Opening Statement,
Irish Cattle and Sheep Farmers' Association (ICSA),
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IRISH CATTLE AND SHEEP FARMERS' ASSOCIATION

ICSA Opening Statement to the Joint Committee on Agriculture, Food & Marine

Common Agricultural Policy (CAP) negotiations

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Further Details

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Chairman, members of the committee

Thank for the opportunity to speak to you on CAP reform.

The break-down in talks in Brussels is nothing unusual at this stage of a CAP reform. The sticking points are around convergence, the eco-scheme and the so-called CRISS or front-loading.

The trialogues are like a bonfire of the vanities - the grandiose ideas of:

- the green deal,
- a fairer CAP,
- the farm to fork strategy,
- a biodiversity strategy.

All of this collapses on first engagement with reality.

The reality is that the CAP budget is being steadily eroded by inflation.

The reality that farmers are being asked to do more and more with less and less.

The reality that allowing each member state the flexibility to design their own CAP programme but insisting on boxing them into a model that does nothing to solve the big-ticket issues.

In fact, we are still stuck with the contradictions of the 2013 reform where convergence was meant to help farmers with the biggest income deficiencies but rose to the challenge by taking from the suckler or sheep farmer with a small payment per farm, but above average per hectare.

So as a result, the truth is that the negotiators at EU level are trying to reach a compromise that will leave nobody happy.

The reason for all of this is that more and more, CAP reform is a process whereby the views of everybody except the farmer are centre stage. EU negotiators are fighting over irrelevancies because they are totally detached from the farmer on the ground. Covid has made the process even more detached from farmers and their representatives but this process has been in play for quite some time now.

Look at the eco-scheme battle. Deadly combat over whether it is 20% or 30% of the Pillar 1 budget whereas in fact, nobody is asking how come we lost the old REPS scheme which put real money into farmers' pockets. Nobody who talks about a green deal has the faintest idea of the damage done by land eligibility penalties to farmers who were more bio-diverse friendly.

If the EU wants a greener CAP, then reward the farmer who is less intensive and wants to participate in a worthwhile agri-environment scheme. ICSA has proposed that a scheme should have the potential to pay up to €15,000. We have outlined this in previous engagements with you. This needs to be targeted at cattle, sheep, and tillage farmers most of whom are not viable. Otherwise, we are sending the signal that everybody who wants to farm must farm dairy.

But in order for that to work, we need to make the eco-scheme in Pillar 1 relatively straightforward for less intensive farmers who do not require a nitrates derogation. The eco-scheme must not have too much conditions attached, or it will not be possible to pay for a lot of the actions we would like in a proper agri-environment scheme.

On convergence, the harsh reality is that the EU has shirked their responsibilities to make the CAP fit for purpose. The Treaty of Rome aspirations have been thrown away as the budget has been reduced over several reforms. The cake has not gotten bigger, it is actually smaller so we cannot give more farmers the same worthwhile slice.

It looks like the final outcome will be that the lowest payment will have to reach 85% of the average by 2026, which is a noble aspiration, except for the fact that it takes from already strapped suckler, sheep and beef farmers.

The solution to this proposed by the Commissioner for Agriculture is the CRISS. ICSA favours insulating smaller and medium sized farmers from convergence cuts and we would like to see a system that allocates more support for the first 40 hectares. But the CRISS is insufficient, and it is not funded. Instead, it takes a linear cut from all farmers which is robbing Peter to pay Paul. And it doesn't do enough. Department modelling suggests that if you cut all farmers by €54 million you can give an extra €20/ hectare on the first 30 hectares. This will not make any worthwhile difference.

In our view, the family sized cattle, sheep or tillage farm is desperately dependent on CAP supports.

This means that we cannot ignore the elephant in the room. According to the 2019 Teagasc National Farm Survey, the average payment from Pillar 1 on a dairy farm was €280/ha.

A suckler farm got €243.

A beef farm got €299.

A sheep farm got €245.

A tillage farm got €322/ha.

How can it be fair that very profitable dairy farms that are less dependent on CAP subsidies are getting more than suckler or sheep farmers on a per hectare basis?

Beef and tillage farms are not getting much more but these systems of farming used to get the lion's share of CAP supports. We have seen the ANC payment slashed but twenty years ago the old headage was very much targeted at suckler and sheep farmers and they were viable as a result.

A very interesting fact is that in the year 2000, the average dairy farm got €5,500 from CAP supports.

By 2009, that had increased four-fold, while suckler, sheep and tillage farms saw increases of 20-50%. However, the dismantling of price supports such as intervention has a devastating impact on ICSA members. I am asking now, is it fair that dairy farmers who are investing six figure sums in massive expansion programmes, are getting money that suckler, sheep, beef and tillage farmers badly need? The National Farm Survey says direct payments are 120-160% of the income of cattle and sheep farmers compared to 31% of dairy incomes.

So, the reality is that whatever happens in EU talks over the coming weeks, we have hard decisions to face up to in Ireland. ICSA is clear.

We think that payments should be capped at €60,000.

We believe that suckler, sheep, beef and tillage farmers should not be cut per hectare and that they should be supported much more through payments linked to their enterprise and also through agri-environment schemes that are targeted at them.

We don't want to see dairy farmers take less ***if*** we can guarantee that small and medium farms get more; that cattle and sheep farmers get more, and that tillage farming can reverse the losses of land in recent years.

But we also must be realistic and say that the CAP budget is totally inadequate to achieve this, and it is therefore vital that:

1. The state fully fulfils its obligations to co-finance the rural development programme.
2. That the programme for government commitment to €1.5 billion in carbon taxes is delivered and is additional to the co-financing required for the rural development programme.
3. That every possible euro under the Covid and Brexit funds is delivered and targeted at beef and sheep farmers in particular.
4. That the CAP is no longer used to deliver six-figure sums to factory owned feedlots.

In terms of the EU negotiations, we think there is still scope to look for some extra money for farmers from the NGEU funds and the Brexit fund. We also think that the message must be sent back to Brussels that asking farmers to do more and more on the green agenda for less and less money cannot be sustained. Otherwise, farmers are going to be very angry with the outcome of this CAP reform.

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