Opening Statement,
Irish Cattle and Sheep Farmers Association (ICSA),
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# ICSA Submission to Joint Committee on Agriculture and the Marine

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**ICSA view on CAP to 2027**

ICSA would like to thank the chairman and the members of the Joint Oireachtas Committee on Agriculture and the Marine for the opportunity to discuss CAP reform and GAEC (Good Agriculture and Environmental Condition).

ICSA supported the decoupling of payments under the CAP reform introduced by Commissioner Fischler which was agreed in 2003. However, the link to the 2000-2002 period is now outdated. Commissioner Ciolos brought proposals for flat rate payments which was a blunt instrument and resulted in a CAP reform which established the practice of convergence in 2013.

The current CAP reform is based on proposals set out by Commissioner Hogan which primarily places more responsibility on each member state of the EU to design a CAP programme which will be required to meet overall guiding EU objectives. Principally, the focus is on climate change and environment as is made clear by the EU Green Deal strategy of Commission President Ursula von der Leyen.

Nonetheless, the CAP cannot be allowed to depart entirely from the EU Treaty of Rome objectives to "ensure a fair standard of living for farmers". In recent years, this has been lamentably absent from a lot of discourse on the CAP but it remains more pertinent than ever.

Farmers in cattle, sheep and tillage sectors are particularly suffering from the inability, in most cases, to get a fair standard of living. Yet all farmers in the EU have been asked to do more and more in terms of not only producing food, but in producing high quality, traceable food while also respecting ever higher standards in animal welfare and environment.

It is a source of frustration that this evolution of agriculture policy has co-existed with an active policy of facilitating increased imports from outside the EU, notably through trade agreements such as Mercosur and CETA. This is being done to keep food cheap, notwithstanding increasing standards of living for the EU population at large.

However, the reality is that the EU CAP budget is now set in stone and in that context, ICSA believes that the fundamental approach to CAP reform must address two critical challenges in tandem.

These are the need to bring environmental balance and sustainability to the national agri strategy while also dealing with the massive divide in farming between the profitable dairy sector and the other sectors struggling to maintain viability.

So in Ireland, we need to approach the CAP reform with a determination to face up to two critical issues:

(1) Dairy farming is four times more profitable per hectare than suckler farming, three and half times more profitable than sheep and three times more profitable than beef. (Teagasc 2019 National Farm Survey)
(2) The more that the remaining farmers move away from low/ no profit farming into dairying, the more unlikely it is that we achieve balance in terms of reducing total national emissions, adding to biodiversity or improving water quality. Moving into dairying is not limited to

actually setting up a milking herd; it also includes contract rearing and leasing land to dairy farmers.

Therefore, it follows that:

1. CAP must deliver a much higher share of resources to the lower income sectors of cattle, sheep and tillage sectors
2. Agri-environment payments must be funded to a much higher level than at present because otherwise farmers will be forced to look at other options which - apart from dairying or leasing/ supporting dairying - also include increasing the time allocated to off-farm jobs and enterprise.

In practice, we believe that the less intensive and medium intensity grassland farmers and tillage farmers following a crop rotation should qualify with minimal red tape for the eco-scheme. Farmers who require a nitrates derogation should not be supported with eco-scheme payments.

On the other hand, we want to see the eco-scheme payment confined to grassland farmers who meet a minimum stocking rate (ANC levels on disadvantaged ground, somewhat higher on non-disadvantaged ground).

**ICSA proposes that Farmers between 50-130kg/Ha are eligible for the full eco-scheme payment. That farmers between 131-170kg/Ha organic Nitrogen are eligible for eco-scheme top-up but at a reduced rate.**

**Farmers below 50kg/Ha on lowland non-disadvantaged are excluded.**

**Farmers on commonage complying with a commonage management plan shall be eligible.**

**Any farmer who does not meet the ANC minimum stocking rate shall not be eligible.**

**ICSA proposes that all organic farmers (including full organic status or conversion status) are automatically eligible for eco-scheme.**

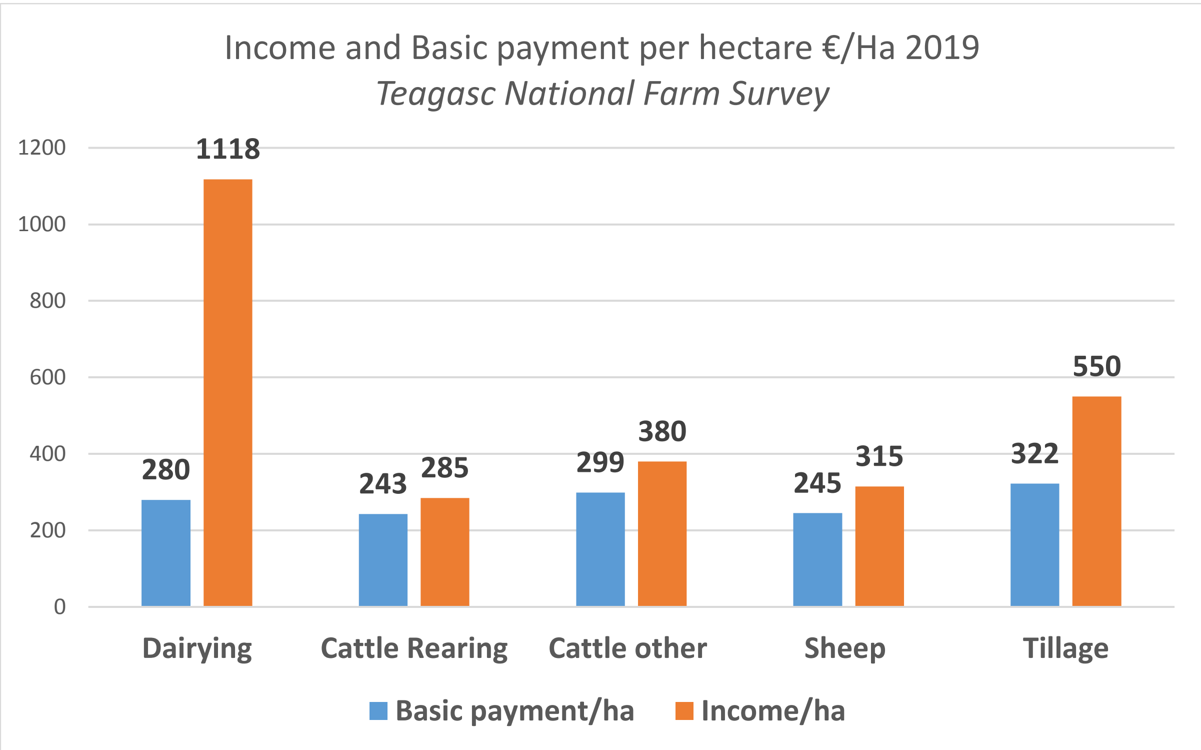
In Pillar 2, we have proposed that an agri-environment scheme should deliver real benefits to participating farmers – the objective is that the scheme should deliver in excess of €15,000 to those who opt for the maximum number of modules. A detailed outline is contained in our submission on the agri-environment scheme. We believe this can be delivered using a combination of CAP, NGEU (Covid) and carbon taxes, along with the mandatory co-financing by the exchequer.

We also want to see a continuation of schemes such as BDGP, BEEP, sheep welfare, organic farming and ANC in the next CAP. We make no apologies for saying that cattle, sheep and smaller scale tillage farmers need more support.

Figure 1, derived from the Teagasc National Farm Survey (2019) demonstrates the surprising fact that dairy farmers, despite a far greater ability to generate income, receive a basic payment similar to the less viable cattle and sheep farmers on a per hectare basis.

This is notable because the genesis of the Basic Payment goes back to the McSharry and then Fischler reforms and these payments were originally linked to schemes such as suckler cow, special beef premium, ewe premium, slaughter premium and extensification premium. So clearly, CAP changes over recent years have reduced the supports to cattle and sheep farmers without any justification given the income realities.

Figure 1




It is quite remarkable that the average dairy farm, although 4 times more profitable than suckler farming (3.5 times more profitable than sheep), derives a higher average Basic Payment than suckler or sheep farms. Even when account is taken of other schemes, dairy farming is not far behind the other sectors, but the level of dependency is so much less (31% of income by comparison with 129-162% for the other livestock systems).

ICSA submits that this is manifestly unfair and that a balanced and sustainable Irish agriculture requires moving more direct payments to the non-dairy sectors. So ICSA wants to see the CAP amended to deliver a bigger slice of the pie to the sectors that need it most, in return for their provision of environmentally sustainable less intensive farming methods.

**Pillar 1**

ICSA agrees with the concept of capping payments to any individual farmer. The proposal to introduce serious cuts above €60,000 with a view to an actual upper limit of approximately €80,000 is correct as a way of keeping scarce CAP funding targeted at family farms. There should be no provision for avoiding this through hired labour as the CAP should first and foremost be about the family farm.

The concept of an active farmer is a difficult one to define in practice. Many of our members are forced to get off-farm income because it is not possible to live on a farm income from cattle or sheep. So we should not punish people for this. But it must also be said that full-time beef and sheep farmers are finding themselves increasingly frustrated by the price/ cost squeeze and the difficulties of getting a fair income.

A key concern is the practice of leasing out entitlements on an ongoing basis. The CAP should not be about rewarding "sofa" farming but we also have to be careful of individual circumstances (illness, death, succession).

Hence, ICSA proposes that there be a limit of seven years to lease out entitlements after which time they must be sold or revert to the national reserve. ICSA also believes there must be a minimum stocking rate in line with the ANC conditions for grassland farming.

ICSA accepts that payments will converge to the extent that all recipients receive at least 75% of the national average by 2026 and that the national reserve continues to be used to deliver better payments to young farmers.

**GAEC**

ICSA has been fighting against the incoherence embedded in the Pillar 1 payment which contradicts objectives such as biodiversity for many years now. A farmer is required to keep land in good agricultural and environmental condition but farm inspections demonstrate that the two objectives are often contradictory.

The land parcel review (LPIS) where many farmers on marginal ground were penalised was a very unfair example of contradictory requirements. Red lines are drawn on maps because some ground which is more biodiverse is deemed ineligible. This is absurd given the trend towards paying people to create or maintain habitats, calls for more re-wilding and pollinators and the likelihood of asking farmers to plant more trees or widen buffer zones and hedgerows.

Equally, we are concerned about the impact of designations. The EU biodiversity strategy contains an extreme target of making 30% of EU land designated with one-third of that (10%) subject to an - as of yet - undefined special designation. Presumably this would be extremely restrictive. We have seen an appalling failure to recognise the impact on farmers with designations.

These farmers must be properly compensated and their land must be eligible for all CAP payments. It is critical therefore, that the CAP architecture is framed in such a way as to make sure that such designations do not in any way disadvantage such farmers.

Thank you for reading this and I would also direct you to the accompanying ICSA documents on the Agri-Environment Scheme/ Pilot REPs and Pillar 1 proposals.