a €97m pa cut to the Irish CAP budget.

Environment and Climate Action

Ireland’s grass-based beef production is amongst the most carbon efficient food produced in the world, with one of the lowest in GHG intensity per kg of output in Europe.The carbon footprint of beef production in Ireland is the fifth lowest in Europe and is almost one-quarter of the Brazilian footprint.

With the world population set to reach 9.8bn by 2050 and the demand for food to increase by 70%, it makes no environmental sense to curtail beef production in regions such as Ireland and to replace this production with beef from areas that are less environmentally efficient.

The Beef Data and Genomics Programme (BDGP) is delivering further carbon efficiencies with the ICBF estimating that by 2030 the genetic gain achieved through the programme will reduce greenhouse gas emissions by 14% per kilogram of beef produced.

Production data from ICBF shows that beef farmers are increasingly more efficient when finishing animals younger and heavier.

There are many positives around the sustainable system of Irish beef production. The UN placed Ireland as the most water efficient global producer of food with a 0.2% stress rating. Other international studies have shown that Ireland is the most nitrogen efficient producer of livestock products in Europe.

Furthermore, grass-fed beef has been proved to be healthier, lower in fat with a content of two to six times more Omega-3 fatty acids and as such demand for grass-fed beef is growing especially in affluent markets.

In the context of sustainable food production however, international carbon leakage is a major concern. Carbon leakage occurs if Ireland reduces the production of beef to meet international policy commitments, but less carbon efficient countries increase beef production to satisfy growing international demand.

IFA has proposed that the Government's forthcoming Climate Action Plan and the recommendations from the Joint Oireachtas Committee on Climate Action must focus on the Teagasc Climate Roadmap.

This includes incentives for changes to farm management practices, recognition of carbon sinks and supports for renewables.

Government proposals cannot hinder the sector and must not include a carbon-based quota on production.

I would now like to hand over to our National Livestock Chairman Angus Woods to deal with some specific issues on our CAP proposals, quality and the important suckler cow herd.

Thank you President.

I also wish to thank the Chairman and Committee members for the opportunity to present and discuss the IFA submission on the beef and livestock sector with the Committee.

As a livestock farmer myself with sucklers and sheep, I have first-hand knowledge of the income crises in the sector. I also deal on a daily basis with the anger and frustration of livestock farmers all across the country, who are working extremely hard but finding it impossible to make ends meet and pay their bills.

I want to particularly highlight the financial crisis for winter finishers who have sold cattle over recent months. These farmers have already taken the full brunt of Brexit. Some finishers and particularly fatteners with young bulls are facing financial ruin.

IFA has calculated the losses since last autumn at €101m, as the President outlined. These losses are directly related to Brexit. The Minister and the Government must introduce a compensation package for these farmers. He needs to act urgently on this. Again, we are asking you directly for your support on this here today.

CAP Proposals

On CAP Reform, the biggest single issue is the budget. Livestock farmers cannot afford any cuts to their direct payments. Many livestock farmers lost out financially in the last CAP Reform when their payments per hectare were cut substantially due to convergence. Under the current reforms further convergence is proposed, so that all per hectare payments are brought up to at least 75% of the national average by 2027. IFA estimates that this convergence would cost about €30m.

The IFA supports the Commission proposals to increase the payments per hectare for genuine farmers with payments below the average. However, it must be funded through an increase in the CAP budget or from the implementation of the EU genuine farmer definition. It cannot be funded by reduced per hectare payments above the average. Convergence should be upward only. Convergence cannot result in creating more unviable farmers.

The EU Commission have proposed that Pillar I direct payments, go only to genuine farmers. IFA proposes that the genuine farmer concept be fully explored in the context of the need to target payments towards active farmers. A further issue to be evaluated in the context of defining the genuine farmer is the practice of farmers leasing out their entitlements having exited farming.

On eco-schemes, IFA proposes any Pillar I eco-schemes should be voluntary for Member States and farmers. Measures under any Pillar I eco-scheme must not undermine environmental schemes in Pillar II. It is imperative that the requirements of any eco-scheme would not require the involvement of service providers, resulting in leakage of Pillar I payments out of the hands of farmers.

IFA proposes that the option of introducing coupled payments as part of the next CAP should be considered in the context of targeting support to active farmers in vulnerable sectors. The move from coupled payments to decoupled payments or per ha payments was a major change for livestock farmers.

IFA supports the current Commission proposal on capping however, we believe leased-in entitlements should be excluded from the calculation and family and formal partnerships be factored in.

We hear a lot about Simplification and subsidiarity. For the farmer real simplification involves reduced inspections, increased tolerances and reduced penalties. IFA proposes that all farmers must get paid their 70% advance payment even if they are selected for inspection. Any issue can be resolved from the 30% balancing payment.

We are also seeking a close out system on inspections to allow farmers time to correct unintentional non-compliances without incurring penalties.

There can be no increase in cross compliance requirements. There must be full recognition for existing Statutory Minimum Requirements (SMRs) and Good Agricultural and Environmental Conditions (GAECs) achieved by farmers. Farmers must be paid for any additional requirements that incur additional costs.

A strongly funded Rural Development Programme (RDP) under Pillar II is vital for the beef and livestock sector and rural areas.

IFA proposes increased funding from €4bn to €5bn for the 7-year RDP 2021-2027 to support strong farm schemes.

Targeted sectoral support for Sucklers (€200/cow), Sheep (€30/ewe) & Tillage (per/ha payment).

Environmental Schemes with maximum payment of €10,000 per farm, with higher payments for designated lands.

The ANC scheme has an increased annual allocation of €300m, ANCs should be allowed as part of the 40% environmental calculation requirement (Pillar I + Pillar II).

TAMs investment scheme for all sectors, with 70% young farmers and 50% for all others.

Minimise leakage of funds to service providers.

Reintroduction of installation aid for generational renewal and mainstreaming the land mobility service.

It must be noted that closure or cuts to the various farm schemes ober the years, such as REP's, AEOS, Suckler Cow Welfare Scheme, cuts to ANC's all have had a very detrimental impact on livestock farm incomes.

IFA proposes strong support for committed young farmers. National Reserve, Top up payments (BPS and TAMs), Partnerships, Land Mobility Service and taxation policy must be the focus in the next CAP.

Entitlement transfer system that works for active farmers and committed new entrants.

Removal of the €70,000 limit placed on young trained farmers under Article 18 Commission Regulation (EU) No. 702/2014, included in Finance Bill 2018.

Suckler Cow Herd

The Suckler cow herd is of critical importance to the Irish beef sector but is under immense pressure at farm level due to the lack of profitability at farm level. IFA commissioned Prof. Thia Hennessy from UCC to report on the economic and societal importance of the suckler beef sector.[3] At a previous meeting we presented the details of that report to this Committee. I will again highlight some of the key issues on sucklers and IFA proposals.

The suckler cow herd comprises of approximately 1 million cows according to CSO data, although recent reports based on the DAFM Animal Movement Identification System put the figure closer to 900,000.

The suckler cow herd is distributed throughout the country but particularly dominating in the West. The important regional presence of the suckler cow sector is reflected in the fact that suckler cows account for over 80 percent of cows in the West, with the figure in excess of 90 percent in some counties.

The economic impact of the beef sector in the Irish economy is very important. Cattle farmers in Ireland spend over €1.5 billion annually on agri-inputs, most of which is spent in the local rural economy.

A €1million increase in beef sector output would generate a further €2.11 million in the wider economy and support an additional 16 jobs.

Direct payments made to farmers also make a substantial contribution to the wider rural economy as farmers use these payments to purchase inputs and to generate output that leads to further economic activity.

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[3] The Economic and Societal Importance of the suckler beef sector by Hennessy, Doran, Bogue and Repar is available on www.ifa.ie.

Research has estimated that every €1 of direct payments to cattle farmers supports €4.28 of output in the wider economy.

Suckler farmers contribute to wider societal sustainability, particularly as they are often located in marginal or economically disadvantaged areas, where their presence is vital to the social fabric and cultural capital.

They produce public goods such as protection of the environment and biodiversity and the preservation of the landscape and unique features.

Extensive grass-based farm systems, such as suckler cow farming, deliver higher levels of public goods.

The national suckler herd is of fundamental importance to Ireland's reputation as a major exporter of high-quality prime beef. Cattle from the suckler herd generally have a superior grading profile and heavier weight for age resulting in higher saleable meat yield and higher value cuts.

The very difficult income situation on Irish suckler farms is unsustainable and is already resulting in individual farmers reducing animal numbers leading to a loss in beef output, export values and employment.

It is estimated that a 10 percent contraction in the suckler cow herd would lead to a loss in beef output of €145 million and a loss of total output in the economy of €305million, furthermore over 2,000 jobs would also be lost.

The Beef Data Genomic Scheme (BDGP), which is worth €44m pa, to 24,200 suckler farmers got overly bogged down in unnecessary Department bureaucracy. However, payments of €100 per cow on the first 10 cows and €80 on the remainder provide important income support to the suckler sector.

The scheme runs until 2022 and now is the time to complete a review and work out how it can be improved, simplified and expanded to include more suckler farmers.

Following a strong campaign by the IFA in 2018 to secure increased supports for sucklers, the Government introduced the Beef Environmental and Efficiency Pilot Scheme (BEEP) worth €40 per cow in January 2019.

IFA made proposals to the Food Wise Meat sub group chaired by Michael Dowling, which recommended increased targeted supports for the suckler sector to the Food Wise High Level Implementation Committee, chaired by the Minister.

The Group stressed its view 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 economy in large parts of the country. The Group also considered the introduction of adding a welfare criterion under some form of enhanced BDGP scheme.

IFA is fully committed to supporting our national suckler herd and the 67,500 full and part-time farmers involved in the enterprise.

IFA has put forward proposals to Government and others to provide additional targeted direct support for sucklers and also a price premium for quality suckler beef.

IFA has proposed a targeted direct payment of €200 per cow, financed from a combination of national resources and CAP Pillar II funds.

Reward for Quality

IFA is strongly of the view that livestock farmers must be properly rewarded for quality in terms of prices. In addition, retailers and factories applying additional market specifications must also pay additional price rewards.

IFA is recommending that an additional price premium for quality cattle from the suckler herd.

The QPS (Quality Payment System) is based on independent Teagasc research with the objective of rewarding farmers for higher meat yield from cattle with better conformation.

Under the QPS an additional in-spec bonus of 12c/kg is paid on animals that meet specific criteria. These include the Bord Bia Quality assurance scheme,

Under 30 months of age

Grade between O=and U+ and fat class 2+ to 4=

70 days on the last farm

No more than (3 movements) 4 farm residencies.

86% of steers and 89% of heifers meet the in-spec requirements of less than 4 residencies and 70 days. Combining the application of the criteria, based on 2015 data 44% steers and 59% heifers qualified for payment of the 12c/kg..

As the president outlined earlier, IFA has retained economist Jim Power to investigate the issues of specifications and whether then requirements for the in-spec bonus (30 months of age, 4 farm residencies and 70 days residency) are still being demanded by buyers or retailers.

The IFA policy is that all prime cattle coming from Bord Bia Quality Assured farm should get a price bonus.

Producer Organisations

While the IFA is supportive of Producer Organisations and will assist any farmers wishing to establish groups, PO's on their own will not be able to tackle the dominance and excessive power of retailers and processors in the beef supply chain.

Farmers and existing Producer Groups consider that the current requirements to become a formally recognised PO on the beef side are too onerous.

Issues around the necessary legal structure, reporting, inspections and attendant administration costs are putting Groups off seeking recognition.

IFA is recommending that more funding will also be needed to establish and sustain PO groups.

The establishment grant of €3,000 is simply not enough to defray the establishment costs. In addition, to make any progress on PO's, groups will need significant on-going support to assist them with their operating costs. The current arrangements on the Horticulture side provide significant on-going support to groups needs to be examined for the beef and other sectors.

IFA is aware that some groups have been treated very unfairly by processors. It is clear that some additional measures will be needed to give additional protection to groups and farmers who take on leadership roles within the groups.

Beef Calves from the Dairy Herd

The quality of beef calves from the dairy herd needs to improve. An essential element of this will be the roll out and uptake of the ICBF Dairy beef index.

ICBF and Teagasc have a major role to play in leading the required change in policy and adopting the breeding strategy at co-op and farm level.

The Teagasc policy aim must be to breed calves that meet a market specification.

IFA consider the Glanbia/Kepak Twenty/20 Beef Club scheme announced last week as much needed new thinking in the sector. IFA has consistently argued for more secure price contract type arrangements from the factories.

Irish co-ops provide their dairy farmer suppliers with fixed price contracts for milk and they are dealing in the main with the same retailers as beef processors.

Markets

The main markets for Irish beef are the EU and Continental EU markets with small volumes exported to International markets.

The UK is Ireland's largest export market taking some 298,000t of exports in 2018. The UK is also the market of highest price return. This is very significant in the context of Brexit as it is not possible to replace this market with a market of similar volume and price return.

The main EU markets for Irish beef are France, the Netherlands, Italy, Sweden, Germany and Spain. Male cattle prices in all of these markets are consistently at or above Irish steer prices.

Ireland exported 25,000t of beef or 4.3% of all our beef exports to international markets in 2018.

Some new and important market developments in recent years include gaining partial market access to the USA, Japan and China. There is considerable potential to grow export volumes to some of these international market outlets, notably China. However, it must be noted Ireland will be competing with international competition from the likes of North and South America and Australia where production is based on large industrialised style feedlots and ranches and where cattle prices are significantly below EU and Irish price levels.

In the context of the major market challenge from Brexit, additional market access is a priority for the beef sector. In addition, more liberal access to some existing international markets and the removal of access restrictions like frozen beef only, boneless only, age-under 30 months, disease status, etc are essential to expand access.

Branding and GI status

IFA has proposed that Bord Bia develop a strong brand for Irish beef that will return a price premium directly back to producers to capture the benefits of Origin Green and the Quality Assurance Sustainability Scheme.

In addition, IFA has proposed a price premium for grass fed and suckler beef.

Following an IFA initiative in Brussels with the EU Commission, IFA has held discussions with the Commission, the Department of Agriculture, Bord Bia and others on a proposal to seek GI (Geographical Indication) status for Irish beef.

Farmers need to be able to capitalise on the unique quality attributes of Irish beef in the market and find a mechanism where this can be returned directly to primary producers by way of price premium.

Carcase Classification Trim and Weights

IFA has consistently highlighted farmer concerns over the lack of proper controls and checking on carcase classification, trim and weights at the meat plants.

Following reports of inaccuracies on carcase classification, trim and weights at the meat plants, the IFA has proposed the Minister and Department increase controls and strengthen inspections and penalties on classification, trim and weights at the meat plants.

The current DAFM system of announced random checks are totally inadequate. In addition, the more modern methods of hanging the carcase has rendered the DAFM checking system much less relevant.

Carcase classification, trim and weights are the key factors of measurement used by the meat plants to establish the level of payment to farmers.

It is the responsibility of the Minister for Agriculture and the Minister for Business and Enterprise to guarantee farmers that the carcase classification, carcase trim and weights at the meat plants are accurate.

IFA has proposed that there be a permanent DAFM presence to monitor carcase trim at all times in the meat plant, that the monitoring and controls on carcase classification be increased to guarantee accuracy, that a proper appeals system be introduced and that classification images be made available to farmers.

Where problems are identified with carcase classification, trim or weights, the DAFM must insist that the farmer is fully informed and compensated.

It is the responsibility of Legal Metrology and the NSAI to assure farmers that all weighing instruments are fully verified and operating correctly.

IFA has proposed that farmers must have access to the killing line in meat plants for those wishing to observe their cattle being processed, classified, trimmed and weighted.

IFA has proposed that improved technology and more modern systems of cameras and lighting, having been fully tested and proven to increase accuracy on classification, are introduced in the meat plants.

International Trade Deals-Mercosur

IFA has consistently highlighted the threat to the Irish and EU beef sector from an EU/Mercosur trade deal. The Mercosur countries of Brazil, Argentina, Uruguay and Paraguay already have preferential access to the EU market under various quota arrangements and in 2017 the EU imported 235,000 t of beef from these countries.

A Mercosur deal which would give substantial additional market access to these countries would seriously damage the EU beef market and must be rejected by the EU. The Mercosur countries fail to meet EU production standards on the key issues of traceability, animal health, food safety and the environment. The EU must insist that all EU imports meet full EU standards.

In addition, Mercosur countries have four times the carbon footprint of Irish beef and involve the destruction of the Amazon rainforests.

In the context of the new challenges posed to the Irish and EU beef sector by Brexit (potential loss of a high-priced market for 290,000t of beef), the IFA is proposing that the Irish Government and the EU withdraw any offer on further beef access in the Mercosur negotiations.

The current trade negotiations between Australia and New Zealand and the EU are all negative for the beef sector and present little or no opportunities on the agricultural side for Ireland.

Chairman, thank you and the Committee members for your attention and we would be delighted to take any questions or comments.