

DÁIL ÉIREANN

AN COMHCHOISTE UM THALMHAÍOCHT, BIA AGUS MUIR

JOINT COMMITTEE ON AGRICULTURE, FOOD AND THE MARINE

Déardaoin, 29 Márta 2018

Thursday, 29 March 2018

Tháinig an Comhchoiste le chéile ag 2 p.m.

The Joint Committee met at 2 p.m.

Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies	Seanadóirí / Senators
Jackie Cahill,	Paul Daly,
Martin Kenny,	Tim Lombard.
Charlie McConalogue,	
Willie Penrose.	

Teachta / Deputy Pat Deering sa Chathaoir / in the Chair.

Business of Joint Committee

Chairman: I remind members to ensure their mobile phones are completely turned off. I propose to deal with some housekeeping matters in private session.

The joint committee went into private session at 2.20 p.m. and resumed in public session at 2.25 p.m.

Post-EU Council Meeting of Agriculture and Fisheries Ministers: Discussion

Chairman: I welcome the Minister for Agriculture, Food and the Marine, Deputy Creed, as well as his official, Mr. Gleeson. The purpose of the meeting is in keeping with the committee's examination of European Union, EU, matters and relevant policy areas as the Minister, Deputy Creed, will give the committee an update after the EU Council meeting involving agriculture and fisheries Ministers.

As members are aware, the Common Agricultural Policy, CAP, is perhaps the most significant instrument that underpins agriculture in Ireland as well as the wider European Union. With challenges such as Brexit, climate change and an expanding trade policy on the horizon, its importance cannot be underestimated. The committee has been following discussions of CAP at the Council in recent meetings, as well as communications published last November, and there are plans to make a series of contributions ahead of the first proposal, which is expected in June. The committee will also make proposals. Additionally, the matter of CAP resourcing within the multi-annual financial framework remains of particular concern to this committee.

Members are reminded of the long-standing parliamentary practice to the effect that members should not comment on, criticise or make charges against a person outside the Houses, or an official either by name, or in such a way as to make him or her identifiable. The Minister may now make an opening statement.

Minister for Agriculture, Food and the Marine (Deputy Michael Creed): I thank the committee for the opportunity to address it today on developments relating to the EU and specifically the future of the Common Agricultural Policy, Brexit and Mercosur. The committee will recall that my Department briefed it on CAP and Mercosur late last year. I will endeavour to avoid going over old ground and brief the Committee on the current state of play on each of these issues.

I will begin with the reflection on the post 2020 Common Agricultural Policy, which is currently under way at EU level. Members will be aware that the EU Commission, through DG Agri, intends to publish legislative proposals on a new policy in June of this year. This is intended to follow in a logical sequence proposals from DG Budget on a multi-annual financial framework. These are to be published in May 2018. The Minister for Finance takes the lead on this issue. That framework will establish the maximum annual ceilings within which annual EU budgets will be negotiated in the period 2020-2027. There will be obvious pressures on the CAP budget in the next financial period. These result not only from the departure of one of the largest net contributors from the EU, but also from new and very real political imperatives such as migration and defence. I want to make one thing clear. Ireland has been, and will continue to be, a defender of the CAP budget. In his speech to the European Parliament the Taoiseach made it clear that Ireland is prepared to make additional contributions to the EU budget, but

only if these are to be used to fund “things that contribute to the advancement of the European ideal”. The Common Agricultural Policy, as established by the treaties, is a core policy of the European Union and is at the heart of the European ideal. Not all member states feel the same, however. At this stage, the Netherlands, Denmark, Austria and Sweden have indicated that they are not prepared to make additional contributions. Commissioner Oettinger has indicated to the finance committee of this House that he anticipates a cut of between 5% and 10% in the CAP budget, against a background where some member states are seeking a 30% cut. So there will be some tough negotiations ahead.

Moving to the likely shape of any future Common Agricultural Policy, the members have already been briefed on the broad shape of the Commission communication published in November 2017. Key themes include: more discretion for member states, simplification, continued support for farm incomes, a greater focus on the environment and climate change, new options for risk management, and encouragement for generational renewal. My Department ran a public consultation from 26 January to 23 March. This included six public meetings held throughout the country during the month of February. The venues were Carlow, Charleville, Navan, Athlone, Claremorris and Carrick-on-Shannon. I attended three of these meetings and the Minister of State, Deputy Andrew Doyle, attended the other three. These meetings were instructive and while attendees were universally supportive of a strong CAP budget, there were, as might be expected, a variety of views on the more difficult issues such as the distribution of direct payments, the definition of active farmer and the means by which farmers should be compensated for their environmental contribution. These are matters with which we will have to grapple in the context of any new CAP. The aim of this exercise was to hear the views of citizens on what is a strategically important policy for Ireland. Approximately 150 written submissions have been received and these will help to inform Ireland’s position in the upcoming negotiations. My Department is currently analysing the submissions and will produce a summary report in due course, which I will be happy to publish.

There has been significant progress in relation to Brexit since the joint declaration late last year, but there is much more to do. Negotiators have reached agreement on most elements of the withdrawal agreement, including elements of the draft protocol on Ireland-Northern Ireland, which relate to the common travel area and North-South co-operation. They are also *ad idem* on the need for the final agreement to include text which gives legal effect to the commitments made on Northern Ireland. This commitment to avoiding a hard border between Ireland and Northern Ireland is critically important. Ireland has the full support of EU member state colleagues in this objective. Prime Minister May wrote to President Tusk on 19 March to restate her solemn commitment to all the undertakings given by the UK in December’s joint report. This includes an explicit commitment “to agreeing, in the withdrawal agreement, operational legal text for at least the so called backstop option, set out in the joint report”. This backstop requires the UK to maintain “full alignment with those rules of the internal market and the customs union which now, or in the future, support North-South co-operation, the all island economy and the protection of the 1998 agreement.” This kind of alignment is a prerequisite for trade to continue as at present. Of course, if the UK can develop alternative proposals, that is fine too, and the negotiating guidelines provide for such a development. Any such proposals must respect the Single Market and the customs union. The EU and the UK have agreed on a detailed agenda for discussions over the coming weeks to finalise this text. As part of the withdrawal agreement, a text on a transition, which will apply to 31 December 2020, has also been agreed. This will provide much needed certainty to people in the agrifood business who are trying to prepare for Brexit. The commitment to full application of the EU *acquis* during transition means that food business operators, including farmers, can be confident that the UK’s regula-

tory environment will remain the same as that of the EU during transition. This is critically important for the continuation of trade in agrifood products on the basis of current arrangements. During transition, the UK will remain bound by EU regulation, while in general having no role in the institutional legislative arrangements. On fisheries, the Common Fisheries Policy, existing reciprocal access and quota sharing arrangements, will continue to apply in full during transition, although the UK will have a consultative role only. This is a critically important element in the agreement and has been widely welcomed by the industry here. The EU Council has also agreed guidelines for the negotiation of the framework for the future relationship. Once we are through transition, our objective will be to have as close a trading relationship as possible with the EU, while respecting the integrity of the Single Market. These guidelines will be presented to the UK in the essential principles papers, on the basis of positions put forward by the task force. Based on UK red lines, the negotiating guidelines indicate that the objective of the negotiation will be a free trade agreement, with zero tariffs and no quantitative restrictions. On the basis of her recent Mansion House speech, this objective would appear to be shared by Prime Minister May. This is critically important for trade in agrifood products because these are the products that attract the highest tariff rates.

On fisheries, the guidelines clearly state that in the overall context of the free trade agreement reciprocal access to fishing waters and resources should be maintained. This is also extremely important. The guidelines also refer to customs co-operation and the application of sanitary and phytosanitary disciplines. These are necessary controls, but have the potential to cause friction at borders, so we will be keeping a very close eye on these elements of the negotiation. There are still a significant number of moving parts in this negotiation. The timeline is extremely challenging. Nonetheless, progress has been made in a number of areas which are critically important to the agrifood sector in Ireland. EU-UK negotiations on both the withdrawal agreement and future relationship framework aim to conclude by October 2018, so that they can be referred to the European Parliament, member states and the UK Parliament for ratification before exit day on 30 March 2019.

I would like to turn briefly to the negotiations between the EU and Mercosur countries on a possible trade deal. My colleague, the Minister for Business, Enterprise and Innovation, Deputy Humphreys, has primary responsibility for bilateral and multilateral trade deals, but of course our Departments collaborate closely on trade issues of relevance to the agrifood sector. I must begin by saying that as a general proposition Ireland is pro-trade. Ireland has a small open economy, among the most open in the world. Trade is our lifeblood, particularly in the agrifood sector, with over 80% of output exported. We are supportive of trade deals, provided they are balanced and provided our most vulnerable sectors are protected. From the very beginning of discussions on a trade deal with Mercosur, however, Ireland has articulated concerns about the potential impact on sensitive sectors and, in particular, on the beef sector. These concerns related to the size of any tariff rate quota for beef and its composition. Additional volumes of beef imported from Mercosur countries at preferential tariff rates, are likely to exert downward pressure on beef prices given that the EU market is at present more or less in balance and that consumer demand for beef is in decline. The specific tariff rates and the extent to which any quota is segmented, for example, between high quality and manufacturing beef, would be significant determinants of the degree of negative impact on target markets for Irish beef. Ireland has continued to engage with the Commission and with other member states at the highest level to ensure that the European beef sector is protected. Our officials continue to make strong interventions at the trade policy committee, I have made a number of interventions at the Agriculture and Fisheries Council and, as recently as 20 March, the Taoiseach wrote to the President of the Commission, Mr. Jean-Claude Juncker, outlining Ireland's serious concerns. I understand that

the latest round of negotiations took place between officials in Asuncion between 21 February and 2 March, but that there are still a considerable number of issues in play, including Mercosur offers on dairy, ethanol, car parts and geographical indicators. I can assure the committee that I will continue to act to protect the best interests of Europe's beef industry as these negotiations play out.

Deputy Charlie McConalogue: I thank the Minister for taking the time to come in today. The Minister started off with CAP, so I will touch on it first as well. The overall objective has to be maintaining the budget and ensuring that it is protected. In terms of the commitment that Ireland is giving and also the Minister's sense of where other European countries are at, how confident is the Minister that the budget as it is at the moment can be protected and what will that take? It is clear now that Brexit will be completed before the new multi-annual financial framework, MFF, comes into play, but simply maintaining the overall budget - it will take additional contributions from existing countries to do that - will not necessarily protect the CAP budget because of the additional pressures. I know that is a big challenge, but I would like to get the Minister's perspective on that. We need to be crystal clear. Will the Minister clarify whether the Government is committed to doing what it takes not only to keep the EU budget steady but also specifically to keep the Common Agricultural Policy budget at its current value? The overall budget is the most important aspect of CAP. How that will be distributed once the overall budget has been agreed? What is the Minister's perspective on how that may unfold?

The Minister undertook some consultation recently. Specifically, does the Minister believe the reference years of 2000, 2001 and 2002 should continue to play a part in the overall distribution of CAP? What is the Minister's perspective on that?

I believe kicking the Brexit backstop to touch until October was a backward step. What had been communicated to us at all stages was that the Brexit negotiations would be conducted in two phases. Phase one was to deal with the Border question, among other topics, and phase two was to deal with trade talks. I was with some colleagues in Brussels shortly before the legal text was published by the European Commission. Certainly, the perception at that stage was that the Commission would push to ensure that Britain would accept the legal text. In reality, Britain has not accepted the legal text.

Those involved have moved into phase two, which deals with trade talks. The issue of the backstop has been deferred until the final agreement in October. The idea of the backstop was that it would be in place in the event of agreement not being reached. Now, the backstop is not going to be agreed until the final agreement is reached. The Minister may point out that the backstop was already agreed last December, but we have seen that when it comes to the crunch question of defining the backstop there are totally different interpretations. Until there is agreement on the legal text, no backstop is in place.

This question is particularly important from an agricultural point of view given our position as an all-island economy, as is the importance of having no border, either regulatory or in terms of tariffs, within the island. It is a missed opportunity that the Government has let slide. Europe has stepped back on this as well and has moved into phase two.

The most important thing is that the overall trade agreement is positive and that east-west arrangements between Europe and Britain are appropriate. It is difficult to call anything a backstop anymore given that it has not been agreed, ultimately, it is to be a part of the final agreement.

Mercosur has major implications, especially the proposal for 70,000 tonnes that has been formally offered. It seems that 99,000 tonnes has been informally offered. It appears clear to me from the replies of the Minister to parliamentary questions that the Government has more or less accepted and agreed that the proposal for 70,000 tonnes is something we can live with. The Minister has indicated in the replies to parliamentary questions from me that the Department's objective is not to increase on 70,000 tonnes and not to go towards 99,000 tonnes. The clear subtext is that the Minister can live with 70,000 tonnes and that the Minister has agreed, whether formally or informally, with his European partners that he will wear that. That is the bottom line from what I can see. Can the Minister comment on that?

Representatives of the farming community have said many times that 70,000 tonnes would have severe implications for our beef trade. It would lead to a direct reduction in the value of European beef. The Commission's market assessment indicates and proves as much. I do not believe the Minister should agree to 70,000 tonnes. Basically, that amounts to letting the beef sector carry the can for concessions in other sectors of the economy.

Deputy Martin Kenny: I welcome the Minister for the second day this week. I will start with the CAP budget. Everyone is in unison with the view that the budget needs to be maintained and even increased if we are to make any difference. The big issue is that so many EU member states have said thus far that they are not prepared to pay in that extra amount. What does that mean? What is going to be the outworking of that? Where are we going to end with this? If several strong and influential states make that stand at this point, will it require a lengthy negotiation? Will they only come to the table if they know what that money is going to be spent on or where it will be spent?

We are all conscious of the other side of this, that is to say, the reform of how the allocation is being distributed is a big issue, especially with regard to Pillar 1. Indeed, I imagine the Minister was conscious of this when he was going around the country meeting people in the various places at the six meetings.

Often it is said that 80% of the money goes to 20% of the farmers. That flies in the face of the essence of the Common Agricultural Policy. A major part of CAP is sustaining the family farm. Certainly, that figure is often quoted. We need to do something to change it around and to make better provision. One such change is around the levelling of payments on a per hectare basis. I am keen to know the view of the Minister at this early stage.

The greening element is part of Pillar 1. I understand the idea behind greening is now to integrate everything into one basic payment. Is that the predominant option? If it is, will it mean some form of environmental measures in Pillar 1? Will it mean some action is required by farmers apart from simply existing and undertaking basic activity?

The big issue facing many farmers with Brexit is the possibility of the British market drying up and Britain importing food products from elsewhere. That is something of which we are all conscious. It might not be so easy for those responsible in Britain to do that in reality when it comes down to it. The issue is that until they discover that it will not be so easy to do that and that they will have to come back to talk to people in Ireland - their nearest and safest market from which to source their products - many businesses are going to be under stress. This applies especially for businesses that are exporting.

The North-South issue is one dimension but the cross-channel element is another. Many businesses will need something more solid than the option to get loans. They will need some-

thing in place to ensure their businesses survive the volatile period. A period of two to three years of uncertainty after Britain leaves is likely until things settle down. During that period we will have to come up with a solution to keep businesses going.

The Mercosur deal is interesting. We were in Brussels some months ago and we met the Commissioner, Mr. Hogan. At the time, he was talking it up and suggested it would happen fast and that we were near the end game. It has not come at us that quickly. Does the Minister have any indication of the timeline in that regard? The potential 99,000 tonnes of prime cut is really the issue from an Irish farming perspective. The issue is taking in prime cuts to the EU under the Mercosur deal from South America. Is there any sense of a timescale for that to happen? I have talked to people who export to various parts of the world. They maintain there is a lengthy period before people can get their product approved. What will that mean? Does it mean the EU will have to go out to Latin America and inspect factories there? What timeline are we looking at before we can see some of the product coming in? Even if Mercosur was to go through in the next six months, are we looking at one year or five years before we see product arriving in the EU? The latter timescale would give us some preparation for the change. That is not to say anyone believes this is the right thing to do; it is certainly not the right thing to do and we should move away from it as quickly as possible. At the same time we need to understand how we would deal with it if it were to come about.

Deputy Willie Penrose: We all know that the CAP is the foundation block for food security and the healthy production of food at affordable prices for consumers. However, CAP measures have been too prescriptive and they have been too much in one's face. A simplification process has to take place in respect of measures which farmers on the ground have to deal with and the Minister has to give priority to this. I know he will. Member states will now get more latitude and, while EU objectives will be set at Commission level, they will be tailored to suit participants. This will not involve self-funding but will allow flexibility in things such as setting ditches. Previously, if a farmer was off by millimetres he or she was penalised and nonsense such as that has to stop. As long a new ditch or fence is put in place it is grand because no one knows better than the farmer on the ground and no one cares more. Farmers have been penalised by 10%, 15% or 20% for nonsensical stuff.

The MFF is important in the context of filling the Brexit gap, which I call the hole in the bucket. There is now a hole of €30 billion in the EU budget and between €10 billion and €12 billion for agriculture. We are highly dependent on the €1.75 billion that comes in here but we must not start fooling people. The Minister has a difficult job. Some people here seem to think he just has to go over there and toss his cap for everything to work out. Politicians give the impression to people that this can happen but the representatives of the Dutch and Danish people, the Swedish and the Austrian people, say they are not prepared to put any more into the pot. We have to be realistic and tell people it is not a case of pushing a barrow downhill. In fact it is more liking pushing a barrow uphill.

Deputy Martin Kenny: And a heavy one at that.

Deputy Willie Penrose: The Deputy is dead right. I have no simplistic solutions. I met farmers the other day and they told me the usual stories but I could have told them the same stories about shopkeepers who lost everything. Those people provide jobs in rural Ireland as well. I get angry with the notion that the Minister just has to go over there and shake his little green bag. It will be a very difficult negotiation. We are prepared to play a role but we will not put in money unless everybody else puts money in. If we go up to 1.3%, everyone else has to go up to 1.3%. There is a big gap but I identified this, in the Dáil in April 2017, as the biggest

issue. Farm leaders have to get realistic too and recognise that it will be a huge task and not easy to achieve.

I want more subsidiarity in the CAP but I am sure other countries will be looking for something in return for their consumers. When the ordinary person sees somebody getting €100,000 or €120,000 without employing a person, even for one sixth of a job, they expect a return for that money. The case has to be made to consumers too because it is taxpayers' money and it does not grow on trees. We can all come in here with a shopping list but we must be realistic. I have always supported the CAP in my 27 years here but my view was always laced with reality. It will be a big job to pull all the other countries on board and we will have to use our powers of persuasion. This is an important national issue so we must throw our full weight behind it.

We have already gone through Brexit with the Minister and it is a big story here. There are many issues, whether they relate to the North-South dimension or the east-west dimension, and it is very important that the EU and the UK hammer out an agreement. There is a danger that, if we fail to get a trade agreement, the UK will go off to New Zealand, Australia, Argentina and elsewhere. Phytosanitary, sanitary and other health standards are also important and they will take a lot of time. I do not care if I do not see the Minister in the Dáil for the next nine months as long as he is out there fighting for an agreement as that is the most important thing.

Mercosur sends shivers down the spines of people from Westmeath, including Senator Paul Daly and me, and it does the same to people from Longford and other midland counties which are highly dependent on the beef industry. There has to be give and take but if we wipe out the beef industry it will have serious repercussions. We have heard about the drop in the numbers of suckler cows, which is an unrelated issue, but that will be like a walk in the park as compared to what could happen to our beef industry. The Mercosur agreement will take a lot of work and, as Deputy Kenny said, it is the prime cuts that will be hammered.

In the Mercosur negotiations on beef imports, our focus needs to be on the costs of importing from South America and the issue of regulatory compliance, in particular the record of the South Americans in this regard. I laugh when I hear talk of the effect of air miles on the environment but we focus on environmental sustainability, while beef from South America will have to be transported over thousands of miles, which is a contradiction of our approach to carbonisation. I read that deforestation had taken place in Argentina to make space for the industry there and this contradicts our approach. If an Irish farmer did something like that he would be penalised but we are talking about getting an agreement to allow it in this case. There will be trade-offs and we are certainly open to trade but the Minister should fight this with all his might.

Bord Bia is hiring 27 or 28 new people to deal with Brexit and that is good news. Where does the Minister think alternative markets can be secured? Whatever happens, there will be a bit of a damper and some negativity. What efforts have been made to compensate for a downturn as a result of Brexit?

Chairman: We will take questions from the other three members and the Minister can then answer all of them together.

Deputy Jackie Cahill: I agree with Deputy Willie Penrose. We are at a critical crossroads. The Common Agricultural Policy, CAP, is a key cornerstone. The Minister does not have an easy job in delivering what we need in the economy and for industries. We have probably had one of the worst springs we have ever experienced and farmers' incomes are under huge pressure as a result. The three things about which we are talking will increase the pressure. The

vast majority of farmers depend almost completely on the CAP for their income, while we have Brexit and Mercosur coming down the tracks. There is no good news in any of the three stories for farmers' incomes, on which we do not want to lose focus. Maintaining the budget will be a mighty challenge, but its maintenance is critical for all sectors of the agrifood industry. I have been nagging about the CAP for many years and will say to the next person who says this negotiation will simplify it that I have been hearing that for the past 20 years and that it will not happen. We will put up with the lack of simplification if we can hold onto the pounds, shillings and pence. It is imperative, therefore, that we try to maintain the budget for the CAP.

I have a few particular questions about the CAP and what our policy will be in the negotiations. One is about the reference years - 2000 to 2002. Are we going to stand over them? Will future payments be based on them? I would like to know what our policy is on the price support mechanisms in place. In 2018 the price support mechanism for skimmed milk powder has been changed significantly. What will be our stance on it post-2020? Will the aid to private storage, APS, and intervention schemes be part of the next CAP? Will they be accommodated in the budget? In February when supply was very slack, we saw the price of milk drop by 3 cent per litre and there are indications that the price will drop further in March. Because of the huge costs involved, it will put the sector under immense pressure. Unfortunately, skimmed milk powder is trading at well below intervention levels. There is a significant overhang in intervention stores and it looks like it is extremely hard to move the product. What will our policy position be in the CAP negotiations on these essential market tools, especially when it comes to the seasonality of our production?

The way young farmers are treated will be a critical issue. Many farmers lost money in the last round of CAP negotiations, with a linear cut for young farmers. We will talk about special schemes for young farmers once we make it crystal clear from where the funding will be sourced. The same amount of money is coming through. Do not take my comments as being against having a reserve for young farmers, but it has to be made very clear from where the money will be sourced. It will be a very difficult hill to climb to have a separate fund in the conditions in which we are operating. We have to be clear with farmers how such a reserve will be funded. I would like to know what the Government's policy position is in that regard.

At this stage we have talked at length about Brexit and Mercosur. We have a beef industry that is under extreme pressure. I am a man who fattens a few cattle for his sins. We are heading into April and cattle prices are lower now than they were in November. The markets we have established around the world are dependent on a constant supply of beef on a 12 month basis. How can we operate without the traditional lift in spring prices? This is the second or third spring in a row in which there has been absolutely no lift in prices from Christmas onwards. In fact, prices moved downwards after Christmas and have stagnated since. The markets have been hard going. We had a Private Members' Bill about suckler cows and the figure of €200 per suckler cow. It will be imperative to maintain the suckler cow herd. Unless there are winter finishers to buy the young stock, no matter what direct aid is given, we will not be able to maintain the herd. I do not know how farmers will be able to keep coming back to the ringside to buy young stock, given the huge cost involved and the price being paid by processors to compensate them. As the Minister said in his statement, we are 102% self-sufficient in the market and the consumption of beef is declining. We now have these two major torpedoes coming at us, with our access to the British market under threat and more beef being brought in from South American countries.

It is time we took a realistic look at Food Harvest 2020 and Food Wise 2025 in which targets

were included to increase production. However, there is no point in increasing our beef production if we are to receive the price being received. As has been said, we need to look at these issues honestly and tell farmers exactly the situation in which they will find themselves. The threatened lack of access to the British market and the increased tonnage given away, with the promise of more to secure the deal, will make participation in what is an already unprofitable sector completely untenable. There has to be a realistic look at that issue as we do not know what the final outcome of Brexit will be. We know what has been conceded in Mercosur. It is very frustrating for farmers here who are operating to extremely high standards in terms of cost compliance, Bord Bia audits and quality assurance which put an extra cost on food production. Our already fragile industry will be undermined by the importation of products from South America that will not be produced to anything like the standards imposed on farmers in Europe. The European consumer is right to demand such standards which we have achieved at a high cost. However, the European Commission is allowing our markets to be undermined by the importation of products of lower quality. This is not acceptable.

The Minister has three very hard issues coming down the tracks and absolutely no good news for the sectors involved. It is absolutely essential to maintain the budget for the CAP. The Minister is fighting for the survival of the agrifood industry and a positive outcome is essential.

Senator Paul Daly: I welcome the Minister. As Deputy Jackie Cahill said, there are three major issues which, from where we are sitting, are all negative and very much interlinked. One will have a knock-on effect on the other. Brexit will have an effect on the budget for the CAP. It would affect the beef industry, even if there was no Mercosur. It looks like the beef industry will be hit from two angles. While there is work in progress and, to an extent, there are moving targets, things can change overnight.

I have a couple of brief questions about the Minister's report. Since the budget for the CAP and Brexit are moving targets and given that the position could change quickly, one issue about which I seem to be hearing when I hear about the CAP is giving member states more discretion. What is the thinking of the Minister or the Department in that regard? Have contingency plans been put in place or has there been any preplanning for that? There is a saying that if one fails to plan, one plans to fail. Are we waiting until it is written in stone or are there any thoughts or ideas on the direction we might go in that scenario or if, as seems likely, it will be part of the overall CAP?

As regards planning and contingency planning, Brexit negotiations can change overnight through no fault of anyone. Although we are well aligned with the European side in the negotiations, our interests seem to be pushed to the fore and the European Union seems to be very much on our side, the negotiations could be pulled down by the other side. Is there a contingency plan for the worst-case scenario were that to happen or what is the Department's thinking in that regard?

As for the Mercosur agreement, how far are we prepared to go to stop it? Do we have a veto and will we use it if necessary?

Senator Tim Lombard: I welcome the Minister, Deputy Creed, and acknowledge his report. The three topics on which he spoke are probably the three key issues for the farming sector currently. I will focus on the Mercosur deal and the current situation in that regard. We are in a troubling scenario in regard to this trade negotiation and there are many questions about it. There are several points on which I will ask the Minister for clarification. The trade negotiations began more than a decade ago, possibly as far back as 1999. When is the next proposed

date for the meeting? The Minister in his report stated the last meeting was in early March. Are we proposing that there will soon be another meeting and, if so, although it is not technically the responsibility of the Minister's Department, what are we expecting from that deal and when will we be playing it out?

The possibility of high-quality cuts and fresh meat coming to the market is a genuine concern for farmers. If that were to be the case, would it be part of the deal? Will there be a quota or a tonnage limit in that regard? How is it proposed to deal with frozen and fresh produce? I ask the Minister to comment on the dairy offer, which is in his report. There has been much discussion of the beef offer possibly going from 70,000 tonnes to 90,000 tonnes. I seek clarity on the dairy offer. What is the proposal in that regard? I ask the Minister to elaborate on the possible effect on the industry.

The Minister's negotiation skills will be tested on all three items dealt with in his report, namely, CAP, Brexit and the Mercosur trade deal. These are very troubled times and those three issues will have a knock-on effect on farm income, which has already been affected by an exceptionally long winter, possible fodder issues and a fall in the prices received for produce. We must seek clarity on this issue.

As regards Brexit and the CAP, the Minister has very much been on top of his brief in that regard. Those two issues have been very well handled and farmers have been very well informed of the current situation. The six meetings with farmers around the country went down particularly well with the farming community. That level of interaction and having a Minister and a Minister of State attending three meetings each must be acknowledged and there is general acceptance in the farming community that that has been very positive. However, clarity is required on the Mercosur deal because there is a fear that if the beef tonnage is too high it could have an awful knock-on effect. The dairy issue must be clarified. However, of more importance is that as these negotiations started in 1999, realistically, how long will it take for them to be concluded? I take into consideration that we closed a deal with Canada last year. Perhaps this is part of the European Union closing out such deals but I seek clarity and further information in that regard.

Chairman: I have some brief questions before the Minister responds, although most issues have been very well highlighted and articulated. There has been a significant amount of discussion of the timescale for the CAP. Does the Minister expect a CAP deal to be completed within the lifetime of the current Commission?

Aside from the bigger issues that have been discussed here, the future availability of labour is the biggest challenge facing the agricultural sector. That may also feed into the CAP process. Are there any plans or does the Minister foresee any plans, possibly within a new CAP, for further encouragement of extra labour into the agricultural sector?

Deputy Michael Creed: I thank the Chairman and members for their contributions and constructive approach to these three very complex issues that are inter-related in many respects and are dynamic situations. They have not been concluded but individually and collectively have considerable potential to have an impact, adversely or otherwise, on the future of the agri-food sector, the rural economy and the economy generally, given that the agri-food sector is the biggest indigenous industry, employing nearly 180,000 people around the country. All three issues are hugely important and dynamic - what may be the situation today could very much change by tomorrow and so on. The issues are taking up a huge amount of time and we could spend a considerable period discussing any one of them. In that context, I do not agree with

the point made by Deputy Cahill because I am not that fatalistic, although there is no doubt that they are challenging issues. I will try to deal with them as comprehensively as possible without attributing the response to any particular question. If I leave something out, I ask members to come back to me.

Reference was made to reference years in the context of CAP. This point came up on several occasions during the debates around the country in the context of it now almost being 2020, the reference years being nearly 20 years old and that it is time to start afresh. As a result of the redistribution efforts that have been under way since the reference years were established, we have in a way been moving further from them. The reference years were finite and determined one's absolute entitlements at that point in time but the redistribution efforts have moved matters some distance from them and it is my intention that we would continue and accelerate that redistribution process. That is a clear obligation and was the message we received from the majority of those who contributed at our public consultation and it is a matter on which the Commission is also clearly indicating a direction of travel.

It is untrue that 80% of the money goes to 20% of the farmers under CAP, as stated by Deputy Martin Kenny. Under Pillar 1, 95% of Irish farmers get 77% of the funds, so 80% of the money does not go to 20% of farmers, although I often hear that figure trotted out. Nevertheless, we must do more in terms of redistribution, whether that be tearing up the reference years or just continuing the redistribution. In the lifetime of the current CAP, we will have distributed €100 million from those with higher payments to those with lower payments and brought lower-paid farmers up to 60% of the average payment. There has been significant progress and the question is as to whether to continue that and, if so, at what pace but that direction of travel is inevitable, as it is clear that more must be done in that regard.

As regards the Chair's question as to whether a CAP deal will be concluded in time and the timescale in that regard, that is very challenging for many reasons to do with electoral cycles in the European Parliament, for example, and a new Commission. To put it in context, the multi-annual financial framework, MFF, which will deal with the budget side of it, will publish proposals in May, which will be for negotiation. Then in June, the Commission will respond with its proposals. Positions will be taken by the Agriculture and Fisheries Council by the end of the year and by Parliament. If Parliament does not conclude its positions in time, it could well be for a new Parliament to do that. There are many moving parts. Thrown into the mix is the fact that the budget is unclear with the British withdrawal, given that the UK is the largest net contributor. There is uncertainty on whether this can be concluded but we need to continue to progress and engage on the issues. The Council hopes to have its conclusions by the end of the year and we will feed into that.

I will deal with some of the specific issues therein. It is imperative that we continue to encourage new people into farming. I note the point Deputy Cahill made about entitlements, linear cuts and all that. Nonetheless the only other way we can give entitlements to young farmers is through unused entitlements or the clawback provision.

Deputy Jackie Cahill: That would not be sufficient.

Deputy Michael Creed: In most cases it is not. Through consultation and agreement with farm organisations we have had linear cuts. I acknowledge the challenge to deliver more supports and redistribution as part of that. If we were to provide a €200 suckler cow payment out of Pillar 1, it would be a very substantial cut across the board and in the context of Mercosur would risk driving numbers through a coupled payment. I am not knocking the principle that we need

to look at how we support the beef sector and how we support the suckler cow sector but we need to ensure there is joined-up thinking. This has been the position of previous incumbents in my office of all political persuasions who maintained that coupled payments were not appropriate, and that we should decouple and allow farmers to play the marketplace as effectively as possible in an attempt to guarantee incomes and allow them the freedom within certain parameters of minimum stocking densities etc. to respond to what the market is telling them. Certainly at a time when one of the biggest challenges we have in terms of climate change is numbers, we need to be careful we have a joined-up approach. At the moment we are putting considerable funds into beef in terms of the beef data and genomics programme. We need to look at how we can do more in a way that is compatible with other policies we have been pursuing.

On Brexit, there will be no resiling from the position that was negotiated in December. That is the clearly stated position of the Government. The letter the British Prime Minister sent to President Juncker clearly commits her to the legal text reflecting that position. I appreciate that everybody is looking for an angle but that is a position from which there is no resiling. It is recognised in the UK that that is the backstop or else they come up with a better response to it. Of course, a more comprehensive approach that fits the EU and UK as a whole would be fine by us but we will not resile from the commitment on the all-island approach.

Deputy Charlie McConalogue: I seek clarification on that point.

Deputy Michael Creed: I will let the Deputy come back in because I want to deal as best I can with all the other issues that have been raised.

Deputy Penrose made this point in the context of the CAP but there are competing and conflicting interests around the table in Europe on all these issues and certainly on Mercosur. There are forces in Europe that are gung-ho for a deal in circumstances that would not suit us. We are busy forging alliances with people who share our concerns. There are other forces at play that do not share our analysis of this. Whereas offers have been made, nothing is agreed yet. I am aware of the point made on the 70,000 tonnes as being the public position. Reference has been made to 99,000 tonnes etc. However, there has been no formal offer in that context. The Taoiseach has been active in writing to President Juncker on the matter in recent days.

We will continue to push the case that reflects the best interests of Irish agriculture. We are conscious that others do not share our analysis. We are trying to secure the best possible deal we can. We would prefer beef not to be part of the deal. If beef is to be in the deal, we would prefer to have as little as possible and to have the most favourable outcome for us in respect of fresh, frozen and manufacturing beef. That is what motivates us and motivates the Department. It is an analysis we share with the farming industry. We are not the only ones with skin in the game and others are pushing other angles on this. We are doing the best we possibly can on that.

Are there any other specific issues?

Chairman: Returning to the CAP, the greening issue came up.

Deputy Jackie Cahill: There is also the issue of price supports.

Deputy Michael Creed: Deputy Cahill raised the issue of price supports. In the new CAP, we will be seeking that all the policy instruments available now would be retained. The point he is making relates back to the changes that have taken place in the context of the skim milk powder issue this year. He should bear in mind that on the basis of our intervention it only ap-

plies to this year. It would be foolish to think that that level of overhang in the market would not become a depressant on prices anyway, with in excess of 370,000 tonnes involved. There is an issue there irrespective of whether we like it. We need to find a way to deal with that. With the increased output in the post-quota era, our dairy industry has been more market-focused than any other member state. We are adamant that those instruments be retained in the new CAP after 2020.

Chairman: What about greening?

Deputy Michael Creed: What is the context of the greening point?

Deputy Martin Kenny: Pillar 1 covered greening and the basic payment. Is it proposed to merge both of those? Does that mean there will be greening actions?

Deputy Michael Creed: My understanding is that in the future it will be a single scheme with actions to be determined after 2020. It is-----

Deputy Martin Kenny: Is that by member states?

Deputy Michael Creed: Yes. The great thing is - this can be a double-edged sword - that we are being promised greater latitude to design schemes to suit our individual circumstances. Invariably the knee-jerk response is that we blame Brussels for things we do not like and take credit for the things that suit us. It is very welcome that we will be able to design environmental schemes that are tailor-made to our individual circumstances. That is an important aspect of what the Commission has put on the table. However, the devil will be in the detail of what we come up with.

Deputy Martin Kenny: The Minister mentioned that 95% of the farmers get 75% of the funds in Pillar 1. That means that-----

Deputy Michael Creed: It is 77%.

Deputy Martin Kenny: It is 77%. That means 5% of farmers are getting almost a quarter of the funds-----

Deputy Michael Creed: Yes, that is the case.

Deputy Martin Kenny: -----when that is put in reverse.

Deputy Michael Creed: Yes, that is correct.

Deputy Martin Kenny: That is the point. Then 100% of farmers are obviously getting 100% of the funds, so the higher we go with the percentage of farmers, the higher we go with the percentage of funds. It is really the fact that such a large block goes to such a small percentage.

Deputy Michael Creed: In the previous CAP, we availed of the maximum possible discretion available to us in terms of capping. That was €150,000. The numbers of people getting substantially high payments, less than €150,000, or if we add in greening, more than €150,000, are small. This is a headline and emotive issue. I do accept it does reputational damage to the CAP. They anger and annoy people. We will have greater discretion to deal with that than we were able to. However, it should not blind us to the fact that we have been on a substantial journey in redistribution generally, to the tune of €100 million, from those who have higher

payments to those who have lower payments. That direction of travel will continue.

Deputy Charlie McConalogue: I want to come in-----

Chairman: I will allow the Deputy in after the Minister has finished.

Deputy Michael Creed: Regarding Senator Lombard's point on Mercosur and what happens next on the dairy side, there are ongoing contacts between officials from the EU and Mercosur countries. As I understand it, there are a number of issues to do with automobiles, geographical indicators, dairy access and ethanol. There is a lot of contention around those issues at the moment. We are looking for greater liberalisation and access on the dairy side. However, there is a lot of official interaction at the moment on both sides. At some point, in the not too distant future, because of impending elections in Brazil, there will be a requirement that the Brazilian team step down. That will put a pause in the negotiations, if they were not concluded by that stage.

Deputy Kenny and Deputy Penrose made a point earlier about standards. We have deployed all the arguments raised here about sanitary and phytosanitary, SPS, standards in Brazilian beef and the problems the Commission uncovered and that have been the subject of investigation in Brazil. We have deployed all of those arguments around the carbon footprint etc. We are using every leverage we can to our advantage in these debates. Mercosur countries currently have access to the EU market. They are exporting substantial volumes of beef in here from approved plants. They are approved by the Food and Veterinary Office of the EU. They have to meet those requirements. Obviously, in Brazil, not all of those requirements have been met and there have been consequences because of recent events that have been uncovered. However, they do currently have access to the European market. This is about additional access, if conceded in the context of Mercosur.

Deputy Martin Kenny: Is it almost a danger that they up their game and meet the European standards? When they do meet the European standards, we will have a diminished argument when we go to try to fight the battle.

Deputy Michael Creed: The real challenge we have is efficient and extensive beef producers. Their costs of production are far lower than ours.

Deputy Martin Kenny: Particularly Argentina?

Deputy Michael Creed: Argentina, Brazil, Paraguay and Uruguay. They are very efficient beef producers. We would find it hard to compete with them. There is no doubt about that. They are paying high tariffs on their products at the moment. If access were granted as a result of a deal, it would be phased in over a period of six or seven years. I share the concern and that is why we are doing everything possible in respect of the cases that the Deputies have made about the standards issue, the air miles, the carbon footprint and the Brexit argument. All of those issues are important. However, it should be borne in mind that other member states have other interests. They would trade beef for automobile access for example, etc. We are but one of 27 or 28 member states. It is something we are extremely active on.

Chairman: Does Deputy McConalogue want to come in at this stage?

Deputy Charlie McConalogue: For further clarification on the issue of the backstop, there was an agreement in December where both sides took a very different interpretation. Does the Minister disagree with that?

Deputy Michael Creed: Prime Minister Theresa May's letter to European Commission President Juncker said she is committed to the backstop.

Deputy Charlie McConalogue: She is committed to a backstop. However, unless that is defined, then she is not committed.

Deputy Michael Creed: The backstop option is clearly defined in her letter. She states that there is an explicit commitment to agreeing in the withdrawal agreement an operational legal text for at least the so-called backstop option set out in the joint report. She agrees to that. However, she may have a better solution to that. That is black and white.

Deputy Charlie McConalogue: She agrees to what she agreed to in December. Is that right?

Deputy Michael Creed: Yes, it is.

Deputy Charlie McConalogue: However, she interprets that entirely differently from the European Union.

Deputy Michael Creed: No, she does not.

Deputy Charlie McConalogue: The Taoiseach interpreted it as bulletproof at the time. However, it is riddled with holes at this stage. We hope it will come eventually to be something which is solid, but until such time as it is agreed what was agreed, then there is nothing solid about it. I refer to when the European Union published its draft legal text which clarified its interpretation of the December agreement. Prime Minister May said explicitly in the House of Commons that no British Prime Minister could ever agree to the legal text published by the European Union. She said it was unacceptable as it meant a border in the Irish Sea. That is her view on the European Union legal text. It was supposed to be agreed before they moved out of phase one into the phase two trade negotiations. What we have now instead are totally divergent views on what was agreed in December between the European Union side and the British side. We have a decision to move into phase two with the backstop to be agreed as part of the final agreement. Where does that leave the backstop when people cannot agree on what it is?

Deputy Michael Creed: I am somewhat confused as to the Deputy's rationale. It begs the question of whether he is committed to the backstop agreement. It is clearly stated what the backstop agreement is in the phase one agreement. The text of this agreement states that the backstop requires the UK to maintain full alignment with those rules of the Internal Market and the customs union which now, or in the future, support North-South co-operation, the all-island economy and the protection of the 1998 Good Friday Agreement. Now, which part of that, in the context of Prime Minister May's commitment in the letter, does the Deputy not agree with? She clearly states that she is agreeing to the backstop, and what the backstop means is clearly articulated in the agreement. I do not understand. Is it the fact that the Deputy wishes it were not true? That is what bothers me.

Deputy Charlie McConalogue: No. Do not be asking me what part I do not agree with. Talk to Prime Minister May about what part she does not agree with. To me, it seems clear that it means that the whole of the UK, Britain and Northern Ireland, would remain aligned to the European Union. That is what that means to me.

Deputy Michael Creed: No, if-----

Deputy Charlie McConalogue: If it was to fall through and the British Government were to take the same interpretation of it, that would be great. However, it has not. It has an entirely different interpretation of it. That means it can do its own thing trade-wise, there is no border in the Irish Sea yet there would be no border on the island of Ireland, which are two contradictory outcomes. We then have disagreement about what the legal text might be. The legal text is not going to be agreed until the final agreement. It is not a backstop as such if it is left to the very end. A backstop is normally agreed in advance so that parties know that this will be the backstop. If the detail of the backstop is not-----

Deputy Michael Creed: The backstop is the backstop. A better option for us would be a whole-of-UK-EU agreement, but as a minimum, and the Government will not resile from this, we will not countenance a hard border. I am sure this is something with which Deputy McConalogue would agree.

Deputy Charlie McConalogue: Absolutely.

Deputy Michael Creed: That is good to know anyway because I thought for a moment from his line of questioning-----

Deputy Charlie McConalogue: Certainly not.

Deputy Michael Creed: I appreciate that if that is the case. What Prime Minister May is saying is very clear. She is saying she is committed to agreeing in the operational legal text of the withdrawal agreement for at least the so-called backstop option set out in the joint report. That joint report clarifies what that backstop is.

Deputy Charlie McConalogue: The Minister seems to be ignoring the fact that there is total disagreement about what the backstop is. There is total disagreement there. It is as plain as the nose on our face.

Deputy Michael Creed: Prime Minister May has written and clarified her intentions and what the backstop agreement does is clarify in-----

Deputy Charlie McConalogue: They have been saying all along the way that they can leave the EU, do all the things they want, there will be no border and there will be this mythical frictionless border. We know it is a load of codswallop. We would be totally wrong to take them at face value because it should not be taken at face value. Until the backstop is agreed in terms of the legal text, it is not solid-----

Deputy Michael Creed: When one negotiates with sovereign states and when the prime minister of a sovereign state in those negotiations writes and recommits herself to the agreement she signed as the leader of a sovereign government in December, that is a belt and braces approach.

Chairman: I do not want to get bogged down here.

Deputy Charlie McConalogue: The final point I want to make is that three or four weeks ago, Europe was talking about the legal text for the backstop, which it published and which it was going to press and basically require the UK to agree to. The UK said it would not agree to it and did not agree with the legal text, so instead of Europe forcing the issue and saying it will not move on until the UK agrees to the legal text, it put the legal text to the side and said that as part of the final agreement - not now but in October 2018 - it will agree to a legal text.

Chairman: The Minister will give a final response.

Deputy Michael Creed: The rationale for that relates to the Prime Minister coming up with a better solution in the interim, but the safeguard here is that the backstop is the point beyond which we will not countenance her-----

Deputy Charlie McConalogue: That would be fine if a backstop was agreed-----

Deputy Michael Creed: I find it quite extraordinary that a Government that has been motivated primarily, leaving aside all the economic arguments, by ensuring that we do not have a hard border on the island of Ireland is being attacked by Fianna Fáil for achieving something like that.

Deputy Charlie McConalogue: Minister-----

Chairman: We will wrap up on this topic.

Deputy Michael Creed: I find it quite extraordinary.

Deputy Charlie McConalogue: That is a load of nonsense. I am calling a spade a spade and am seeking clarification from the Minister. The Minister should not come back with glib assertions like that. I am calling it as it is in terms of-----

(Interruptions).

Deputy Charlie McConalogue: Until it is agreed, it is not solid.

Chairman: We will move on. I think we have played the point quite well. Deputy Penrose raised the issue of Bord Bia and alternative markets.

Deputy Michael Creed: We have given substantial additional resources to Bord Bia. One of the tasks we asked it to conduct was a market prioritisation whereby it would identify where there were opportunities for us to improve our market penetration, be it in beef, dairy, seafood, pork or sheepmeat. That is informing the actions being undertaken by us in the Department in the context of trade missions, etc. There is more detail here in terms of specific commodities on which we might focus in particular markets. Much of that detail is broadly sketched in Food Wise 2025 itself, which talks about south-east Asia in particular. Obviously, the Chinese market is an area into which we put a lot of effort. Other markets include north Africa and the Middle East. North Africa is interesting in the context of fluctuating oil prices because when oil prices are up, the area's purchasing capacity rises and it offers opportunities. That is a market prioritisation exercise to identify where those market opportunities would be with which Bord Bia has been charged on behalf of the Department.

Chairman: Do members wish to raise any other issues?

Deputy Martin Kenny: The Minister is saying that if a Mercosur deal were concluded, it would be six to seven years before we would see products being imported-----

Deputy Michael Creed: What would happen is that it would be phased in over that period so I understand that it would be introduced incrementally.

Deputy Martin Kenny: This is due to the fact that we already have an element of EU regulation in those countries for the products coming in at present. The Minister said that an

election might come up in Brazil. There may be other obstacles in the way. Are we looking at six months or a year before we see a conclusion to this?

Deputy Michael Creed: It is a very current and hot topic. There are a lot of players and a lot of commodity issues in play. I do not want to talk timelines about which I cannot be definitive.

Chairman: Is there a six-month closed-down period between or prior to the Brazilian election?

Deputy Michael Creed: I understand that there is a consequence of the election in terms of the Brazilian ministerial team participating in those negotiations in detail. I do not want definitively to call the time involved but I think we are quite close to that cusp that it would have an implication.

Chairman: Is the Minister saying that if something did not happen before that, it would not happen until after the Brazilian election?

Deputy Michael Creed: Yes.

Senator Paul Daly: I asked the Minister about the attitude, planning and contingencies in the Department and what its feelings were about more discretion being given to the Department or individual state in CAP. There was not much reference to any of it in the answers.

Deputy Michael Creed: Sorry-----

Senator Paul Daly: What is the state of planning? I assume there is ongoing planning in the Department for each conceivable outcome of the three issues about which we are talking. What is the Minister's attitude and the attitude of the Department? Has anything been put in train or have any plans been put in place for more discretion to be given to the Minister and his Department post-CAP? It seems to be the one thing that is coming forward, budgets aside.

Deputy Michael Creed: These three issues are taking up an enormous amount of effort, time and thought within the Department in terms of trying to engineer the best possible outcomes. We just embarked on an extensive CAP consultation. We have been around the country on a roadshow and have received more than 150 submissions on CAP from the public and stakeholders interested in the option. We will be considering all of those.

With regard to Brexit, we have been active in that space in terms of stakeholder engagement even before 23 June 2016. Obviously, that level of engagement has accelerated and there have been a number of policy responses in terms of Brexit loans, tax changes for the food industry and the new Teagasc facility in Moorepark in respect of offering companies assistance in moving from certain products that might be more exposed to the UK market. We have invested in the preferred consumer food sector to assist it in that space. A series of initiatives across the Brexit issue have delivered assistance. Yesterday, we launched the €300 million loan fund to the SME sector with a minimum 40% being ring-fenced for the food industry. There have been a lot of initiatives, engagement with stakeholders and consideration of the policy implications on CAP.

With regard to Mercosur, we have regular engagement at Agriculture and Fisheries Council meetings. I have attended bilateral meetings on Mercosur, CAP and Brexit issues with virtually every Minister in the Agriculture and Fisheries Council and have had two or three rounds of

engagement with some of them. It is a series of ongoing political engagement, from a Department point of view, continuous assessment and work on various scenarios. There is a continuous job of work under way. In the upcoming Council meeting in Luxembourg in April, there is a series of bilaterals organised with a number of member states as well. There is a constant work programme around these three issues.

Senator Paul Daly: I refer to Mercosur. There has to be complete agreement on our side on that, so are we prepared to use our veto on the beef issue?

Deputy Michael Creed: The approval process is one for the Oireachtas in due course. There are complicated issues around that. We are receiving remarkable levels of solidarity on issues that are of concern to us. We will have to consider in due course what the appropriate response to an issue like this is given other issues we are pursuing where we need EU support.

Chairman: In view of the importance of these three issues, namely, the CAP, Mercosur and Brexit, is it now time for a review of Food Wise 2025?

Deputy Michael Creed: On the contrary, and I have heard that argument advanced, I would say that never was it more important to have a blueprint, a stated ambition, and to be able to identify what are the impediments to achieving that ambition and what are the things we need to do. Obviously, market access to the UK is an uncertainty, so given the fact 38% of our exports went to the UK in 2017, it focuses our minds on looking for alternative market opportunities while simultaneously having stronger engagement with our retail partners in the UK. Never before was it more important to have the plan and that is generally the view of industry itself on the issue.

Deputy Charlie McConalogue: That is a very good question, Chairman. We fully support Food Wise 2025 and when we were in government, we wrote Food Harvest 2020. That was done not only as a blueprint for the development of agriculture, but it was done in a pre-Brexit environment. It set targets and set out the actions required to achieve those targets in the context of a pre-Brexit environment. If those targets are still the objective, and I think they should be, that is all the more reason that it should be revised in order to decide how those targets can be achieved in an environment and in a scenario where we are actually facing Brexit. There is no doubt but that it impacts on the agricultural sector in almost every way, so the idea that we would continue with a plan which does not take into account the impact of Brexit does not make sense. Certainly it should be revised with a view to how it should accommodate and deal with that challenge. The Chairman's point is very valid on that.

Deputy Michael Creed: It is important to recognise what Food Wise 2025 is. It is the industry's own stated ambition. It talks about growing the exports to nearly €19 billion and in that period achieving additional employment of 23,000 jobs. It is important to also acknowledge that we have been on a remarkable trajectory of growth in the industry, even through very challenging periods. Brexit is the challenge we face now. Previously, we faced the challenge of a banking collapse and a virtual economic collapse. Through all those years, this was the engine that continued to perform in sterling fashion. This is a significant challenge for us, but the view of all the industry stakeholders with whom I engage, and I chair the implementation committee on Brexit on a bi-monthly basis, is that never was it more important to have these identified actions that are necessary and to have a clear focus on the implementation of those actions. I share that analysis. It is not a time to fly the white flag and to diminish our ambition for the industry. On the contrary, while Brexit is a challenge, there are other opportunities. There is a growing global population. There is a demand for the kind of product that we are

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internationally renowned for and if we were to rescind from the opportunities that are there, even though we have a challenge in Brexit, it is undoubtedly the case that others would avail of the opportunity and put their products on supermarket shelves where ours currently are. We need to remain focused on the ambition and what is achievable. The roadblocks that are there have been created by Brexit, perhaps, and they may have been created by a whole host of other issues. It is important that we analyse how we can remove or circumnavigate any individual roadblock that is there rather than say we cannot do that so we will fold our tent and reduce our targets. It is an incredibly dynamic industry, populated by people who are driven by innovation, technology and energy. Everyday, whether the big or small players in the food industry, they are achieving amazing things. It would be a shame to say that we would walk away from the ambition in that document. On the contrary, it is time to double down on the ambition that is in it and drive on the implementation. That is why, within the Department, we have a much more intensive focus on the issues that are there. Brexit is but one of them.

Chairman: There are no further questions so that concludes our business. I thank the Minister and Mr. Gleeson for attending today. Happy Easter to everybody.

The joint committee adjourned at 3.56 p.m. until 2.30 p.m. on Wednesday, 11 April 2018.