

DÁIL ÉIREANN

AN COMHCHOISTE UM THALMHAÍOCHT AGUS MUIR

JOINT COMMITTEE ON AGRICULTURE AND THE MARINE

Dé Máirt, 15 Nollaig 2020

Tuesday, 15 December 2020

Tháinig an Comhchoiste le chéile ag 4 p.m.

The Joint Committee met at 4 p.m.

Comhaltaí a bhí i láthair/Members present:

Teachtaí Dála/Deputies	Seanadóirí/Senators
Matt Carthy,	Victor Boyhan,
Michael Collins,	Paul Daly,
Michael Fitzmaurice.	Tim Lombard.

I láthair/In attendance: Senator Eugene Murphy.

Teachta/Deputy Jackie Cahill sa Chathaoir/in the Chair.

Business of Joint Committee

Chairman: Apologies have been received from Deputy Martin Browne. While the restrictions are in place, priority is given to members and non-members will have to take their place in the queue. Members are requested to ensure that, for the duration of the meeting, their mobile phones are turned off completely or switched to aeroplane, safe or flight mode.

The agenda for today is the impact of Brexit on the agrifood industry and it is the second of our meetings to discuss this. It is getting to a critical point at this stage and no matter what happens, there are going to be headaches on 1 January 2021. Even with a deal, there are going to be serious headaches for trade on 1 January. We will hear first from representatives from the Irish Creamery Milk Suppliers Association, ICMSA, who are joining us remotely, and the Irish Cattle and Sheep Farmers' Association, ICSA. In the second session, we will hear from representatives from An Bord Bia and the Irish Grain and Feed Association.

The meeting will be suspended between each session to allow the desks to be sanitised. On this note, I remind members that there are sanitisation products throughout the room that should be used when taking or vacating a seat.

Impact of Brexit on the Agrifood Industry: Discussion (Resumed)

Chairman: I welcome representatives from the ICSA, Mr. Eddie Punch, general secretary, and Mr. Edmond Phelan, president. I welcome also representatives from the ICMSA who are joining us remotely, Mr. Lorcan McCabe, deputy president, and Mr. John Enright, general secretary. We received witnesses' opening statements which have been circulated to members. As we are limited in time due to the Covid-19 safety restrictions, the committee has agreed that the opening statements will be taken as read so we can use the full session for questions and answers. I propose a limit of four minutes per member, per session for questions and answers.

Before we begin, I wish to give an important notice in relation to parliamentary privilege. Witnesses are protected by absolute privilege in respect of the evidence they give to the committee. However, if they are directed by the committee to cease giving evidence on a particular matter and they continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of the proceedings is to be given. They should respect the parliamentary practice to the effect that, where possible, they should not criticise nor make charges against any person, or entity by name or in such a way as to make him, her or it identifiable.

Witnesses participating in the committee meeting from a location outside the parliamentary precincts should note that the constitutional protection afforded to those participating within the parliamentary precincts does not extend to them. No clear guidance can be given as to whether, or the extent to which, this participation is covered by absolute privilege of a statutory nature. I now invite questions from the members.

Deputy Matt Carthy: I thank our guests for coming in. It is good to see them. We are now at a crunch phase. It depends on the day of the week as to whether we can be optimistic or pessimistic about the outcome but let us hope that the utterings over the past 24 hours mean that there will be a deal in place. Regardless of that, the truth is that even a deal scenario will present many challenges to ICSA and ICMSA members.

To follow on from some of the remarks in the statements, I will ask a couple of questions first of the ICSA. As we will be meeting with Bord Bia later on, can the ICSA give us a view as to whether or not it thinks Bord Bia is doing enough for its members in identifying and supporting products at an international level? In its statement the ICSA referred to the €5 billion Brexit reserve fund as woefully inadequate. That is a fund of which Ireland will receive only a portion. Can the witnesses indicate what figures they think are required and how they should be pin pointed and addressed, either at a domestic or an EU level?

One of the big issues is going to be trade and we have spent much time in this committee talking about the potentially devastating impact of Mercosur. If the ICSA has a position on the CETA trade agreement with Canada, could it share it with us?

The ICMSA expressed concern that much Brexit-related funding is directed towards State agencies and links further up the supply chain, as opposed to farmers who arguably need it more. Can Mr. McCabe or Mr. Enright outline the types of supports they think need to be in place for farmers?

The ICMSA highlighted that the growth of agrifood exports since 2010 stands at 63%. Does the ICMSA have an idea of how much of this related to the British market and how much of this has been generated since the 2016 vote on Brexit? I welcome any views on how this can be mitigated.

How concerned are both organisations about the potential for delays when the land bridge is being used? We have already seen delays at ports in Britain. Do they think we have done enough to mitigate that?

Mr. Eddie Punch: I thank the Chairman for the invitation and Deputy Carthy for the questions. To answer the first one on whether Bord Bia is doing enough, it is impossible to say what enough is at the moment. Since Brexit there has been some improvement in diversifying our exports into other markets. Much effort was put, predominantly of course, into China but China has been disrupted in the past year because of its difficulty with animal disease. That has been problematic.

Our export of beef to continental Europe has improved. We have gained in volume in much of the European continental markets, so we have gone up in exports. In 2015 before Brexit our exports to the Continent were around 219,000 tonnes of beef while in 2019 that was up to 253,000 tonnes. There has been an improvement in terms of France, Netherlands, Scandinavia and Germany. That is positive but these amounts are in the tens of thousands while 260,000 tonnes of beef went to the UK in 2019. Clearly, we have not achieved enough diversification to date. It is obviously very hard to see how we can find a market for even half of the beef if, for example, half of the beef to the UK had to be diverted.

We welcome that there was an agreement for the development for a suckler brand in the beef task force and we would hope the money there will be used. We have a concern that the meat industry and some of the main processors are not showing all that much enthusiasm in trying to develop suckler beef as a premium product. Our view is that the suckler brand needs to be managed and owned by farm organisations, farmers and small companies as much as by Bord Bia or big business. Similar remarks can be made about the PGI grass-fed standard. We want to make sure that is controlled for the benefit of the primary producer in this country. PGIs are meant to benefit primary producers. That is set out in EU legislation but let us see what will happen on that.

The Deputy mentioned the Mercosur and CETA agreements. The CETA deal like the Mercosur deal is one in which beef was sacrificed for the benefit of other sectors. The only thing that can be said about CETA is that Canada has not been aggressive about taking up the quota under the agreement but we would have a concern that the agreement does not work for beef producers. Overall, it is time to very much reflect on whether these trade deals which were done when there was no thought about Brexit are still appropriate. Under the Mercosur agreement, there is the potential for 99,000 tonnes of beef to be brought into the European market. That was entirely the wrong deal at the wrong time. It was initiated when the gap in the market that could be used to justify it was the fact that the UK was short of beef. If the UK is out of the European Union, there is no justification for bringing in additional beef to disrupt an already chaotic market. We have to say it is a chaotic market if beef we would normally export to the UK without the imposition of tariffs is now struggling to find a home but if tariffs that could be imposed on exports to the UK cause a disruption to that market we cannot afford to be bringing in beef from outside the EU. The logistics disruption through the landbridge is posing a big problem regardless of whether we will have a deal. Some additional ferry capacity was announced in recent months by Stena Line and so on but there is not anywhere near enough ferry capacity to mitigate the disruption to the landbridge. In our view there needs to be a serious discussion at EU level about subsidising additional ferry capacity direct from Ireland to Europe.

Chairman: Would Mr. Lorcan McCabe or Mr. John Enright like to respond? Mr. McCabe's mic is on mute. We cannot hear him. We cannot hear Mr. Enright either. We are not hearing the witnesses who are joining up remotely. There is a technical issue. I ask them to note their responses to Deputy Carthy's questions and we will come back to them. The staff are trying to sort out the issue. We will move on to Senator Daly and then return to the witnesses.

Senator Paul Daly: I welcome the representatives from the ICSA and the ICMSA and thank them for their submissions which we received today. We are all aware of the fact that we are operating in a vacuum at the moment. Much of what we will discuss could turn out to be hypothetical. As was mentioned previously, it is not looking good. Even the best case scenario being flagged would give rise to issues in January or in the early months of whatever agreement is made. I have a few brief questions mainly seeking elaboration on points. Most of questions are for both organisations but I will focus initially on the ICSA. I have been trying to find positives in these deliberations. I would like to hear the witnesses' opinions on the possibilities for an increased or an improved sheep market depending on the outcome of the negotiations. We are all familiar with the quantity of Welsh sheep going to France. If that was not as easy a flight or journey for the UK after the negotiations are concluded, would there be an opening there for our sector? Have the witnesses' organisations any strategies among their members with an eye to that market or improved markets? Rather than concentrating on the negatives, we need to look for any positives that may be available and we certainly need to be in a position to take advantage of those if they arise. I would like to hear the ICSA's position on the possibility of an improvement for the sheep sector as we go forward.

The two organisations' submissions are very much about increased markets and new markets and putting the ball back in the political court and Bord Bia's court. What interaction have they had with their membership? Have they any strategies for diversification, changing farming methods or how their memberships can deal with possible outlooks? Everybody here will be fighting for us to get as much as of the €5 billion as is possible and for it to be spread out as best as it can be and to the most appropriate areas of need as possible. What work have the organisations done with their membership or how are their members reacting to how they can, along with the aid, possibly overcome some of the hurdles that may appear?

The increased ferry capacity is to be welcomed but we could do with much more of it. Has the ICMSA done any research taking account of the increased ferry capacity with regard to lairage for live calf exports? Will lairage still be an issue or will the increased ferry capacity open up the lairage that will be available for use?

With respect to both organisations, but particularly the ICMSA. I want to return to an issue highlighted by the Irish Co-Operative Organisation Society in its submission to the committee last week. It relates to existing free trade agreements *in situ* between the EU and varying countries. It highlighted the fact that irrespective of the Northern Ireland protocol Northern Ireland milk, in the small print in some of those agreements, could still be seen as a third country product and that could be a potential major issue for countries to which we currently export under free trade agreements. Because of the small print in those agreements, those countries may not be able to recognise Northern Ireland milk other than as a third country product, irrespective of the Northern Ireland protocol. Has the ICMSA encountered that issue or has any work been done it, or what strategy would it have to overcome that if it were to become an issue?

Chairman: On the export of calves, has either organisation had talks with the shipping companies on the capacity they will have for calf exports? Will they have the same capacity that was available in the spring of previous years? Are the witnesses from the ICMSA on the air?

Mr. Lorcan McCabe: Can the Chairman hear me?

Chairman: I can. The volume is low but we can hear you.

Mr. Lorcan McCabe: I will speak up.

Chairman: That is grand. I will let the witnesses from the ICMSA respond first as they have two sets of questions to address.

Mr. Lorcan McCabe: I apologise for our president not being here. He had a longstanding commitment and could not make it here today.

The two members raised the subject of live calf exports. We were are very concerned about the landbridge not being available. That will result in much more capacity being sought on the ferries, especially from Rosslare. We are very concerned about that. The other thing which we welcomed in recent weeks is the granting of protected geographical indication, PGI, status by Bord Bia to grass-fed beef. Hopefully, that will be a help in future. I will let our general secretary take over on the other aspects.

Chairman: That is fine. I ask Mr. Enright to go ahead.

Mr. John Enright: A couple of points were raised by Deputy Carthy. The first concerned supports for farmers. On that issue, when beef prices collapsed in 2019, while some supports were put in place for farmers, and we acknowledge the beef exceptional aid measure, BEAM, scheme, many farmers did not receive support for the losses they suffered. That includes many dairy farmers who had more than 40 dairy cows, which we thought was very unfair.

Ultimately, supports come down to farm income and what income farmers have from their farm enterprises. In a no-deal scenario, obviously, we would be concerned about the beef side, in particular, but there could also be a negative impact on the dairy side of things. We believe the €5 billion Brexit adjustment fund needs to directly address losses which may occur. We

hope losses do not occur, but we hope farmers will be properly compensated if they do, because this problem has not been caused by farmers and they should not take the hit for it. We made the point that there was a great deal of support for people further up the supply chain. The reality, however, is that any losses which occur will eventually be passed down to the primary producers and we will take the hit as farmers. Deputy Carthy also asked me about the growth in agrifood exports of 63% since 2010. In 2018, exports of food to the UK amounted to €4.8 billion. Growth in exports to the UK will continue, although there will probably be better growth outside it. We cannot, however, understate the importance of the UK market for our farmers, whether they are in the beef, sheep and-or dairy sectors.

Turning to ferry capacity, our deputy president addressed that issue. The Chairman asked us about our contact with the shipping companies. We have been in constant contact with the live exporters in that regard. The major concern is that if there are delays across the land bridge, lorries will go direct to the Continent and then there is the question of whether that will impact on capacity during the key period from February to late April. We simply do not know the answer to that now, given all the uncertainty. Everybody hopes a deal will be done, but this issue will have to be watched carefully. The new year will be a critical time for our trade in our calves. There is a market for them and we can supply good quality calves to that market.

Regarding Senator Paul Daly's point concerning existing free trade agreements, there are issues with them. Hopefully, a Brexit deal will be concluded. In that context, we will have to return to the issue of certification of products, because there is a long-standing relationship between North and South in respect of processing, etc., and it is important that we retain that relationship. Our deputy president has strong views on that matter.

Chairman: I thank the witnesses. Would Mr. Phelan like to comment?

Mr. Edmond Phelan: I will start with the calves. If there are going to be queues of a day or two days at Dover, then there is no way that calves can go that way. If there is rough weather during the spring, I would be worried about whether the transport of calves would be allowed to go across the Bay of Biscay. I do not know if that would be possible, and it is something which will have to be watched. It is vital, however, that the calves get out of the country, because there will be a knock-on effect on the beef industry if too many of them stay here.

Moving on to sheep, in one sense this situation might actually help sheep farmers in the short term, because up to 450,000 to 500,000 lambs from Northern Ireland and the UK come into Ireland and are slaughtered here every year. That puts pressure on the price that Irish farmers get. Much of the lamb produced in the UK goes to France now. There may be positive aspects in that area, therefore. The major areas for us, however, are beef and dairy, and they are going to take a hit. Looking at the overall tariffs being discussed, the estimate for the food industry is €1.35 billion or something in that ballpark. That is more than the total amount that comes into the country in respect of the single farm payment, so that puts things into perspective regarding how much farmers will be affected on the ground. We know all these difficulties will end up being passed back to the primary producers. Mr. Punch will now deal with the figures on the more technical side of this situation.

Mr. Eddie Punch: There are also many known unknowns in this area. We can calculate what the value of tariffs will be. In reality, however, a negotiation must happen between processors and purchasers of beef in the UK. There will also be impacts in respect of the currency exchange rate movements. Much damage was done to the beef sector in the past four years, because as soon as the Brexit vote went through the value of sterling dropped significantly and

it has never recovered. We hope that that aspect has been built into the price, but if the ongoing talks end badly, there could be further weakening of sterling and could add more damage to the saleability of our beef in the UK than just tariffs. We must also consider the impact of economic negativity, combined with potentially dearer beef for UK consumers. That is assuming there would be a hit to UK consumers and that would impact on the overall consumption of Irish beef in the UK market.

It is hard, therefore, for anybody to forecast the exact outcome. It is clear, though, that this is not just a matter of tariffs. It also involves potential exchange rate movements, impacts on consumption in the UK and logistics costs, whether in respect of delays at ports or additional customs clearance bureaucracy. All of that adds to costs. One thing we are concerned about even if a deal is got across the line, which we still hope will happen, is that it is now looking like it is late in the day to have this situation sorted out for January. We might, therefore, have a temporary period of chaos until the deal kicks in. That may imply trading on WTO terms at the start of the new year, but we do not know yet. There is also a problem in respect of the European Parliament having to ratify a deal. Therefore, there is a great deal of potential for uncertainty.

We think significant efforts have been made to get product across to the UK before the end of the year. That has perhaps helped the trade for beef in marts, and we have seen a great deal of purchasing of beef cattle from Northern Ireland, in particular. There is a slight concern, however, that that development will have an impact on the price of beef early in the new year. I refer to the stocking up of products in the UK in anticipation of disruption early in the new year. All those things point to many difficulties for farmers early in 2021. The other side of that equation, though, is that some farmers I know of have slowed down finishing cattle because they do not want to have too many cattle for beef markets in January. That is leading to a problem with the BEAM scheme as well, because we are going that bit slower with finishing cattle. We had a meeting with officials from the Department yesterday regarding the BEAM scheme 5% reduction, which we see as being increasingly problematic in the context of everything going on with Covid and Brexit.

Chairman: I thank Mr. Punch. I call Senator Lombard.

Senator Tim Lombard: I thank the witnesses for their contributions so far, which have been helpful. The real issue is that the next six months, at least, are going to be traumatic. We will have issues with confidence in the market and in the farming community itself. How those problems eventually collide will be a major issue. Returning to the issue of calf exports, how the land bridge is going to work in that regard will be a major issue as well. We must ensure these animals get to the Continent in an appropriate timeline. It is debatable, to say the least, whether we can guarantee that in the current environment.

Regarding the calf exporters, this committee did a report on this topic several years ago. We were hoping the calf exporters would have one organisation that they would all work through, but that does not seem to have happened. We must look again at having one organisation which could talk about these issues, particularly when one takes into consideration what will happen in the next six months. I would like to hear the witnesses' opinions on whether we could have a more streamlined approach. Could the Department, the calf exporters and organisations like the ICOSA and ICMSA work together for the benefit of Irish agriculture in the next six months regarding the exportation of calves? That kind of forum is very important and we need to try to push it if we possibly can.

What interaction have agrifood companies had in the past four years to try to ensure ac-

cess to those beneficial markets? China has been a huge issue. In many ways we were hoping that would be one of our biggest markets but, unfortunately, it has fallen away in the past six months. Where do we need to drive the market now? Where is the game going to be for Bord Bia in the next six months to drive the product we need to get out of this country?

Mr. Edmond Phelan: With the markets, what has happened over the past number of years is that output has increased but prices have not. Be it beef or dairy, if people are not getting bigger they are losing out. This is being seen more on the dairy side, so I will leave it to the ICMSA to talk about that. Farmers are going up to 200 or 400 cows. Where does it stop? Are we going to go to a New Zealand scenario? That has knock-on effects for beef as we have overproduction and that is why prices are very poor for beef at the moment.

The calf issue is, again, more of a question for the ICMSA but it does affect us. I do not know the answer. The Wicklow Calf Company has said that flying the calves out is just not an option. The cost is out of the question so that will not work. It will have to be some ferry, whether direct to the Continent or through the land bridge. I do not know. As was said earlier, we need an awful lot more ferries because a ferry can do two trips a day to Wales but it takes two days for one trip to France so we would need four times the ferry capacity to haul the same amount of goods.

Mr. Eddie Punch: We have made some gains in markets like Germany, for example, where we have gone from 17,000 to 28,000 tonnes of exports since the Brexit vote. We have also increased our market significantly in the Netherlands and Scandinavia. There is some potential to improve our exports to continental Europe and we should not ignore that. I am not saying we are doing that but there is still more potential to grow there. We are still talking about a lot of beef. The Philippines has emerged as a surprising improvement in our markets. The demand for beef in China is going very well. We talked to some Brazilian exporters who are seeing somewhat of a boom in exporting Brazilian beef to China at the moment and there is a slight hope that they will focus on China and keep away from Europe. There is clearly still a lot of opportunity in China and we have to work very hard with the Chinese to get over the temporary little setback in terms of the atypical case. It is still a big challenge. We have gone from exports of just over 500,000 tonnes of beef in 2015 to 560,000 in 2019. That is a significant increase in beef and we are not going to have less beef in the next few years. This is a big challenge for us.

Mr. Lorcan McCabe: As Mr. Phelan alluded to, it is just not feasible to export calves by plane. The farmer would get nothing for them or might even be faced with a bill. Calves do not go by the land bridge because it takes too long. It is crucial is that there is capacity on the ferries and we see a problem coming there. As the land bridge is going to be a problem, hundreds more trucks will be heading for the ferries in Ireland, thereby putting the exporters of calves at a disadvantage. They have a good business going, as our general secretary said, for February, March and April but the shippers may not listen to that because other people can have 12-month capacity. While I welcome the trials for exporting calves via airplane, it is just too expensive.

As regards where we see markets in the future, China has to be looked at very closely and Bord Bia is working very hard on that. Even since Covid came in mid-summer, China has been looking at milk, milk products, yoghurts and cheeses in order to build immunity and strength. Bord Bia is working very hard on the whole east, including China, Malaysia and Singapore. Two weeks ago the Minister, Deputy McConalogue, announced the sending away of the application for protected geographical indication, PGI, for grass-fed beef from Ireland. That is a huge step in the right direction. We are the only country in Europe that does that and very few countries in the world have that status. Our general secretary, Mr. Enright, may want to add to

that.

Mr. John Enright: I will make a brief comment. The UK market is one of the highest priced markets for beef in the world and it is just across the Irish Sea from us so there is no market that will replace it for our beef. That is the reality of the situation. In a no-deal Brexit scenario we would be in a very difficult situation. That is why it is hugely important that a deal is secured in the next few days, because no market will replace the UK market from our perspective.

On the calf exports, our calves are not shipped via the land bridge. They are shipped directly to Cherbourg and we have lairage facilities in place in Cherbourg. The concern is that, if there are long delays on the land bridge, many of those lorries will move to the direct routes. It is hugely important that that issue is addressed.

As regards the live exporters, we have good relationships and work well with the people involved in that industry. They have invested heavily in their facilities and I agree with Senator Lombard that it would be helpful if there was one organisation representing them.

Deputy Michael Collins: I have a few questions. Most things have been touched on already so I do not want to go back over them again. A fund has been set aside to deal with whatever kind of Brexit, deal or no deal, is put in place. I welcome the ICSA and the ICMSA here today and thank them for being with us. Have they any idea as to how this fund will be distributed? The witnesses mentioned that it would be extremely expensive getting calves flown out of the country. What kind of research has been done on that and is it a possibility that that may be a route of getting our calves out of this country? The Central Bank recently stated recently that a bad Brexit could well lead to the loss of a third of small farmers. Has the Government put in place some safeguards in that regard? Have farm organisations met with the banks regarding farmers who have issues with borrowings? I hope it will not be the same situation as that of the pub sector. Many publicans had the moratorium on payments and have gone back to negotiating because their businesses are not open but they are being told to forget it and that there are no more deals on the table. If that is the case for the farmers after this it will be detrimental. What interactions have the witnesses had with the banks? What have the banks been coming back to them with for farmers who may fall into difficulties with payments?

Deputy Michael Fitzmaurice: I thank the witnesses for their submissions. I have a few questions for both organisations. The two organisations have been in at the task force. When they were working on the task force, was Northern Ireland being brought in to protected geographical indication status discussed? What is in return for that? Do the organisations have any agreement? Did they look for the nomad cattle rule to be abolished if Northern Ireland wants to come in with us to seek PGI status? Did they secure that when they agreed to PGI status? Was the logo that Bord Bia is using for PGI discussed? Was it agreed by the farming organisations before the committee?

My final question relates to calves. It is my understanding that a large buyer in Holland may no longer be functioning. The buyer was purchasing up to 4,000 calves per week. How will that problem be solved? I have talked to calf exporters. There was talk here last week about Spain. There appears to be problems getting calves to Spain. Where do the organisations see the outlets? If there are no outlets, what are we going to do? Are we going to flood the market here? What are the solutions?

Chairman: We will let the ICMSA go first this time.

Mr. John Enright: Deputy Collins asked how the fund will be distributed. From our perspective, it depends on where the losses are suffered. At this stage, we do not know where that is. Certainly, we believe if there are losses at farm level, they will have to be directed at the farmers who suffered the losses.

We were asked about flying calves out of Ireland. Our deputy president has covered that point. Certainly, work is ongoing in that respect but the major concern with that option is the economics of it, which are questionable at present.

The Deputy asked about the banks. We have met the banks on several occasions recently. We have members who are in financial difficulty. There are practices in operation that we are not happy with, to be honest, on behalf of vulture funds, etc. Officials at branch level are saying to us that they have not seen too much stress as a result of Brexit or Covid-19. However, if we have a no-deal Brexit it could become a bigger issue quickly.

Deputy Fitzmaurice asked about calves. The reality is that buyers of Irish calves are in Netherlands and Spain. Over the years, the figures have gone up and down but there has always been a market. Covid-19 is an issue. Like everyone else, we hope the vaccine will work and that food service will get back in action as soon as possible. The reality is that the buyers of Irish calves this year will be in Netherlands and Spain.

The Deputy also asked about PGI. Our president and the chairperson of our livestock committee represent us on that matter. I do not have the details but I can come back to the him on those issues, if needs be.

Mr. Eddie Punch: The issue of nomad cattle is a supermarket problem. I believe it is an anti-competitive practice but it is not a regulatory problem. EU regulations on labelling require country of origin on every specific portion of beef. Traditionally, the view of UK supermarkets has been that to use a label stating “Born in Ireland, finished in UK” would be too complex for supermarket consumers to understand. They have simply refused to do it. The interesting thing is that the Italian consumer, apparently, is more intelligent than the British consumer because they are able to understand it. In our view, it is an anti-competitive practice in the UK imposed by supermarkets. There is a question mark in our view about whether processors have been too willing to accept that particular answer at UK level.

I will go back to the question of PGI and what was discussed at the beef task force. Considerable time was spent fighting to ensure the PGI application and the suckler brand application were controlled by a monitoring committee with majority farmer representation. It was agreed in the discussions that the monitoring committee would have the final say on how the suckler brand and PGI would be organised. Obviously, at the moment there is no PGI status, but as soon as it is agreed the monitoring committees have the final say on the use of these.

There is an element of a grey area around this. Traditionally, PGI status has been sought by co-operatives or groups of farmers or primary producers. For example, Connemara hill lamb was secured by a co-operative of primary producers in Connemara. This is tricky because Bord Bia is the applicant. We want the monitoring group to have a complete say over it. However, nothing is written in stone. There is agreement that the monitoring committee for PGI status will be majority farmer represented. Until such time as the application is passed at EU level, the PGI monitoring committee will not be up and running. That is all we can say about that. In private discussions with the Department and Bord Bia we have spent considerable time insisting that the use of PGI status had to be within the control of the monitoring group. That means

the use of the logo.

There are difficulties with PGI. The EU regulations state that PGI status is available to any primary producer that meets the standard set out in the PGI document. This is difficult. Let us suppose some farmers set up a given PGI status and then ICMSA sets up PGI status. Then, let us suppose another group of farmers meet the standard set out in the PGI status. We would have difficulty in saying they cannot use it. That is the EU regulation aspect of it. If a producer meets all the standards set out under the PGI, it is not permitted, as we understand it, for a group or co-operative of farmers to claim it is theirs alone. That is why there are challenges in respect of a national PGI status. Such difficulties might not arise if there was a localised PGI status. For example, it is obvious that a farmer in Waterford cannot benefit from a PGI called Connemara hill lamb. However, when there is a national PGI, there are questions marks about restricting the its use. That will not be solved even after the PGI is granted. We will have to see what the EU says about it first.

Mr. Lorcan McCabe: Can I come in?

Chairman: I will let Mr. McCabe in shortly.

Mr. Edmond Phelan: I will also comment on the nomad issue. I have always been of the opinion that it suits the processor very much. The same processors seem to process the majority of stock in the UK and here. It suits them to keep Irish cattle prisoners in Ireland. They can keep the price down. They have many ways of doing that with their own feedlots and so on. They control the market completely. Recently, we have seen factory-fit cattle being sold in the marts. They had no bother paying the equivalent of €4.20 or €4.30 per kilogram. Yet, they are only prepared to give €3.70 to the farmer directly. It is anti-competitive, as Mr. Punch said. However, I do not know what can be done about it. Funnily enough, we do not say there is such a thing as nomad sheep despite the number coming the other way. The committee knows what I am getting at.

Mr. Lorcan McCabe: I will just add a little on the PGI. There obviously are traits to Irish farming that show in our grass-fed beef, our Bord Bia exports and in the sale of Kerrygold all over the world. It has worked extremely well for the latter product. Kerrygold brand foodstuffs are worth twice as much as those of competitors in the USA and New York. I hope this status will work as well for beef, although it probably will not. The PGI will, however, apply to 70% of all livestock. We are all in this together. That is how I look at it.

In case it is not raised later, I would like the opportunity to address the area of milk processing, including the logistics of cross-border milk processing. May I do that now or later on?

Chairman: We are coming to the end of the time available so if Mr. McCabe wants to say something, he should do so now.

Mr. Lorcan McCabe: Some 30% of milk produced in Northern Ireland comes across the Border because there are not sufficient facilities to process it in the North. There are three co-ops or milk processors in Ireland which need that milk to run efficient businesses. As the committee will have seen in our submission, there are 32,000 lorry crossings of the Border each year. That issue has to be addressed. We cannot have the segregation of milk. It just will not happen. Even if everything goes right with the Brexit deal, this will be a very big problem. As I have said, we have seen a perfect marriage between milk from Northern Ireland and milk from Southern Ireland. Farms in the North produce milk throughout the winter. This keeps our

facilities going winter and summer which puts money in my pocket and the pockets of every other farmer, South and North. I know the co-ops are doing everything they can in Westminster but the UK Government needs to know this will hurt its farmers even more than it will hurt farmers south of the Border. I will not go into more detail; the committee knows what I am talking about.

Chairman: I thank both organisations for attending. The next couple of weeks will be worrying for us, as will the first months of spring as we finally see how Brexit will play out. The agri-food sector is by far the most exposed. Some 90% of the potential tariffs of €1.6 billion that will apply under World Trade Organization rules will fall on the agri-food sector. We hope a trade deal will be agreed between London and Brussels in the coming days that will allow us to trade with the UK. I thank the witnesses for their contributions today. We will now suspend for five minutes while our next witnesses come in.

Sitting suspended at 4.55 p.m. and resumed at 5 p.m.

Chairman: I welcome representatives from Bord Bia, Ms Tara McCarthy, CEO, Mr. Pdraig Brennan, director, meat, food and beverage, and Mr. Shane Hamill, manager, strategic projects, who is joining us remotely.

I also welcome representatives from the Irish Grain and Feed Association, IGFA, who are joining the committee remotely, Mr. Bobby Roche, president, and Mr. Joe Connolly, IGFA member and CEO of Connolly's Red Mills.

We received witnesses' opening statements which have been circulated to members. As we are limited in time due to the Covid-19 safety restrictions, the committee has agreed that the opening statements will be taken as read so we can use the full session for questions and answers.

Before we begin, I wish to give an important notice on parliamentary privilege. Witnesses are protected by absolute privilege in respect of the evidence they give to the committee. However, if they are directed by the committee to cease giving evidence on a particular matter and they continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of the proceedings is to be given. They should respect the parliamentary practice to the effect that, where possible, they should not criticise nor make charges against any person, or entity by name or in such a way as to make him, her or it identifiable.

Witnesses participating in the committee meeting from a location outside the parliamentary precincts should note that the constitutional protection afforded to those participating within the parliamentary precincts does not extend to them. No clear guidance can be given as to whether, or the extent to which, this participation is covered by absolute privilege of a statutory nature.

There is a huge onus on Bord Bia as the agri-food industry's marketing body. We find our industry at a crossroads that we never envisaged before where our access to our main market is under threat. There will be many problems on 1 January whether there is a deal or not. Many of our processors are extremely concerned. We heard from the ICSA and ICSMA earlier, as well as from other stakeholders last week. Many issues, such as the logistics of 32,000 lorries crossing the Border every year, will arise from 1 January. Will Bord Bia elaborate on the preparations it has made to deal with the problems which will not arise until we are in an actual Brexit situation?

Senator Paul Daly: I welcome the representatives from the IGFA and Bord Bia and thank them for their submissions.

Last week, the Irish Co-operative Organisation Society, ICOS, brought to our attention the issue of milk which comes across the Border and leaves the island as an Irish product. It was highlighted last week that, under existing EU free trade arrangements, such products could be identified as a third country product which would have major implications for dairy exports. Is Bord Bia aware of this? Has it any work done on this area? Has it explored the different existing free trade agreements with which this could be an issue?

I was a bit taken aback when I read the IGFA's submission. While I was aware of the amount of feedstuff and grain coming into the country, I did not realise how much came from the UK. Has the IGFA looked at any contingency plans with regard to how we could turn this into a positive and produce or source any of these products ourselves if importation becomes an issue?

If it works out in our favour and the materials can still come in, there was much talk in previous sessions that, if this is seen on world markets as a bad deal for the UK, sterling might drop in value. While most of the organisations we have heard from are exporters to the UK, the IGFA is an importer. Could there be a positive there if sterling weakens? We all know the consequences of weak sterling for our exporters. Could there be a silver lining in the cloud in such a scenario?

Ms Tara McCarthy: I thank the committee for giving us the opportunity to attend today and discuss one of the greatest challenges that our food industry has ever faced. As can be seen in our submission, we have been rigorously focused on that challenge since it was presented, and even before that. We have been trying to look through all the different manifestations and challenges of the known knowns or the unknown knowns to use those unwelcome words. The one consistent we have looked at is that we control what we can control. That is where we have been dedicating all of our focus, namely, on what we can control. There are so many elements that we cannot control into which we could put significant resources but still be none the wiser from it.

We are well aware of the logistics of the free trade agreements. We have been liaising with Dairy Industry Ireland and other stakeholders on this. We handed that to the Department of Agriculture, Food and the Marine which negotiates in Europe with regard to trade agreements. We do not have a presence in Brussels so we have not got directly involved in that issue. We have looked, however, at the size of prize and the issue the industry itself is facing.

Mr. Bobby Roche: I thank the committee for giving the IGFA the opportunity to attend the meeting. The industry considers all aspects of Brexit as a whole. We work closely with and are an important part of the link in the chain of the food industry.

On the raw material situation, the peak cost of a basic 15% dairy diet, which comprises barley, wheat, wheat pulp, double-zero rape soya, is €233 per tonne. Once we go post Brexit, that cost will increase, due to tariffs on the UK side, to €307 per tonne, a 30% increase in the actual feed input costs to the farmer. This in itself is a huge cost.

We feel it is imperative that the €5 billion Brexit adjustment fund is used and that the Government gives much support to the Irish farmer. The industry feels that there is going to be serious cash flow issues this year and in years to come.

Deputy Matt Carthy: I thank the witnesses for attending the committee.

I thank the IGFA for its substantial briefing in which it outlined the challenges faced by Connolly's Red Mills in real and stark terms. In that regard, is the IGFA content that the supports that will be required by the agricultural sector, particularly in the event of a no-deal Brexit, are in place or can be put in place for that scenario?

I want to touch on the question that Senator Paul Daly mentioned, namely, the level of imports in the sector. I understood and everybody appreciated that there was a need for a large level of importation of feed material and additive requirements. However, 50% does not compare well with the 30% that Irish farmer's counterparts in France and Germany require and the 40% that UK farmers import. Does the IGFA have a view on whether it would be prudent for us to adopt a strategy of increasing the level of production in this country to try to mitigate some of those challenges?

The IGFA makes a number of sensible recommendations, especially about the need for a singular Government point of contact. It has been said that the Department's material, technical, bilateral and trilateral meetings have publicly available agendas, minutes and sector-specific briefings. Will the witnesses from IGFA outline the specific importance and benefits of these?

Bord Bia's opening statement refers to European-specific research that was launched in October, looking at British exports to the European market should it become a third country. That would seem like a sensible approach. My immediate question is why was it only in October of this year that this research was launched? That should have been done a long time ago as part of preparations.

The importance of labelling and all that comes with that will be crucial in the post-Brexit scenario. Will Bord Bia give us an update on the protected geographical indication, PGI, statuses? I have been speaking to a number of people in Europe who I know would have an interest in this. In terms of PGIs bringing added value, the narrower the scope the more value they bring to those who fall within them. A balance always has to be struck, however, because clearly everybody would want to be part of them, but that would bring no additional benefit. Is Bord Bia confident that the balance is right in the PGI statuses that are being proposed? Will the farmers who fall within it in terms of their product see a return in terms of a price increase? Outside of that, a PGI will mean nothing to them, except additional bureaucracy perhaps. Is Bord Bia confident that the balance is right?

We have just gone through four years in Europe of setting out the importance of the all-Ireland agriculture market. We managed to insert that in the heart of the Brexit negotiations and we were able to protect ourselves because of that. Yet it appears to me that the obstacles to the PGI status being all-Ireland are technical. I have gone through some of the revisions that have been set out and it appears that the internal IT system, the internal audit and the issues around the companies that operate as nominating agents are technical issues. Will there be a drive to address those as speedily as possible so that we do not have a situation in which, after all the issues we have raised and the capital we have expended in setting out the importance of having an all-Ireland sector, the first thing we would do is submit a PGI status that eliminates the all-Ireland element?

Bord Bia referenced horticultural companies as being focused on their existing markets. That is true, but having dealt with a number of people in that sector, they are also particularly concerned about the availability of peat products. Has Bord Bia been engaging with those com-

panies and with the Government, or both, to try to resolve the challenges those companies have, considering that Brexit will clearly be an additional burden for them to face?

Mr. Bobby Roche: On Deputy Carthy's question on raw materials, Ireland has a limited availability of raw materials for the industry we have. We would love to see a situation in which there was a lot more native grain available to us, and if it did become available, we would use it. However, we have to import corn and corn by-products. We have to import different sources of proteins as well as products such as molasses. This enables us to get a cost effective animal feed for the farmer. Ireland being an island restricts our access to and the availability of raw materials, and this is something that we have to live with.

One of the issues that was mentioned in the previous session was that of ports. It will be interesting to see the development of the situation with raw materials that originate in the UK that are landed in either Derry or Belfast. That feed is designated for mills in the South, so the question is if tariffs will be put on that because it is landed in Northern Ireland, even though it will be processed in the Republic. We also need to see what will happen with risk management systems being developed for ports.

Ms Tara McCarthy: I thank Deputy Carthy for his questions. I will start with the question on horticulture. Our team has been engaged with the horticulture industry on that matter and we can follow up with the Deputy on any detail specific to that. It is clearly a huge challenge for the horticulture industry and it is looking to map its way through it. There is no obvious solution from the perspective of a replacement product, and there is a quality challenge if peat has to be imported or if a substitute for it must be found. A paper has been created on that with the industry and this has been shared with the Department of Agriculture, Food and the Marine. This paper has been discussed by our board and at the horticulture forum. We are looking, in partnership with the industry, to try to navigate towards the solutions to that. However, I would not underestimate the challenge of that either.

That was a fair question on the European-specific exports and why that research is only being launched now. We have been doing lots of other things and we are being very transparent on what we do, when we do it and why we are doing it. The first piece of work we have been focusing on, especially at the prepared foods industry, has been to look at its capacity first and its prioritisation. We have looked at a significant lead generation opportunity for those industries as well and the Deputy would have seen detail of that in the Committee of Public Accounts. Then we were looking at the broader picture to see if we were missing a trick. This was the further sense check we did with industry to try to navigate who exactly is engaging with the British product. As it is becoming more and more obvious that the negative scenario may be a more evident solution, we are looking to see if there is any stone we can turn within that. In the past two sessions, Senator Paul Daly has been consistently asking us to find the opportunity in Brexit as much as the negativity, and that is exactly what that research is about. The timing of it is related to the resources available to us but we would always challenge ourselves to do more faster, bigger and better. That is why we are transparent on when we do everything.

I will bring Mr. Brennan in on the PGIs.

Mr. Pdraig Brennan: Deputy Carthy's question was about the balance in the PGI application and the potential, if we are to be successful in the application, for any PGI to extract a premium from the marketplace. We were challenged from the outset on what that balance needed to look like. On the one hand, we needed an application that would hopefully be robust enough to get beyond the European Commission in its criteria and in its assessment of it. At the

same time, given the challenges the beef sector is facing in Ireland, particularly at farm level, we sought to ensure that the maximum number of farms could benefit from any PGI if we were to be successful. That was the balance we were trying to strike. There were many conversations through the beef task force meetings over the past number of months as we tried to finalise that. We got consensus on that at the October meeting of the beef task force. There was general agreement that the application was robust and ready to be put forward to Brussels.

When we look across Europe in terms of premia for protected geographical indication, PGI, products, it varies a little by market and by product but if we take examples, we are looking at products carrying a premium typically of between 5% and 20%. Some of them are on a much smaller scale in terms of the level of output, as the Deputy rightly highlighted, but there is a premium position for a product that carries a PGI label. In terms of the way we are looking at it, if we were lucky enough to be successful with the PGI application for Irish grass-fed beef it would allow us build a much stronger position for Irish beef than we were able to do heretofore in that we can call out the Irishness in a much more open way and build a brand around Irish grass-fed beef. We believe that gives us the opportunity to deliver a premium over time. It may not be overnight but over time we believe it would have the potential to do that.

In terms of the Deputy's second question around the technical IT systems, the other element of the application was, and based on engagements we had with the European Commission throughout the 20-month process or whatever it was, that we had to have a robust verification system in place. In terms of the Irish grass-fed beef PGI application, therefore, we have been anxious to be able to demonstrate that to strengthen the application as much as possible.

In terms of the technical IT systems in Northern Ireland, we have had ongoing engagements with our counterparts in Northern Ireland over the past number of months sharing how we approach it and the infrastructure that we have in place. The application that has been submitted to Brussels contains the application itself and an accompanying cover letter discusses the interest and the approach in terms of Northern Ireland being part of that over a period of time. It is about trying to strike that balance on that element of it also.

Deputy Michael Fitzmaurice: I thank the witnesses for coming before the committee. This might be outside what people are talking about in terms of grain for cattle but my understanding is that most of our grain for bakeries is imported. What is the position on that? I am aware that some of it comes from Canada. I believe it is mixed in England with some of the British grain.

I have numerous questions for the Bord Bia witnesses. They might keep a note of them because I will be ticking them off as they answer them. In Northern Ireland last year, the factories were able to kill Irish cattle and they were certified by Bord Bia. Are the witnesses aware of any plans that processors in Northern Ireland will take Irish cattle or have they talked about getting rid of this nomad situation? They Northern Ireland processors have basically said they want to be part of this PGI status. Is there any deal being done that will help us in that way?

The Brexit process has been going on for five years. What percentage of the beef going to England have the witnesses moved to other parts of the world away from the British market? How many trade missions have the witnesses been on in the past five years? How many live exporters did they bring with them on those missions?

There was great talk about the markets in China. How much money has Bord Bia spent on trying to open markets in China? What is the number of exports to China?

Will the witnesses' PGI be a premium price? I want a "yes" or "no" answer. Will the price be much higher if one is producing grass-fed beef? If we are putting in a PGI application that includes, say, 1.8 tonnes of grain per animal, do the witnesses believe that will be classed as grass-fed beef? When do they envisage the suckler grass-fed PGI application to be sent to Europe for the sucker herd? Will that be a separate entity from what we are looking at currently?

With regard to our exports to other countries, I understand that one of the biggest buyers in Holland may not be buying this year. Where do the witnesses envisage all our calves will go?

With regard to horticulture, are the witnesses aware that there is peat coming into the country? Have they made Government circles aware that that is like bringing water to the well in that we are stopping peat production here for the horticulture sector and leaving them, through planning processes and so on, in a difficult situation while at the same time we are importing peat?

With regard to the logo, will the Bord Bia grass-fed logo be used in all beef brands by processors? Who will own that logo? I hear that was not discussed. Was it discussed at the task force when an application was launched?

Ms Tara McCarthy: I hope I have captured all of Deputy Fitzmaurice's questions.

Deputy Michael Fitzmaurice: I will remind Ms McCarthy.

Ms Tara McCarthy: That is what I am hoping he will do if I miss something. I will start with the question on Northern Ireland. To be clear, we have never had a situation where Bord Bia quality assured beef was slaughtered in Northern Ireland. The Deputy implied in his question that we had verified slaughtered-----

Deputy Michael Fitzmaurice: Was clearance given for slaughtering cattle in Northern Ireland last year?

Ms Tara McCarthy: No, not by Bord Bia.

Deputy Michael Fitzmaurice: Clearance was not given to any factory.

Ms Tara McCarthy: Not by Bord Bia, no.

With regard to the trade missions, I can walk the Deputy through the list of trade missions we have gone on and then bring him up-to-date as to which of them were to do with live exports.

Deputy Michael Fitzmaurice: The number of live exports is all I want.

Ms Tara McCarthy: In 2018, we went on a trade mission to Turkey for live exports. Also in 2020, we would have gone to Algeria and Egypt for live exports. We also went to Holland in 2019. On each of those occasions we were with the Department and accompanied by live exporters. There is a live exporters association. There seemed to have been some confusion in the previous session as to the existence of an association for live exporters. That was established over the past year. We have always brought that association with us on trade missions, as well as other exporters, but where we were limited in terms of numbers we would have brought and gone through the association.

Deputy Michael Fitzmaurice: That is three trade missions in the past three or four years.

Ms Tara McCarthy: Exactly.

Deputy Michael Fitzmaurice: How many would we have had for slaughtering beef? I am referring to dead cattle.

Ms Tara McCarthy: For the other trade missions we would have taken a very strong dairy agenda to them. We would then do a joint trade mission of dairy and beef to markets such as China. Dairy and beef would be on our agenda almost everywhere we go, whether it is on a beef access issue or whatever. We were in Korea and Singapore. We would have been in Japan where beef would have been on the agenda, as would access for lamb and the promotion of pigmeat. In terms of the trade missions we undertook on live exports, the Turkey trade mission was a dedicated live export. We also did dairy on the Algeria and Egypt trade mission. When we went to the Netherlands we brought the live exporters with us but we would have also had conversations about it while there. I will have to revert to the Deputy with the detail on the money we have spent in China. We spend funds on promotion, etc. I do not know whether Mr. Brennan has a figure in mind for that. In China, we carry out many EU-funded campaigns that have a smaller contribution from the Exchequer and a larger contribution from the EU. That is how we originally kicked off our campaigns in China. It was 80% EU funded and 20% Ireland funded. I will have to revert to the Deputy with the total figure we have dedicated.

Deputy Michael Fitzmaurice: The delegates can come back to me on that and on the tonnage.

Ms Tara McCarthy: We can give the Deputy tonnage figures straight away.

Mr. Pdraig Brennan: In 2019, about 12,000 tonnes of Irish beef went to China. So far this year, just under 7,000 tonnes went to China. Considering the year we have had, with the atypical BSE case and the suspension of trade to the Chinese market-----

Chairman: Just beef?

Mr. Pdraig Brennan: Just beef. Had circumstances been different, our figure for China for the first five months of the year would have been 60% higher.

Chairman: Have pork exports to China increased?

Mr. Pdraig Brennan: They are up about 7% in the year to date.

Chairman: If the answers to Deputy Fitzmaurice's questions are sent to the secretariat, we will circulate them among all members of the committee.

Deputy Michael Fitzmaurice: Regarding the English market for Irish beef, what have we moved in the past four or five years?

Mr. Pdraig Brennan: In 2015, roughly 53% of all our beef exports went to the UK market. This year, we are on track to have about 45% or 46%.

Deputy Michael Fitzmaurice: So the gain over five years has been only 6% or 7%.

Mr. Pdraig Brennan: There are a couple of reasons for that. First, the UK market for Irish beef is still one of the highest paying. To get the best possible return on the beef produced, the UK is really important to us, and that is why we still have approximately 250,000 tonnes of beef going to that market. At the same time, we have grown the volumes exported to markets such as the German, Italian, Scandinavian and Swiss markets. Therefore, there has been some progress made. At any time, it is a matter of determining whether we can, in a different market, get a

better return than the return from the UK. In some cases, the answer has been that we could. In other cases, it has been that we could not. That is why the UK-----

Deputy Michael Fitzmaurice: It was said here just a week ago by the processors that most of the beef going to the UK is mince. Is that correct? Is the mince market the highest paying?

Mr. Pdraig Brennan: The animal has a forequarter and hindquarter and one is trying to get the best return for the full carcass. Over half of the beef sold through supermarkets in the UK is now minced. That is what the market is looking for. That does not mean the market does not return a relatively good price for that product. Our steak cuts are going to the likes of the German and Italian markets. It is about different parts of the animal going to different markets. Given the parts of the animal going to the UK, the market is a high-priced market.

Deputy Michael Fitzmaurice: What about the grass-fed logo?

Mr. Pdraig Brennan: Behind the grass-fed logo, we have developed a grass-fed standard over the past year and a half or so. The grass-fed standard has now been approved by the Irish National Accreditation Board. It works on the basis that at least 90% of the feed consumed by the animal in its lifetime needs to be grass or grass-based forage. That is the minimum bar. In reality, based on the data coming through, the amount consumed is probably closer to 95%. When developing the standard, we examined a number of our key export markets to determine what level of grass feeding would be acceptable to consumers. We concluded that a level anywhere close to 90% was deemed to be really strong.

The reason we went down the route of having a grass-fed standard in the first place was that, in terms of areas in which consumers are interested, the grass-fed message is one of the stronger ones because it implies a natural production system and a higher-welfare production system. These are all strengths. Now that we have a verified grass-fed standard in place, it allows us to robustly communicate that and demonstrate it in the marketplace.

Deputy Michael Fitzmaurice: Am I incorrect that up to 1.8 tonnes of meal can be fed without losing grass-fed status?

Mr. Pdraig Brennan: It will depend on the system and the animal. What we are saying regarding the standard is that a minimum of 90% grass or grass-fed forage must be fed to the animal in its lifetime. The tonnage will vary depending on whether it is a two-year-old steer or a 20-month-old heifer.

Deputy Michael Fitzmaurice: What about the suckler PGI?

Mr. Pdraig Brennan: One of the results from the last beef task force meeting was that we would work according to a three-year programme to develop a suckler brand for Irish suckler beef. In this regard, an oversight group had its first meeting this week. Farmers make up the majority of its representatives. Over the coming months, we will be starting to build up the brand proposition and identify the concepts behind it and messages we will be delivering. Once this is done, as we approach March or April of next year, we will go about launching the brand in the European marketplace. The brand is for Irish suckler beef. It is a stand-alone brand, as it stands. If we are to be successful with a PGI, we will ascertain how brands can be integrated together over a period.

Deputy Michael Fitzmaurice: What about price? Is it part of the PGI we are opting for? Will the price be higher than normal?

Mr. Pdraig Brennan: Yes. From day one, the only reason we have been opting for it has been to try to get a better price.

Deputy Michael Fitzmaurice: I thank Mr. Brennan.

Mr. Bobby Roche: We do not have any information on Deputy Fitzmaurice's question on bread and flour from Canada because flour is not a raw material used in animal feed. We will try to obtain information, however, and revert to the committee.

Senator Tim Lombard: I welcome everyone to this forum. I have a few questions. I will start with animal feed and the preparation at the ports. Reference was made to ports in the North. Are the delegates happy with the work being done at the ports in the South in light of Brexit? Is there capacity to avoid the traffic delays and to ensure it will be possible to get in and out of ports? Regarding ports such as those in Ringaskiddy and Foynes, and even Dublin Port, are the delegates happy that it will be possible to get in and out appropriately with raw materials? Could I have some clarity on this?

Regarding Brexit and the involvement of Bord Bia, I wish to ask about the Brexit barometer published over the past three years, if not four. It has been very interesting to see how the industry has been working on Brexit. The delegates might elaborate on that process, including the benefits and pitfalls, and on how they believe industries have been engaging with the process, particularly over the past four years. What is the position of the next phase? Without a shadow of a doubt, there will be some element of disruption. How can we work on getting back into the UK market? The UK is still our nearest neighbour and we will still be dealing with it. How can we put protocols in place to ensure we will have the required interaction?

Calf exports were mentioned by many Deputies and Senators. This will be very topical in the next few weeks and months. I welcome the remark that I may have been wrong in saying there was no calf forum in place. I was under the illusion that one of the major exporters was not involved and believed this comprised a major aspect of the issue arising. Could I have clarity on the membership? I understand one of the most significant calf exporters is outside the loop and that this was creating issues. It might be appropriate to have clarity on who the forum members are.

Regarding the levy on live exports, what is the levy per animal? Where is the money spent in ensuring progress in the live trade? I am aware that the levy has been reduced over the past couple of years, particularly regarding calves. Could I have clarity on it? What is the amount? How much is collected per year? Where exactly is the money spent to promote live exports, particularly of calves?

Ms Tara McCarthy: I will refer to the Brexit barometer first. My colleague Mr. Hamill, who led the Brexit barometer project, will give the detail because he has run it from the beginning. He can bring it to life best.

Mr. Shane Hamill: I thank Senator Lombard. We have been running the Brexit barometer since 2017. We have run three Brexit barometers and in 2020, we launched what we called the "readiness radar", expanding the scope beyond Brexit to Covid-19 to sustainability, talent and all the other matters currently facing the sector. We are confident the Brexit barometer and readiness radar are the most robust and detailed risk diagnostics in respect of Brexit anywhere. These diagnostics are recognised as such and won European risk awards because of the detailed data sets.

Essentially, this allows us to work with a client on a bespoke one-to-one basis and to identify sector-level trends around Brexit preparedness, whether it is on supply chain and logistics, customs, customer relationships, finance, market diversification and so on. As it evolved over the year, client preparedness and confidence on certain Brexit matters have climbed significantly. One example is confidence in supply chain design and partners, and their preparedness has climbed a lot.

We have seen jumps in the gathering of economic operators' registration and identification, EORI, numbers, which is an issue for the sectors outside food and drink. These are needed to do business with a third country. Our clients registered for EORI numbers very early on in 2017 and 2018. We have not seen as much progress as we would have liked in customs compliance, largely because of the distraction around tariffs and companies have missed the fact that customs compliance, which is an inevitability come January, will add cost as well. All these non-tariff barriers are a concern for companies. What we have really focused on this year on the back of the Brexit barometer and readiness radar is looking at the hidden costs of declarations, including transit declarations, health certificates and so on, or the cost of hiring a customs agent.

There are other areas that we have not been able to benchmark year on year because the nature of those questions has changed. We would always have been looking at whether a client has engaged with UK customers on Brexit and outlined issues with respect to delays in the supply chain. This year we have seen a major jump in the commercial scope of those discussions. We have moved away from possible delays in the supply chain to looking at the cost of those non-tariff barriers and tariffs, as well as how this might affect commercial contracts. That is largely how it has evolved over the past four years.

Ms Tara McCarthy: Perhaps I can build one final piece on that. We have used that information to guide the work we do to ensure what we are doing is hitting the pain points of companies. One part we probably have not spoken enough about is that we have also used this as a toolkit to show confidence to the market. It is really important that when we speak to our UK customers, they do not have the impression that Ireland is not prepared and their supply chain may be at risk. We and our team in the UK have been very diligent at making sure that our customers know that if they are looking at anywhere in Europe, the Irish food industry is best prepared for the obvious disruption that may occur. We have used that data set at every meeting we run to give that confidence, and we are hearing back that it is working.

Many retailers may be frightened about having no product on a shelf because it loses money, in effect. We can go in with this robust data set to market Irish food, which is fundamentally what we are trying to do, and we are using it for that purpose as much as we are using it to guide our way through any gaps we perceive or getting signals from the industry about.

Even when we speak about the agri-food industry's readiness etc., it is the responsibility of all of us to ensure we do not create jitters in the market. The market should know the huge level of preparedness, although this does not undermine the huge risks we are facing. We are very conscious of that but we would never leave an occasion go past without saying that our industry has put huge effort into this. We can benchmark against any country around Europe and even the level of preparedness, investment and focus on this topic in the UK has been nowhere near ours.

On exports, it is not a "calf exporters association" but a live exporters association. We have not got involved in who is in or not in it. We put in a request to the industry so that we and the Department of Agriculture, Food and the Marine could engage with the association. We have

not got involved to the level of who is in it or not. We did not think it was within our remit. We wanted to ensure it was representative so there was an efficiency and the committee's report would have suggested it was a requirement for the industry to advance. We have not got involved on membership in any way.

Mr. Pdraig Brennan: On the levy question, it is €1.90 per animal. It has not changed.

Senator Tim Lombard: It has gone down from the level four years ago.

Ms Tara McCarthy: The Department had an additional inspection fee that had nothing to do with Bord Bia. The Bord Bia levy has never changed in the 25 years Bord Bia has been in existence.

Mr. Pdraig Brennan: That levy income equated to approximately €500,000 last year. We do a number of things with that funding. There was mention of trade missions for livestock exporters and there have been four of those trade missions in the past three years to international markets. It is a big focus of growth. There is also the question of inward buyer visits in the livestock trade. Buyers want to see animals and how they are produced on a farm so over the past number of years, we have had a series of inward buyer visits from six international markets, as well as all our major European markets, including Spain, Italy, the Netherlands etc.

Another area in which we have put more investment is Africa and the committee is aware that Algeria has come aboard as a new market for Irish livestock. We have a dedicated market expert on the ground working for us in that region and that is important as we try to grow our trade to the region over the years to come.

There is also the area of trade shows, particularly in our main European markets. These are the livestock shows that are really important for exporters and ourselves to engage with buyers or people who have bought from us in the past. There is also the area of advertising and promotion. From a welfare and transport perspective, it is important we are able to demonstrate the quality and integrity of the systems in Ireland for livestock. These are a number of key areas on which we focus.

The trends in live exports vary annually but this year we are on track to export approximately 260,000 animals. Our calf exports have been very negatively affected by the fall away in the veal sector in the Netherlands as a consequence of Covid-19 and a massive drop in the food service sector. The majority of veal is sold through that food service sector. Even allowing for that, there were 260,000 animals exported this year, we can compare this with approximately 150,000 animals per year in 2015 or 2016. There has been progress made over the past five years in the numbers of animals exported and I hope we can make further progress.

There is no doubt but there are challenges coming down the track for 2021 as the veal sector is in a very difficult position. It will have an impact on Irish calves in spring 2021.

Chairman: The Irish Grain and Feed Association representatives might answer Senator Lombard's question on the ports.

Mr. Joe Connolly: We are very concerned about the ports. There is a big roll-on, roll-off operation for the UK and we ship further afield to the world, going through Waterford or Dublin ports. That is with the container traffic. The roll-on, roll-off operation is a big worry no matter what we do. At this point we have opened our accounts to pay for whatever duties may come and there is frustration at not knowing what will happen, where and when. I know it is very

frustrating for everybody in the room when we are trying to see which way the monkey will jump. Ultimately, we need to be able to get our products into ports.

Currently, we have taken warehousing in the UK and have approximately a month's supply for customers. We have a fairly large staff in the UK and have been trading over there since 1985 in horse and pet foods. The biggest issue we have is that nobody can say exactly what will happen. We could have anything from 10% duty on horse feed under World Trade Organization rules and even up to 32% on pet foods. Many of our transport people ask us what we do about traffic and preparedness. We would have to go back and ask the Department if it can give us more help. As Mr. Roche said, our biggest problem is that if tariffs are applied to beef, there will be a shortage of cash and the whole business could stop. If there is a lack of money and a lack of a market, there will be a serious problem.

We produce half of our grain requirements in Ireland. Good quality grain has the same land requirement as good quality grass. The competition between grass and grain is high. There is a better return for the beef and dairy sectors for grass, so the competition for land is difficult. In Ireland, even if we took every acre and put it all into grain, we would still not be able to provide soy beans and maize, which are requirements for the beef and dairy sectors.

Chairman: Should the €1.90 levy not be on a percentage basis on live exports? It is a high proportion of a calf on which I make €50 or €60 in the ring, compared with a good suckler that goes abroad and makes €1,400 or €1,500. It does not seem to be equitable. I am not trying to question the fund. It would still deliver the €500,000 but it could be more equal. While I accept that we have increased the amount of live exports, the amount of animals that we have available for live exports has increased dramatically too.

Senator Tim Lombard: This is a matter of the fund itself and how it works. The witnesses might give clarity about what happened this year. It was an unusual year with, I assume, few trade visits and little activity. I assume that €500,000 was not spent on promotion work for live exports. I do not have a crystal ball but will Bord Bia have the capacity to do the visits next year? If it had a windfall of €1 million from this year and possibly next year, what would the long-term view of Bord Bia be about how it can go out to engage and get the opportunity to get back into these markets? We do not know what Brexit or Covid will bring. There will be significant changes to the veal trade, particularly on the Continent. If we have that windfall, what will be the marketing policy in the new climate to ensure that we can get access to these markets?

Deputy Michael Fitzmaurice: My understanding from media reports is that the large meat processors set up their own stands at trade fairs and do not bother with Bord Bia. They have bigger stands than Bord Bia to promote their products. I see that Bord Bia went to three different places about live exports. There is a 6% or 7% changeover in the British market, when we know that there could be serious consequences. Should Bord Bia see if it can be more effective at selling for the Irish farmer, unfortunately at the bottom of the ladder with the average price over the last years, and having better productivity for the money involved? Looking at the number of calves exported and the money spoken about here, there does not seem to be much emphasis on live exports. Could that be looked at again?

Ms Tara McCarthy: Regarding the bigger picture, this has been a challenging year for everybody, with ways of working that we would have expected to undertake when we presented our plans and programmes to our board last November compared with what we could actually do being dramatically different. However, we were not sitting at home, looking out the window

and wondering what was happening either. We pivoted with regard to how we did our business. We invested differently. Many trade fairs that we planned to go to were cancelled. We had already undertaken a trade mission in February and had planned another three throughout the year but we were grounded.

We have invested in virtual trade missions. We do not believe it is a replacement for the real thing but it is much better than doing nothing. We have invested in lead generation to identify who the buyers are and profile the buyers to know who we are targeting. We have invested in communicating with those buyers so that they know that Ireland is open for business. We have invested in getting those buyers to come to a virtual platform to meet Irish industry. We are all experiencing a different world of engaging virtually rather than physically. We trained companies about how to make a virtual pitch. One normally gets a feel for a room but cannot do that virtually. How does one create virtual pitches and what are the key messages that one gives? How does one bring Irish agriculture to life when doing it on a video or digitally? We have invested significantly in that to create the assets that the Irish food industry needs, whether in dairy, seafood or any other sector. We have experimented in that space, attending virtual trade fairs and creating our own virtual trade missions.

Every time we changed a penny in how that fund was allocated, we brought it to our board to ensure that we had the rigour of governance behind it. We never looked to squirrel away money or such but always went to the board when there was a change of priority or what was available to us, and a resulting change in activities or programmes. I confirm that in every board meeting from April to December, we came back all the time with new ways of working and new platforms. In November, we did five days of virtual trade missions. We were the first organisation in the State to deliver virtual ministerial trade missions throughout the world. We did virtual top-to-top meetings and had global trade meetings with our global customers. We have substituted for being unable to go to market in our ways of working and invested accordingly to have the assets to do that. I hope I have addressed the budget movements over Covid.

Looking at our productivity and how we are looking to return value for money, we have strict governance to ensure there is no opportunity for Bord Bia to hide from any key performance indicator or any deliverable. We have five subsidiary boards and a main board which can interrogate our accounts and activities, receive advance plans of everything that we do, and receive presentations of what we have achieved and its impact. We are proud of the productivity of the organisation with regard to the key performance indicators that we work towards, every part of which is shared with our board, on which there is significant farmer and industry representation.

We recruit for every trade fair. One rule that we have for trade fairs is that only Irish products go on a Bord Bia stand. If a company wants to sell a product that does not come from Ireland, we would prefer that it is not on our stand. It is simple.

Senator Tim Lombard: I have a question about the future, outside Covid and Brexit. We do not know; it is crystal ball stuff. Will Bord Bia be publishing a new smart food strategy in 2021 for the future and will it bring it before the committee at some stage so we can have an outline of what is proposed? As Ms McCarthy said, we are in a completely new space. We are living life as we have never lived it previously. Virtual communication might or might not be the way forward. Time will tell. When does Ms McCarthy propose to have the new marketing ideas put forward?

Ms Tara McCarthy: We run to a three-year strategy and we are in the final year of our

strategy in 2021. However, we do our plans annually. We are working and have had the first meeting of our strategic committee that is made up of our board and that supports us in designing our strategy. That strategy will be worked on this year. The proposal that we have put to the board is that we should have a ten-year strategy that feeds a three-year strategy that delivers a one-year plan. We fundamentally believe that the timelines involved for the courageous moves that are required in agriculture probably need a ten-year timeframe to deliver some of the big impact pieces, but we must show what we can deliver in three years within that and what we deliver annually behind that. We will be delighted to share with the committee the journey we are on for that, but we will be presenting our new strategy for 2022.

Deputy Michael Fitzmaurice: I wish to clarify one matter. I listened to Ms McCarthy speak about the trade missions. I specifically spoke about the meat industry and meat factories. Some of them might take their own place at a trade mission. Is Ms McCarthy saying that there might be Irish meat factories that may have other locations around the world and that might be not just promoting Irish beef, but other beef?

Ms Tara McCarthy: Yes. These are global companies, so they would have at their stand representatives from their French offices and so forth. Those companies would not appear on the Bord Bia stand.

Deputy Michael Fitzmaurice: They would be promoting French beef, Polish beef or other beef, so they would not be able to go on the Bord Bia stand.

Ms Tara McCarthy: They can choose to have a double presence or they can choose to have just their stands.

Deputy Michael Fitzmaurice: Okay.

Ms Tara McCarthy: For clarity, we have an Origin Green brand on top of all our stands, so it is part of the rules of Bord Bia.

Chairman: It would be a different discussion if non-Irish beef was on the Bord Bia stand.

Ms Tara McCarthy: Thank you, Chairman.

Chairman: On behalf of the committee, I thank all the witnesses who attended today in person and remotely and for engaging so constructively with the committee on Brexit and its impact.

The joint committee went into private session at 6.04 p.m. and adjourned at 6.05 p.m. until 9 a.m. on Thursday, 17 December 2020.