An Roinn Talmhaíochta,
Bia agus Mara
Department of Agriculture,
Food and the Marine



# Annual Review and Outlook for **Agriculture, Food and the Marine 2021**

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## Foreword

# by Minister Charlie McConalogue T.D.



**My Department's Annual Review and Outlook for Agriculture, Food and the Marine 2021 brings together data and information on a variety of key topics in the agri-food sector, to give a detailed overview of Ireland's agri-food sector and an outlook for the future.**

It reflects a period when the sector faced the twin challenges of Brexit and the pandemic. It is to the credit of all in the sector that output was relatively unaffected and continued to reach consumers at home and abroad. The resilience shown by our farmers and fishers, food producers and processors, and the distribution chain, including retail, was remarkable. Average Family Farm Income increased during 2020; agri-food exports in 2020 were some €14.2 billion, only down slightly on the previous year, which itself was a record year.

The agri-food sector is Ireland's oldest and largest indigenous exporting sector. In 2020, the sector accounted for over 6% of GNI and 9% of exports in value terms. The sector accounts for 38% of total indigenous exports and over 60% of indigenous manufactured exports. The sector employed 163,600 people or 7.1% of total employment in 2020; outside of Dublin and the mid-east region, the sector provides between 10% and 14% of employment. Some 137,500 farms producing over €8.2 billion in output; over 770,000 hectares of forest; and over 2,000 fishing vessels and aquaculture sites producing fish with a value of €700 million, underpin the sector. In Ireland, agri-food is an integral part of the economy and society, and especially so for our rural and coastal communities.

This summer, I joined An Taoiseach Micheál Martin and Government colleagues in launching the new pioneering strategic framework for the sustainable development of the agri-food sector: 'Food Vision 2030 – A World Leader in Sustainable Food Systems'.

The Strategy, developed by a broad group of stakeholders from across the sector, has set an ambitious vision – that Ireland will become a world leader in sustainable food systems over the next decade. The Vision is that this will deliver significant benefits for the Irish agri-food sector itself, for Irish society and the environment. Demonstrating that the sector meets the highest standards of sustainability – economic, environmental, and social - can also provide the basis for its future competitive advantage.

Having a strong evidence base is essential for policy formation and implementation. I am confident that the data and information included in this Annual Review and Outlook will inform policy analysis and debate over the next year as we look to the continued sustainable development of the agri-food sector.

Charlie McConalogue.

**Charlie McConalogue T.D.**
**Minister for Agriculture, Food and the Marine**

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# Annual Review and Outlook 2021

## Top 20 Agri-Food sector export destinations




| | | | | |
|---|---|---|---|---|
| 1 **UK** €5,276 million | 5 **France** €864 million | 9 **Spain** €249 million | 13 **Japan** €147 million | 17 **Algeria** €95 million |
| 2 **Netherlands** €1,136 million | 6 **Germany** €826 million | 10 **Poland** €197 million | 14 **Denmark** €146 million | 18 **Switzerland** €89 million |
| 3 **United States** €1,074 million | 7 **Italy** €345 million | 11 **Nigeria** €180 million | 15 **Canada** €129 million | 19 **South Africa** €88 million |
| 4 **China** €872 million | 8 **Belgium** €260 million | 12 **Sweden** €159 million | 16 **Saudi Arabia** €100 million | 20 **Philippines** €86 million |

* rounding in operation


Ireland was the 8th largest exporter of boneless beef and veal in the world in 2018.
Agricultural Output at basic prices increased by 3% to €8.8 billion in 2020.
Ireland agri-food exports increased in value by 60% between 2010 and 2020 to €14.2 billion.
43% of farms have a family farm income of less than €10,000 in 2020.
In 2020 €79.2million of capital expenditure was invested in forestry development.
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Average family farm income for 2020 was €25,663, up by 9% on 2019.
A total of €4.15 billion in funding was available for the Rural Development Programme 2014 to 2020.
The agri-food sector employed 163,600 people or 7.1% of total employment in 2020.
Over 16,400 people are employed directly and downstream in the Irish seafood sector.
On 80% of farms either the holder and/or their spouse have an off-farm job or have another income from a pension or social assistance.

CHAPTER 1

# Agri-Food Sector and the Economy

Agricultural Output at basic prices increased by 3% to **€8.8 billion** in 2020.

Ireland agri-food exports increased in value by 60% between 2010 and 2020 to **€14.2 billion.**

The Agri-food sector **employed 163,600 people** or 7.1% of total employment in 2020.

## 1.1 Overview

The agri-food sector is Ireland's oldest and largest indigenous sector. In 2020, the sector accounted for over 6% of GNI and 9% of exports in value terms. The sector accounts for 38% of total indigenous exports and over 60% of indigenous manufactured exports. The sector employed 163,600 people or 7.1% of total employment in 2020; outside of Dublin and the mid-east region, the sector provides between 10% and 14% of employment. Some 137,500 farms producing over €8.2 billion in output at producer prices, over 770,000 hectares of forest, and over 2,000 fishing vessels and aquaculture sites producing fish with a value of €700 million underpin the sector. In Ireland, agri-food is an integral part of the economy and society, and especially so for our rural and coastal communities.



Beyond direct employment, the sector plays a key role in the wider rural and local economy, with estimates for output multipliers ranging from around 2.5 for beef, 2.0 for dairy and food processing and 1.75 for seafood. This compares with an average output multiplier of 1.4 for the rest of the economy and 1.2 for foreign owned firms. The Food & Drink sector accounted for 38% of all exports of Irish-owned firms in 2019.

The Agri-Food sector is globally-orientated, exporting almost ninety percent of the food produced. In 2020 Irish food and drink was exported to over 180 markets worldwide. Exports of Agri-Food products in 2020 were valued at €14.2 billion, a 60% increase from €8.9 billion in 2010. In 2020 Agri-Food exports represented 8.8% of Irish merchandising exports. The sector produces food and ingredients with a global reputation for quality and safety, with a livestock sector built on an enviable grass based production system. Global demand for high quality food is increasing with population, urbanization and affluence, and the Irish agri-food sector is well placed to play a role in meeting this demand.

COVID-19 affected all aspects of life in 2020 but the impact of the crisis on agri-food has remained limited, thanks to the resilience of the food chain. The emerging pattern seems to be one of reinforcement of some pre-existing trends, rather than a complete overhaul of the food system. An example of this would be the increase in e-commerce food sales and greater demand for locally produced food and short supply chains. Nutritional value, origin and health concerns are prominent among drivers of consumer choice, together with environment and climate change.

## 1.2 Economic Outlook and Impact of COVID-19

2020 was a particularly challenging year. While uncertainty relating to Brexit was expected, the unexpected COVID-19 pandemic placed unprecedented stresses on food supply chains, with bottlenecks in farm labour, processing, transport and logistics, as well as shifts in demand. Many of these disruptions were a result of policies adopted to contain the spread of the virus such as curtailments on the movement of people, social distancing and the shut-down of hospitality and foods services. However, food supply chains performed exceptionally well in the face of these stresses. Grocery store shelves were replenished over time, as stockpiling behaviour disappeared, and supply chains responded to increased demand.

The global food service industry experienced a near-total collapse in demand due to the temporary shutdown of the hospitality sector, especially evident during the early part of the pandemic. While food retail demand increased, it did not offset the decline in food services. This demand imbalance had significant consequences initially for primary producers and agri-food businesses. In terms of the economic impact posed by COVID-19, while domestic production was not significantly impacted, the demand abroad for Irish food and drink products was disrupted. The OECD has stated that, "*enough food is available globally, but COVID-19 is disrupting supply and demand in complex ways*", manifesting across the food system as, "*impacts on agricultural production and incomes; shifts in consumer demand; and disruptions to food supply chain.*"

The major shock for all economies around the globe has been compounded by uncertainty. Traditional economic forecasts have been difficult. Now in the second year of the pandemic, much more is known about the virus, but new mutant strains are still proving a significant challenge. Currently it is hoped that the various vaccines will help control transmission rates and reduce the severity of illness and death associated with the virus. Most current economic forecasts are optimistic for growth but there is still much uncertainty.

The data in table 1.1 reflects the Department of Finance's position in April 2021. While 2020 saw GDP and GNP down from 2019 levels, the fall was much less than expected and forecasts for 2021 and 2022 reflect an expected return to relatively strong growth. Prices declined

slightly in 2020 but this is expected to be reversed from 2021 onwards. Unemployment took a big hit increasing from 5% in 2019, to 18.7%, with much of the unemployment among the younger population especially, those working in the hospitality sector. While the forecast is expecting unemployment to fall in 2021 and 2022, it will take a number of years to fall back to pre- COVID-19 levels.

**Table 1.1** *Main economic and fiscal variables, per cent change (unless stated)*

| | 2019 | 2020 | 2021 Forecast | 2022 Forecast |
|---|---|---|---|---|
| **Economic Activity** | | | | |
| Real GDP | 5.5 | 3.4 | 4.5 | 5.0 |
| Real GNP | 3.3 | 0.6 | 4.4 | 4.5 |
| | | | | |
| **Prices** | | | | |
| HICP | 0.9 | -0.5 | 1.1 | 1.9 |
| Core HICP (*) | 0.9 | -0.1 | 0.7 | 1.7 |
| GDP deflator | 1.5 | -0.5 | 0.4 | 1.8 |
| | | | | |
| **Balance of Payments** | | | | |
| Trade balance (per cent of GDP) | 14.4 | 30.0 | 40.5 | 38.7 |
| Current account (per cent of GDP) | -9.5 | 4.6 | 15.1 | 13.1 |
| | | | | |
| **Labour Market** | | | | |
| Total Employment ('000) | 2,323 | 1,972 | 2,051 | 2,276 |
| Employment | 2.9 | -15.1 | 4.0 | 11.0 |
| Unemployment (per cent) | 5.0 | 18.7 | 16.3 | 8.2 |

**Source:** Department of Finance Ireland's Stability Programme, April 2021 Update

In their Summer Quarterly Economic Commentary, released in late June, The Economic and Social Research Institute (ERSI) expected the Irish economy to record substantial growth in 2021 as public health measures were lifted. ESRI projected GDP to increase growth by just over 11 per cent in 2021, driven by the strong performance of the Irish export sector. They also expect domestic demand to rebound strongly. ==

In July, The Central Bank of Ireland also projected that the Irish economy would recover strongly in the second half of 2021, supported by the release of pent-up demand along with strong growth in exports. While their projected GDP growth at 8.3 per cent, is less than the ESRI it is still a very positive outlook.

The EU's 2020 Economic Forecast, released in early May 2020, projected that the EU economy is forecast to expand by 4.2% in 2021 and by 4.4% in 2022. This represents a significant upgrade of the growth outlook compared to the Winter 2021 Economic Forecast, which the Commission presented in February. Growth rates will continue to vary across the EU, but all Member States should see their economies return to pre-crisis levels by the end of 2022.

The OECD Economic Outlook is the OECD's twice-yearly analysis of the major economic trends and prospects for the next two years. In late May, they indicated that prospects for the world economy have brightened but this is no ordinary recovery. It is likely to remain uneven and dependent on the effectiveness of vaccination programmes and public health policies.

Some countries are recovering much faster than others. Ireland, Korea and the United States are reaching pre-pandemic per capita income levels after about 18 months. Much of Europe is expected to take nearly 3 years to recover. In Mexico and South Africa, it could take between 3 and 5 years.

The OECD's Outlook for Ireland predicts that after avoiding a decline in output in 2020, thanks to buoyant exports of Ireland-based multinationals, real GDP is projected to grow by 4.2% in 2021, despite stringent pandemic measures introduced early in the year. As vaccinations are rolled out and restrictions are gradually eased, domestic demand will strengthen, even though uncertainty will continue to weigh on firms' investment decisions. Pent-up consumer spending, as households unwind pandemic-induced excess saving, is projected to lift growth to 5.1% in 2022.

## 1.3 EU Agricultural Economic Outlook

The EU Agricultural Outlook for Markets, Income and Environment 2020 - 2030 advises that the impact of the COVID-19 crisis on food markets has remained limited, thanks to the resilience of the food chain. The report projects that the global economy will rebound in 2021-2022 and level off at an annual average growth of 3% by 2030. It expects that the EU economy should recover to its pre-COVID-19 level by 2023. The subsequent modest GDP growth will be the consequence of a weaker labour market, subdued investment and higher debt accumulated during the time when fiscal policy measures were taken to mitigate the immediate threats of the COVID-19.

The oil price drives agricultural commodity prices through production costs (the cost of energy, fertilisers and other inputs). It affects competitiveness and the biofuels market. Demand for oil will fall due to the combined effect of the level of economic growth and the shift towards renewable energy and gas. The slump in oil use during the COVID-19 pandemic is likely to be temporary only, with prices likely to continue to rise.

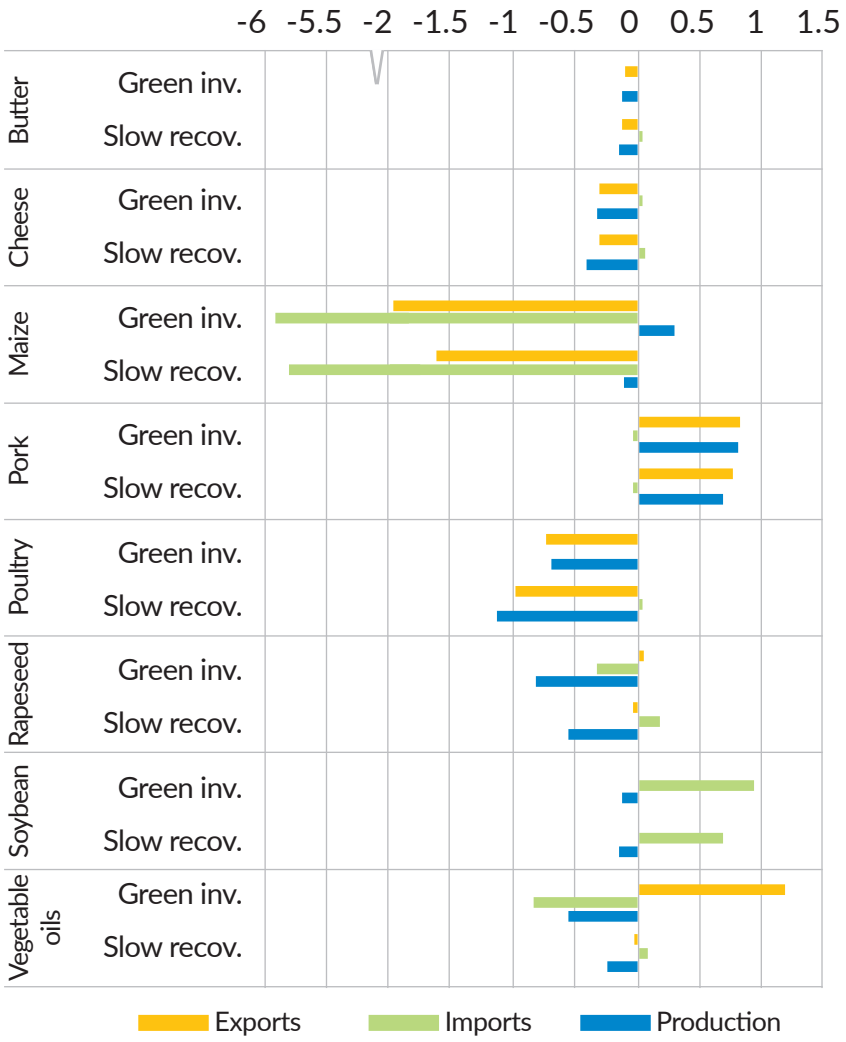
Exchange rates directly impact the competitiveness of EU agricultural exports. The pace of the economic and labour market recovery in the US, global uncertainty and a loose monetary policy in the euro area, are expected to strengthen the US dollar vis-à-vis the euro in 2021.

World population growth, despite slowing down to 0.9% per year by 2030, will remain a key driver of demand growth. The EU population will remain almost stable (slightly lower in 2030 compared to 2020), contrary to other countries and regions. In particular, the African population is expected to sustain a strong annual growth over the period (+2.3%) and is projected to overtake the Chinese and Indian populations by 2025 and reach 1.7 billion people in 2030. As food production in Africa is unlikely to keep up, food imports into the continent are due to continue rising. Income growth, although tempered by COVID-19, will lead to higher imports worldwide.

The global economic contraction caused by the COVID-19 pandemic in 2020 is the sharpest on record. Policy measures introduced to contain the pandemic, including lockdowns in most EU Member States, led to short-term disruptions in local and global food value chains. However, the resilience of the EU food systems and the quick policy responses meant that the risk of adding a food crisis on top of the public health crisis was avoided. The medium-term impacts of COVID-19 are still uncertain and will depend on the economic recovery pathways.

Without COVID-19, the EU economy was expected to increase by 15% between 2019 and 2030. Due to the pandemic, the COVID-19 baseline has been revised downwards to 10%. Figure 1.1 highlights the differences in trade and production for a number of commodities. Trade in maize will reduce significantly while EU production will increase. Production and exports of pork will increase, while poultry will see the opposite effect, namely reduced production and reduced exports. Dairy products, in the form of cheese and butter, will not be impacted to any great amount.

**Figure 1.1.** *EU Trade and Production Impacts in 2030 – Difference Relative to COVID-19 Baseline (million tonnes)*




**Source:** The EU Agricultural Outlook for Markets, Income and Environment 2020 - 2030

Over the next ten years, digitisation will be key for the arable crops sector, supporting yield productivity gains, improved labour conditions as well as higher environmental standards. Dairy and meat sectors will be shaped by the transition towards increased sustainability, with changes expected along the food supply chain. Milk production is set to grow moderately and demand for poultry projected to increase. Rising consumer health awareness and convenience will benefit the fruit and vegetables sector, resulting in increased demand.

The EU agricultural outlook report provides different scenarios for the COVID-19 recovery, including a slow recovery and a green recovery. For both scenarios, the supply and demand shocks lead to lower meat and grain prices, while butter, cheese and poultry prices are less affected.

An uncertainty analysis is also included in the report. COVID-19 will likely have long-lasting consequences for agricultural markets, but the scale of the impacts will depend on the economic recovery paths and the specific market.

At global level the FAO estimates that roughly one third of food production for human consumption is lost or wasted. The EU agricultural outlook report includes a scenario where food waste could be reduced by using it for insect farming. Their larvae would be used as aquaculture feed and the extracted insect oil used in biodiesel production. In the scenario

presented, the global insect farm would go from using 15% of food waste in 2020 to 50% in 2030. By 2030, the insect industry is expected to produce 23 million tonnes of protein meal and 2.5% of oil world consumption. After looking at impacts on crops markets, the scenario concludes that insect farming could significantly contribute to the circular economy by reintroducing nutrients from food waste back into the food chain. However, by reducing feed costs and supporting livestock production, it would result in a slight increase in greenhouse gas emissions.

The report also includes projections on agricultural income and labour for 2020-2030. EU farm income is expected to increase with a growth in production and prices. However, costs should rise at a similar pace, limiting the increase in nominal income to 1% per year. The farm workforce is expected to decline at a slower rate, at 1% per year, driven by technological progress in machinery and equipment.

The report presents an environmental analysis of the medium-term developments of EU agricultural markets. This is based on environmental and climate indicators, with a focus on GHG emissions and CO2 removal from the atmosphere. From 1990 to 2018, GHG emissions from the EU agricultural sector decreased by 21%. However, almost all of that change happened in the first half of this period. Emissions from land use, land use change and the forestry sector, which are negative because they are offset by CO2 removal, have followed a similar trend. Modelling projections for 2030 show that GHG emissions from EU agriculture would remain largely unchanged from current levels. The projected decrease in the livestock herd is going to be balanced out by an increase in nitrous oxide emissions due to higher crop yields. For the soil organic carbon budget, projections show a net increase corresponding to up to 2% of agricultural GHG emissions. Finally, the potential for different farming practices to sequester carbon is analysed, the most promising of which are to be found fallowing organic soils, producing winter cover crops and increasing the share of leguminous plants on temporary grasslands.



## 1.4 Contribution of the Agri-Food Sector to the Economy

### Gross Value Added and Modified Gross National Income

The agri-food sector is Ireland's most important indigenous industry, playing a vital role in Ireland's economy. It is estimated that the agri-food sector, which is classified as primary production (agriculture, fishing and forestry) along with food & beverages and the wood processing sector, accounted for almost 4% of Gross Value Added at factor cost in 2020. Gross Value Added at factor cost is the Gross Value Added at market prices less any indirect taxes plus any subsidies. The table below provides a further breakdown of these preliminary figures for 2020.

**Table 1.2** *Contribution of the Agri Food Sector to GVA, 2020 (Estimate)*

| Preliminary Data 2020 | € million |
|---|---|
| **Gross Value Added (GVA) at Factor Cost** | €352,649 |
| **GVA in Primary Agriculture, Fisheries and Forestry at Factor Cost** | €5,117 |
| **GVA in Food & Beverages Sector** | €7,614 |
| **GVA in Wood Processing (estimate)** | €296 |
| **Total** | €13,027 |
| **GVA in Primary Sector as a % of GVA** | 1.5% |
| **GVA in overall Agri-Food Sector as % of GVA** | 3.7% |

**Source:** CSO

The Gross Value Added at Factor Cost in the primary sector has grown from €9.96 billion in 2010 to €13.03 billion in 2020. However, the relative value of Gross Value Added by the agri-food sector has been gradually dropping since the turn of the century, as other sectors of the economy grow more quickly. In 2020 Gross Value Added in the overall agri-food sector represented 3.7% of total Gross Value Added at factor Cost. Modified GNI or GNI* is an indicator that was recommended by the Economic Statistics Review Group and is designed to exclude globalisation effects that are disproportionally impacting the measurement of the size of the Irish economy. Preliminary CSO results indicate that in 2020 the agri-food sector accounted for 6.3% of GNI*.

## 1.5 Agricultural Accounts in Ireland

According to the CSO's Preliminary Estimate on Output, Input and Income in Agriculture for 2020, agricultural operating surplus showed an annual increase of €165.4m (+5.4%), up from €3,055 million in 2019 to €3,220 million in 2020. This increase in operating surplus is in line with the trends shown by other CSO short-term indicators in agriculture, such as agricultural price indices. The agricultural sectors experienced a mixed year, with some sectors performing well, mainly on the livestock side, while cereals have experienced a very difficult year. The value of livestock production grew by €196 million (+5.8%), with the value of sheep production up €40 million (+15.5%), pigs up €59 million (+10.9%) and cattle up €129 million (+6.0%). On the other hand, the value of cereal production dropped by €91 million (-28.8%).

Total intermediate consumption costs in 2020 were almost the same as in 2019 but there were changes to individual items. While the amount of fertiliser used in 2020 increased slightly over 2019, there was a reduction in price and overall spend was down almost 9%. It was a similar story with energy and lubricants, where spend was down almost 8%. On the other hand, the three largest spending areas of consumption, namely feeding stuffs, forage plants and other

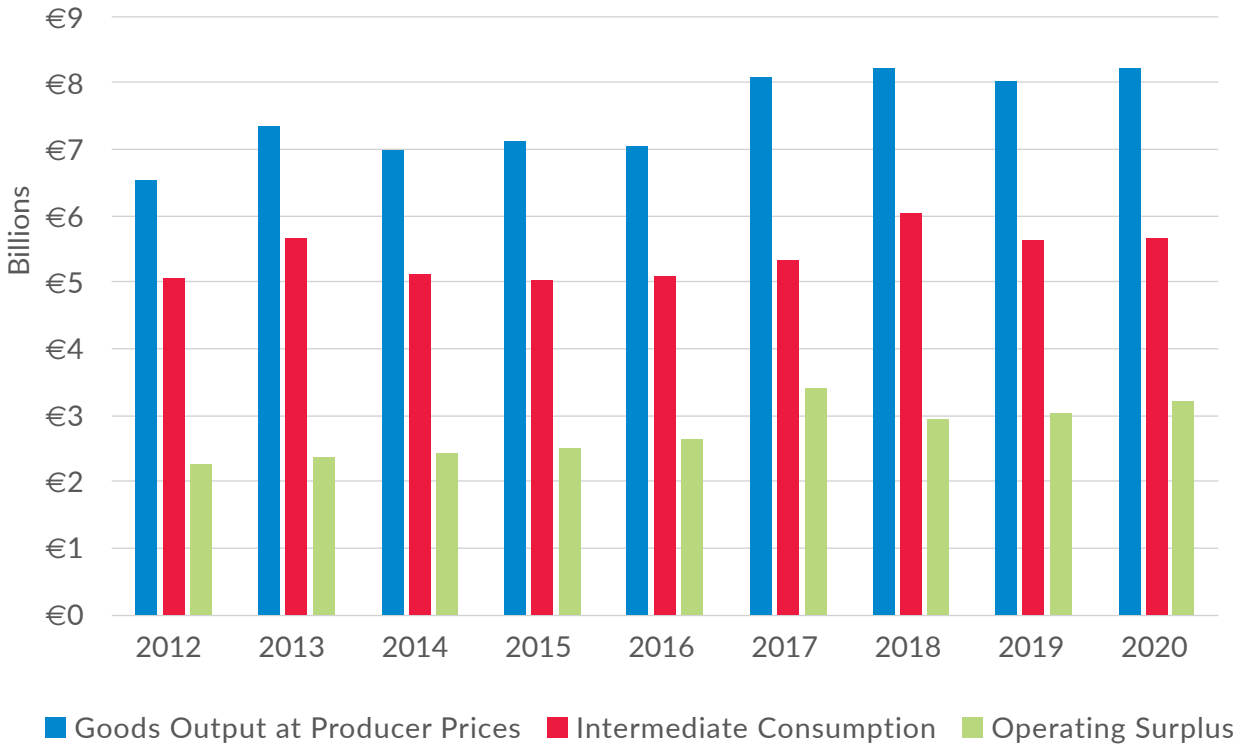
items of intermediate consumption, were each up in cost of between 1.8% and 2.8%. The cost of contract work in 2020 was the same as the previous year.

**Table 1.3** *Output, Input and Income in Agriculture, 2018 – 2020*

| | 2018 | 2019 | 2020 | % Change |
|---|---|---|---|---|
| | Value €m | Value €m | Value €m | 2019 - 2020 |
| **Goods Output at Producer Prices** | **€8,219** | **€7,961** | **€8,229** | **3%** |
| **Contract Work** | €453 | €461 | €461 | 0% |
| **Subsidies less Taxes on Products** | €14 | €100 | €95 | |
| **Agricultural Output at Basic Prices** | **€8,686** | **€8,522** | **€8,785** | **3%** |
| **Intermediate Consumption** | €6,038 | €5,648 | €5,657 | 0% |
| **Gross Value Added at Basic Prices** | €2,648 | €2,874 | €3,127 | 9% |
| **Fixed Capital Consumption** | €912 | €970 | €970 | 0% |
| **Net Value Added at Basic Prices** | €1,736 | €1,904 | €2,157 | 13% |
| **Other Subsidies Less Taxes on Production** | **€1,776** | **€1,738** | **€1,684** | **-3%** |
| **Factor Income** | €3,512 | €3,641 | €3,841 | 5% |
| **Compensation of Employees** | €568 | €586 | €620 | 6% |
| **Operating Surplus** | €2,945 | €3,055 | €3,221 | 5% |

**Source:** CSO

**Figure 1.2** *Trends in Operating Surplus, Goods Output and Intermediate Consumption, 2012 – 2020*




**Source:** CSO

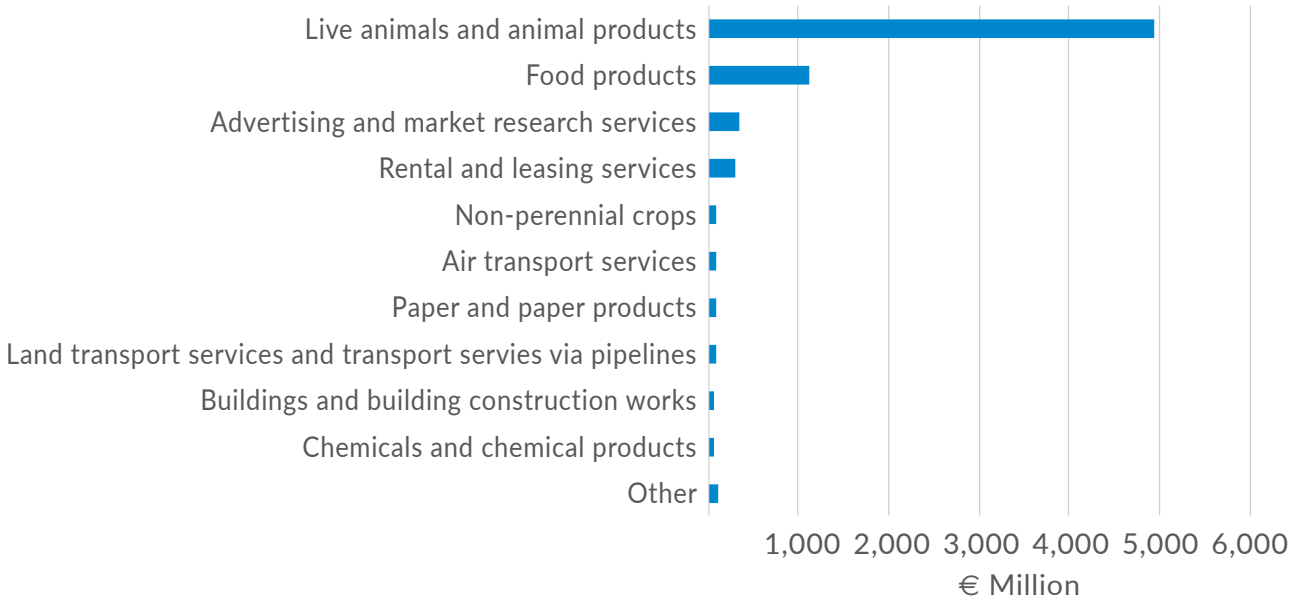
## 1.6 Food and the consumer

The manufacture of food and drink products is widely recognised as Ireland's most important indigenous industry. In 2018, the value of all Food and Beverages products was €25.7 billion. Ireland's output of food, drink and tobacco was the sixth largest in the EU27 in 2017 after Germany, France, Italy, Netherlands and Poland. Close to 40% of the food and drink production was by Irish-owned firms, while foreign owned firms accounted for €15.9 billion of production.

The two largest outputs by Irish-owned food producing firms were dairy products worth €3.4 billion and meat products worth €3.2 billion. This accounts for two thirds of output by Irish owned firms in the sector. Other significant outputs were of prepared animal feeds of €721 million, bakery and farinaceous products worth €679 million, other food products worth €564 million, processed and preserved fish worth €508 million and drink worth €465 million (all in 2018). Butter accounted for 30% of the dairy products, with cheese accounting for 24%.

In order for Irish-owned food producing firms to produce €9.8 billion of output, they used €7.6 billion of intermediate inputs in 2018 with live animals and animal products by far the largest input worth €4.93 billion.

**Figure 1.3** *Intermediate Consumption by Domestic Irish Food and Drink Firms, 2018*




**Source:** CSO



In 2018 there were 1,352 domestically owned food and drink corporations employing 32,070 people. 53 foreign owned corporations employed a further 20,521 and these, along with 2,488 self-employed people in the sector, give a total of 52,591 working in this sector.

**Table 1.4** *Food and Drink Enterprises, Employees, Compensation and GVA 2018*

| | Domestic | Foreign | Total |
|---|---|---|---|
| **Self-employed** | 2,488 | | 2,488 |
| **Corporations** | 1,352 | 53 | 1,405 |
| **Employees** | 32,070 | 20,521 | 52,591 |
| **Compensation of Employees** | €1,253m | €1,073m | €2,326m |
| **Gross Value Added** | €2,219m | €7,063m | €9,282m |

**Source:** CSO

Irish-owned enterprises paid out €1.25 billion in total wages, compared to €1.07 billion by foreign-owned enterprises. While foreign-owned enterprises employ 39% of those working in the sector and pay 46% of the wages, they generate 76% of the gross value added in the sector.

The impact of the Food and Beverages Sector is dispersed throughout the country and a strong driver of regional development accounting for 7.1% of total employment.

In addition to servicing the domestic grocery and food service markets, the industry is highly internationalised and exports to 180 countries. It maintains substantial market positions in the United Kingdom, EU and international markets.

## Contribution of the Food and Beverages Sector to the Irish Economy

The Annual Business Survey of Economic Impact (ABSEI) 2019 is a survey of approximately 4,200 client companies of Enterprise Ireland, IDA Ireland and Údarás na Gaeltachta, employing ten or more employees in Ireland. It comprises the Manufacturing and Information, Communication and Other Internationally Traded Services sectors. This survey includes a number of Food and Beverage Manufacturers.

### Key findings in this report for Irish-owned clients include:

- The largest sector for Irish-owned clients is the Food & Drink sector with sales of €16.1 billion in 2019 – an increase of 2.4% over 2018 and of 3.0% per annum increase over the 2000 figure of €9.2billion.
- While the Food & Drink sector accounted for 35.1% of the sales in Irish-owned industry in 2019, it accounts for 25.8% of the employment.
- The Food & Drink sector accounted for 38.3% of all exports of Irish-owned client firms in 2019. This sector has increased exports from €4.5bn in 2000 to €9.3bn in 2019, a per annum increase of 4.2% in current prices.
- Within the Food and Drink sector, Irish raw materials at €8.6 billion accounted for 78.8% of the total materials spend in that sector. Of all the Irish raw materials purchases by Irish-owned firms, the majority or 71.1% related to the Food and Drink sector in 2019.
- The Food & Drink sector purchased the majority (78.8%) of its materials in Ireland in 2019.

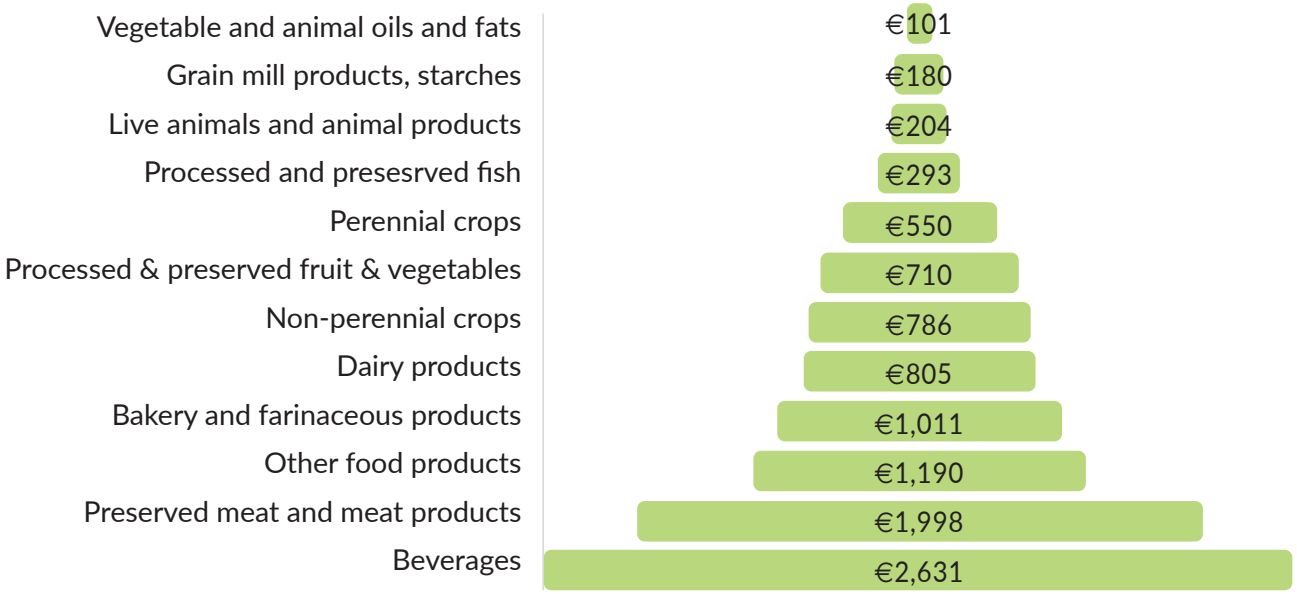
### Key Business Indicators for Foreign-owned Agency Clients include:

- The largest proportion of Irish-sourced materials are found in the Food & Drink sector where 49.7% of all materials purchased were sourced in Ireland. In monetary terms, this amounted to €849 million spent in Ireland in 2019.
- The share of total services sourced in Ireland by foreign-owned Food & Drink sector declined from the 2000 figure of 43% to 29% in 2019 (Absolute value €569.3 million).
- Foreign-owned Agency Clients in the Food & Drink sector, export 87% of total sales in 2019, compared to 59% in 2000.

## Household Consumption

In 2018, Irish households spent €7.9 billion on food and €2.6 billion on drink, with alcoholic drinks accounting for €1.7 billion. After drinks, the next largest item of expenditure was meat, on which €2 billion was spent. Outside of the home a further €7.1 billion was spent on food and €5.5 billion on drinks in restaurants and pubs.

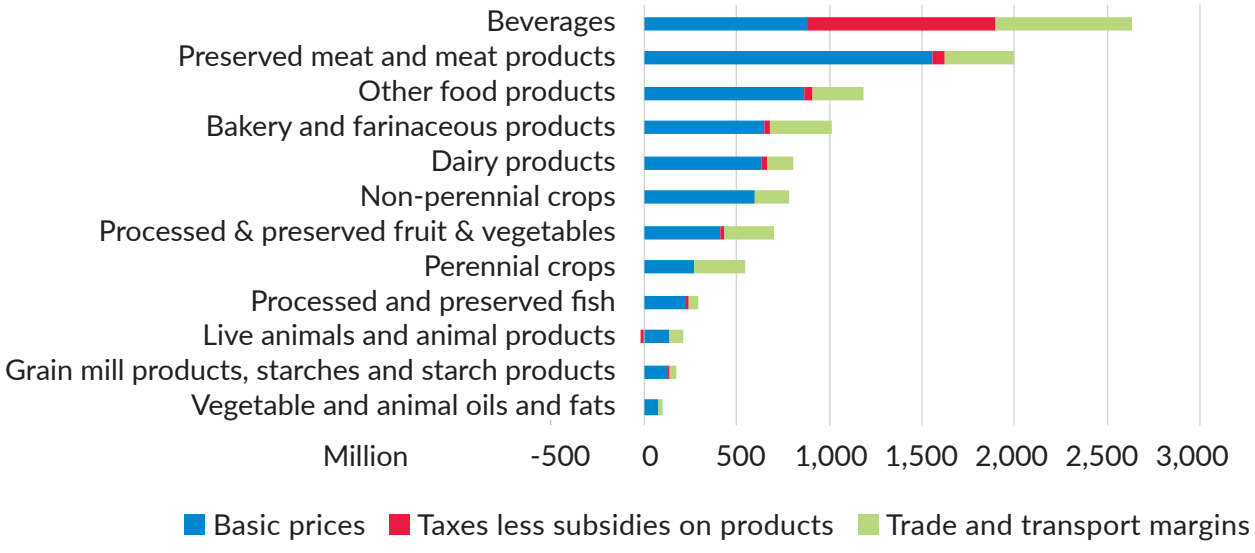
**Figure 1.4** *Household Consumption of Food and Drink 2018, Spend in Million Euro*




**Source:** CSO

The price the consumer pays for their food and drink is mainly composed of three elements: the basic price of the product; any taxes or subsidies applied to the product; and the cost of transportation and margin on the product. In figure 1.6 it is clear that the level of tax or subsidy, is a relatively small element of most foods, but it is a significant element of the cost of beverages where excise and VAT is applied to alcoholic drinks.

**Figure 1.5** *Household Consumption by Component 2018*



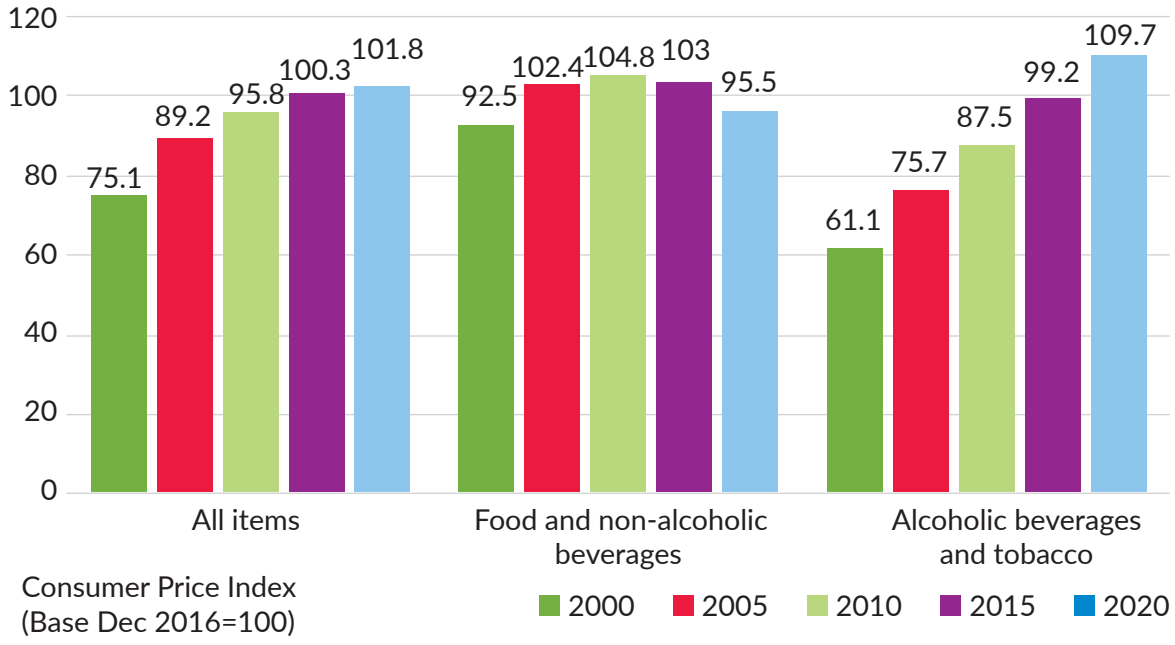

**Source:** CSO

## Consumer Price Index

Every month the CSO gather and publish the Consumer Price Index (CPI), which measures the change in the average level of prices (inclusive of all indirect taxes) paid for consumer goods and services. Approximately 51,000 prices are collected for a representative basket, consisting of 615 item headings in a fixed panel of retail and service outlets throughout the country. Based on these prices, the CSO can track the change in prices of goods over time. Figure 1.7 displays all items included in the CSO basket and shows a gradual increase in price since the year 2000. There was a large increase in the CPI between 2000 and 2005 but the level of increase in CPI between 2015 and 2020 was relatively small. With alcoholic beverages and tobacco, the cost has increased steadily over time, with the cost in 2020 almost 80% more than at the turn of the century.

The columns in the centre, which represent the changes to food and non-alcoholic beverages, show that the cost increased between 2000 and 2010. However, since then the cost of food and non-alcoholic beverages has decreased and in 2020 it was cheaper than food and non-alcoholic beverages in 2005. In fact, the cost of food and non-alcoholic beverages in 2020 is just 3% more expensive that it was in the year 2000.

**Figure 1.6** *Consumer Price Index, 2000 to 2020*




**Source:** CSO

According to the CSO Food and Agriculture: A Value Chain Analysis the food and non-alcoholic drink in an average weekly shop that cost €100 in 2008 would cost €86 in 2018 and €84 in 2020.

## Irish Food Prices Compared to EU Food Prices

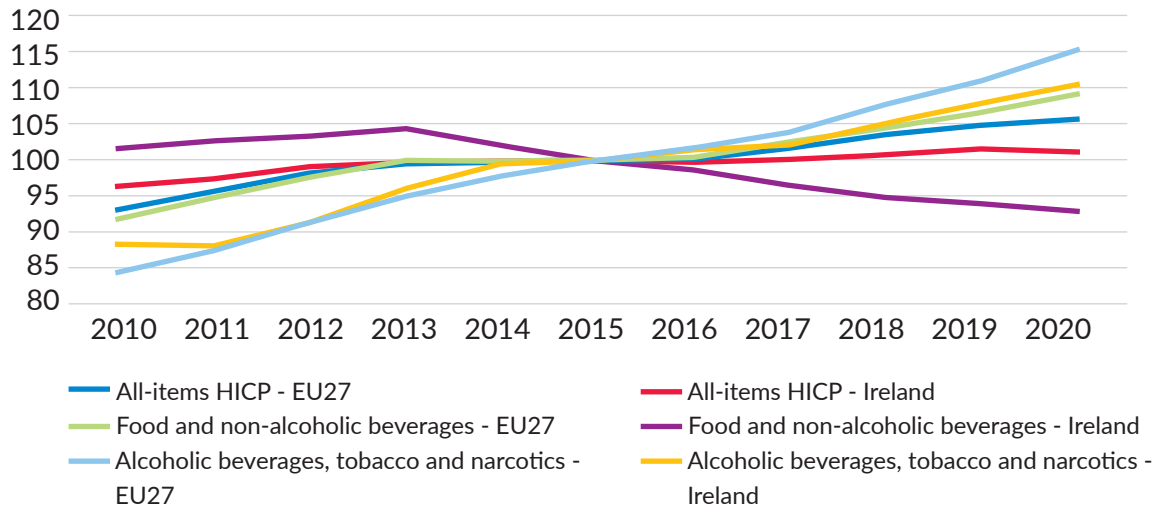
Eurostat produces European statistics in partnership with National Statistical Institutes, such as the CSO in Ireland and other national authorities in the EU Member States. The data Eurostat produce is based on similar data collected from each member state to allow comparison of data from one country to another.

In figure 1.7, data from both Ireland and the EU 27 is shown for the Harmonised Index of Consumer Prices (HICP). Both the CPI, which is the official measurement of inflation in Ireland, and the HICP are designed to measure, in index form, the change in the average level of prices paid for consumer goods and services. A number of items included in the CIP are not included in the HICP, such as mortgage interest, motor tax, house and car insurance, while imputed rentals for housing are included in the HICP.

The trends seen in the HICP data, as shown in figure 1.7, were food and non-alcoholic beverages have fallen in price in Ireland since 2010, although at an EU27 level, food and non-alcoholic beverages have increased over the last decade.

Alcoholic beverages and tobacco have increased in price considerably both in Ireland and the EU27, while all items in HICP have increased more in the EU27 than in Ireland.

**Figure 1.7** *Comparison of EU and Irish Prices, 2010 – 2020 (2015 = 100)*




**Source:** Eurostat

## 1.7 Agri-Food Strategy – Food Vision 2030

For some twenty years, the Irish agri-food sector has benefited from having a coherent, stakeholder-led vision and strategy to underpin the sector's continued development. The Government has approved the publication of a new strategy for the agri-food sector, "Food Vision 2030 – A World Leader in Sustainable Food Systems". This was developed by a Committee of agri-food stakeholders and envisages a transformational pathway to a position of world leadership in Sustainable Food Systems by 2030.

The development of a new ten-year strategy for the agri-food sector is a key commitment of the Programme for Government, which called for an ambitious blueprint for the sector for the years ahead, adding value sustainably into the future, with a strategic focus on environmental protection. In late 2019, a Committee with 32 members representative of the sector, and chaired by Tom Arnold, was established and tasked with developing the agri-food strategy to 2030. Their terms of reference were to outline the vision and key objectives, with associated actions, required to ensure the economic, environmental and social sustainability of the agri-food sector in the decade ahead. The Committee held thirteen meetings.

In parallel with the work of the Committee was the preparation of a Strategic Environmental Assessment (SEA) and Appropriate Assessment (AA) to determine the likely significant effects on the environment of implementing the Strategy. There was also extensive public consultation, including, in 2019, a public consultation to open the process followed by a well-attended 'Open Policy Debate' in the Aviva Stadium in October. This was followed by discussion of the Strategy at the UN Food Systems National Dialogues in April 2021, followed by a further consultation on the environmental assessment as well as the draft Strategy itself. The outcome of these were taken into consideration in finalising Food Vision 2030.

For some twenty years, the Irish agri-food sector has benefited from having a coherent, stakeholder-led vision and strategy to underpin the sector's continued development.



## Food Vision 2030

On 3rd August 2021 the Taoiseach launched 'Food Vision 2030 – A World Leader in Sustainable Food Systems'. The Strategy foresees Ireland becoming a world leader in Sustainable Food Systems (SFS) over the next decade. This will deliver significant benefits for the Irish agri-food sector itself, for Irish society and the environment. In demonstrating the Irish agri-food sector meets the highest standards of sustainability – economic, environmental, and social – this will also provide the basis for the future competitive advantage of the sector. By adopting an integrated food systems approach, Ireland will seek to become a global leader of innovation for sustainable food and agriculture systems, producing safe, nutritious, and high-value food that tastes great, while protecting and enhancing our natural and cultural resources and contributing to vibrant rural and coastal communities and the national economy.

Food Vision consists of 22 Goals, grouped into four high-level Missions for the sector to work toward:

1) A Climate Smart, Environmentally Sustainable Agri-Food Sector
2) Viable and Resilient Primary Producers with Enhanced Well-Being
3) Food that is Safe, Nutritious and Appealing, Trusted And Valued at Home and Abroad
4) An Innovative, Competitive and Resilient Agri-Food Sector, Driven by Technology And Talent.

## The Four High Level Missions:

**Mission 1 – A Climate Smart, Environmentally Sustainable Agri-Food Sector**

There are seven Goals in this Mission that aim to deliver a climate-neutral food system by 2050, with verifiable progress achieved by 2030, encompassing emissions reductions, carbon sequestration, improvements in air quality, restoration and enhancement of biodiversity, improvements in water quality, development of diverse forests, enhanced seafood sustainability, exploring the bioeconomy and strengthening Origin Green.

The Strategy acknowledges that in general, future environmental targets are likely to be set by legislation and commits to participating in the various target-setting processes with a view to the ultimate commitment to be climate neutral by 2050. The following targets are included in the Strategy:

**Biogenic methane:** The Strategy commits to a reduction of at least 10% by 2030 (on 2018 level), recognising that this will need to adjust in line with emerging national and international targets for the sector and in line with the development of scientific solutions.

**Nitrous Oxide:** Emissions associated with chemical fertiliser use to reduce by more than 50% by 2030

**Water Quality:** The Strategy commits to reduce nutrient losses from agriculture to water by 50% by 2030

**Biodiversity:** It is envisaged that by 2030, 10% of farmed area will be prioritised for biodiversity, spread across all farms throughout the country

**Air Quality:** Ammonia emissions to reduce to 5% below 2005 levels by 2030

**Forestry:** Increase afforestation from existing levels to at least 8,000 ha per year and double the sustainable production of biomass from forests to 2 million tonnes by 2035

**Organic farming:** At least 7.5% of utilisable agricultural area is targeted to be farmed organically by 2030

**Seafood:** Achieve 30% of marine protected areas by 2030

**Food Waste:** The Strategy aims to halve the level of food waste per person by 2030

**Mission 2 – Viable and Resilient Primary Producers, with Enhanced Wellbeing**

There are four Goals in this Mission which involve improving the competitiveness and productivity of primary producers, increasing the creation of value and distributing it fairly, introducing greater diversification in production systems and incomes, and improving the social sustainability of primary producers across areas such as generational renewal, gender balance, health and safety, mental health and wellbeing and rural development.

The Strategy is ambitious for primary producers, envisaging an upward trend in Family Farm Income towards 2030, with an increased share of viable and sustainable farms, reflecting improved economic returns to land and profitability per hectare, an upward trend in primary output value with increased diversification across sectors. The Strategy also foresees the seafood sector continuing on a path of sustainable economic and environmental development by carefully managing the utilisation of sea-fisheries and aquaculture.

The Strategy aims to improve the social sustainability of primary producers, increasing the share of younger and trained farmers and fishers, reducing the risk of social isolation, and ensuring a much-improved record on health and safety.

**Mission 3 – Food that is Safe, Nutritious and Appealing, Trusted and Valued at Home and Abroad**

There are four Goals in this Mission that aim to prioritise coherent food and health policies for better health outcomes, enhance consumer trust in our food system, create value-add through insight, innovation and product differentiation, and developing market and trade opportunities both at home and abroad.

The Strategy aims for an integrated food systems approach to food and health policy, continued world-class standards in food safety, animal health and welfare, increased value-addition, and an increase in the value of agri-food exports to €21 billion by 2030, built on sustainable steady value growth.



**Mission 4 – An Innovative, Competitive and Resilient Agri-Food Sector, Driven by Technology and Talent**

There are seven Goals in this Mission which are relevant to all other Missions and will act as key enablers. They include moving to a challenge-focused innovation system, having a strategic approach to funding R&D, developing dynamic knowledge exchange practices, enhancing the use of technology and data, improving competitiveness and resilience, attracting and nurturing diverse and inclusive talent, and improving policy coherence in Sustainable Food Systems between Irelands domestic policy and its development cooperation and foreign policy.

The Strategy envisages a more output-focussed collaborative innovation system by 2030; with private R&D to reach 1% of turnover. The agri-food sector should be more competitive and resilient, and seen as attractive by a young, diverse and talented workforce.

Ireland will advocate for Sustainable Food Systems internationally and for the development of a recognised SFS measurement or index to supplement and strengthen it vision for 2030. Ireland's advocacy that SFSs are an important part of the deepening strategic relationship between Africa and the EU, and within Ireland's overall relationship with Africa

## Monitoring and Implementation

The success of Food Vision 2030 will depend on effective implementation and oversight. For this reason, a Monitoring and Implementation Framework is included in the Strategy.

This highlights areas for collaboration and partnership within the sector but also with key external stakeholders. It also details oversight and monitoring mechanisms for implementation, including the establishment of a High Level Implementation Committee chaired by the Minister for Agriculture, Food and the Marine, and its key task will be to ensure the delivery of the four Missions. Significant detail is also given on the critically important area of environmental monitoring.

## Environmental Assessment

In accordance with EU Directive 2001/42/EC and the European Communities (Environmental Assessment of Certain Plans and Programme) Regulations 2004 (SI 435 of 2004), as amended by the European Communities (Environmental Assessment of Certain Plans and Programmes) (Amendment) Regulations 2011 (SI 200 of 2011), a Strategic Environmental Assessment (SEA) was carried out on the draft Agri-Food Strategy to 2030 and its findings were presented in an Environmental Report. An Appropriate Assessment was also carried out and a Natura Impact Statement prepared pursuant to Article 6 of Council Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora as transposed into Irish law by S.I. the European Communities (Birds and Natural Habitats) Regulations 2011 (477/2011) as amended.

**Case Study**

### UN Food Systems Summit 2021

UN Secretary-General António Guterres convened a Food Systems Summit this year to raise global awareness and land global commitments and actions that transform food systems to resolve not only hunger, but to reduce diet-related disease and heal the planet.

The Secretary General is calling for collective action of all citizens to radically change the way we produce, process, and consume food. It is a summit for everyone everywhere - a people's summit. It is also a solutions summit that will require everyone to take action to transform the world's food systems.

## UN Food Systems Summit 2021

Transforming the way we produce, process, distribute and consume food is now recognised as the most significant entry point for accelerating progress towards the achievement of the 2030 Agenda and the seventeen Sustainable Development Goals.

The UN Food Systems Summit will serve as a turning point in our collective journey to achieve the 2030 Agenda, by awakening the world to the fact that we all must work together to transform the way the world produces, processes, consumes and thinks about food.

The Food Systems Summit provides Ireland with a unique opportunity to use its national and international knowledge and expertise in food systems to advocate for healthier, more sustainable and equitable food systems, while presenting its experience as a practical case study on sustainable food systems transformation. The Summit also provides an opportunity for Ireland to take an international leadership role in sustainable food systems which are the central objective of the 2030 Agri-food Strategy, and to amplify the key messages and commitments of Ireland's international development policy, *A Better World*.

Between April and May 2021, DAFM convened a series of National Dialogues on the future of Ireland's food system. The National Dialogues provided a unique opportunity to inform participants about Ireland's food systems challenges, and to highlight the policies, strategies and actions being put in place to address them, particularly the Food Vision 2030 strategy which has been developed using a food systems approach.

The data collected by DAFM Communications Division highlights the level of awareness and interest among Irish stakeholders in the future sustainability of Ireland's food system. Nearly 3,000 people have visited DAFM's Food Systems Summit campaign page since it went live. The National Dialogues series had over 1,500 registrations and more than 8,900 people have viewed the events either live or on playback.

The Dialogues identified a number of areas of agreement between stakeholders, including continuously improving the sustainability of Ireland's food system is a benefit to all stakeholders; primary producers must be at the heart of Ireland's sustainable 'transition by design'; and the future of Ireland's food system must involve all citizens and communities across the generational spectrum. The Dialogues also highlighted areas of divergence, such as: a common understanding of what a sustainable food system is in practice; and what steps need to be taken to address the sustainability challenges.

In July 2021, Minister McConalogue led Ireland's delegation to the Food Systems Pre-Summit in Rome. The Minister spoke on Ireland's experience on food system transformation and on the important role of farmers, fishers and primary producers in delivering food system change. The Pre-Summit was held to set the stage for the Summit in September in New York, by bringing together diverse actors (youth, food producers, Indigenous Peoples, civil society, researchers, private sector, finance leaders, policy leaders and Ministers of agriculture, environment, health, nutrition, and finance, among others) from around the world to leverage the power of food systems to deliver progress on all SDG.

Eight country-led coalitions for action have been created with Ireland positioned to play a leading role in the coalition entitled Means of Implementation. This recognises Ireland's experience in the delivery of multi-stakeholder agri-food strategies using a food systems approach and the opportunity to share our expertise in the area of Food System Transformation.

# CHAPTER 2 Farm Income and Structures

**On 80% of farms**
either the holder and/or their spouse have an off-farm job or have another income from a pension or social assistance.

43% of farms have a family farm income of
**less than €10,000**
in 2020.

Average family farm income for 2020 was
**€25,663**,
up by 9% on 2019.

## 2.1 Overview

This chapter analyses data from a number of sources to outline developments in farm income and structures, both at Irish and EU level. Data is sourced mainly from the Central Statistics Office (CSO), Teagasc, Revenue, Central Bank and Eurostat, along with a number of publications over the past year. The data from these sources is used to generate an overview of farm income and farm structures in Ireland. In addition, the impact of off-farm income and direct payments is examined. The viability of Irish farms is considered using Teagasc National Farm Survey results and the support schemes for farmers. Investment and borrowings in the agri-food sector, the age profile of farmers and the role of women in agriculture are also examined.



## 2.2 National Farm Income (Operating Surplus), 2020

### Output Input and Income in Agriculture

Three times each year the CSO release a statistical publication called Output, Input and Income in Agriculture (OII). The first or Advance estimate is generally released in early December of the reference year. This is based on the data available at the time, which is not fully complete. The Advance estimate is updated in March of the following year when the Preliminary estimate is published. This incorporates all additional up-to-date information that has become available by that time. In August, the Final estimate of the agricultural accounts is prepared, based on the complete set of data.

The OII sets out the estimated value of goods output at producer prices for livestock, livestock products and crops. It estimates the cost intermediate consumption or inputs, includes the value of subsidies and estimates the operating surplus or estimated aggregate farm income.

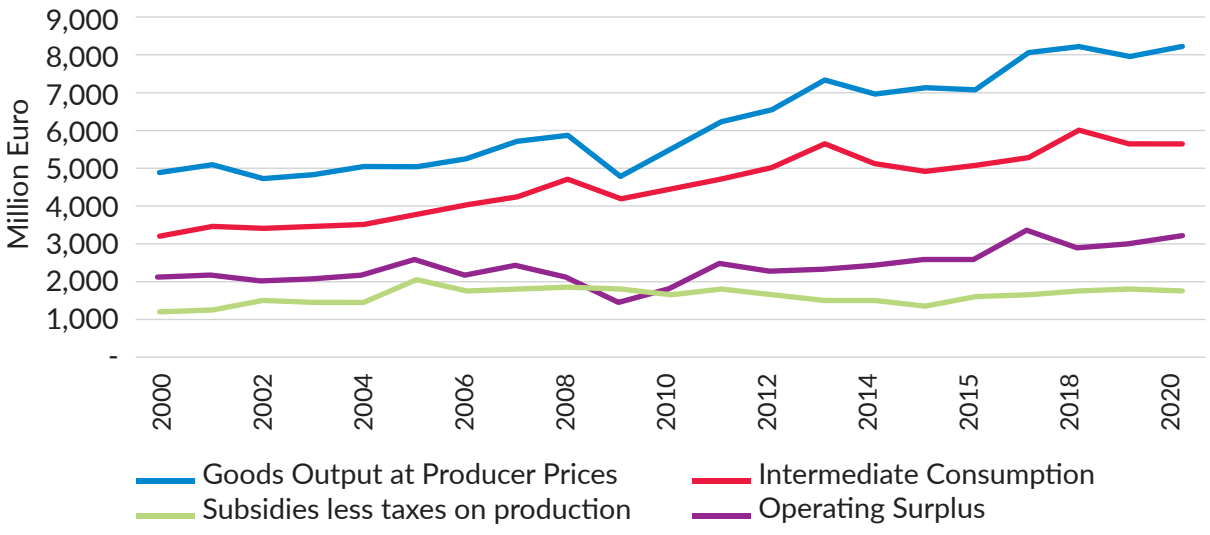
The total estimated value for goods output at producer prices in 2020 was €8.2 billion. This comprised of €3.6 billion for livestock, €2.8 billion for livestock products, (mainly milk) and €1.8 billion for crops which include horticulture, cereals and forage plants such as silage and hay used on the farm. Goods output at producer prices were up by 3% in 2020 compared to 2019 and have grown at a rate of 2.5% per annum since 2000 when they were valued at €4.9 billion.

In 2020 the OII indicated that the operating surplus was €3.22 billion, up 5.4% on 2019. Operating surplus can vary significantly from year to year, as indeed can all elements of the OII and it is best to consider trends over a number of years. Since the turn of the century, operating surplus has increased on average by 2% each year, rising from €2.16 billion in 2000 to €3.22 billion in 2020, an increase of almost 50% over the two decades. Despite this overall increase, there have been a few years when the operating surplus took a significant hit. An example of this is 2018 when, due to the cold wet weather in spring and very hot, dry conditions in the summer, additional bought-in feed was required on many farms.

The cost of this additional feed and other farm inputs is included in the OII under the heading "Intermediate Consumption". In 2000 it was estimated to be €3.2 billion, and this had risen to €5.7 billion by 2020, an increase of 2.75% per annum. Feeding stuffs accounted for 27% of intermediate consumption in 2020, while forage plants accounted for 19%.

Subsidies, less taxes on production, provide a significant portion of operating surplus. In 2020 they were worth €1,779 billion, down 3% on 2019, when the Beef Exceptional Aid Measure (BEAM) would have boosted payments. In 2000, subsidies, less taxes on production, were €1.2 billion and have increased by an average of 2% each year since.

**Figure 2.1** *Agricultural Output, Input, Net Subsidies and Income, 2000 - 2020*




**Source:** CSO

### Operating Surplus (OS)

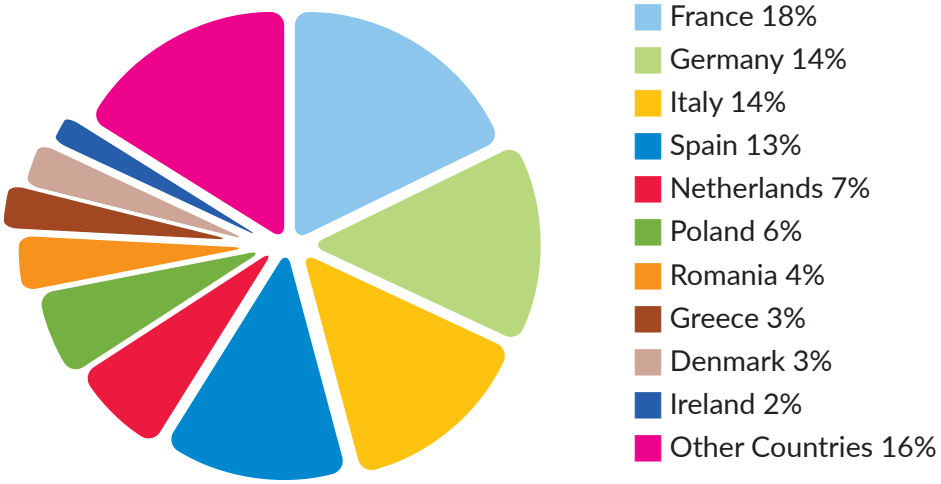
Operating surplus is defined and calculated by the CSO by subtracting compensation of employees from farm income accruing from farm output. The figure is comprised of the operating surplus earned by farmers and that earned by agricultural contractors. It is an estimate of income before deductions for interest payments on borrowed capital, land annuities and rent paid by farmers to landowners for the use of their land. It does not include income from non-farming sources and may not be equated to household income.

## Agriculture Output in Europe

The Economic Accounts for Agriculture (EAA) provides detailed European level information on income in the agricultural sector. Each year they produce the Agriculture, forestry and fishery statistics. The 2020 edition covers some of the most popular data within the domain of agriculture, forestry and fishery statistics, as well as some of the wider farm to fork chain. The publication is divided into eleven chapters, providing facts and figures about farms, farmers, farm production and prices, the economic and resource performance of the agricultural sector, forestry and fisheries activities, food and beverages processing, distribution and the trade in agricultural goods. This publication allows us compare agriculture in Ireland with our European counterparts.

Ireland is the fifteenth largest country in the EU27, but it has the tenth largest utilised agricultural area or land which is used for agriculture. France, which is the largest country in the EU 27, produces 18% of the agricultural output in the Union. The top three countries for EU agriculture output are France, Germany and Italy. Together, they are responsible for 46%. Interestingly the Netherlands and Denmark, which have the sixth and seventh smallest land mass in the EU27, respectively produce the fifth and ninth most agricultural output of the 27 countries.

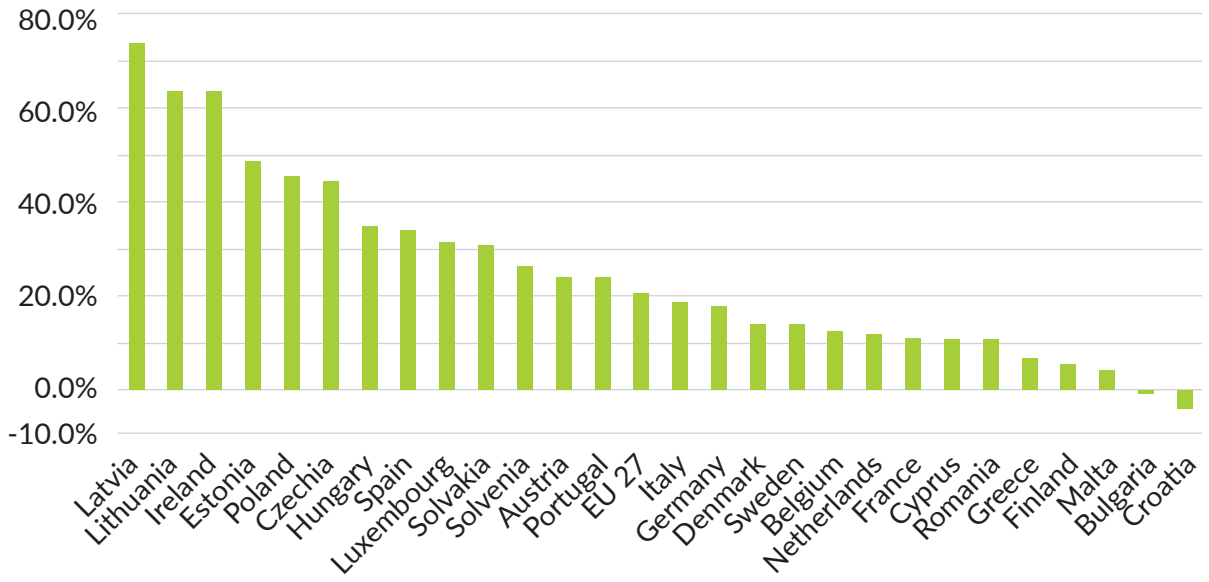
**Figure 2.2** *Proportion of Agricultural Output by Country in EU27*




**Source:** European Accounts for Agriculture

Ireland is the tenth largest producer of agricultural output. However, Ireland was not always producing the same proportion of the EU's agricultural output. Ireland's output has increased significantly since 2010 and indeed at a much faster rate than many of our Europen neighbours. Indeed, only two countries, Latvia and Lithuania, have grown their agriculture output at a faster rate than Ireland over the past decade. Over the period since 2010 the agricultural output in the EU27 has grown by close to 20%, but Ireland's output has grown by close to 50%. All countries, except for Bulgaria and Croatia, have increased their output during the last decade but these two countries have seen their output reduce by 1% and 4% respectively.

**Figure 2.3** *Growth of Agricultural Output by Country in EU27 between 2010 and 2020*



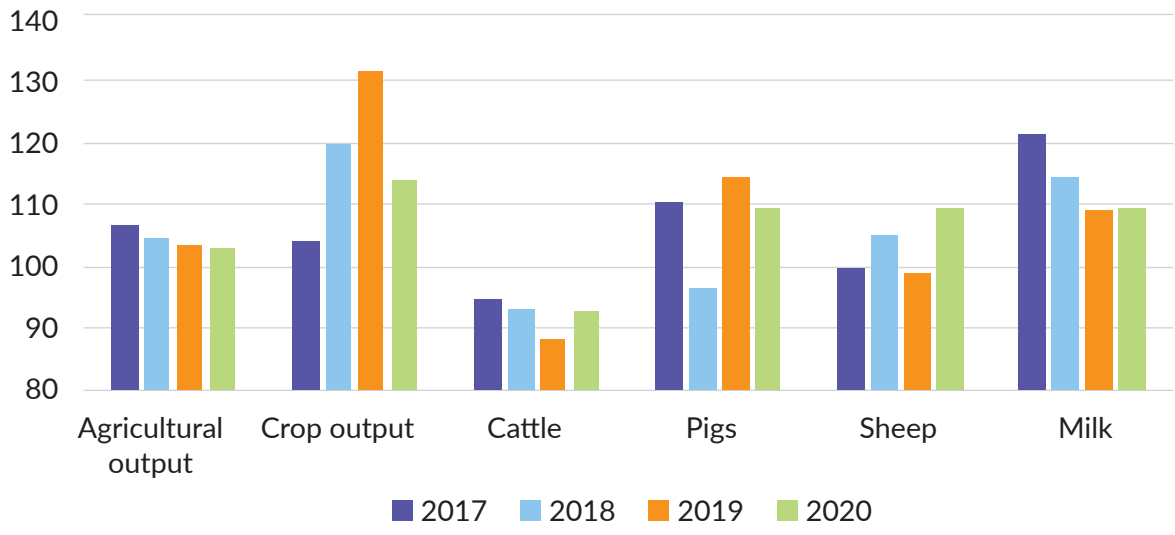

**Source:** European Accounts for Agriculture

## 2.3 Agricultural Price Index

The agricultural output price index measures trends in the price of agricultural produce sold by farmers. The agricultural input price index is designed to measure trends in the price of farm inputs purchased for current consumption. When the input and output price indices are examined together it gives an indication of the movement in the margin for profit. As with any index, a base year is chosen when the prices are set at 100 and then subsequent years can be compared relative to the base year.

Figure 2.4 highlights that the price of agricultural output has reduced slightly in recent years, however individual farms will be impacted depending on the movement in the various sectors. For example, the milk price index, which was high in 2017 relative to the base year of 2015, has fallen in 2018 and 2019, with a marginal increase in 2020. On the other hand, the crop output price index increased strongly in 2018 and 2019 but fell back in 2020. This highlights the volatility of farm output prices.

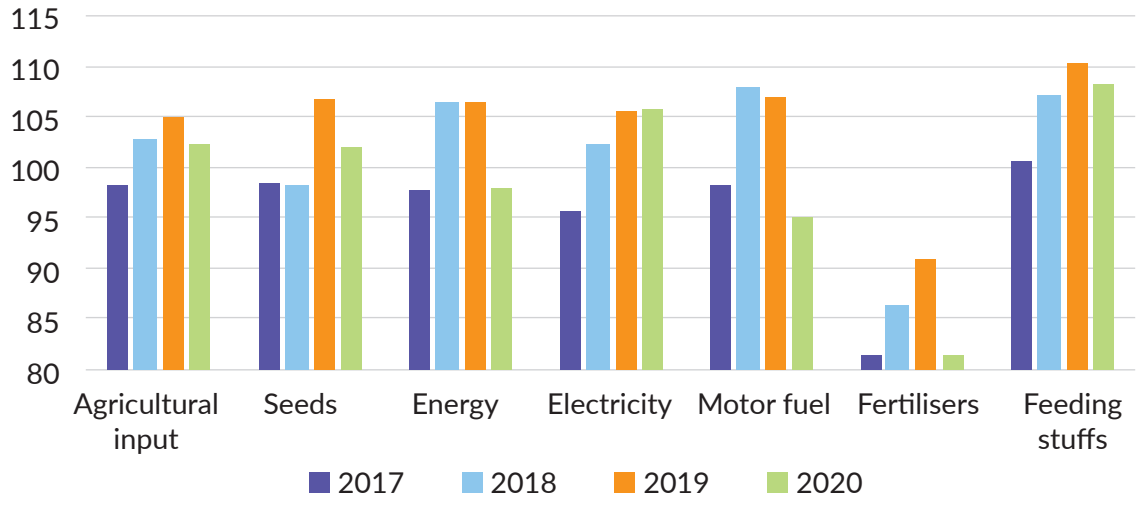
**Figure 2.4** *Agriculture Output Price index 2017 to 2020 (Base 2015=100)*




**Source:** CSO

On the input side, they tended to increase across the board in 2018 and 2019 but inputs in general dropped in 2020. Fertilisers are relatively good value in 2020 in comparison to 2019, or indeed 2015, when they were 18% more expensive.

**Figure 2.5** *Agriculture Input Price index 2017 to 2020 (Base 2015=100)*




**Source:** CSO

## Terms of Trade

The agricultural terms of trade index is the output price index expressed as a percentage of the input price index (all percentage changes have been calculated on actual figures before the index is rounded to one decimal place). The terms of trade indicate the trend of the level of margin that is available to the farmer. Over the past five years, since 2015, the terms of trade have fallen in 2016, 2018 and 2019, indicating that there was a smaller level of margin for profit that in the previous year. In 2017 and 2020, the terms of trade increased slightly and in both years farm incomes tended to rise.

**Table 2.1** *Terms of Trade, 2015 – 2020 Base 2015 = 100*

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | Change 2019/2020 |
|---|---|---|---|---|---|---|---|
| **Output** | 100.0 | 95.1 | 106.5 | 104.4 | 103.3 | 103.1 | -0.2% |
| **Input** | 100.0 | 97.9 | 98.2 | 102.7 | 105.0 | 102.2 | -2.7% |
| **Terms of Trade** | 100.0 | 97.2 | 108.4 | 101.6 | 98.3 | 100.9 | 2.6% |

**Source:** CSO

## 2.4 National Farm Survey – Preliminary results

The Teagasc National Farm Survey (NFS) has been conducted on an annual basis since 1972. The survey is operated as part of the Farm Accountancy Data Network (FADN) of the EU and fulfils Ireland's statutory obligation to provide data on farm output, costs and income to the European Commission. A random, nationally representative sample is selected annually, in conjunction with the Central Statistics Office (CSO), to represent those farms with greater than €8,000 of Standard Output. Each farm is assigned a weighting factor so that the results of the survey are representative of the national population of farms. These preliminary results are based on a sample of 800 farms, which represents 93,000 farms nationally.

Farms are assigned to five main farm systems, on the basis of farm gross output, as calculated on a standard output basis. The NFS farms are categorised into one of five main farm types:

(i) Dairy.
(ii) Cattle Rearing which comprises farms that are mainly specialised in suckler beef production.
(iii) Cattle Other which comprises mainly of beef finishing farms, but also includes farms selling store cattle.
(iv) Sheep.
(v) Tillage.

Some data on Mixed Livestock farms is also available, representing about 2% of the farm population. Given that individual farms typically have more than one farm enterprise, a rigorous basis for categorising farms into each system is required.

The method of classifying farms into farming systems is based on the EU farm typology as set out in Commission Decision 78/463 and its subsequent amendments. The approach is utilised by all members of the EU Farm Accountancy Data Network. The methodology assigns a standard output (SO) to each type of animal and each hectare of crop on the farm. Farms are then classified into groups, according to the proportion of total SO which comes from each enterprise. System titles refer to the dominant enterprise in each group. For example, the cattle rearing system refers to those farms where the greater proportion of the farm's activity relates to suckler beef production. There are many other farms (including those in the dairy, sheep and tillage systems) that have a cattle enterprise. The mixed nature of Irish farms is reflected in the individual contribution of livestock and crop categories to gross output.

Farms below the €8,000 standard output threshold are not included in the annual survey sampling frame but data is collected on those through the Teagasc Small Farms Survey, the most recent of which was conducted in 2015.

### National Farm Survey Preliminary Results, 2020

The preliminary results for the 2019 National Farm survey issued in July 2021 shows that the average family farm income (FFI) for 2020 was €25,663, a 9% increase on 2019 figures. FFI increased both in 2019 and 2020 but it is still 13% below the high of 2017 when the average FFI was €29,700. Apart from 2017, the last time FFI was higher was back in 2011 when it was €28,822.

#### Family Farm Income per Farm (FFI)

FFI is defined and calculated by Teagasc by deducting all farm costs (direct and overhead) from the value of farm gross output. Unpaid family labour is not included as a cost. FFI therefore represents the financial reward to all members of the family, who work on the farm, for their labour, management and investment. It does not include income from non-farming sources and thus may not be equated to household income.

## Family Farm Income by System

Family Farm Income (FFI), the return from farming for farm family labour, land and capital, is the principal measure used in the Teagasc National Farm Survey. Average FFI conceals differences across the various farm types.

In 2020 production costs on farms were lower, as key farm input prices fell slightly. It had been initially feared that COVID-19 would significantly damage food demand, particularly for beef, due to food service closure and lockdown measures in Ireland and in overseas markets. However, this was effectively off-set by growth in the consumption of food at home. A Brexit trade deal was eventually agreed, but the protracted negotiations created additional uncertainty, impacting beef prices in particular.

In the Spring of 2020 there was some significant, but ultimately short-term, disruption to the beef supply chain which saw Irish finished cattle prices decline sharply. As a result, supplementary support was provided by the national exchequer under the COVID-19 *State Aid Temporary Framework* to beef farmers who delivered cattle for slaughter between 1st February and 12th June 2020.

In spite of these challenges, farm output prices held firm overall in 2020 and a feared fall in farm incomes did not materialise, although some farm systems fared better than others.

Weather conditions in Ireland were generally favourable for grass production in 2020, but difficult planting conditions had a negative impact on Irish cereal crop production, leading to a decline in yields.

COVID-19 led to a significant reduction in global economic activity in 2020, which, in turn, had a major negative impact on crude oil and other energy prices resulting in lower fertiliser prices. Feed prices were also lower in 2020. The fall in input prices benefitted farmers through a reduction in their production costs. These cost reductions were sufficient to boost the average income in Irish agriculture in 2020.



Across the key output categories, lamb prices performed best, recording a 13% increase in 2020 compared with 2019. Beef and Dairy farmers benefitted from marginally higher cattle and milk prices in 2020. Cereal prices were up significantly in 2020, reflecting market supply and demand conditions.

Lower Dairy system production costs, coupled with an increase in milk output volume and slightly higher milk prices, resulted in an average dairy farm income of €74,236 in 2020, an increase of 13% on the 2019 level.

Cattle Rearing farms benefitted from marginally lower production costs in 2020. However, the value of output and support payments were also down slightly in 2020. Overall, the average Cattle Rearing income of €9,037 in 2020 was unchanged on the 2019 level.

In the 'Cattle Other' system production costs also fell in 2020. While support payments were also lower, the value of farm output increased. This combination resulted in an average income of €14,813 in 2020 for the Cattle Other System, an increase of 8% on the 2019 level.

As with other farm systems, sheep farms benefitted from lower production costs in 2020 and experienced a strong increase in the value of farm output, which was driven by higher lamb prices. In common with other drystock systems, on average the level of direct payments for Sheep farms was down slightly. The average income on Sheep farms increased by 24% to €18,383 in 2020.

The Tillage system experienced poor production conditions in 2020, which led to lower crop yields. In line with other sectors, input prices for tillage farms decreased in 2020. However, there was also a significant increase in cereal prices in 2020, partially offsetting the impact of the drop in crop yields. The average income on tillage farms fell by 1% in 2020 to €32,525.

It is clear that there are significant differences in FFI depending on the type of farming system. The average FFI across the various farm systems was €25,662 in 2020, up 9% on 2019.

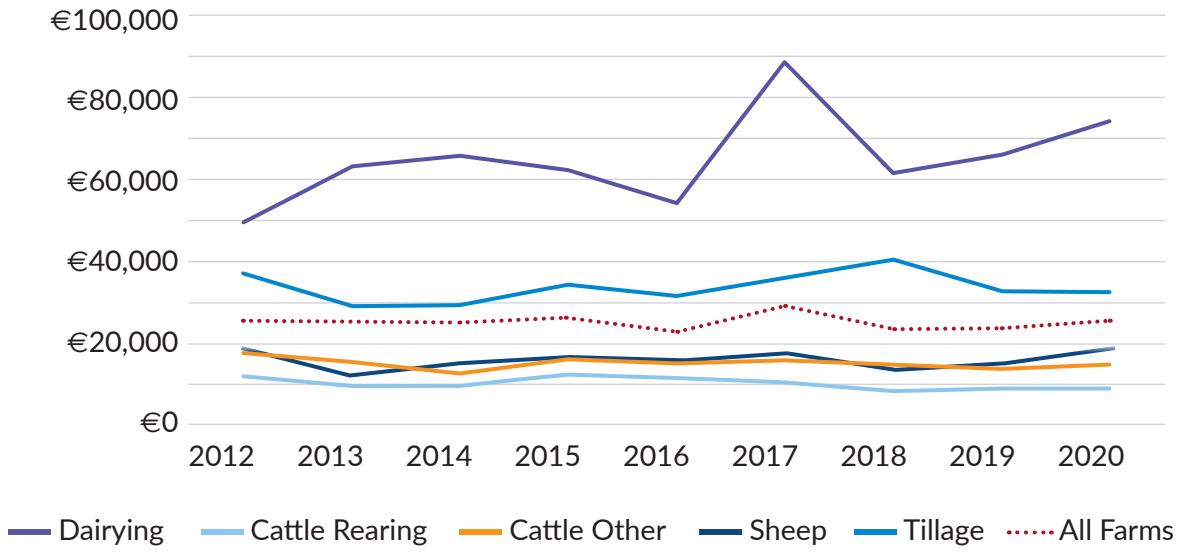
While dairy farms are consistently the most profitable farms it should be noted that almost all dairy farms are classified as full-time farms. Most cattle farms and the majority of sheep farms are classified as part time in terms of labour input requirements, even though in many cases the farmers may not have off-farm employment.

An analysis of the Teagasc National Farm Survey shows that 43% of farms, have a FFI of less than €10,000 and just 5% of farms have a FFI of greater than €100,000. Overall, half of the total FFI is returned on dairy farms despite the fact that they represent just over 17% of all farms in the survey. Cattle Rearing and Cattle Other represent almost 60% of all farms, yet they return just 28% of total FFI.

There are 40,100 farms in the southern part of the country, which includes the six counties in Munster along with Kilkenny, Carlow and Wexford of which about 30% are dairy farms, 10% are tillage, 10% are sheep farms with the remaining 50% cattle farms. In contrast in the North and West region 68% of the 34,200 farms are cattle farms with just 7% dairy and 1% tillage. About a quarter of the farms in this region, which includes the five counties of Connaught, Donegal, Cavan and Monaghan, are sheep farms. In remaining counties in the East and Midland region there are about 18,000 farms, 60% of which are cattle farms, 15% tillage, 13% sheep and the remaining 11% are dairy farms.

**Source:** Teagasc, National Farm Survey – Preliminary results 2020

**Figure 2.6** *Family Farm income by system, 2012-2020*




**Source:** Teagasc, National Farm Survey – Preliminary results 2020

Direct payments are an important part of FFI and without them many farms would not be economically viable. The average direct payment per farm in 2020 was €17,850, down from €18,452 in 2019 but up on the 2018 figure of €17,244. These direct payments accounted for 70% of the average FFI. Again, there are noticeable differences between farm types; estimates for dairy farms show that the direct payments account for only 28% of income, while cattle and sheep farms require some of their direct payments to subsidise their farming activities.

**Table 2.2** *Headline results from National Farm Survey*

| | Dairying | Cattle Rearing | Cattle Other | Sheep | Tillage | All Farms |
|---|---|---|---|---|---|---|
| **% of farms represented** | 17.4% | 27.5% | 30.8% | 15.4% | 7.4% | 100% |
| **Direct Payments** | €20,430 | €14,207 | €16,964 | €18,908 | €25,729 | €17,850 |
| **FFI** | €74,346 | €9,037 | €14,813 | €18,383 | €32,525 | €25,663 |
| **DPs as % of FFI** | 28% | 157% | 115% | 103% | 79% | 70% |

**Source:** Teagasc, National Farm Survey – Preliminary results 2020

## Family Farm Income by Farm Type per Hectare

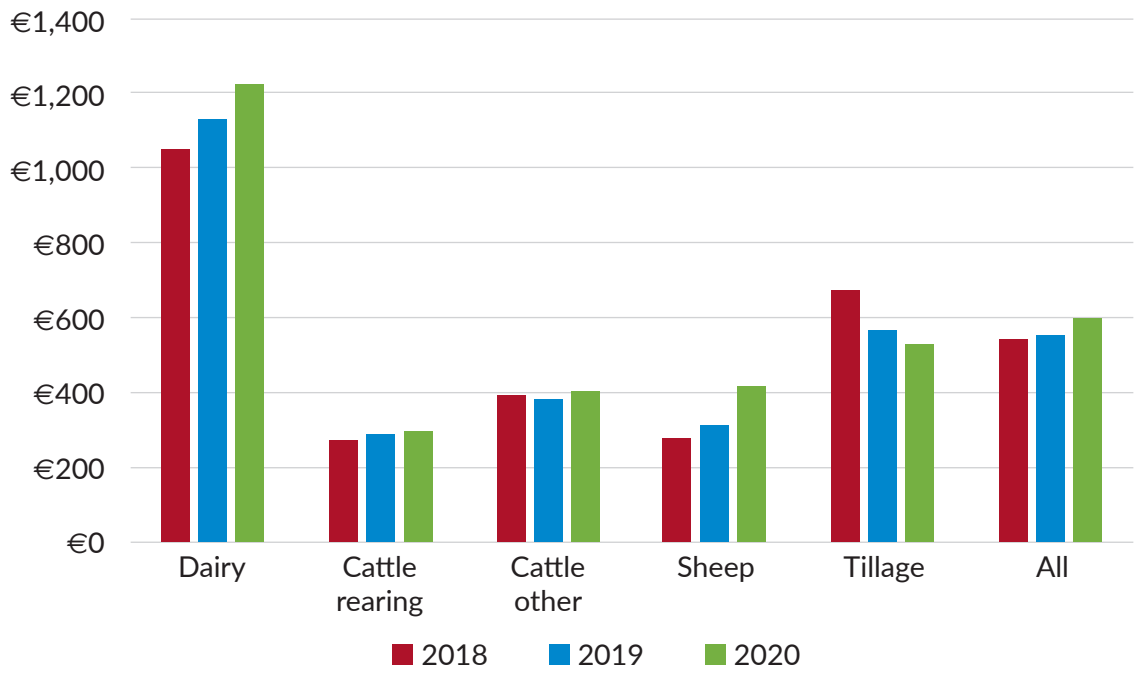
Along with farm type, there are other factors which impact on FFI. In Ireland, we export about 90% of the beef and dairy that we produce and the price available on the international markets has a significant bearing on FFI. The size of the farm, the quality of the soil, the age of the farmer, the knowledge of the farmer, whether the farm holder has off-farm employment all influence FFI.

Family farm income is significantly higher on dairy farms than on any other farm type, even when allowing for differences in farm size. Similarly, when distinguishing between full-time and part-time farms in terms of labour input, dairy farms again produce higher family farm income per hectare.

The average farm size included in the Teagasc National Farm Survey in 2020 was 43 hectares, with average income per hectare coming in at €600; up from €550 in 2019. In 2020, the average

dairy farm was 60.5 hectares in size and had an average FFI of €1,227 per hectare up from €1,132 in 2019. Tillage had the second highest economic return per hectare at €526, down 8% from €568 in 2019. Tillage farms, on average, are the largest farms with 61.8 hectares. Cattle Rearing farms, at €294 per hectare, up from €288 in 2019, have the lowest return per hectare and they also have the smallest farms at just less than 31 hectares. Average FFI per hectare on Cattle Other farms was €403, up from €384 in 2019, with an average size of 37 hectares. Sheep FFI got the largest increase in 2020 of 34%, up from €311 in 2019, to €417 per hectare in 2020. Sheep farms have an average size of 44 hectares, down from 47 hectares in 2019. Apart from tillage, the average FFI per hectare was higher in 2020 than 2018 but for tillage, the average FFI dropped by 22% over the two years, from €675 per hectare, to €526 per hectare.

**Figure 2.7** *Family Farm Income per Hectare, 2018 -2020*




**Source:** Teagasc, National Farm Survey – Preliminary results 2020

## Full and Part Time Farms, 2020

According to the preliminary results of the 2020 National Farm Survey, just over three out of every ten farms are full-time farms and the remaining seven are part-time farms. A significant difference between the two groups of farms is the average utilisable agricultural area (UAA) farmed. Full-time farms have an average of 71 hectares while part-time farms have less than half that amount of land, at 30 hectares. The availability of land and whether the farm is full-time or part-time are significant factors on FFI. Full-time tillage farms have the largest farms on average, at 108 hectares, while part-time cattle rearing farms have an average farm size of 28 hectares, close to one quarter the size.

Full-time farms have a FFI of close to €60,000, while part-time farms have an average income of around €10,550. Full-time dairy farms have an average FFI of close to €80,000, while part-time cattle rearing farms have an average income of €7,550, less than one tenth of the full-time dairy farm.

Subsidies and Direct Payments, which contribute to FFI on all farms, are particularly important on part-time farms, where they contribute 126% of the FFI, meaning that without these payments, the farm would be making a financial loss. While they are also important on full-time farms, they contribute far less proportionately to the average FFI at 47%.

**Table 2.3** *Main results from National Farm Survey for Full-time and Part -time farms, 2020*

| Full-Time Farms | | | | | | |
|---|---|---|---|---|---|---|
| | Dairying | Cattle Rearing | Cattle Other | Sheep | Tillage | All Farms |
| **Per Cent of Population** | 15.5% | 2.5% | 4.8% | 3.9% | 2.9% | 31% |
| **U.A.A (Hectares)** | 62.9 | 61.3 | 72.2 | 73 | 108.4 | 70.8 |
| **Family Farm Income (FFI)** | €79,912 | €23,262 | €34,614 | €36,520 | €56,184 | €59,235 |
| **Subsidies and Direct Payments (DP's)** | €21,630 | €29,464 | €34,275 | €32,507 | €43,301 | €28,065 |
| **DPs % of FFI** | 27% | 127% | 99% | 89% | 77% | 47% |
| | | | | | | |
| **Part-Time Farms** | | | | | | |
| | Dairying | Cattle Rearing | Cattle Other | Sheep | Tillage | All Sizes |
| **Per Cent of Population** | 1.7% | 24.7% | 25.7% | 11.3% | 4.4% | 68.9% |
| **U.A.A (Hectares)** | 38.6 | 27.6 | 30.1 | 33.9 | 30.6 | 30.2 |
| **Family Farm Income (FFI)** | €22,399 | €7,554 | €11,072 | €12,025 | €16,663 | €10,552 |
| **Subsidies and Direct Payments (DP's)** | €9,476 | €12,616 | €13,695 | €14,141 | €13,948 | €13,252 |
| **DPs % of FFI** | 42% | 167% | 124% | 118% | 84% | 126% |

**Source:** Teagasc, National Farm Survey – Preliminary results 2020

## Off farm Employment Income, 2020

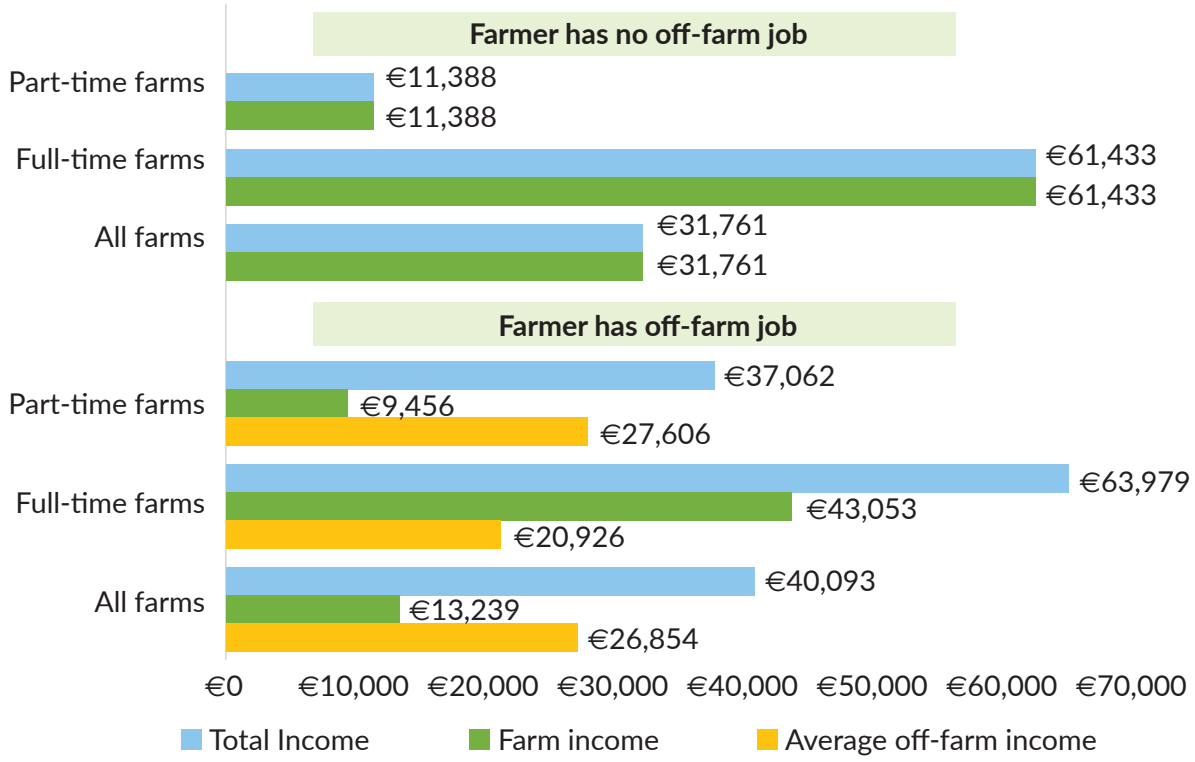
About 52% of farm households had a source of off-farm employment income in 2020, down marginally on 2019 despite the pandemic in 2020. The proportion of farm households where the spouse was employed off-farm remained steady at 34% in 2020, while the proportion of farmers employed off-farm was slightly less, at 33%, down from 34% in 2019.

However, the levels of off-farm employment differ by system. Dairy farm households are more likely to have a source of off-farm income within the household when compared to the other farm systems. The spouses of dairy farmers, in particular, are employed off-farm at a higher rate than for other systems; 48% of dairy farm spouses have an off-farm source of income. This reflects the younger demography of these dairy households.

The higher age profile of non-dairy farm households is reflected in the fact that they were, on average, more than twice as likely to be in receipt of pension income. Sheep farm households are most likely to have the farm holder or spouse in receipt of a pension at 42% compared to 16% on dairy farms. The comparable figures for cattle other are 39%, cattle rearing at 35% and tillage farms at 29%, with an overall average of 34%.

The holders of cattle farms are more likely to work off-farm than in the case of other systems, 42% of cattle other farm holders had an off-farm job in 2020, along with 37% of cattle other farm holders, while for dairy it was 13%, tillage 36% and sheep 32%.

**Figure 2.8** *Estimate of income of the Farm, 2020*




**Source:** Teagasc, National Farm Survey – Preliminary results 2020

In the Teagasc National Farm Survey, a farm is classed as full-time or part-time based on the standard labour units required to operate the farm, as calculated on a standard man day basis. This results in many farms classified as part-time, yet the farmer may have no other employment source. On average, part-time farms which have no off-farm job have an average FFI of €11,388. The average full-time farm where the farm holder or spouse does not have an off-farm job has a FFI of €61,433.

Many farm holders regarded as full-time (based on the standard labour units required to operate it) may also have an off-farm job. Their average FFI is €63,979, of which €43,053 is from farming activities and the balance from the off-farm job.

On 80% of all farms included in the survey either (i) the holder and/or their spouse have an off-farm job or (ii) the holder and/or their spouse have another income from a pension or social assistance.

## 2.5 Farm Viability Analysis, 2019

While family farm income is a useful measure, it does not account for the economic viability of the farm business, nor does it make any allowance for the role of income earned outside of the farm in determining the sustainability of farm households. To help address this, the NFS also provides a viability profile of its farms broken into three categories.

### Viable

A farm is defined as economically viable if the farm income can remunerate family labour at the minimum agricultural wage and provide a 5% return on the capital invested in non-land assets.

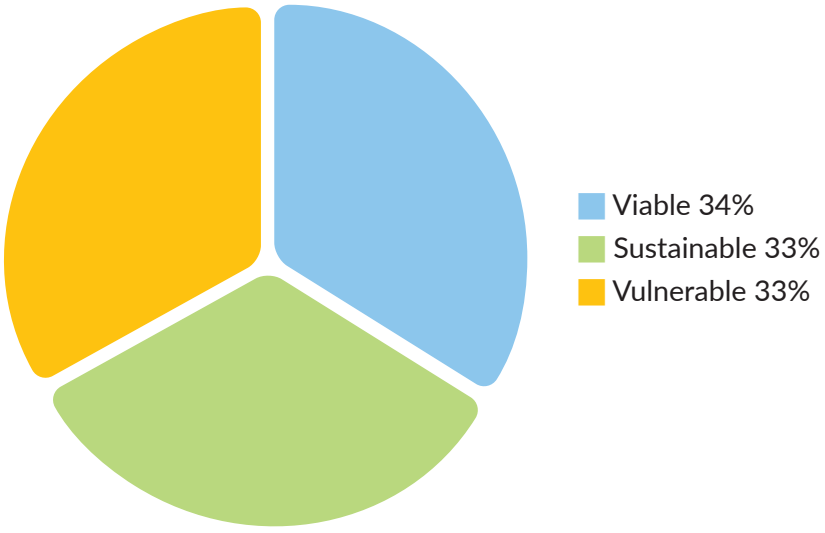
**Sustainable**
If the farm business is not viable, the household is still considered sustainable if the farmer or spouse has an off-farm income.

**Vulnerable**
A farm is considered to be economically vulnerable if the farm business is not viable and if neither the farmer nor spouse works off the farm.

Teagasc's National Farm Survey results found that 34% of the farm population were economically viable in 2020, similar to 2019. The viability of Irish farms varies across system. In 2020, 80% of dairy farms were found to be viable, up from 75% in 2019. Tillage has also seen an increase in the percentage of viable farms in 2020 and it stands at 67%, up from 63% in 2019. The proportion of viable cattle and sheep farms is much lower than either dairy or tillage with just 11% of cattle rearing farms regarded as viable in 2020, down from 13% in 2019. Cattle other farms are more viable with a quarter of those farms viable in 2020, up 1% from 24% in 2019. Sheep farms, which have seen a significant increase in FFI in 2020, have seen the proportion of viable farms increase by 1% to 28%.

The survey found that 33% of the farms nationwide are vulnerable. Cattle other has the largest proportion of vulnerable farms at 41%, up from 38% in 2019. The number of cattle rearing farms which are vulnerable are 38%, down from 43% in 2019, while the proportion of sheep farms which are vulnerable are 39%, similar to 2019. Dairy, which has the highest proportion of viable farms, has the lowest proportion of vulnerable farms at 9%, down from 12% in 2019, with 16% of tillage farms vulnerable, down from 17% in 2019.

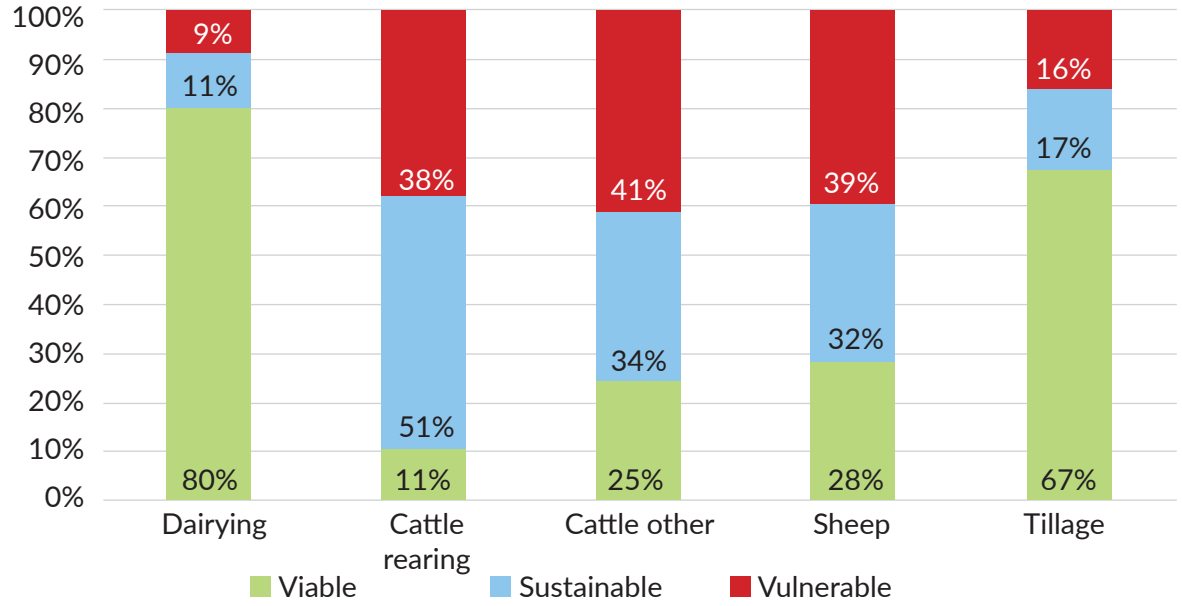
**Figure 2.9** *Viability of National Farm Survey Farms, 2020*




**Source:** Teagasc, National Farm Survey – Preliminary results 2020

The results of the Teagasc NFS indicate that there are about 31,500 viable farms in 2020, up from 30,300 in 2019. The viable farms comprising of 13,000 viable dairy farms, with almost 2,800 cattle rearing farms and 7,000 cattle other farms considered viable. The number of viable sheep farms and tillage farms were approximately 4,000 and 4,700 respectively.

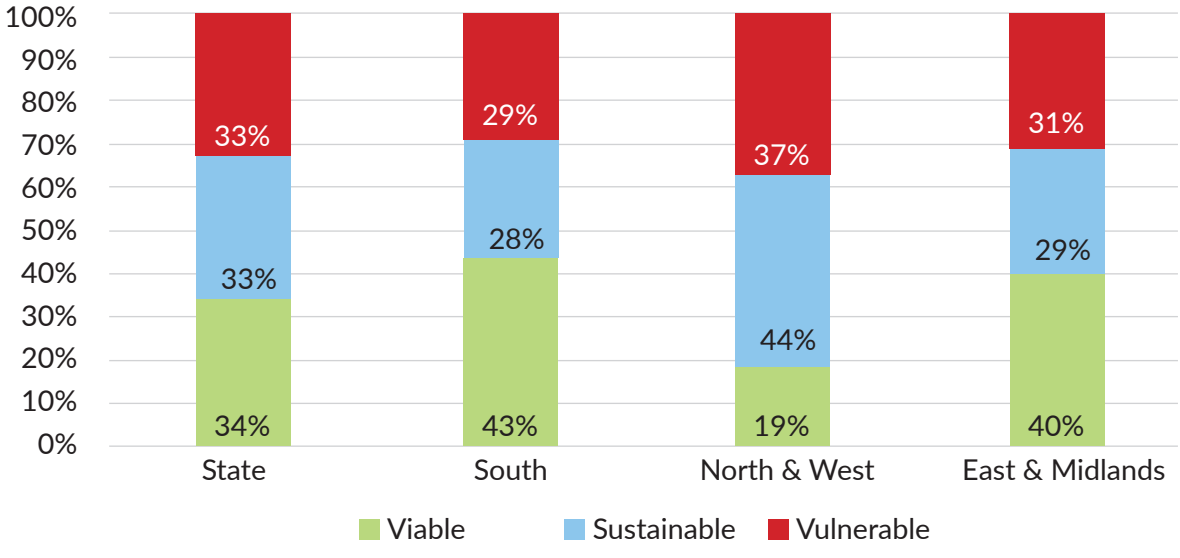
**Figure 2.10** *Viability of National Farm Survey Farms by Sector, 2020*




**Source:** Teagasc, National Farm Survey – Preliminary results 2020

The South is the most economically viable region and contains the highest proportion of viable farms at 43% compared to only 19% in the Northern and Western region and 40% in Eastern and Midland region. The Northern and Western region at 37% have the highest proportion of vulnerable farms. This compares to 29% in the South and 31% in the Eastern and Midland region. The North and West region also has the largest proportion of sustainable farms at 44%. The proportions of sustainable farms found in the Southern region and Eastern/Midland region were similar at 28% and 29% respectively. This highlights the importance of off-farm employment in the region.

**Figure 2.11** *Viability of National Farm Survey Farms by Region, 2020*




**Source:** Teagasc, National Farm Survey – Preliminary results 2020

## 2.6 Direct Payments

### Irish Direct Payments

Launched in 1962, the EU's Common Agricultural Policy (CAP) is a partnership between agriculture and society, and between Europe and its farmers. It aims to:

- Support farmers and improve agricultural productivity, ensuring a stable supply of affordable food.
- Safeguard European Union farmers to make a reasonable living.
- Help tackle climate change and the sustainable management of natural resources.
- Maintain rural areas and landscapes across the EU.
- Keep the rural economy alive by promoting jobs in farming, agri-foods industries and associated sectors.

The CAP is a common policy for all EU countries. It is managed and funded at European level from the resources of the EU's budget.

Direct payments to farmers are a key element of CAP. These payments provide income support to help farmers produce food and maintain the countryside. Ireland chose to adopt the payment entitlements model of providing direct payments to farmers, a mechanism which was specified in EU Regulation 1307 of 2013. Under this model farmers were allocated payment amounts initially based on land held and payment received in reference years; incrementally moving away from those values through Greening, internal convergence, transfers of payment entitlements, the Young Farmers Scheme and the National Reserve.

In 2020 Irish farmers received almost €2.0 billion in payments and grants from EU and exchequer funds. The largest payment is the basic farm payment or BPS which accounts for around €800 million, which most farmers are eligible to receive, along with Greening which pays out around €350 million. ANC (Areas of Natural Constraint) payments are close to €245 million and GLAS (Green Low-Carbon, Agri-environment Scheme) payments of about €200 million. Other schemes include BDGP (Beef Data and Genomics Programme, BEEP-S (Beef Environmental Efficiency Programme) for sucklers and BPF (Beef Finisher Payment Scheme) in 2020 each paid out in the region of €40 million to €50 million in 2020.



Other payments such as forestry premia and TAMS (Targeted Agricultural Modernisation Scheme) are not counted as direct payments.

**Table 2.4** *Distribution of Basic Payment Scheme (BPS) & Greening Payments to Farmers by County, 2020*

| | | Total payments per county | Average Payment per county |
|---|---|---|---|
| | Recipients per county | € million | €000 |
| CARLOW | 1,830 | €24.31 | €13.28 |
| CAVAN | 4,695 | €33.52 | €7.14 |
| CLARE | 6,009 | €46.68 | €7.77 |
| CORK | 13,091 | €151.09 | €11.54 |
| DONEGAL | 8,266 | €59.70 | €7.22 |
| DUBLIN | 834 | €10.93 | €13.10 |
| GALWAY | 12,023 | €86.66 | €7.21 |
| KERRY | 7,691 | €69.40 | €9.02 |
| KILDARE | 2,189 | €29.67 | €13.55 |
| KILKENNY | 3,292 | €45.83 | €13.92 |
| LAOIS | 2,625 | €31.74 | €12.09 |
| LEITRIM | 3,507 | €22.48 | €6.41 |
| LIMERICK | 5,100 | €49.15 | €9.64 |
| LONGFORD | 2,386 | €19.04 | €7.98 |
| LOUTH | 1,551 | €18.77 | €12.10 |
| MAYO | 11,113 | €74.37 | €6.69 |
| MEATH | 3,617 | €46.56 | €12.87 |
| MONAGHAN | 3,919 | €26.41 | €6.74 |
| OFFALY | 2,714 | €30.24 | €11.14 |
| ROSCOMMON | 5,341 | €37.40 | €7.00 |
| SLIGO | 3,912 | €25.59 | €6.54 |
| TIPPERARY | 6,975 | €90.14 | €12.92 |
| WATERFORD | 2,312 | €34.23 | €14.81 |
| WESTMEATH | 3,256 | €32.81 | €10.08 |
| WEXFORD | 4,200 | €56.08 | €13.35 |
| WICKLOW | 2,047 | €26.09 | €12.74 |
| | **124,495** | **€1,180.71** | **€9.47** |

**Source:** Department of Agriculture, Food and the Marine

## Basic Payment Scheme

In 2020 around 124,500 farmers received a BPS and/or a Greening payment. The payments issued in 2020 generally relate to applications made in 2020, but some payments may relate to earlier years. Also, deductions may have been applied in 2020 for earlier years if the applications were not fully compliant with the relevant regulations.

There is significant variation in the average value of payment by county. The average payment in Leitrim, Sligo, Mayo, Monaghan and Roscommon is €7,000 or less per farmer. In contrast, an average BPS payment in Waterford, Kilkenny and Kildare is greater than €13,500 per farmer.

## European Union Direct Payments
## Trend in the areas receiving direct payments – 2018

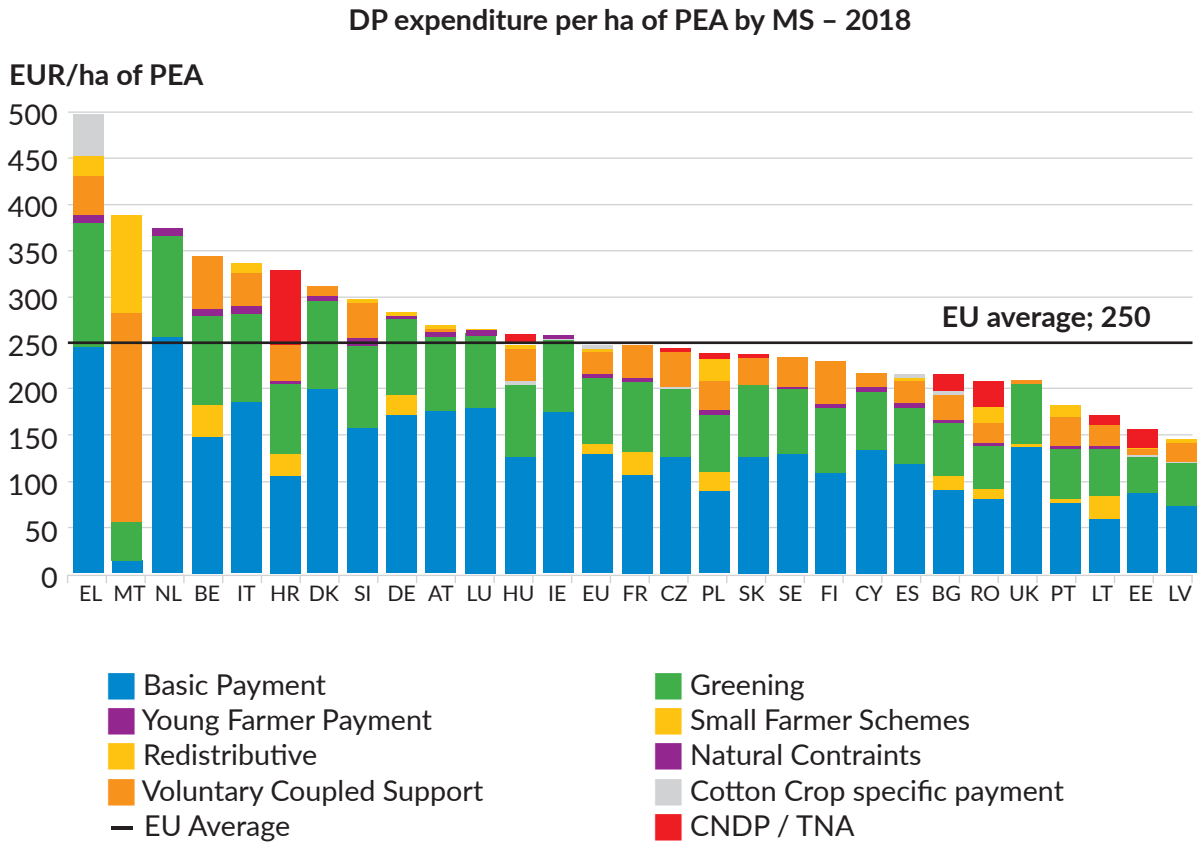
The Potentially Eligible Area (PEA) is the total area declared by beneficiaries and potentially eligible for payment of direct payments within the EU. It remained relatively stable between 2014 and 2018, increasing by +0.3%. PEA covers approximately 90% of the Utilised Agricultural Area (UAA) across the EU-28 Member States.

- In 2015 Ireland had 126,762 applicants for the basic payment scheme (BPS) and this increased by 1,736 applicants or 1.4% to 128,498 in 2018. Only three other countries saw the number of applicants increase for their basic scheme namely Czech Republic, Slovakia and Hungry. The sharpest decrease in applicants between 2015 and 2018 for the BPS was in Italy, down 21%, Spain down 18% and France down 12%.
- In 2018 the largest number of applications for BPS was in Poland at 1,317,653. Second was Italy at 789,840, down from 1,002,205 in 2015.
- In Ireland, the difference between the PEA of 4.63 million hectares and the determined area of 4.40 million hectares in 2018 was 5%, while the UAA was 4.52 million hectares.

## Direct payments expenditure per hectare by Member State in 2018

- In 2018, the average support per hectare of area, declared by farmers (PEA) totalled €250 per hectare (ha) down from €257 in 2017.
- The average Direct Payment per hectare ranges from €145 per ha in Latvia, to €497 per ha in Spain, with Ireland at slightly above the average EU rate of €250.
- Direct payments schemes differ depending on the initial financial allocation (fixed at EU level) and on decisions by the Member States.
- The basic payment (BPS or SAPS) represents on average 53% of the direct payment's expenditure in 2018 (without national "top-ups").

**Figure 2.12** *EU Direct Payments Per Hectare by Member State - 2018*




**Source:** European Commission, Report on the implementation of direct payments

- In 2018 in the EU, around 40,000 farmers entered the BPS via the reserve. This represents nearly 1.2% of all BPS beneficiaries, compared to 3.2% in 2015, 1% in 2016 and 1.6% in 2017) of which 18,690 are young farmers. The area of farmers entering the BPS via the reserve represents 0.6% of the total area determined in 2018.

### Young Farmers payments

- The highest shares of young farmers among the farmers entering the BPS via the reserve are found in Ireland (90%), Belgium (86%), Spain (83%) and Slovenia (83%).
- The Young farmer payment (YFP) targets farmers of no more than 40 years of age, who are, for the first time setting up an agricultural holding, as head of the holding, or who have already set up such a holding during the five years preceding the first application to the YFP. The scheme is compulsory for all Member States.
- In 2018, almost 463,460 young farmers, or 7.5% of the BPS/SAPS/SFS applicants, benefited from the YFP in the EU-28 Member States. This is an increase of about 63% in comparison to 2015 and 13% in comparison to 2017.
- In 2018, the total amount of the "top-up" payment for young farmers has dramatically increased and amounts approximately to EUR 537 million.

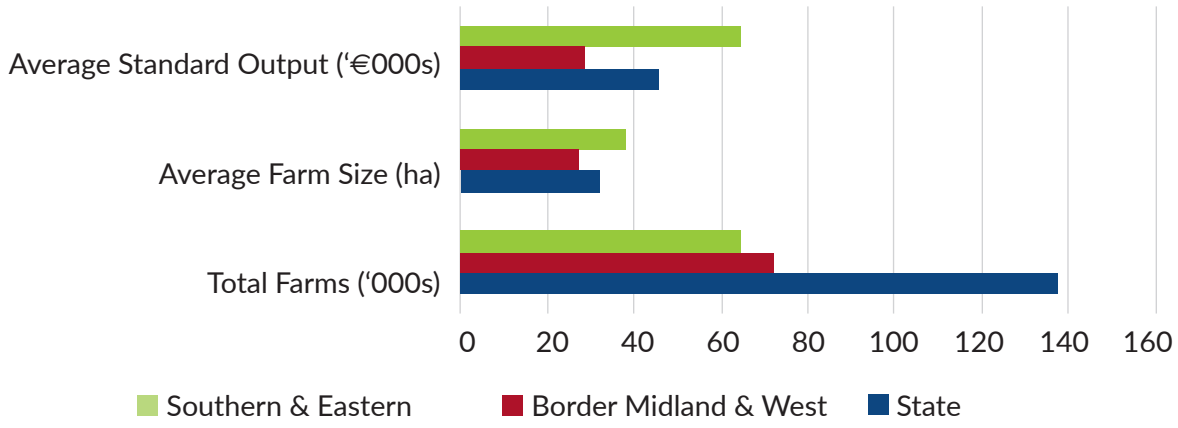
## 2.7 Farm Numbers and Size

The CSO carry out a national farm census every ten years, in line with their EU colleagues. They also carry out a farm structure survey three years and six years after the census. A national farm census was due to be carried out in June 2020, but this was postponed to September 2020 due to COVID-19. As with all census, considerable work is required to check and validate the census returns. It is expected that results from the September 2020 census will be available in early 2022.

The CSO's Farm Structure Survey (FSS) 2016, published in May 2018 provides data on Irish farm numbers and demographics. Figure 2.13 below shows the total number of farms and average farm size. In 2016 it was estimated that there were 137,500 farms in Ireland. 72,500 of these were located in the Border, Midland and Western region, while 65,000 farmers were located in the Southern and Eastern region.

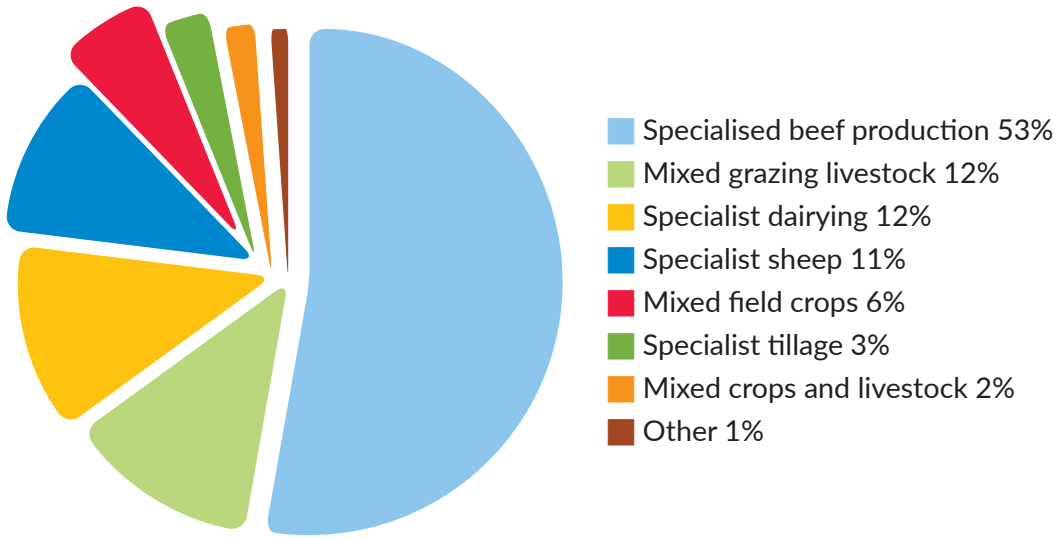
The average farm size in the state was 32.4 hectares. Farms located in the Southern and Eastern region were larger than those in the Border, Midland and West, with an average farm size of 38.3 hectares compared to 27.1 hectares. In 2016 the Average Standard Output of a farm in the Border, Midland and West region was €28,935, while the Average Standard Output of a farm in the Southern and Eastern region was €64,734, 124% higher.

**Figure 2.13** *Standard Output, Number and Size of Farms by Region, 2016*




**Source:** CSO

**Figure 2.14** *Proportion of Farms by Farm Type, 2016*




**Source:** CSO

Specialist beef production was the most common farm type in Ireland in 2016, accounting for 53% of all farms (78,300). Forty-three thousand two hundred of these farms were in the Border, Midland and Western region and 29,200 specialist beef farms were in the Southern and Eastern region.

Specialist sheep farms accounted for 11% of all farms (15,200). Ten thousand four hundred (68.2%) of these farms were in the Border, Midland and Western region, with 4,800 sheep farms in the Southern and Eastern region.

Specialist dairying farms accounted for 12% of all farms (16,700). Three thousand seven hundred of these farms were in the Border, Midland and Western region, while the majority of specialist dairying farms (12,900) were located in the Southern and Eastern region.

Specialist tillage Farms accounted for 3% of all farms (4,700). One thousand of these farms were in the Border, Midland and Western region, with 3,700 Specialist Tillage Farms in the Southern and Eastern regions.

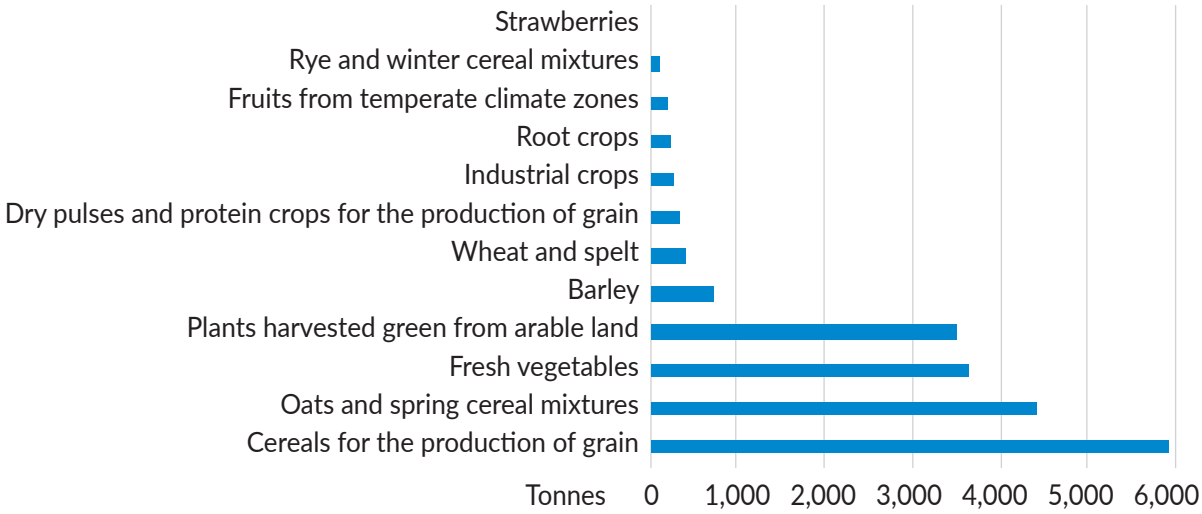
## Organic Farming in Ireland

Currently there are about 1,530 organic farmers participating in the Organic Farming Scheme and annual payments under the Scheme amount to approximately €10 million. There are now over 74,000 hectares farmed organically, which is more than double the amount in 2010 when there were 900 farmers participating in the organic farming scheme with about 34,500 hectares. Over 300 farmers applied to convert to organic farming in early 2021. If all those who applied are eligible and they proceed with converting, it will see an additional increase of more than 20% in the number of famers who will farm organically in Ireland supported by the Department's Organic Farming Scheme.

There are currently about 2,200 certified organic operators in Ireland, 1,700 of which are farmers. The remainder comprises of processors, retailers, distributors and importers. The 1,700 farmers are predominantly livestock producers, with a relatively small number engaged in tillage and horticulture.

A Review of Organic Food Sector and Strategy for its Development 2019-2025 was published in 2019. Underpinning the strategy is a vision of Irish organic food, based on its natural production attributes being a desirable choice for farmers, consumers and retailers. The overall objective of the Strategy is to further develop a viable Organic Food Sector in Ireland, enhancing the sustainability credentials of Irish food producing a wide range of organic products to meet increasing domestic and export market opportunities.

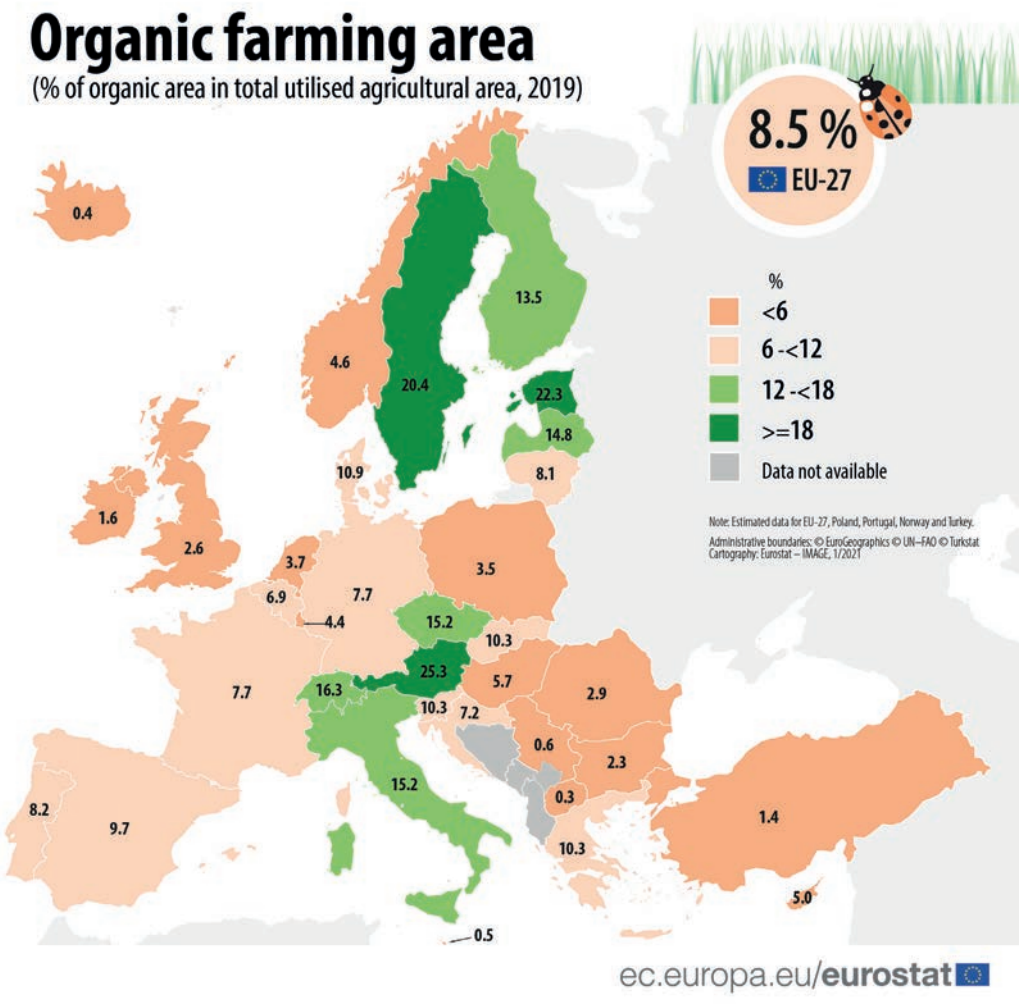
**Figure 2.15** *Tonnes of Organic Crops in Ireland, 2019*




**Source:** Eurostat

The EU Farm to Fork strategy includes a target of at least 25% of land to be farmed organically by 2030. This is an ambitious target for the EU, as in 2019, around 8% of land or 14.6 million hectares in the EU28 was farmed organically. Of these 14.6 million hectares, 6.3 million was in grassland, 6.6 million in arable crops and 1.6 million used for permanent crops.

**Figure 2.16 Share of organic area in total utilised agricultural area (UAA), by country, 2019**




**Source:** Eurostat

Austria is leading the way in Europe in terms of land used for organic farming, with 25%, followed by Estonia at 22% and Sweden at 20%. All the other EU countries have a share of 15% or less, while Malta and Ireland have the least proportion of land farmed organically at 0.5% and 1.6% respectively. In terms of land area Spain, Italy, France and Germany are the most hectares farmed organically.

Due to the expansion of organic farming in recent years and in order to provide an effective legal framework for the industry, the EU has passed new legislation. Due to the complexity and importance of the secondary legislation under preparation, its entry into force was postponed by one year to 1 January 2022. The postponement was originally requested by EU countries, the European Parliament, non-EU countries, and other stakeholders.

Examples of the changes that will be made under the new organic legislation include:

- A strengthening of the control system, helping to build further consumer confidence in the EU organics system.
- New rules for producers which will make it easier for smaller farmers to convert to organic production.
- New rules on imported organics to ensure that all organic products sold in the EU are of the same standard.
- A greater range of products that can be marketed as organic.

The new organic legislation will be supported by the action plan for organic production in the EU, launched by the European Commission in March 2021.

## 2.8 Age Profile of Farmers

According to the CSO Farm Structure Survey 2016, more than half of farm holders were aged 55 or over. Farm holders over 65 years made up 30% of all farm holders, while 25% are in the 55 to 64 years age group. In 2013, the over 65 age group comprised 26% of all farmers. The number of young farmers under 35 years old was 5.4% in 2016, down slightly on the 2013 figure of 6.2%.

**Table 2.5** *Number of Farms by Age of Farm Holder, 2013 - 2016*

| | 2013 | | 2016 | |
|---|---|---|---|---|
| | Number 000s | % | Number 000s | % |
| **< 35** | 8,200 | 6.2% | 7,400 | 5.4% |
| **35-44** | 22,800 | 17.6% | 21,400 | 15.6% |
| **45-54** | 34,800 | 24.8% | 32,500 | 23.7% |
| **55-64** | 35,600 | 25.1% | 34,700 | 25.3% |
| **>65** | 37,700 | 26.3% | 41,200 | 30.0% |
| **Total** | **139,100** | **100%** | **137,200** | **100%** |

**Source:** CSO

Revenue issue a profile of farming each year based on tax returns and it indicates that the age profile of their farm cases is somewhat younger than the profile by the CSO, based on age of farm holder. While the data is presented using different age groups, Revenue data indicates that 11.6% of their farming cases were under the age of 30 in 2018, while the CSO data shows that only 5.4% of farm holders were under the age of 35 years. This would suggest that young farmers may have their own stock or crops but that they do not own or lease the land which they use. The holder of the land may be a parent or older relative and the young farmer, who may be working on the farm, keeps his own animals or crops there.

**Table 2.6** *Age Profile of Revenue Farmer Cases, 2013, 2016 & 2018*

| | 2013 | | 2016 | | 2018 | |
|---|---|---|---|---|---|---|
| | Number | % of total | Number | % of total | Number | % of total |
| **16 – 20** | 4,103 | 3.2% | 7,460 | 5.4% | 6,193 | 4.2% |
| **21 – 30** | 8,296 | 6.4% | 8,592 | 6.2% | 10,917 | 7.4% |
| **31 – 40** | 11,443 | 8.9% | 12,434 | 8.9% | 15,657 | 10.6% |
| **41 – 50** | 16,963 | 13.1% | 18,284 | 13.2% | 23,656 | 16.0% |
| **51 – 60** | 18,885 | 14.6% | 21,398 | 15.4% | 28,494 | 19.2% |
| **61 – 70** | 21,341 | 16.5% | 23,422 | 16.9% | 27,490 | 18.5% |
| **71 – 80** | 11,787 | 9.1% | 14,517 | 10.4% | 17,393 | 11.7% |
| **81 – 90** | 3,315 | 2.6% | 4,299 | 3.1% | 5,531 | 3.7% |
| **Over 90** | 273 | 0.2% | 368 | 0.3% | 476 | 0.3% |
| **Age not on file** | 32,857 | 25.4% | 28,180 | 20.3% | 12,420 | 8.4% |
| **Total** | **129,263** | | **138,954** | | **148,227** | |

**Source:** Revenue - The Farming Sector in Ireland: A Profile from Revenue Data

The Teagasc National Farm Survey reports the average age of farmers in Ireland in 2020 as 59.2 years, up from 55.4 years in 2016. Dairy farmers tend to be slightly younger, with the average age of a dairy farmer in 2020 at 54.5 years, compared to 50.5 in 2016. The oldest farmers were cattle other farmers, where the average age in 2020 was 61.6 years, followed by sheep farmers at 60.3 years, tillage farmers at 59.7 years and cattle rearing farmers at 58.7 years.

## European Union - Farm managers by age

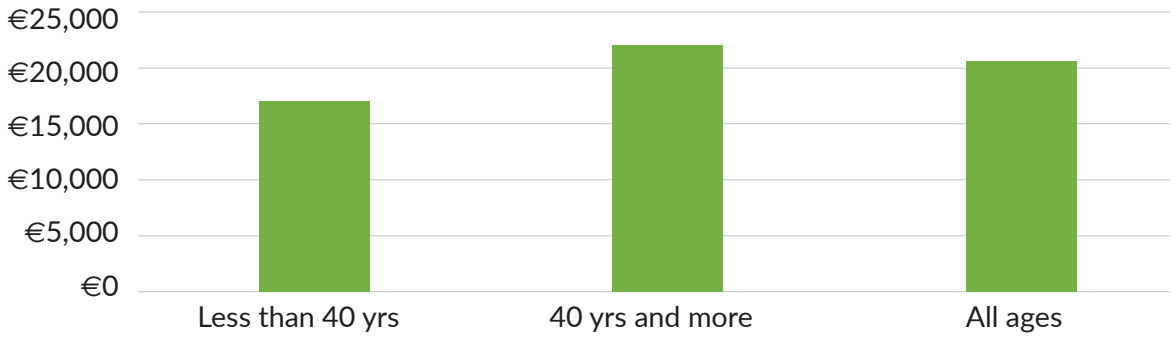
The proportion of farm managers under 40 is low in most European countries (11% in 2016 in the EU), while almost a third of farm managers are aged 65 years or more. Over the last decade, the proportion of young farmers in the overall farming population declined, while that of older farmers (above 40) increased. Farm demographics have been recognised as an important driver of structural change in European agriculture. While this reflects, to a certain extent, the general ageing of rural societies, it is also linked to the slow inter-generational transfer of farms. Furthermore, the oldest farmers have the smallest farms: the average size of younger farmers' farms are slightly more than 2.5 times bigger than the average older farmer's farm. The proportion of young farmers thus cannot be expected to grow as quickly as the proportional decline in older farmers.

Young farmers in the EU are characterised by:

- A low proportion in total farm numbers, agricultural land and standard output.
- Average-sized farms.
- Higher levels of professional qualification than older farmers.
- Below-average income levels.
- Low capital stocks and levels of land ownership.
- High levels of net investment.
- Below-average levels of liabilities.
- High return-on-assets ratios. At the beginning of their farming careers, these young farmers are thus positioning their farms for the future, but they may be constrained by a lack of access to land and credit.

Young farm managers (aged under 40) of family farms are most common in Luxembourg (26 %); Austria (22%) and Poland (20%). They were far fewer in Cyprus (3% of all family farm managers) and Portugal (3%), where family farm managers aged 65 or over were relatively common (44% and 50% respectively).

**Figure 2.17** *Farm income by age class of farmers /annual working unit, (average 2015-2018)*




**Source:** DG Agriculture and Rural Development, based on Farm Accountancy Data Network.

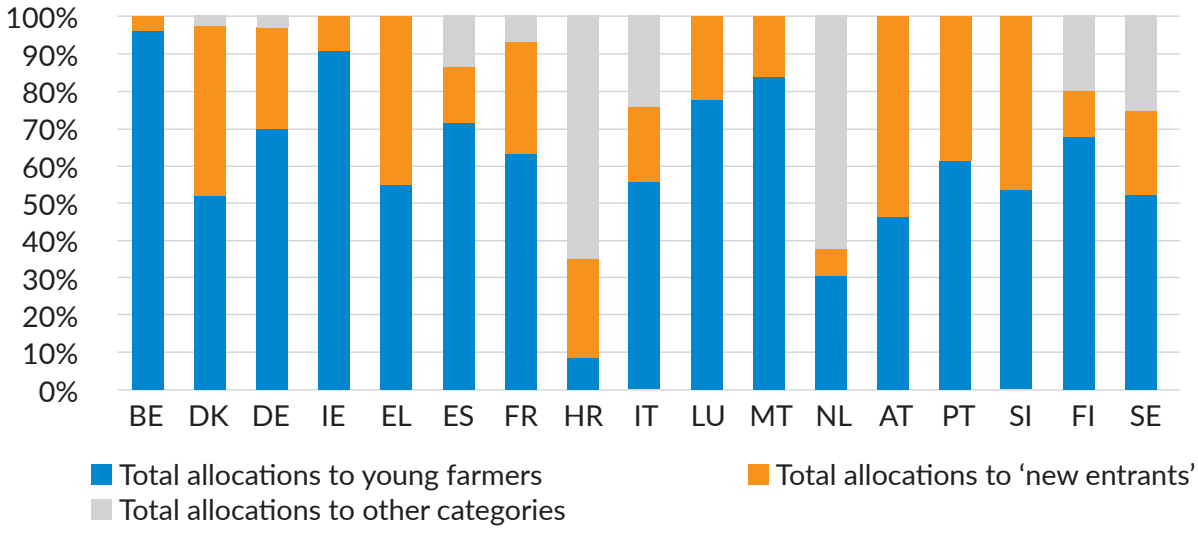
The creation of an obligatory supplement for young farmers within the EU direct-payments provisions from 2015, affirmed a commitment to fostering generational renewal in agriculture. This supplement addresses the specific needs of younger farmers, who have a lower income: in 2012-2016, EU farmers under 40 had on average 20% lower income than farmers aged 40 and older.

For the payment to young farmers, national authorities must:

- Set aside up to 2% of their total funding under the direct-payments envelope.
- Decide on the number of hectares per farm to be supported under the young-farmers payment (up to 90 ha).
- Choose a calculation method (e.g., setting the payment level at some percentage of farmers' income-support payments – up to a maximum level of 50%).
- Decide whether the beneficiaries of the young-farmers payment should have appropriate skills and/or fulfil certain training requirements.
- Grant the young-farmers payment for a period of 5 years after choosing the eligible young farmers. In addition to the above, Member States that operate the basic-payment scheme with payment entitlements must also give priority to young farmers to receive basic-payment entitlements from the national/regional reserve.

In 2018, Ireland allocated 90% of the national reserve to young farmers, with the balance going to new entrants.

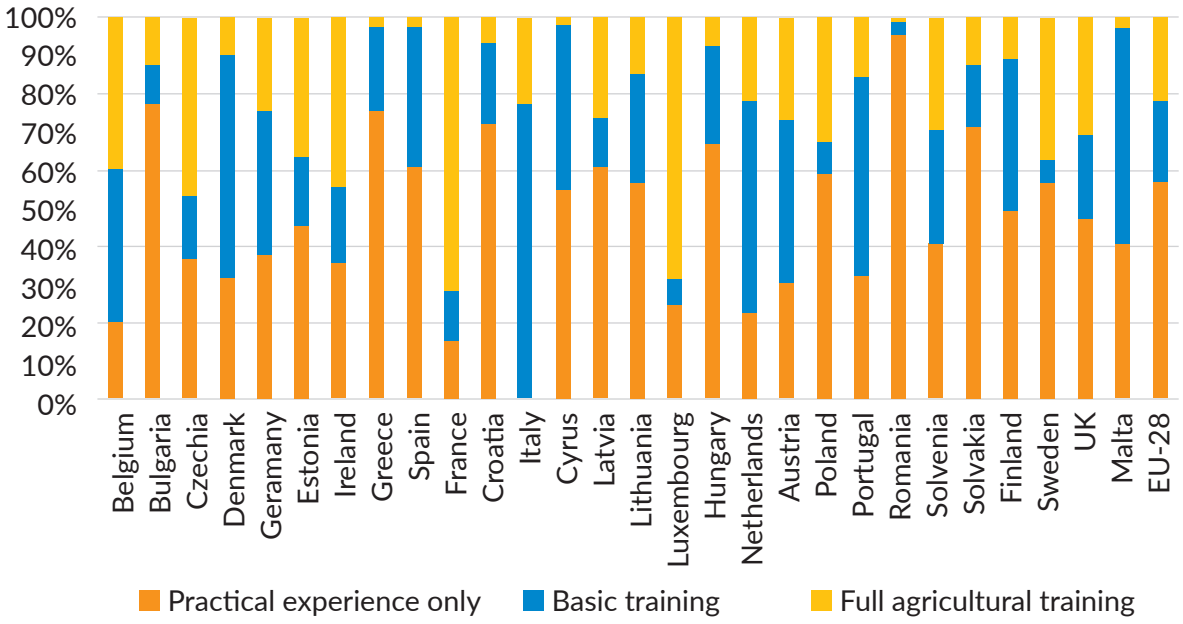
**Figure 2.18** – *Share of allocations from the reserve for the different categories of farmers, 2018*




**Source:** DG Agriculture and Rural Development, based on Farm Accountancy Data Network.

In Ireland we have a well-educated young farmer workforce. In 2016, about 44% of Irish farm managers under 35 years old had full agricultural training, compared to an EU28 average of just over 20%. A further 20% of the Irish farm managers under 35 had basic training, meaning almost two thirds of our young farm managers had agricultural training.

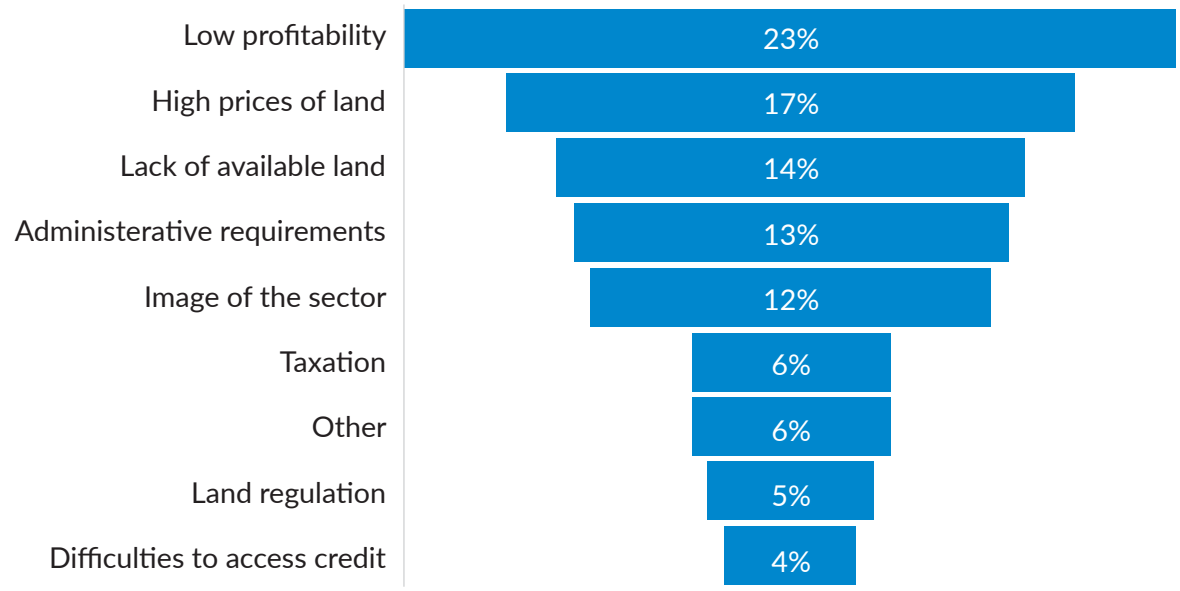
**Figure 2.19** *Agricultural Training of Young Farm Managers (under 35), 2016*




**Source:** DG Agriculture and Rural Development, based on Eurostat.

A public consultation carried out by the Commission found that the main barriers to entry to becoming a farmer in the EU is low profitability. Other barriers included the high price of land and availability of land. In many cases unless a farm is inherited from a parent or other family member, it can be difficult to afford to purchase land. In Ireland, the amount of land brought to the market has been falling in recent years and in 2020 less than 1,000 farms were brought to the market compared to 1,330 in 2019 and 1,660 in 2018.

**Figure 2.20** *Main barriers to becoming a farmer (%)*




**Source:** DG Agriculture and Rural Development survey.

### Age profile by farm type

According to the 2016 CSO Farm Structure Survey (FSS), dairy farmers tended to be younger than other farmers. Just over 4 in every ten dairy farmers are over 55 years old, compared to almost 6 of every 10 beef farmers. Overall, 55% of farmers are over 55 years of age but if dairy farmers are excluded, then this figure rises to 63% of farmers over 55 years old.

**Table 2.7** *Percentage of Family Farms Classified by Farm Type and Age of Holder - 2016*

| Age of Farm Holder | Specialist tillage | Specialist dairying | Specialist beef production | Specialist sheep | Mixed grazing livestock | Mixed crops and livestock | Mixed field Crops | Other | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Under 55 years** | 49% | 58% | 42% | 46% | 44% | 48% | 38% | 46% | 45% |
| **Over 55 years** | 51% | 42% | 58% | 54% | 56% | 52% | 62% | 54% | 55% |

**Source:** CSO

## 2.9 Labour Input in Agriculture

According to the CSO Farm Structure Survey 2016, over three quarters of farm holders consider their farming as their sole or major occupation, while the remaining farm holders, just under a quarter, regard farming as a subsidiary occupation. As with the age profile, when considering dairy farmers, this changes significantly. Only 7% of dairy farmers consider farming as a subsidiary occupation, while almost 28% of tillage farmers and sheep farmers, along with 33% of mixed field crop farmers, regard farming as a subsidiary occupation.

**Table 2.8** *Significance of Farm Work by Farm Type - 2016*

| Importance of Occupation | Specialist tillage | Specialist dairying | Specialist beef production | Specialist sheep | Mixed grazing livestock | Mixed crops and livestock | Mixed field Crops | Other | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Sole Occupation** | 51% | 79% | 48% | 46% | 57% | 67% | 45% | 69% | 53% |
| **Major Occupation** | 21% | 14% | 26% | 26% | 22% | 19% | 21% | 15% | 24% |
| **Subsidiary Occupation** | 28% | 7% | 25% | 28% | 21% | 14% | 33% | 15% | 23% |

**Source:** CSO

Almost eight out of every ten dairy farmers regard farming as their sole occupation, while less than five out of ten beef farmers regard farming as their sole occupation, with a quarter of beef farmers regarding farming as a subsidiary occupation.

**Table 2.9** *Significance of Farm Work by Farm Size - 2016*

| Importance of occupation | < 10 | 10 - < 20 | 20 - < 30 | 30 - < 50 | 50 - < 100 | >= 100 | Total | Average farm size (ha) |
|---|---|---|---|---|---|---|---|---|
| **Sole Occupation** | 41% | 44% | 50% | 59% | 73% | 77% | 53% | 38.5 ha |
| **Major Occupation** | 24% | 27% | 26% | 24% | 17% | 13% | 24% | 28.0 ha |
| **Subsidiary Occupation** | 35% | 29% | 24% | 17% | 10% | 8% | 23% | 22.4 ha |

**Source:** CSO

When considering the importance of farm work by farm size, the CSO FSS indicates that the average farm size for those farm holders who consider farming as their sole occupation is 38.5 hectares. This is above the average farm size across all farms which is 32.4 hectares. As would be expected, over 90% of farm holders with more than 50 hectares regard farming as their sole occupation.

In the Teagasc National Farm Survey, a farm is full-time or part-time based on the standard labour units required to operate the farm, as calculated on a Standard Man Day (SMD) basis. These results indicate that many farms have more labour available on the farm than is required. This is particularly true on part-time farms, where the labour requirements may often be less than half a SMD, yet there is close to a full-time labour unit available on the farm.

However, the opposite happens on the average dairy or cattle other full-time farms, where there is less actual labour available compared to the labour required based on SMDs.



**Table 2.10** *Comparison of Actual Labour* versus Estimated Labour Requirement (Standard Man Days**), 2020 preliminary Results*

| Comparison of Actual Labour* versus Estimated Labour Requirement (Standard Man Days**), 2020 preliminary Results | | | | | | |
|---|---|---|---|---|---|---|
| | Dairy | Cattle Rearing | Cattle Other | Sheep | Tillage | All Systems |
| **All farms** | | | | | | |
| Total actual labour units | 1.61 | 0.97 | 0.94 | 1.06 | 1.12 | 1.11 |
| SMD labour units | 2.08 | 0.43 | 0.50 | 0.66 | 0.90 | 0.74 |
| Total actual labour as % SMD | 77% | 224% | 187% | 161% | 124% | 150% |
| | | | | | | |
| **Full-time farms** | | | | | | |
| Total actual labour units | 1.65 | 1.33 | 1.37 | 1.51 | 1.68 | 1.47 |
| SMD labour units | 2.26 | 1.09 | 1.45 | 1.45 | 1.67 | 1.73 |
| Total actual labour as % SMD | 73% | 122% | 94% | 105% | 100% | 85% |
| | | | | | | |
| **Part-time farms** | | | | | | |
| Total actual labour units | 1.29 | 0.93 | 0.86 | 0.90 | 0.75 | 0.87 |
| SMD labour units | 0.47 | 0.36 | 0.33 | 0.38 | 0.39 | 0.34 |
| Total actual labour as % SMD | 271% | 256% | 265% | 236% | 193% | 254% |

**Source:** Teagasc analysis using National Farm Survey 2020 preliminary data.

*Actual labour unit is defined as 1,800 hours or more worked on a farm by a person over 18 years.

**Standard Man Days (SMD) Labour Unit eight hours of work supplied by a person over 18 years of age. The number of SMD required per hectare for the different crops and per head for various categories of livestock is used to calculate the total number of SMDs required to operate the farm

## 2.10 Employment

The agri-food sector has been the main employer in several rural and coastal areas for many years. The agri-food sector covers primary agriculture, forestry, fishing, along with the manufacturing of food and beverages and manufacture of wood and products of wood and cork, except furniture. In 2020 the sector employed 163,600 people, or 7.1%, of the total workforce in Ireland, which is made up of 2.3 million people. As outlined earlier in this chapter, in the section on labour input in agriculture, not all people who work in agriculture do so on a full-time basis. In fact, 23% of farm holders regard farming as a subsidiary occupation. When the CSO are compiling the Labour Force Survey, on which employment numbers are based, they include a person's main occupation. Therefore, those farm holders who regard farming as a subsidiary occupation will not be included as employed in the sector unless of course if their main occupation is also in the sector.

The numbers employed in the sector dropped slightly, by about 800 people, in 2020. When reflecting on the difficult year of 2020 due to the COVID-19 pandemic, the small drop in employment in the sector demonstrates its resilience. As with all other sectors of the economy, the agri-food sector availed of government supports in 2020. However, the agri-food sector

required less support than other sectors. For example, while the sector employs 7.1% of the total workforce, at any time during the pandemic, the agri-food sector represented less than 2.5% of those availing of the "Pandemic Unemployment Payment" (PUP).

**Table 2.11** *Employment in the Agri-Food Sector 2000 - 2020*

| Year | Crop and animal production | Forestry & fishing | Manufacture of food & beverages | Manufacture of wood | Total Agri-food employment | Total Employment all sectors | Agri-Food as % of total |
|---|---|---|---|---|---|---|---|
| **2000** | 122,625 | 6,250 | 58,125 | 9,775 | 196,775 | 1,772,900 | 11.1% |
| **2005** | 107,175 | 4,750 | 58,150 | 9,850 | 179,925 | 2,037,850 | 8.8% |
| **2010** | 101,775 | 8,525 | 46,375 | 5,800 | 162,475 | 1,925,575 | 8.4% |
| **2015** | 103,925 | 5,525 | 56,150 | 3,975 | 169,575 | 2,057,350 | 8.2% |
| **2020** | 96,500 | 6,150 | 54,950 | 6,000 | 163,600 | 2,294,400 | 7.1% |

**Source:** CSO

In 2000, the Agri-Food sector employed 196,775 people, representing 11.1% of the total workforce in Ireland, which then stood at 1,772,900. The numbers employed in the Agri-Food sector have reduced somewhat over the past twenty years, while total employment across all sectors has risen. In 2020, the average number of people employed in the Agri-Food sector was 163,600, down 33,175 compared to the year 2000 or by 17%. At the same time, total employment in Ireland increased to 2,294,400, an increase of 521,500 or 29%. As Agri-Food sector employment dropped and overall employment increased, the percentage of people employed in Agri-Food sector dropped and it now stands at 7.1% of total employment in 2020.

The largest drop in employment has been crop and animal production which has seen employment levels fall by about 26,000. There is a fall of about 3,000 jobs in the manufacture of food and beverages from 58,000 to 55,000 and a drop of 3,775 in the manufacture of wood products and products of wood and cork, except furniture. Employment in the forestry and fishing has remained relatively steady over the past twenty years at just over 6,000, although it did drop below 5,000 in 2005.

Employment in the Agri-Food sector is calculated based on detail in the quarterly Labour Force Survey. Due to the seasonal nature of Agri-Food sector employment, the figures used here are an average of the four quarters for each year. Included are the numbers employed in the following 2 digit NACE codes: 01 crop and animal production, hunting and related service activities; 02 forestry and logging; 03 fishing and aquaculture; 10 manufacture of food products; 11 manufacture of beverages and 16 manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials.

## 2.11 Land Prices and Land Mobility

The annual Society of Chartered Surveyors Ireland/Teagasc Land Market Review & Outlook 2021 provides an in-depth analysis of agricultural farmland market trends, providing data on agricultural land values, rents and views on anticipated agricultural land market activity over the next twelve months.

Historically, the review was conducted by province. This year, for the first time ever, a county-by-county breakdown is included, although Dublin is excluded due to volume of transactions. The report also features an additional new category: good and poor-quality land. As always, the land is also classed by whether or not it has a residential holding. The review focuses mainly on land without residential holdings. This gives an accurate picture of the price of the land itself, without the added value of housing and other infrastructure attached.

The report details that 2020 was a difficult year for buying and selling property. This is because inspection and viewing of property have been restricted and traditional auctions could not take place. Some moved to online auctions, but this was not adopted by all.

The average national price in 2020 for land without a residential holding was €7,641 per acre, the breakdown of this being €5,900 for poor land and €9,381 for good quality land. With the average price per acre for land with no residential holding in 2019 at €8,823, this represents a 13% fall in 2020.

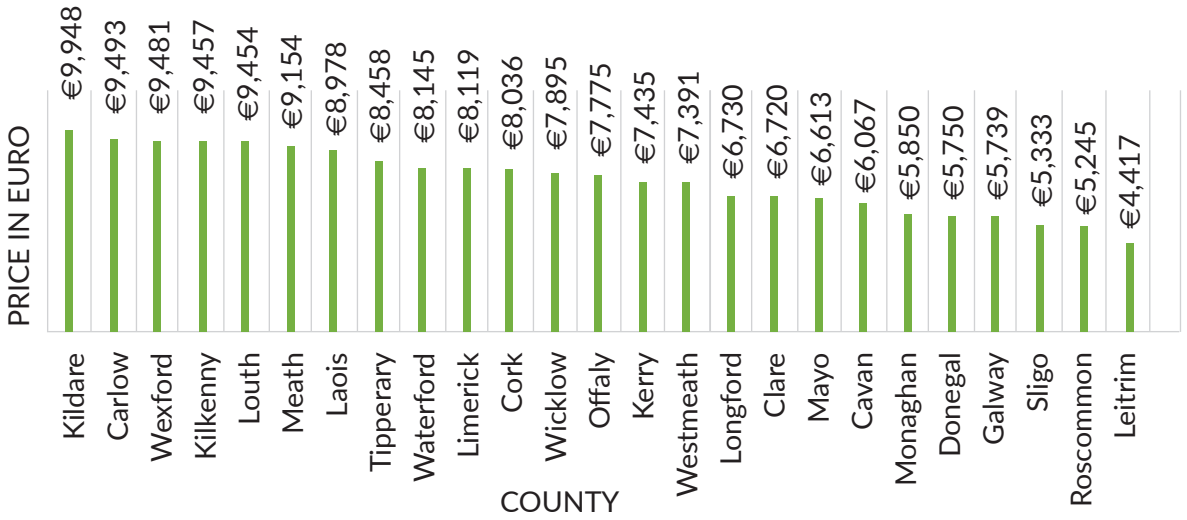
**Table 2.12** *Average land values (price per acre) for national non-residential farms 2020.*

| Less than 50 acres. | | Between 50 and 100 acres. | | Over 100 acres. | |
|---|---|---|---|---|---|
| Poor Quality | Good Quality | Poor Quality | Good Quality | Poor Quality | Good Quality |
| €6,011 | €9,866 | €5,921 | €9,348 | €5,769 | €8,931 |
| All land less than 50 acres | | All land between 50 and 100 acres | | All land over 100 acres | |
| €7,939 | | €7,635 | | €7,350 | |

**Source:** SCSI/Teagasc Land Market Review and Outlook 2021

In 2020, land without residential holdings was most expensive in Kildare at an average of €9,948 per acre. In contrast, similar land in Leitrim was the least expensive at an average of €4,417 per acre.

**Figure 2.21** *Average Price per Acre for Non-Residential Land by County*




**Source:** SCSI/Teagasc Land Market Review and Outlook 2021

## Connaught/Ulster

In 2020, prices in Connaught and Ulster decreased by 16% for parcels of land under 50 acres to an average of €6,248 per acre. Medium sized land, of 50-100 acres, was down by 15% on 2019 prices at €5,423 per acre. Larger land parcels of over 100 acres also decreased, this time by 8% to €5,252.

**Figure 2.22** *Connaught/Ulster: Non-Residential Land Values per Acre in 2020*




**Source:** SCSI/Teagasc Land Market Review and Outlook 2021

## Munster

In Munster, smaller land parcels (under 50 acres) were down 19% on last year, at approximately €8,147 per acre. Land between 50-100 acres was selling for €8,292 per acre, which is a decrease of 16% on last year. Land parcels over 100 acres went for €8,114, which is down 13% on 2019.

**Figure 2.23** *Munster: Non-Residential Land Values per Acre in 2020*




**Source:** SCSI/Teagasc Land Market Review and Outlook 2021

## Leinster (Excl. Dublin)

In Leinster, prices dropped for each size farm this year. Farms of less than 50 acres were down 13% on 2019 prices to €9,303 per acre. Middle sized farms of 50-100 acres were down 10% to €9,057 per acre and larger farms of over 100 acres were down by 13% at approximately €8,545 per acre.

**Figure 2.24** *Leinster (excluding Dublin): Non-Residential Land Values per Acre in 2020*




**Source:** SCSI/Teagasc Land Market Review and Outlook 2021

## Brexit

In 2020, it was reported that Brexit was acting as a deterrent to both buyers and sellers of land. One year later however, the report advises that Brexit may have not had the negative impact on the land market that was once feared.

## Leasing and rental data

Agents across Leinster and Munster reported an energetic land rental market in 2020. On average, land rental prices increased by approximately 4% on land used for grazing and cereal farming. There was a slight decline on the rental prices on land suitable for potato crops.

In contrast, there was a more noticeable and consistent decline in land rental prices across all land types and usages in Connacht and Ulster. Land for cereal crops was hit the hardest with a decrease of 22% on 2019 prices. Average rents in Connacht/Ulster are foreseen to rise by 6% in 2021. There is a full breakdown of these prices in table 2.13.



**Table 2.13** *Average Land Rental Values per Acre in 2020*

| LEINSTER (excluding Dublin) | | | | | |
|---|---|---|---|---|---|
| Year | Grazing/ meadow/ silage | Grazing only | Cereal crops | Other crops/ maize and beans | Potatoes |
| **2019** | €183 | €170 | €210 | €256 | €378 |
| **2020** | €193 | €175 | €220 | €266 | €359 |
| **Variance** | 5.5% | 2.9% | 4.8% | 3.9% | -5.0% |
| **MUNSTER** | | | | | |
| **2019** | €207 | €200 | €227 | €273 | €268 |
| **2020** | €215 | €209 | €242 | €299 | €330 |
| **Variance** | 3.9% | 4.5% | 6.6% | 10% | 23% |
| **CONNACHT/ULSTER** | | | | | |
| **2019** | €176 | €144 | €203 | €186 | €273 |
| **2020** | €153 | €142 | €158 | €173 | €242 |
| **Variance** | -13% | -1.4% | -22% | -7.0% | -11% |

**Source:** SCSI/Teagasc Land Market Review and Outlook 2021

## Land Mobility & Long-term leasing

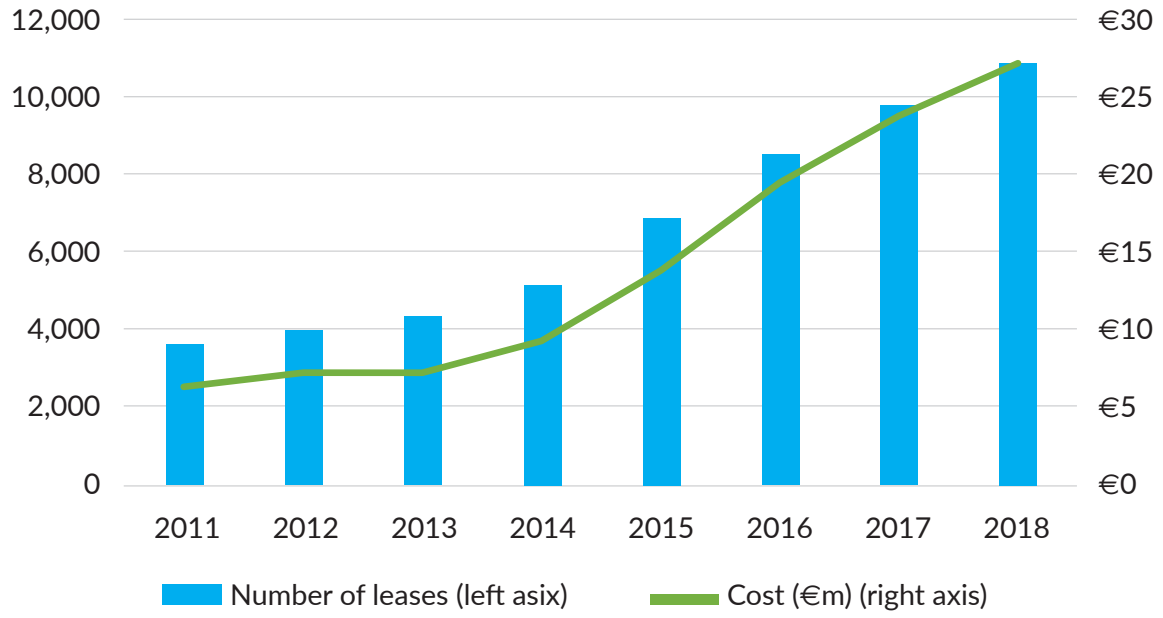
A key policy objective of the Agri-taxation Review was to increase the mobility and the productive use of land. It recommended the retention and enhancement of the income tax relief for long-term leasing, which allows progressive farmers to enlarge their farm holdings and increase productivity. It has a number of advantages over the conacre system of land rental, it:

- Allows young farmers and new entrants to the sector gain access to land by providing a cheaper means of long-term access to land, as opposed to the relatively high cost of ownership.
- Provides security of tenure and the certainty required to encourage lessees to maintain and make an investment in improving land.
- Is especially important in accessing bank credit, as financial institutions generally match loan terms to lease duration and longer duration means more manageable repayments.
- Provides a route to retirement for older farmers, assisting in generation renewal.

It also provides for better regulation of the land rental market.

Since 2014, as a result of the changes brought about by the Review, there has been a significant shift from the short-term renting (conacre) system, to long-term leasing. The main official source of data in this regard is from Revenue income tax returns, which show a doubling of long-term leases from 2014 to 2018 and the benefit to farmers of this relief is estimated to have tripled in the same period from €9.2 million to €27.2 million.

**Figure 2.25** *Number of long-term leases and cost of associated tax-relief, 2012 to 2018*




**Source:** Revenue: Farming Profile 2020

According to the SCSI/Teagasc Land Market Review and Outlook the volume of land leased during 2020 varied from province to province. On a national level, more agents are reporting a decline in the volume of land leased in 2020 compared with 2019. In 2019, 8% of agents reported a decline in land leasing; however, in 2020 the percentage reporting a decrease in land leasing had risen to 25% nationally.

It outlines that in 2020, agents reported that a period of equilibrium has now been reached between those seeking to rent land for farming on a longer-term basis and landowners seeking to lease out land on a longer-term basis, i.e., the uptake of long-term leasing is now saturated and therefore the expectation is that there will be limited increases on the current level of leasing.

It continues that the take-up of long-term leasing since the introduction of a renewed tax treatment in 2015 was a positive development for agriculture and the agriculture land market. This is, in part, the explanation for why many agents are reporting decreased volumes of land coming forward for rent more recently, as much of it is locked up in long-term leases. A growing number of agents are advising that while conacre is still an active part of the rental market, activity in this area is reducing year on year. Decreased activity in markets for conacre was reported by 40% of agents in 2020. This is a significant proportion of agents operating across Ireland and the decline in conacre availability is becoming an established trend. Only 9% of agents reported an increase in conacre availability in 2020.

**Source:** SCSI/Teagasc Land Market Review and Outlook 2021

## 2.12 Expenditure Investments, Borrowings and Interest

### Borrowing

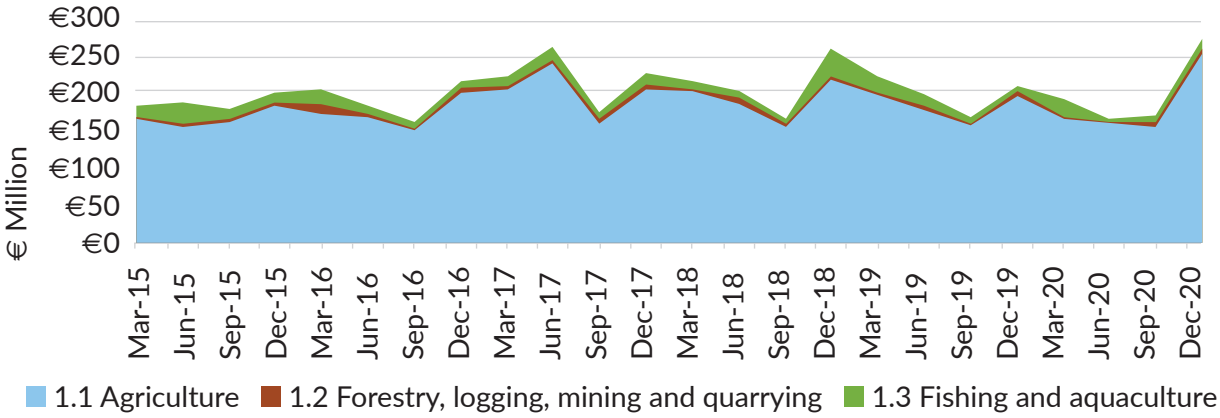
Central Bank data shows that credit advanced to Primary Industries, namely (i) agriculture, (ii) forestry, logging, mining and quarrying and (iii) fishing and aquaculture sectors, was €781 million in 2020. This was a slight increase on the €779m in 2019 but less than the €824m in new lending in 2018 and €863m in 2017.

Further analysis shows that new lending to primary agriculture accounts for 92% of this total, forestry, logging, mining and quarrying accounts for under 2% and fishing and aquaculture just over 6%.

Credit outstanding at the end of 2020 is €3.3 billion which is similar to 2019 but down from €4.7 billion at the end of 2010 and down from a peak of €6.4 billion in September 2008. This is indicative of the deleveraging that has been occurring in the wider economy over roughly the same period, where repayments have outstripped new lending.

Primary Agriculture accounts for 17% of the €19.8 billion outstanding debt held by Irish SMEs or 26% when Financial Intermediation and Property Related Activities are excluded.

**Figure 2.26** *Credit Advanced to Agriculture, Forestry & Fishing 2015-2020 (Quarterly basis)*




**Source:** Central Bank of Ireland

### Investment

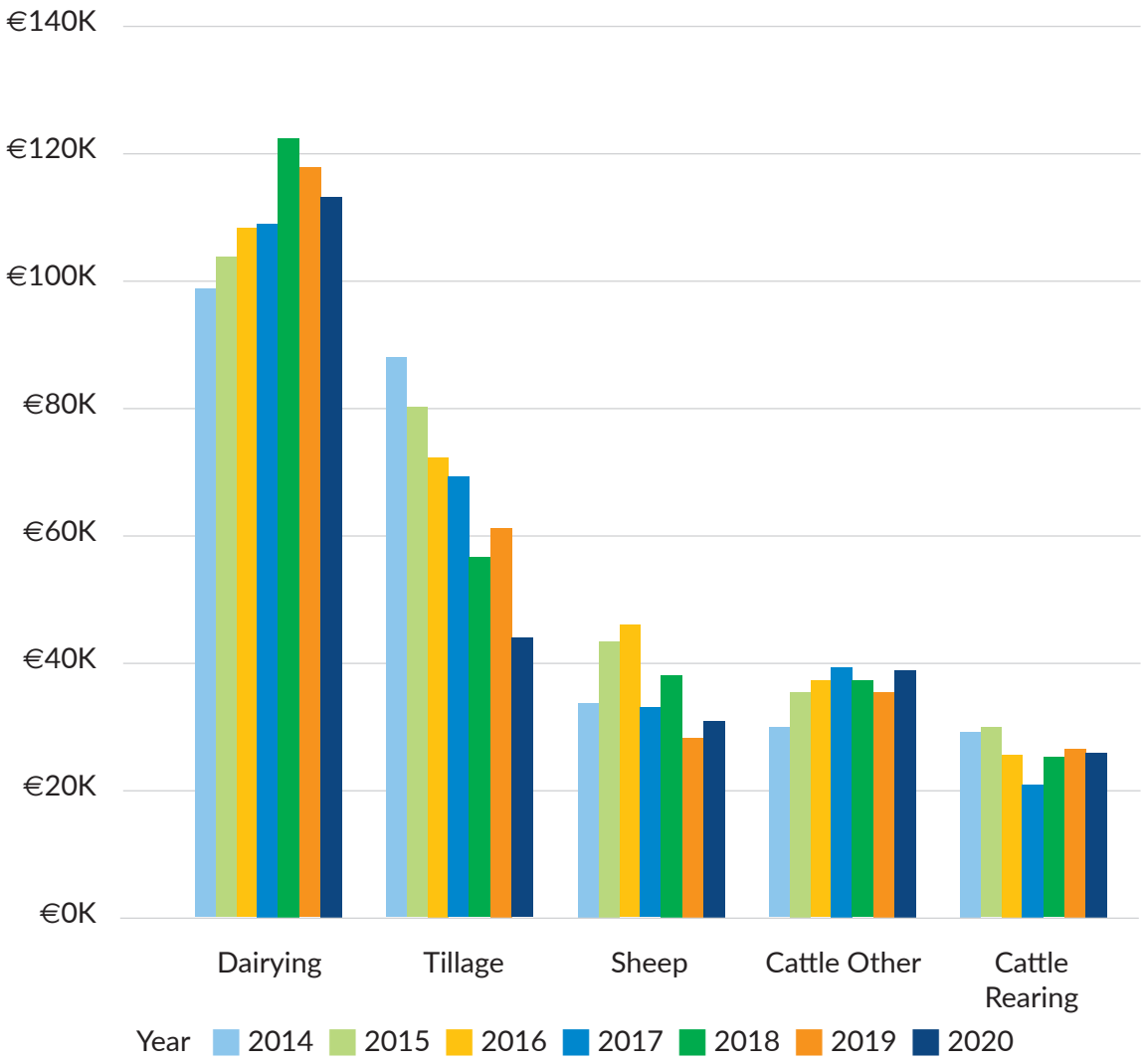
According to the 2020 National Farm Survey, gross new investment on Irish farms increased by approximately 5% on 2019 levels. This accounted for over €1 billion nationally. Investment on farms varies by system.

- Investment on dairy farms accounted for more than half of total investment in 2020, at an average of €30,585, down from €34,221 per farm in 2019. Investment on dairy farms decreased by 11% on 2019 levels.
- Investment on tillage farms also decreased in 2020 when it was €11,014, compared to €18,337 per farm in 2019.
- Investment across drystock systems increased in 2020 following a number of years of decline. Investment on cattle other farms decreased by approximately 50% in 2020 to €7,891. Investment in cattle rearing and sheep farms also increased by 23% to €4,307 and by over 100% to €7,891 respectively in 2020.
- On average about 55% of the farm investment is used for machinery, 36% for buildings and the remaining 9% is used for land improvements.
- Three percent of farms received TAMS payments in 2020, with an average payment of €16,014. Dairy farms had the highest participation rate at 5%, while just 1% of cattle other farmers availed of a TAMS investment subsidy.

**Source:** Teagasc National Farm Survey, Preliminary results 2020

Overall debt on Irish farms declined on 2019 levels by about 2% in 2020. The largest decrease was on tillage farms, where average debt on those farms with debt, dropped from €60,901 in 2019, to €43,904 in 2020. The highest level of debt was on dairy farms with average level of debt, for those farms with debt, at €112,476, down from €117,039 in 2019. Cattle rearing farms, for those farms with debt, have the lowest level of debt at €25,642, down 2.5% on 2019 levels.

**Figure 2.27** *Average Debt per Farm, by Farm Type 2014-2020*




**Source:** Teagasc National Farm Survey, Preliminary results 2020

**Table 2.14** *Percentage of Farms with Borrowings and Average Debt, 2020*

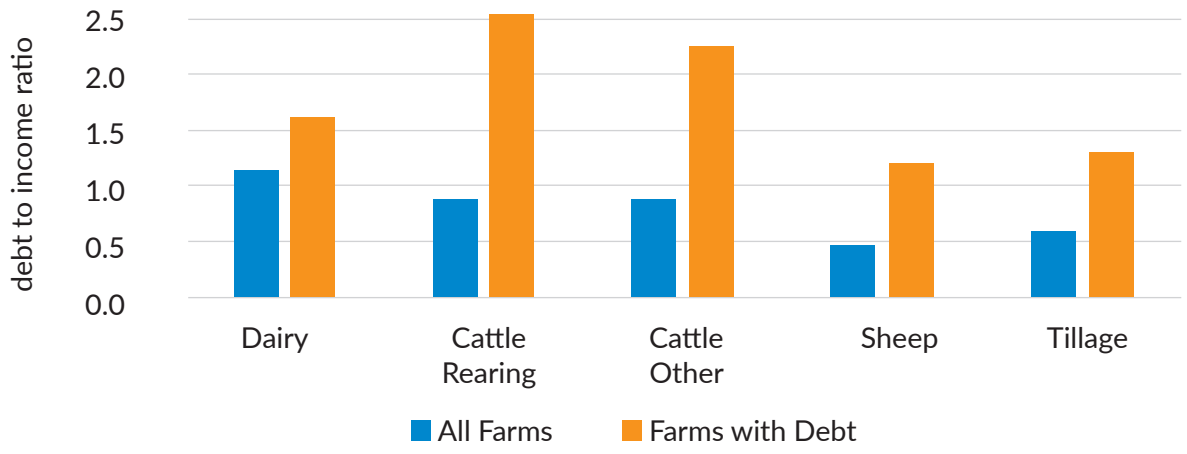
| | Farms with Borrowings (%) | Average Debt (€) |
|---|---|---|
| **Dairy** | 64% | €112,476 |
| **Cattle Rearing** | 28% | €25,642 |
| **Cattle Other** | 31% | €38,634 |
| **Sheep** | 26% | €30,894 |
| **Tillage** | 33% | €43,904 |
| **All** | **35%** | **€59,982** |

**Source:** Teagasc National Farm Survey, Preliminary results 2020

It remains the case that, across all farm systems, almost two-thirds of farms have no farm-business related debt. This figure varies considerably by farm type. Six out of ten dairy farms had borrowings in 2020, compared to only three out of ten on cattle other and tillage farms. A marginally smaller proportion of cattle farms had outstanding farm debt in 2020, compared with 2019.

The majority of farm-related debt was classified as medium to long-term in 2020 (76%), with a further 16 % relating to hired purchase or leasing and the remaining 8% considered to be short-term debt e.g., overdrafts. On average, 78% of dairy farm debt was considered medium to long-term, with similar figures reported on cattle other and sheep farms. The comparative figure on cattle rearing farms was higher at 87%. Conversely, only 34% of average tillage farm debt was classified as long-term, with 42% related to leasing or hire purchase and the remaining 24% considered to be short-term.

**Figure 2.28** *Debt to Income Ratios for All Farms and those with Debt 2020*




**Source:** Teagasc National Farm Survey, Preliminary results 2020

Although only 28% of cattle rearing farms reported having debt in 2020, the debt-to-income ratio of those with borrowings remains relatively high compared to other farm systems, at 3.1. The debt-to-income ratio on cattle other farms was lower at 2.4. At just 1.2, the debt-to-income ratio on sheep farms was significantly lower than that for either of the other drystock systems. The debt-to-FFI ratio reported on tillage farms in 2020 fell significantly to 0.89 on average.

Dairy farms were more likely to have debt than other farm types and were also more likely to have higher levels of debt. However, given their comparatively higher income levels, the average debt-to income-ratio was relatively low at 1.4. A reduction in the debt-to-FFI for dairy farms is generally as a result of elevated income levels in particular years. More recently, this has resulted in the funding of investment through increased cashflow. Interestingly, investment declined on average on dairy farms in 2020, potentially as much has already been undertaken.

## Interest Rates

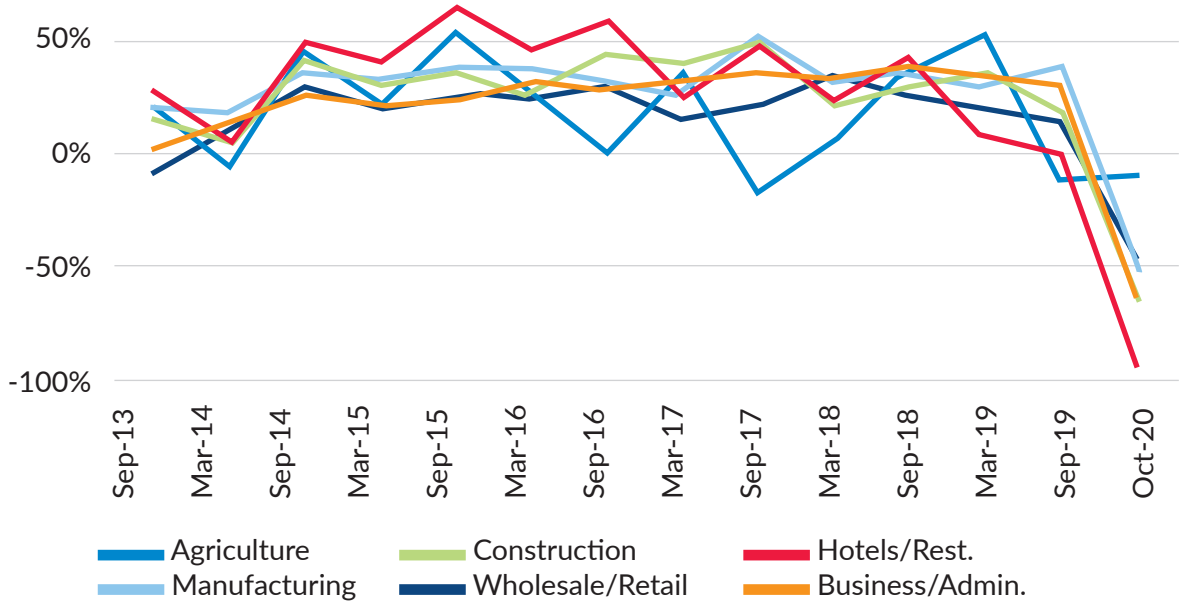
Interest rates for the primary sector show a slight decrease on 2019 but are higher than the average across all SME sectors. Central Bank figures show:

- The average rate on outstanding amounts in the sector for 2020 was 4.42% (against 4.44% for 2019) while the average for all SMEs was 3.54%. Some of the difference may be attributable to the profile of the loans, as loans to the agriculture sector tend to be lower in value and higher in volume. This results in a higher interest rate with fixed costs spread over smaller amounts.
- The average rate for new lending in the primary sector for 2020 was 4.67%, down from 4.71% in 2019. The 2020 rate compares with a rate of 3.98% across all sectors and 3.57% in Human Health and Social Work and 4.56% in Education.

The Central Bank of Ireland's SME Market Report 2021, published in April 2021, describes the economic impact of COVID-19. While other sectors experienced declines in turnover, primary agriculture fared somewhat better.

Following years of broad net turnover increases, SMEs experienced large net declines during the pandemic. Agriculture experienced the lowest level of declines (10%) as compared with Hotels & Restaurants (95%).

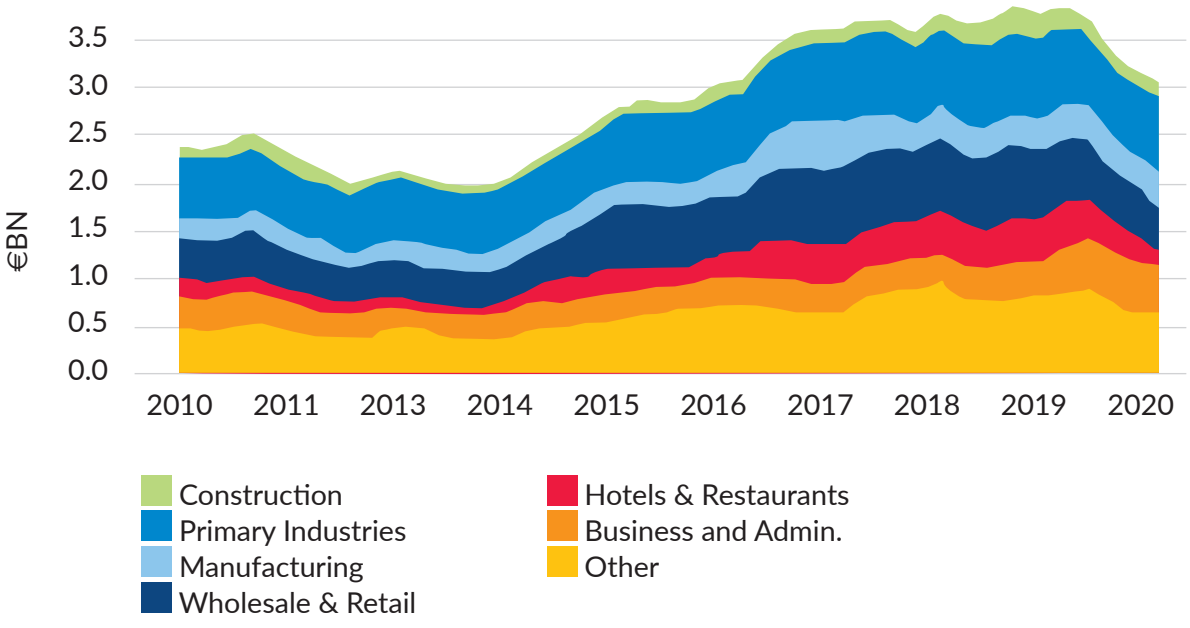
**Figure 2.29** *Net percentage change in turnover – share of firms where turnover increased less the share where turnover decreased*




**Source:** Central Bank of Ireland

Gross new lending to SMEs declined over 2020 but remained above the levels of from 2010 to 2016.

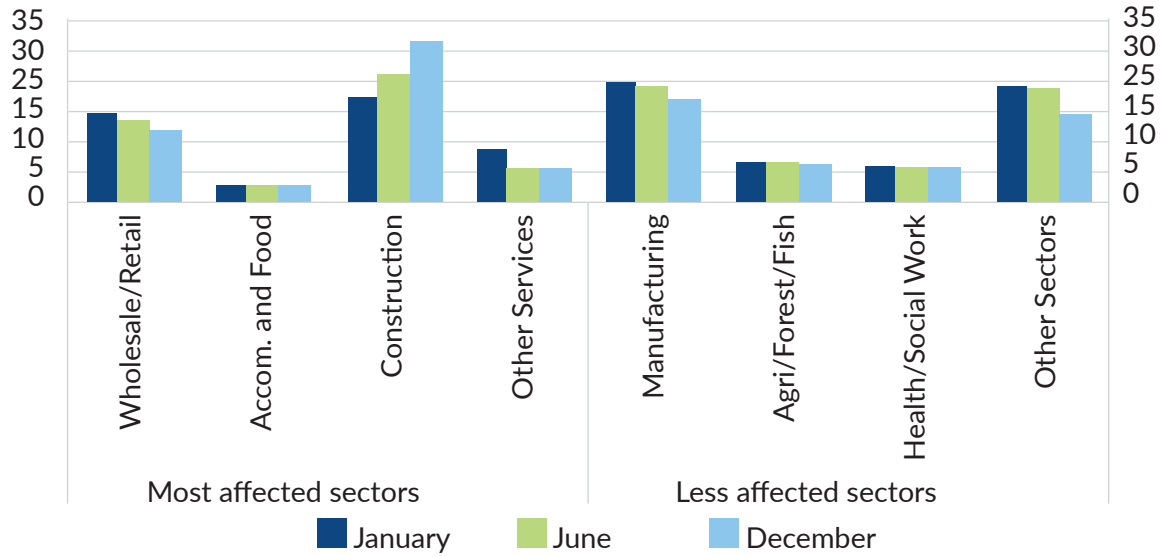
**Figure 2.30** *Gross new SME lending by sector (4 quarter rolling summation by quarter), Q 2010 – Q4 2020*




**Source:** Central Bank of Ireland

The share of credit balances remaining undrawn reflects the prevailing economic uncertainty, with the smallest share in some of the most affected sectors (3.6 per cent in December for Accommodation & Food).

**Figure 2.31** *Share of credit balance remaining undrawn by sector, January, June and December 2020*



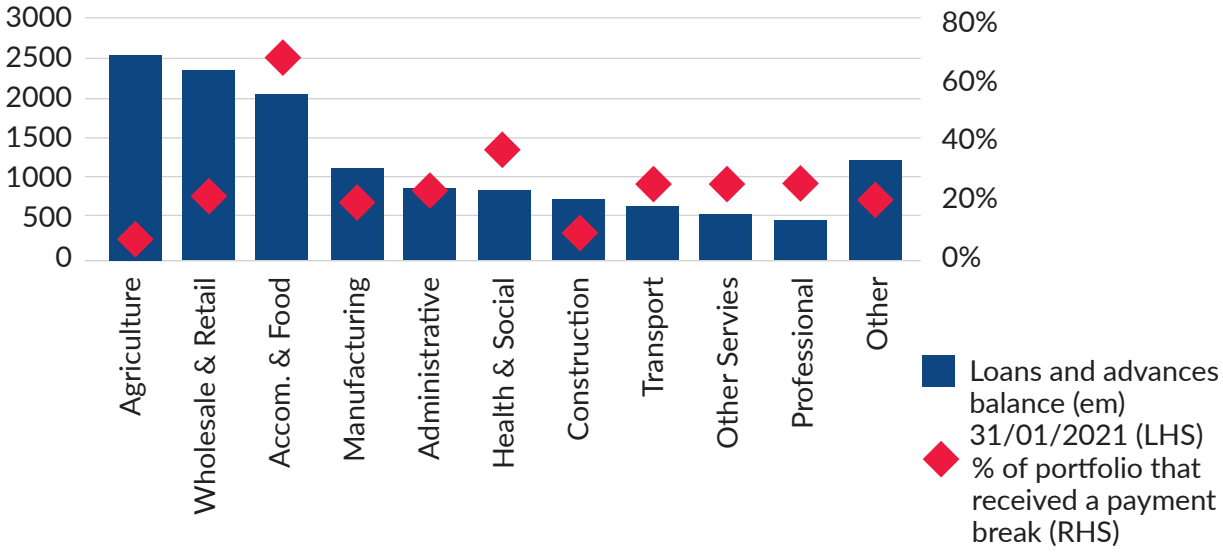

**Source:** Central Bank of Ireland

## Non-Performing loans

Payment breaks were widely used for SME lending in the Republic of Ireland through 2020, with 26% of debt balances at end of January 2021 having availed of them. This ranged from as high as 67% of balances in Accommodation & Food to a low of 6% in Agriculture. Eighty percent of SME lending returned to full payment upon expiry of a payment break by the end of 2020. Expired payment breaks returned to full payment on extended (47%) or existing terms (33%). The remaining 20% are receiving other forms of arrears or pre-arrears.

More SME debt was under a moratorium in Ireland than in the majority of euro area countries.

**Figure 2.32** *Total Irish-resident non-financial non-real estate SME lending balances (€m January 31st, 2021) and % of lending which ever received a COVID-19 payment break by sector.*




**Source:** Central Bank of Ireland

## COVID-19 Credit Guarantee Scheme

Launched in September 2020, the COVID-19 Credit Guarantee Scheme facilitates up to €2 billion in lending to eligible businesses that have been negatively impacted as a result of the outbreak of COVID-19 in Ireland. The Scheme offers a partial Government guarantee (80%) to participating finance providers against losses on qualifying finance agreements to eligible SMEs, small Mid-Caps and primary producers.

It is designed to incentivise participating finance providers to continue to play their role in supporting the availability of additional liquidity to Irish businesses. Loans under the Scheme range from €10,000 to €1 million, for terms of up to five-and-a-half years. Financing will be offered through a range of products, including term loans, working capital loans and overdrafts. Loans of up to €250,000, under the Scheme, are available unsecured (except where this is a requirement of the product feature, as in the case of asset finance, invoice discount facilities, etc). The Scheme is operated by the Strategic Banking Corporation of Ireland (SBCI) through participating finance providers. The Scheme is available to eligible SME and small Mid-Cap businesses, including primary producers (businesses engaged in farming and fishing), established in Ireland.

## Future Growth Loan Scheme

The Future Growth Loan Scheme was developed by the DAFM and the Department of Business, Enterprise and Employment, in partnership with the Department of Finance, the Strategic Banking Corporation of Ireland (SBCI) and the European Investment Fund (EIF). It is delivered through participating finance providers and makes up to €800 million of investment loans available to eligible Irish businesses, including farmers and the agri-food & seafood sectors.

The loans are competitively priced (an initial maximum loan interest rate of 4.5% for loans less than €250,000), are for terms of 8-10 years and support strategic long-term investment in a post-Brexit environment.

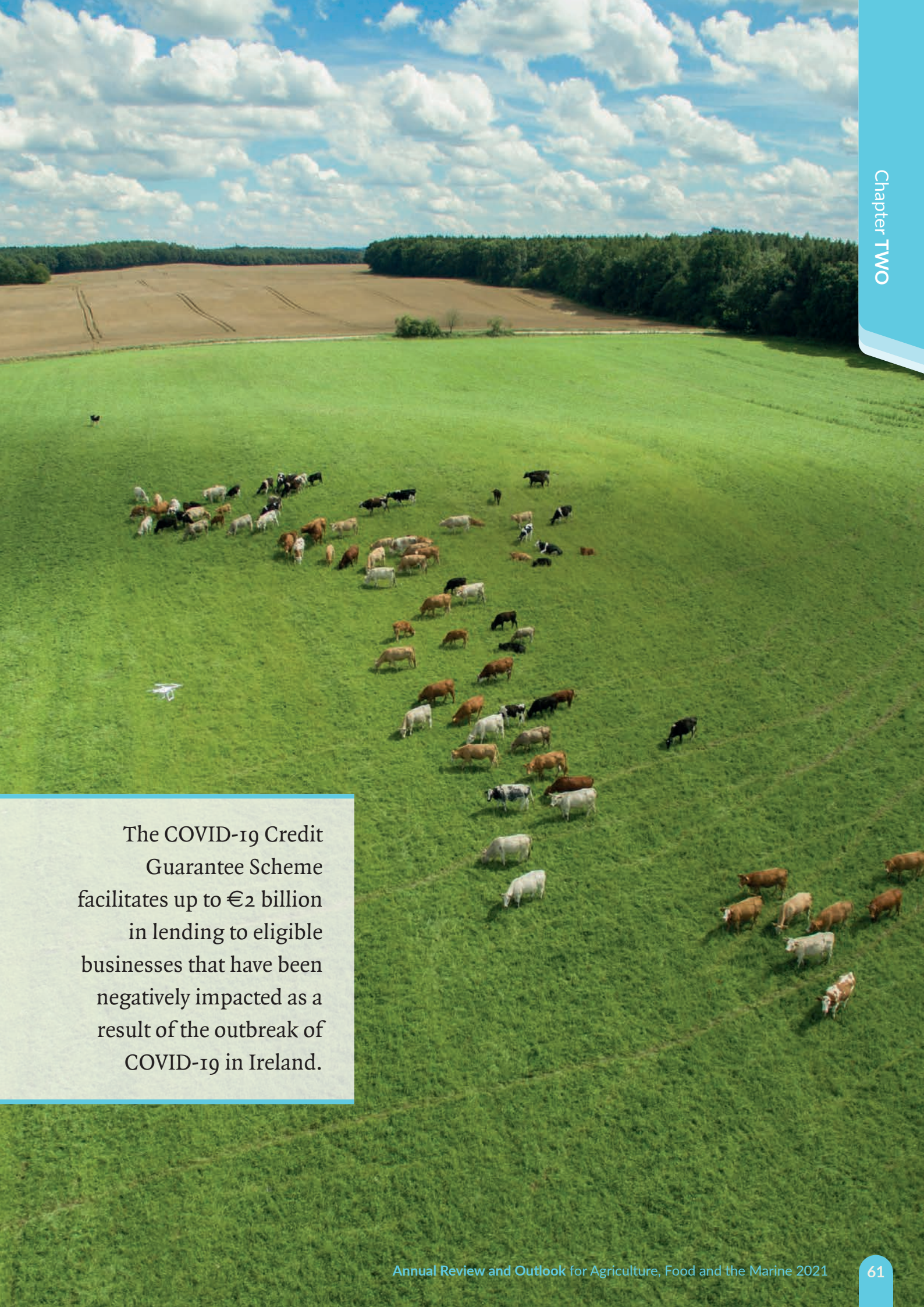
A minimum loan amount of €100,000 applies up to a maximum, of €3,000,000 per applicant. Considering the needs of Irish farmers, a specific minimum of €50,000 applies to them.

Following on from the initial €300m trance of funding for the scheme and as a result of the significant and sudden financial impact of the COVID-19 pandemic on businesses, a second tranche of €500 million, with up to 40% available to the agri-food sector, was launched in 2020. The Scheme has seen very strong demand for investment loans, including from the agri-food sector.

## SBCI Working Capital Scheme

The SBCI Working Capital Scheme comprising the Brexit Loan Scheme and the COVID-19 Working Capital Scheme was designed, in cooperation with the Department of Enterprise Trade and Employment (DETE) and SBCI, to provide funding support to eligible Irish businesses in the current period of economic disruption. The Scheme is open to SMEs and mid-caps (i.e., up to 500 employees). With similar conditions on each sub-Scheme, 40% or €120m is ring-fenced for food businesses and other agri-food businesses outside the farm gate. Due to technical considerations arising from the InnovFin guarantee, the SBCI Working Capital Scheme is not available to primary producers.

Launched in March 2018, the €300m Brexit Loan Scheme was scheduled to close on 31st March 2020 but was extended in line with the prolonged Brexit timeframe. The onset of the pandemic prompted a broadening of the scheme to provide lending for COVID-19 impacted businesses.



The COVID-19 Credit Guarantee Scheme facilitates up to €2 billion in lending to eligible businesses that have been negatively impacted as a result of the outbreak of COVID-19 in Ireland.

The SBCI Working Capital Scheme provides for loans of €25,000 to €1,500,000 per eligible enterprise at a maximum interest rate of 4%, ranging from 1 year to 3 years, with unsecured loans up to €500,000. The loans can be used for future working capital requirements or to fund innovation, change or adaptation of the business to mitigate the impact of Brexit or COVID-19 as applicable.

As a result of the significant and sudden financial impact of the COVID-19 pandemic on businesses, a second tranche of €37.5million, with up to 40% available to food businesses, was launched in 2020.

## 2.13 Women in Agriculture

5 GENDER EQUALITY

As outlined by the UN Sustainable Development Goals, gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world. This is represented by goal five which aims to "*Achieve gender equality and empower all women and girls.*"

Gender equality is also one of the founding values of the European Union and is increasingly recognised as smart economics. The pursuit of equal rights, responsibilities, and opportunities for people of all genders is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world.

Ireland is ranked No. 8 on The World Economic Forum's (WEF) Global Gender Gap Index 2020, which benchmarks 153 countries on their progress towards gender parity in four dimensions: Economic Participation and Opportunity, Educational Attainment, Health and Survival and Political Empowerment. The WEF reports gender parity has a fundamental bearing on whether or not economies and societies thrive. Developing and deploying one-half of the world's available talent has a huge bearing on the growth, competitiveness and future-readiness of economies and businesses worldwide.



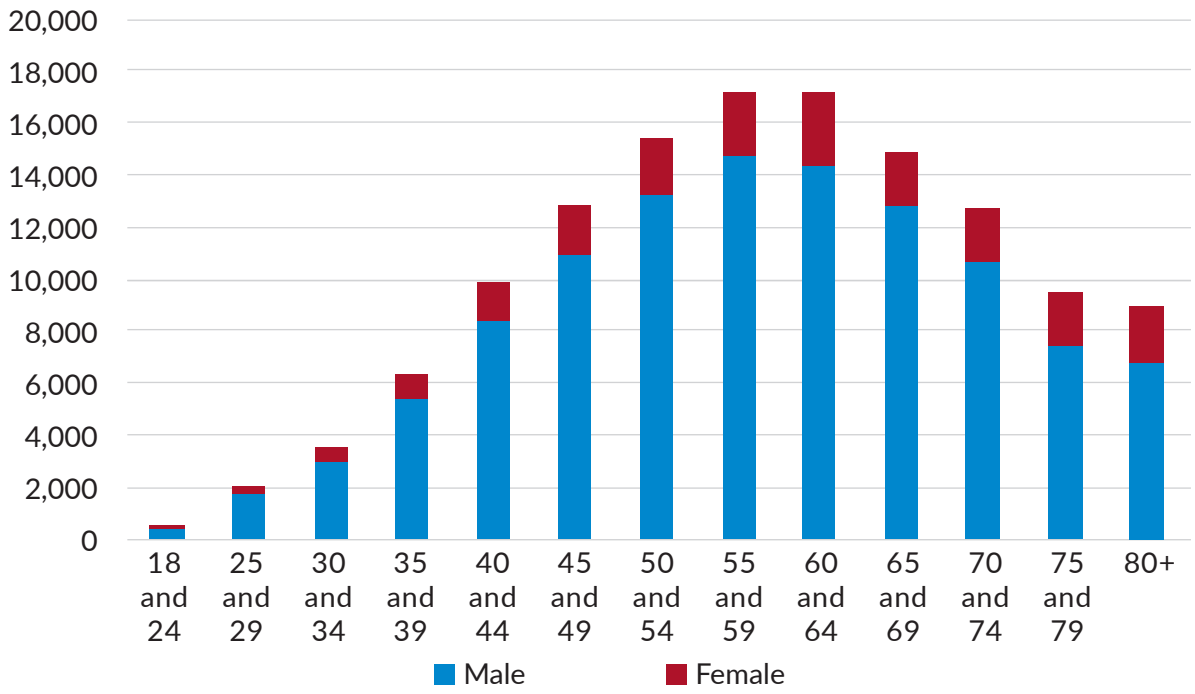
## Women in Agriculture Ireland

The CSO Labour Force Survey 2020 showed that 15% of workers in the primary agriculture, forestry and fishing sector were female. The trend since 2000 is increasing slightly, with the proportion rising from an average of 12% between 2000 and 2009 to 14% over the period 2010 to 2020.

Quality and Qualifications Ireland data (Annual Statistics Report - 2014 key data) indicate that nationally, 51% of recipients of all QQI further education awards were female. In contrast about 11% of the 14,588 QQI further education awards made for Teagasc programmes in the period 2012-2016, were to female graduates (Teagasc Education Vision Report 2018).

According to the Department's client database 15% or 19,850 of active individual herd owners in 2020 were women. Nine percent of the women were under the age of 40, compared to 10% of men, while 51% of women were over the age of 60, compared to 47% of men. However, when looking to those over the age of 70, there is a larger proportion of women in this age group at 28% compared to men at 23%. The gender gap increases further when considering those over 80 years old, with 11% of females over this age compared to 6% of males. According to the CSO Farm Structure Survey 2016, over a quarter or 71,700 of those working on farms were female. However, less than one in eight were holders of the farms on which they worked.

**Figure 2.33** *Individual Active Herd Owners by Age and Gender, 2020*




**Source:** DAFM

Women occupy various role in farming as independent producers, business managers, agriculture helpers and farm homemakers but what is clear is that the work done by women on farms continues to be largely invisible and unrecognized.

Food Vision 2030 supports an enhanced role for women in the sector and recommends the establishment of female farmers' networks and other supports to better understand and meet the needs of Irish women farmers, fishers and rural female entrepreneurs.

The Common Agriculture Policy 2023-2027 includes the objective to promote gender equality under CAP Specific Objective 8 Vibrant Rural Areas and interventions will be designed with due deference to this consideration.

## ACORNS (Accelerating the Creation of Rural Nascent Start-ups)

The report of the Commission for the Economic Development of Rural Areas (CEDRA) contained a recommendation that a Rural Innovation and Development Fund should be developed to support "*innovative, small scale pilot initiatives that explore the diverse range of potential identified through the CEDRA process*". At the time, national research also highlighted that female entrepreneurship rates were half that of their male counterparts.

To improve these gender statistics and to encourage a stronger level of enterprise development in rural areas, the Department established a programme to support nascent rural female entrepreneurs under its Rural Innovation and Development Fund.

The programme, known as ACORNS, has been designed to support early-stage female entrepreneurs living in rural Ireland and runs over six months part-time. Based on a belief that entrepreneurs learn best from each other, the ACORNS initiative is centred around interactive round table sessions that are facilitated by female entrepreneurs, known as 'Lead Entrepreneurs', who have started and successfully grown businesses in rural Ireland. Over 300 female entrepreneurs have taken part in ACORNS in the six cycles between 2015 and 2020. ACORNS 6 ran from October 2020 to April 2021. Fifty-three early-stage female entrepreneurs living in rural Ireland completed the programme.

Previous participants have testified to the difference this programme has made both to themselves and to their businesses with increased sales, exports and job creation, in addition to the valuable connections they have made through broadening their support network.

At the end of the ACORNS 6 cycle, all participants reported that participation in ACORNS was of value to their business.

- The combined turnover of the overall group doubled over the six months of the cycle.
- There were 7 participants that became exporters for the first time. Twenty three participants now have export experience (43%).
- There were 29 additional employees hired during the period.

Notwithstanding the challenges that they were facing, the ACORNS 6 participants were very positive in their feedback in terms of their experience of the initiative: 94% reported that they made a decision for their business during the round table sessions, 94% said that their participation brought about practical change within their business, 100% felt nearer to achieving their ambitions, 100% would recommend participating in ACORNS to others and 100% would welcome a means of staying in contact with the ACORNS network.

Case Study

## Misunderstood Heron



Misunderstood Heron

Adventure and entrepreneurship are in Kim Young's blood; her parents opened Killary Adventure Centre in the beautiful Connemara fjord in the 1970s.

Growing up with adventure all around, it's no wonder she spent her early years travelling the world and now has become an entrepreneur herself – back home in Killary.

After school, Kim travelled for five years. On a trip home, she met her future husband, Reinaldo, who was working at the centre. The two went travelling together, including to Reinaldo's home in Chile, before returning in 2014, settling in Dublin where Kim undertook marketing and digital studies.

With an aspiration to set up a business, they bought a former chipper truck and Misunderstood Heron — a unique food truck café — opened at Killary in April 2017 selling tasty food using local, fresh produce.

As the Wild Atlantic Way took off, so too did the business. They moved into a 20ft shipping container which they transformed into a kitchen.

COVID-19 was a mixed blessing as it brought people around to the concept of eating good food – not just chips – outdoors. As the only food business open for miles, it got great support from locals and became a destination itself.

Since restrictions eased in 2021, business has exploded with people visiting from all over Galway, with further growth expected once the hotels open and tourists return.

Misunderstood Heron also does catering for a boutique nature lodge nearby and employs seven people; they are now examining creating events of their own.

Kim found ACORNS priceless as it allowed her to discuss ideas and problems in a safe space. Without that sounding board and wealth of knowledge around the table, she does not believe the business would be where it is today.

# CHAPTER 3 Agricultural Commodities and Inputs

There are
**146 million pigs**
in the EU27 countries of which
**1.7 million**
are in Ireland.

In December 2020,
there were an estimated
**3.9 million sheep**
in Ireland.

In December 2020
Ireland had
**5.6 million**
head of cattle.

## 3.1 Overview

The CSO issued the 2020 Preliminary Estimate of Output, Input and Income in Agriculture in March 2021 with the final estimate to be published in the third quarter of 2021. According to the preliminary estimate, agricultures gross value added at basic prices in 2020 was approximately €3.13 billion, a 9% increase on the 2019 figure, which in itself was a 9% increase on the 2018 figure. Gross output at producer prices totalled €8.23 billion, up 3.4% in value, with input costs (intermediate consumption) of €5.66 billion similar to 2019.

Cattle and calves are the largest livestock category, responsible for 28% of gross output. The estimated value of cattle and calves increased by 6.0% in 2020 to €2.28 billion. This increase was generated by a volume increase of 1.4% and a value increase of 4.4%. The gross output value of milk was up 5.5% in value to €2.75 billion and a volume increase of 3.9%. Milk represents one third of total agricultural output.



The gross output of sheep increased by 15.5% on the back of an 11% increase in price and a 4.2% increase in volume, while the gross output of pigs increased in value by 11%, driven by an increase in volume of 7% and value of 3.4%.

On the other side, cereals saw a price increase of 3.3% but a substantial drop in volume of 30% and an overall drop in gross output of 29%.

Intermediate consumption in 2020 was similar to the previous year, with a slight increase of 2.1% in volume, partially offset by a reduction of 1.9% in price. Fertilisers and energy and lubricants each dropped in price by 9.7% and 8.0% respectively.

**Table 3.1** *Output and Input in Agriculture, 2020 - Value, Volume and Price*

| County | Value | % Change 2020 over 2019 | | | Share of GO/Inputs |
|---|---|---|---|---|---|
| | €m | Value | Volume | Price | % |
| **Gross output at producer prices** | **8,228.5** | **3.4** | **1.3** | **1.7** | **100%** |
| Cattle and Calves | 2,279.7 | 6.0 | 1.4 | 4.4 | 28% |
| Pigs | 602.4 | 10.9 | 7.0 | 3.4 | 7% |
| Sheep and Lambs | 301.1 | 15.5 | 4.2 | 10.9 | 4% |
| Poultry | 177.6 | 4.2 | 5.0 | -0.4 | 2% |
| Milk | 2,746.1 | 5.5 | 3.9 | 1.3 | 33% |
| Cereals | 224.0 | -28.8 | -30.1 | 3.3 | 3% |
| Potatoes | 137.0 | -12.5 | -4.0 | -15.7 | 2% |
| Fresh Vegetables and Fruit | 286.5 | n/a | n/a | n/a | 3% |
| Forage Plants | 1,093.9 | 2.8 | 2.6 | 0.3 | 13% |
| Other | 380.1 | n/a | n/a | n/a | 5% |
| | | | | | |
| **Intermediate Consumption (Inputs)** | **5,657.5** | **0.2** | **2.1** | **-1.9** | **100%** |
| Animal Feed | 1,525.4 | 2.4 | 4.0 | -1.5 | 27% |
| Fertilisers | 527.8 | -8.7 | 1.2 | -9.7 | 9% |
| Energy and Lubricants | 405.3 | -7.8 | 0.2 | -8.0 | 7% |
| Maintenance and Repairs | 494.6 | 1.0 | 0.0 | 1.0 | 9% |
| Forage Plants | 1,088.3 | 2.8 | 2.6 | 0.3 | 19% |
| Contract Work | 461.2 | 0.0 | 0.0 | 0.0 | 8% |
| Others | 1,154.9 | n/a | n/a | n/a | 20% |
| | | | | | |
| **Gross value added at basic prices** | **3,127.2** | **8.8** | **-0.7** | **8.4** | **n/a** |

**Source:** CSO

## Stock

**Table 3.2** *Estimated Value (€m) and Volume[1] (000s) of Stock Changes on Farms 2019/2020*

| | 2019 | | 2020[2] | |
|---|---|---|---|---|
| | Value | Volume | Value | Volume |
| Cattle | -15.34 | -34 | -43.42 | -30 |
| Sheep | 0.90 | 11 | 5.88 | 53 |
| Pigs | 3.41 | 41 | 7.94 | 65 |
| Poultry | 0.00 | 0 | 0.00 | 0 |
| Crops | -1.16 | -27 | -15.60 | -86 |
| Total | n/a | -9 | n/a | 2 |

[1] Volume of Livestock is in heads ('000s), volume of crops is in tonnes ('000s).

[2] Preliminary Estimate

**Source:** CSO

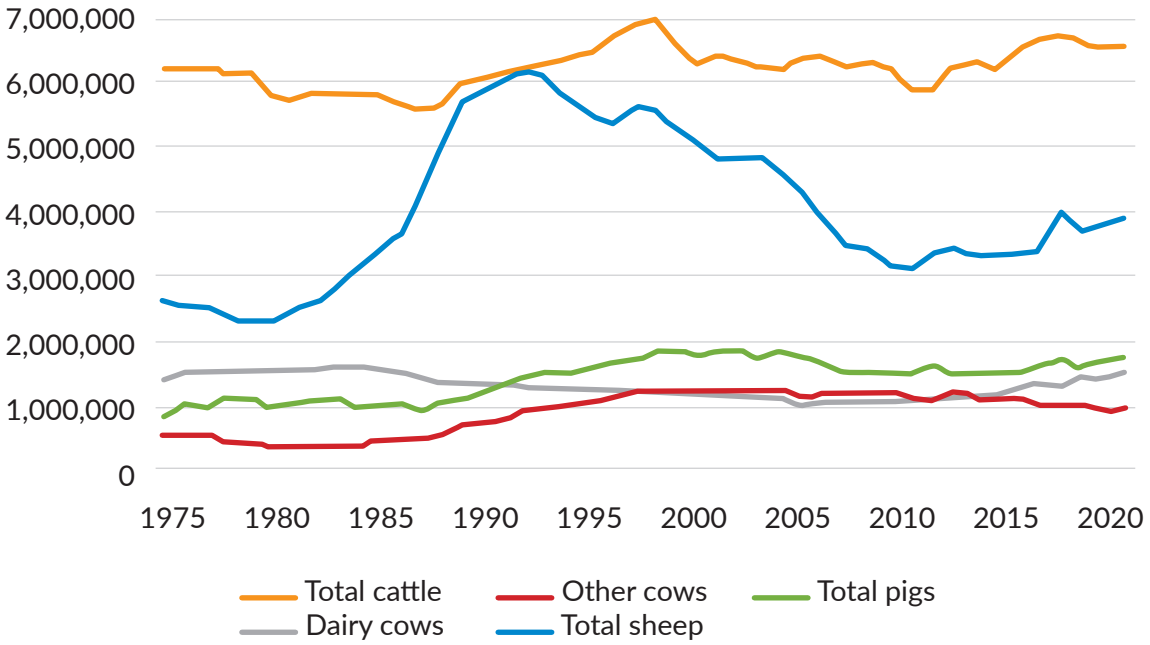
The results of the CSO December 2020 Livestock Survey indicates that the total number of cattle decreased for the third year in a row to 6,529,400. The number of cattle reduced by 30,300 in 2020 and is now 144,200 cattle less than in December 2017. Within the cattle herd, dairy cow numbers have increased in recent years and in 2020 they increased by 30,200 to 1.46 million. Other cows, sometimes referred to as suckler cows, reduced by 34,200 to 922,700, a net loss of 4,000 cows in 2020. There are 2.38 million cows in total, making up 36% of the national cattle herd. The other 64% of the cattle herd is made up of 50,000 breeding bulls, just over two million cattle under one year, 1.7 million cattle between one and two years and 345,500 cattle two years and over to give a total cattle herd of 6.5 million.

In December 2020, there were an estimated 3.9 million sheep, up by 67,800 on the December 2019 figures, an increase of 1.8%. The sheep flock is composed of 2.6 million ewes, 87,000 breeding rams and 1.1 million other sheep. Pig numbers have also increased in 2020 by 65,300 or 4%. In December 2020, there were 1.68 million pigs.

Looking at the size of the animal herds over the past 45 years, since 1975, the numbers of each type of animal have increased. The cattle herd has increased by 5%, or over 300,000 animals, since 1975 but the increase has not been uniform across the years. The cattle herd was at its largest in 1998 at 6.95 million cattle. Since then, numbers have dropped by close to 400,000 and in 2020, stands at 6.55 million. The cattle herd was at its smallest in the late 1980s, when it was 5.63 million in 1987. Just three years earlier, in 1984, the dairy cow herd had reached it largest point at 1.52 million cows, and this had dropped to 1.46 million in 2020. The other cows or suckler cow herd was highest in 1998 at 1.2 million cows and 22 years later, this has dropped by 274,000 to 0.92 million.

The sheep flock has fluctuated in size considerably over the past 45 years. There were 2.6 million sheep in 1975, this rose to 6.1 million sheep in 1992 before falling back to 3.9 million in 2020. Meanwhile, the number of pigs were at their lowest in 1975, at 880,200, increasing to 1.8 million in 1998, before falling back to 1.67 million in December 2020.

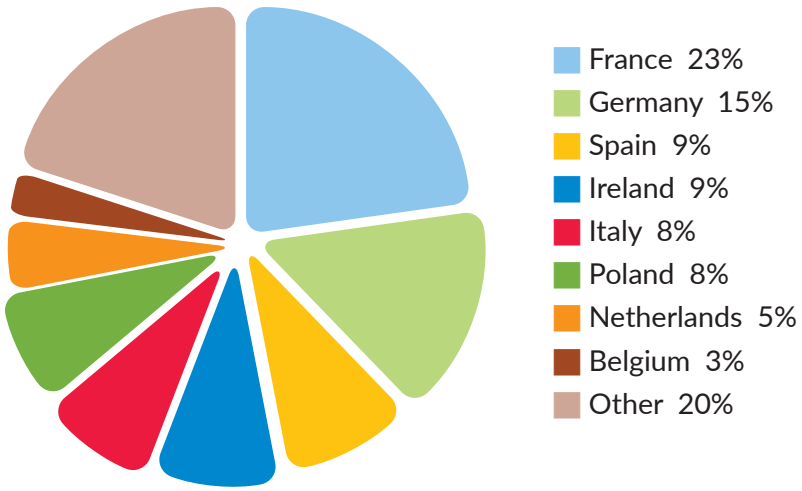
**Figure 3.1** *Cattle, Sheep and Pig Livestock numbers, 1975 – 2020*




**Source:** CSO Livestock Survey

According to Eurostat data, there are 76.5 million cattle in the 27 EU countries in 2020. France has the biggest herd at 17.8 million or 23% of the EU herd. Germany has 11.3 million cattle or 15% of the EU herd with Spain and Ireland on 9% each followed by Italy and Poland on 8% each.

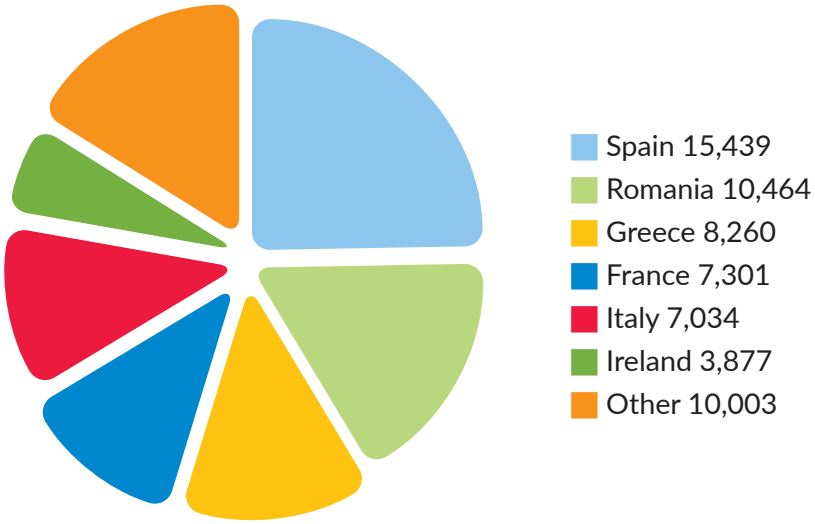
**Figure 3.2** *Comparison of Irish and EU Cattle livestock numbers, 2020*




**Source:** Eurostat, Livestock Production

Eurostat data indicates that the EU27 sheep flock is about 72.4 million sheep. Spain has the most sheep of any EU country with 15.4 million or 21% of the EU flock, followed by Romania with 10.5 million sheep or 14%. Ireland ranks in 6th place in the EU 27 with 3.9 million sheep or 5% of the EU27 flock. Greece, France and Italy make up the other top six countries with about 10% of the EU flock each.

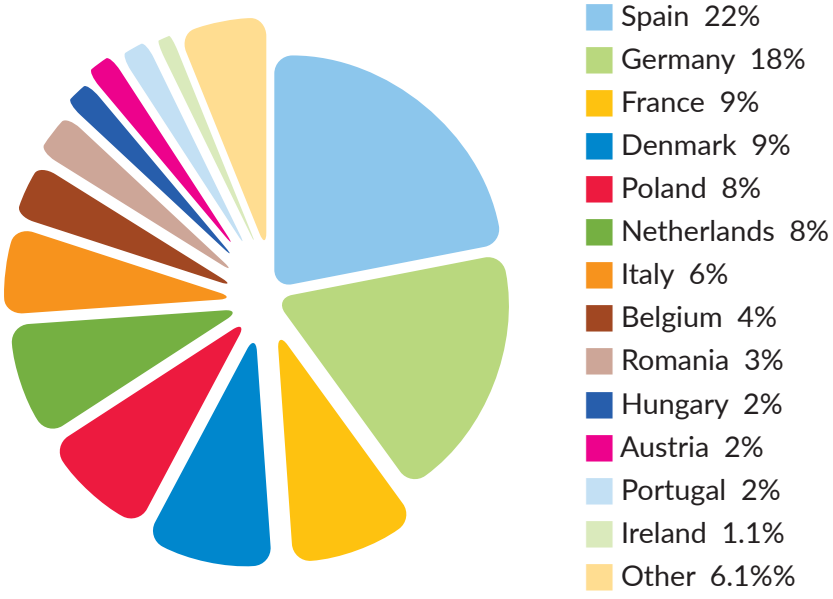
**Figure 3.3** *Comparison of Irish and EU Sheep livestock numbers, 2020*




**Source:** Eurostat, Livestock Production

There are about 146 million pigs in the EU27, over one fifth of them in Spain with 32.8 million pigs, followed by Germany with 26 million or 18%. Ireland has a relatively small pig herd, with 1.7 million pigs, representing just 1.1% of the EU27 herd or the 13th largest herd.

**Figure 3.4** *Comparison of Irish and EU Pig livestock numbers, 2020*




**Source:** Eurostat, Livestock Production

# 3.2 Dairy

The average price paid to Irish farmers for milk in 2020 was **33.4c/litre**.

Almost 20% of the value of **Irish dairy exports**, worth close to €1bn, went to the UK.

**Cheddar exports** were worth €750 million in 2020.

## General Market Situation Ireland and EU

### Ireland

In 2020, dairy product exports accounted for 36% or €5.1 billion of all agri-food products exported around the world. Despite the difficulties caused by the Covid-19 pandemic, exports of dairy products continued to 140 countries around the world, with total exports growing marginally. When assessed by value, 34% of dairy products were exported to EU27 countries, with 19% to United Kingdom and 10% to China. Netherlands was the largest export destination within the EU27, with 13% of the value of dairy exports, while Germany accounted for 8% and France accounted for 4%. The United States was also an important destination with almost 7% in value exported there.

Covid-19 disruptions reached Ireland pre-peak output, with a challenging macro environment including Brexit uncertainties, US tariff impositions, the continuation of the Russian Ban, oil price declines and foreign exchange fluctuations.



The Russian Ban is ongoing, the threat of global price volatility endures, and the food service industry continues to be impacted by Covid-19 restrictions. Despite all this, there are some positive market developments taking place such as the suspension of the 25% EU-US dairy tariff and ongoing changing demographic and global demand trends, which indicate favourable long-term prospects for dairy markets.

**Table 3.3** *Top 5 Dairy export destinations*

| | | Jan-Dec 2020 | |
|---|---|---|---|
| Category | Country | Exports €000 | Tonnes |
| **Dairy Produce** | **United Kingdom** | 990,375 | 467,362 |
| | **Netherlands** | 680,238 | 273,636 |
| | **China** | 520,924 | 108,204 |
| | **Germany** | 408,827 | 109,423 |
| | **United States** | 346,812 | 55,680 |
| **Top 5 total** | | **2,947,176** | **1,014,305** |

**Source:** CSO

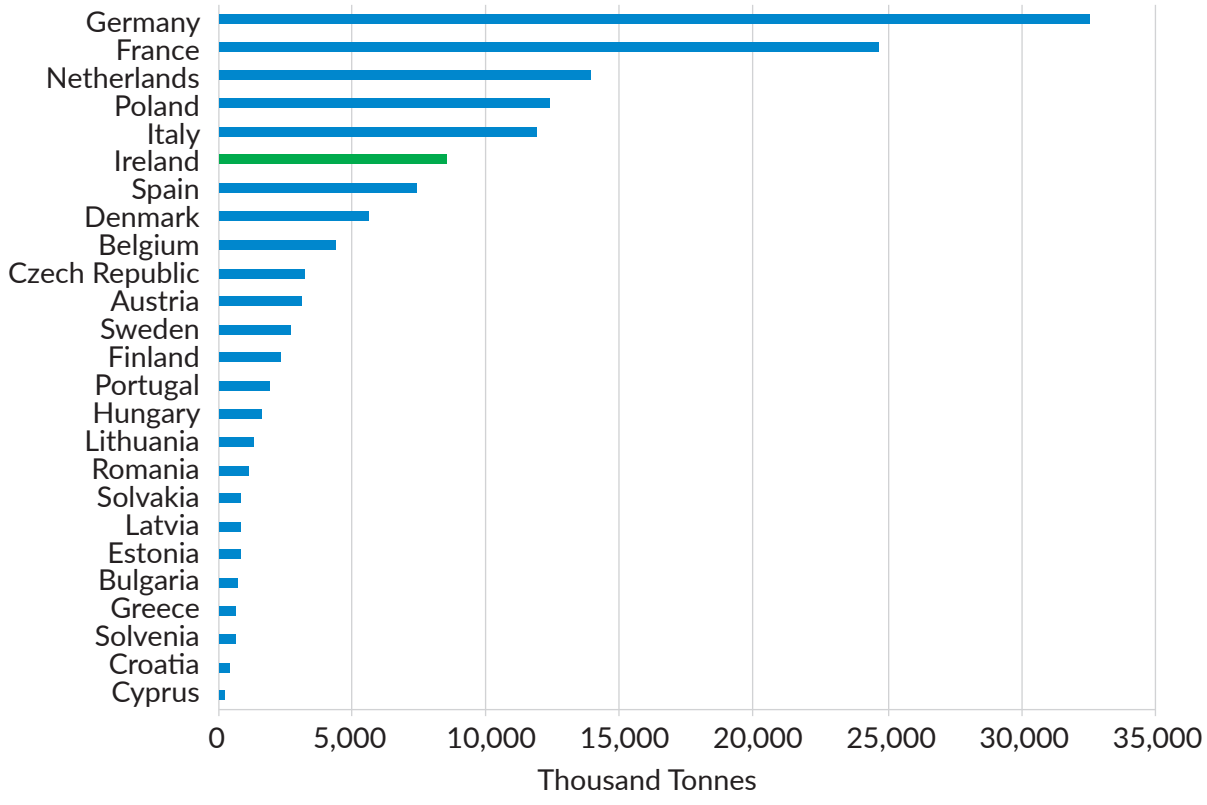
## EU

Milk deliveries in the EU increased by 1.2% from 2019 to 2020, with milk production up in 18 of the 27 countries. EU average farm gate milk prices were above 35c/kg (34c/litre) in December 2020. The US was the top destination for EU butter exports, Japan was the main destination for EU cheese exports and China was the main destination for EU SMP exports.

## Production

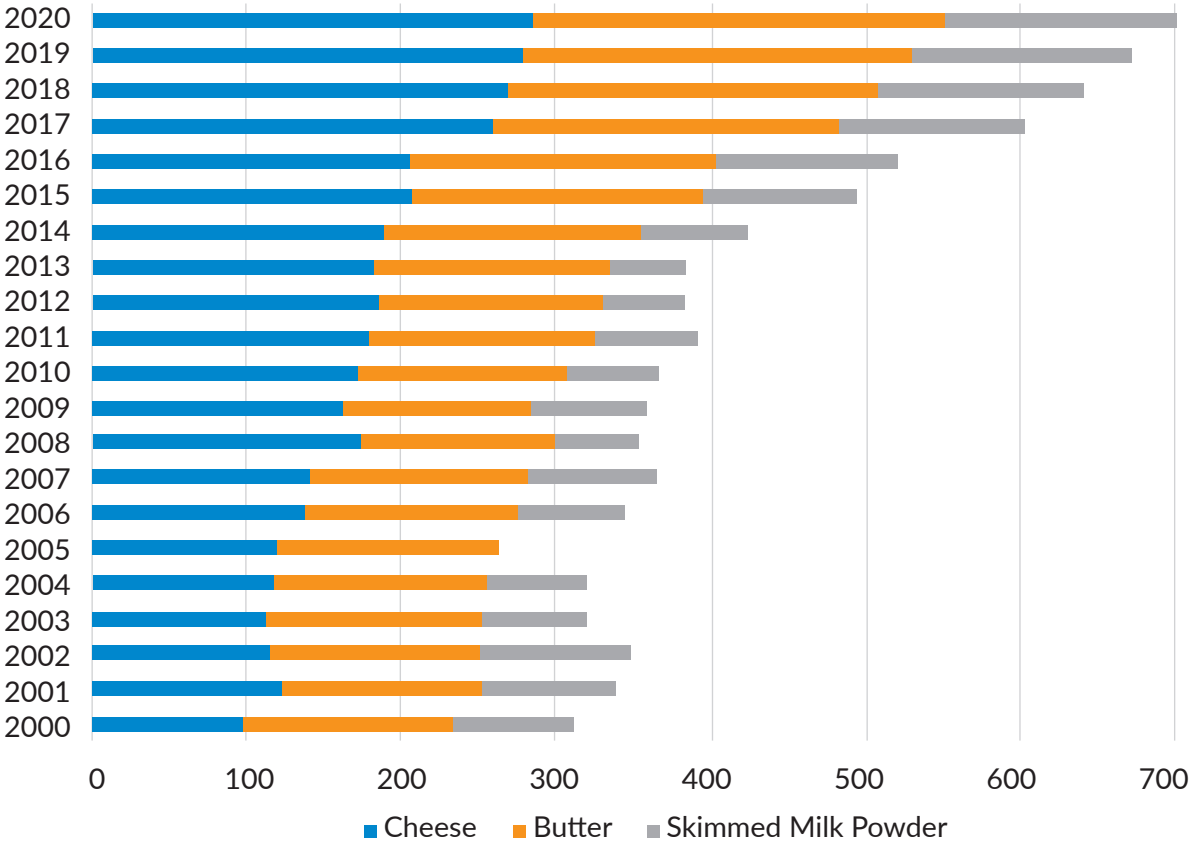
In Ireland milk production increased by 3.8% in 2020, somewhat less than the increase of 5.3% in 2019. Domestic milk intake by creameries and pasteurisers was estimated at 8.3 billion litres representing 6% of EU27 milk intake. A further 700 million litres approximately of milk were imported, mainly from Northern Ireland.

**Figure 3.5** *EU Milk intake by creameries and pasteurisers, 2020*




**Source:** CSO

**Figure 3.6** *Production of Irish Dairy products (000 Tonnes), 2000 – 2020*

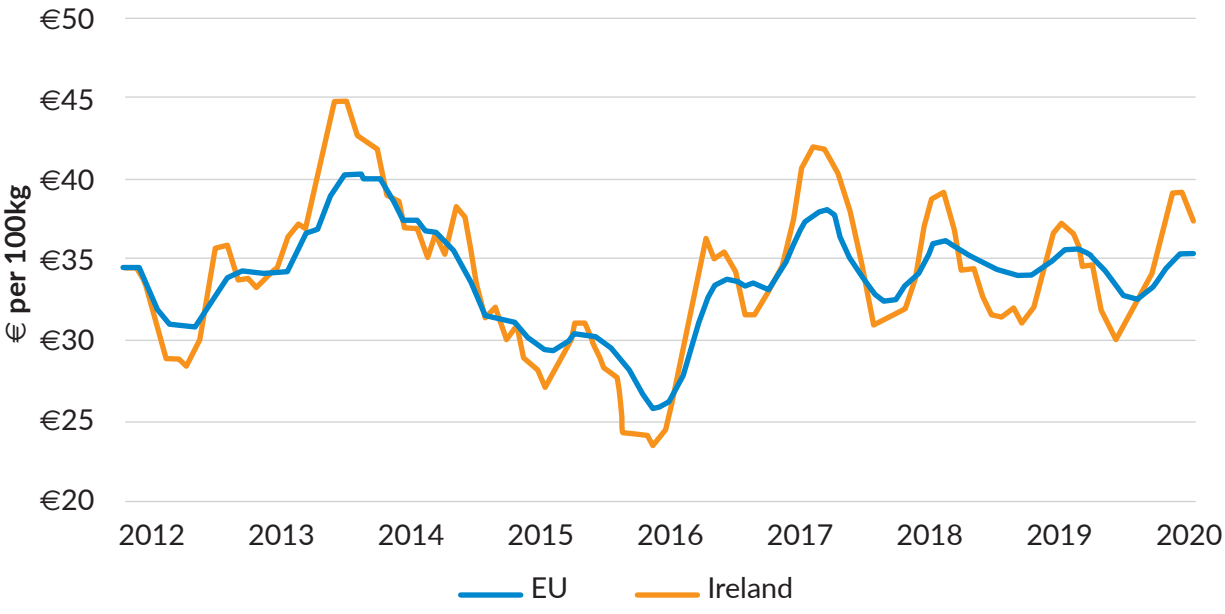



**Source:** CSO

## Prices 2020

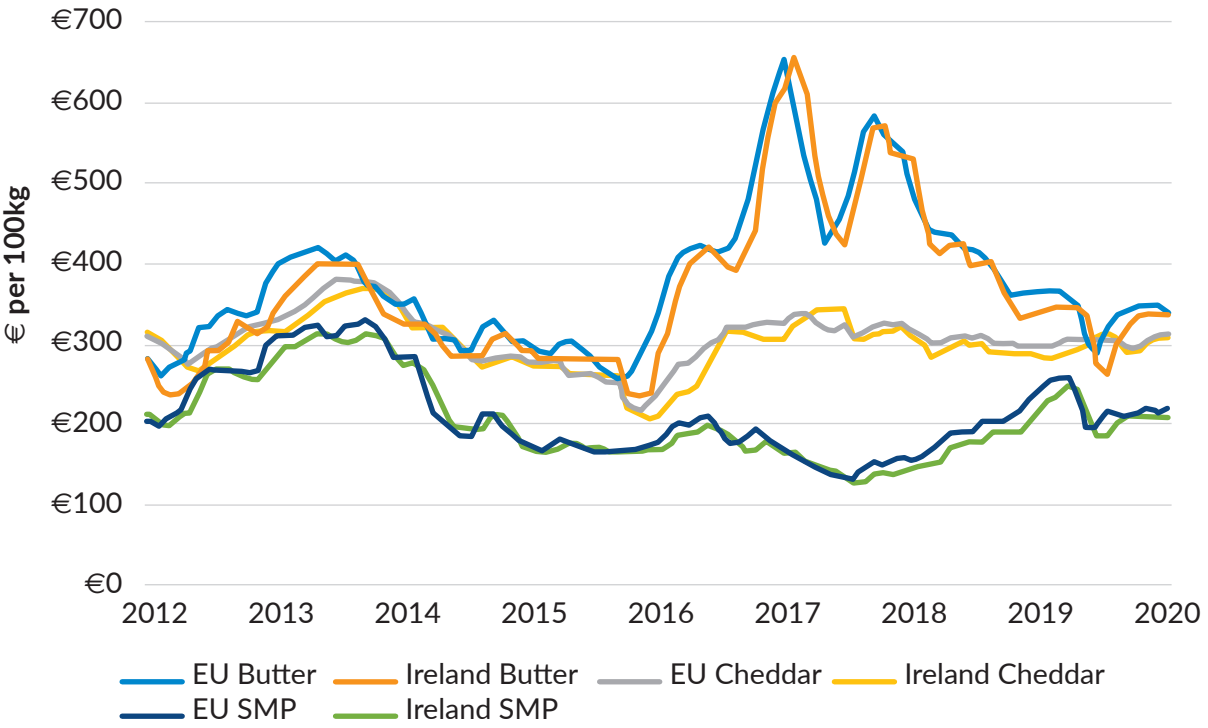
The average price paid for milk in Ireland in 2020 was €34.39/100kg or 33.4c/litre, according to the EU Milk Market Observatory. The average EU price was slightly lower than this at €34.14/100kg (33.15c/litre), a slight decrease of 1.84% on the 2019 price of €34.78/100kg (33.77c/litre).

**Figure 3.7** *Raw Milk Prices Ireland and the EU, 2012 – 2020 (€/100kg)*




**Source:** EU Milk Market Observatory

**Figure 3.8** *Dairy Commodity Prices Ireland and EU, 2012 – 2020 (Prices € per 100kg)*




**Source:** DG AGRI - Monthly Market Prices

## New Markets 2020

Market access issues are not acute in the dairy sector, although the uncertainty of the trading relationship with the United Kingdom and Northern Ireland post-Brexit pose further challenges. Nonetheless, Irish dairy produce benefits from being the most diversified category of Irish food and drink exports, with 47% of all dairy exports destined for markets outside the UK and the EU27.

Cheese exports to Asia, North Africa and to the EU27 accounted for the largest growth, highlighting the success exporters have had in diversifying cheese markets.

## Sustainability

Dairy farmers and processors have demonstrated their commitment to environmental sustainability through membership of Origin Green and at farm level, the Sustainable Dairy Assurance Scheme. However, the industry will need to work collaboratively and constructively to achieve environmental sustainability objectives for the agriculture sector into the future, with a particular focus on climate, air and water quality and protection and enhancement of biodiversity. Future Common Agriculture Policy (CAP) spending will be contingent on achieving environmental outcomes and supported by results-orientated policy design, underpinned by the EU Green Deal and its constituent Farm 2 Fork Strategy.

Ag Climatise, the National Climate and Air Roadmap for the Agriculture Sector, which sets out 29 actions designed to achieve a climate neutral agriculture sector by 2050, was launched in December 2020. Ag Climatise is a living document, which reflects the ambitions of the Climate Action and Low Carbon Development (Amendment) Bill 2021. Nitrogen use efficiency, adherence to the ammonia emissions ceiling and stability of methane emissions will be key challenges for the dairy sector and will necessitate increased focus on improving milk solids output from the existing dairy herd and effective land use management to reduce nutrient losses.

Additionally, there will be ongoing calls for the engagement of the dairy industry in targeted water quality improvements, necessitated by the implementation of Ireland's new Nitrates Action Programme from January 2022. In June 2020 Teagasc and Dairy Sustainability Ireland published the first Agricultural Sustainability Support and Advisory Programme (ASSAP) interim report. The ASSAP advisory service is an industry wide collaborative approach to improving water quality in Ireland. Free and confidential farm visits are available to all famers in Priority Areas of Action where water quality is at risk from agricultural activity. The programme has engaged with over 1,652 farmers, with 1,168 farm assessments completed by the end of 2019.

Food Vision 2030 is the new Strategy for the Irish agri-food sector developed by a Committee of stakeholders, including dairy. It sets out four mission for the agri-food sector if it is to fulfill its vision to become "A World Leader in Sustainable Food Systems". Mission 1 is "A Climate Smart, Environmentally Sustainable Agri-Food Sector" There are seven Goals in this Mission that aim to deliver a climate-neutral food system by 2050, with verifiable progress achieved by 2030, encompassing emissions reductions, carbon sequestration, improvements in air quality, restoration and enhancement of biodiversity, improvements in water quality, development of diverse forests, enhanced seafood sustainability, exploring the bioeconomy and strengthening Origin Green.

## Private Storage Aid

Aid for private storage (PSA) is a risk management tool / safety net available to EU producers of certain agricultural products, under the CMO regulation (1308 / 2013; articles 8-10, 17-18, 19-21). In April 2020, the EU Commission announced exceptional measures to support the agri-food sector, in light of the Covid-19 pandemic. These measures included PSA for SMP, butter and cheese, in order to temporarily decrease available supply on the market and rebalance the market in the long-term. PSA facilitates producers to store the product for a stipulated temporary storage period. At the end of the storage period the producer receives aid at a rate, which has been fixed in advance. The products remain the property of the producer to sell at their unrestricted discretion at the end of the storage period. One hundred and eighty four applications for butter amounting to 14,286 tonnes and 23 applications for cheese totalling 2,180 tonnes were received. No applications were received for SMP.



## Highlights

In 2020, Ireland exported dairy products to over 140 countries with a value €5.1 billion, exceeding €5 billion for the second consecutive year.

- Top 5 exports by value in 2020 were cheeses, including cheddar at €1.03 billion, butter and dairy spreads at €1.01 billion, infant formula at €896 million, food preparations at €836 million and caseins at €374 million.
- Top 5 export destinations by value in 2020 were the UK at 19.4%, the Netherlands at 13.3%, China at 10.2%, Germany at 8% and the United States at 6.8%.
- Butter and dairy spread exports exceeded €1 billion for the second consecutive year, despite the financial impact of dairy tariffs, closure of foodservice outlets and subsequent commodity price decline. While the value of butter exports declined by 11% in 2020, volume increased by 11%.
- Cheddar exports performed exceptionally well, with a value increase of 5.9% compared with the same period in 2019. Cheddar exports amounted to €750 million in 2020.

## Challenges

### Market Turbulence

The key challenges of volatility, market turbulence, balancing production with environmental concerns and meeting the requirements for safe and nutritious dairy products are the same in Ireland as they are in the EU, the United States, New Zealand and Australia. Access issues are not acute in the dairy sector, though the extension of the Russian Presidential ban on EU food imports and the uncertainty of the shape of a trading relationship with the UK & NI post-Brexit pose further challenges to the sector.

At the beginning of October 2019, as a result of the Airbus and Boeing dispute, the Office of the United States Trade Representative (USTR) released a list of products to be subjected to additional duties of 25%, including some important and flagship European agriculture products. The additional duties took effect from the 18th October 2019. Irish butter and cheese fell under the categories of the dairy products most affected and were subject to additional import duties of 25 percent ad valorem. The EU and US agreed in June 2021, to suspend all tariffs for a five year period, allowing both sides to focus on resolving the dispute, which marks a positive reset in the trading relationship.

### Dairy Calf Welfare

A number of initiatives to improve the viability of male calves from the dairy herd continued throughout 2020. The Calf Stakeholder Forum brings together key stakeholders in industry, with a strategic vision for a socially sustainable national dairy industry. It aligns with the overarching policy objective to develop a more integrated strategy for the livestock sector, with closer alignment of the dairy and beef sectors. This includes development of enhanced strategies for dairy and dairy beef rearing as complementary to suckler enterprises.

With the development of the ICBF's Dairy Beef Index, genetic trends for beef traits have improved greatly for beef sires, reassuring farmers that these beef-dairy calves have better beef potential.

The Integrated Dairy Beef Programme also continues to deliver valuable insights on how to build a more sustainable and integrated beef-from-dairy model. Genotyping and genetics are key aspects of this programme.

In addition, the Calf Investment Scheme, which has now been integrated into TAMS, provides grant aid to farmers to help them buy new equipment for the rearing of dairy-bred calves.

## Ireland Outlook

During 2021, global dairy demand growth is expected to exceed supply. Irish dairy produce is well-positioned to benefit from increasing demand, having exported to over 140 countries in 2020. In the first months of 2021, the United Kingdom, China and the United States remain the top third-country export destinations for Irish dairy produce, while the Netherlands and Germany remain the strongest EU trading partners. Opportunities, globally, for growth in butter, cheese and yogurt remain positive and are largely being driven by innovation in new flavours, product varieties, portion sizes and pack formats, to meet changing consumer demands. Consumer preferences, driven by sustainability concerns and health considerations, are expected to increasingly influence dairy market trends into 2021 and beyond.

The EU Short term Outlook for EU agricultural markets expect a 4% milk increase production for Ireland due to its increased national dairy herd, the largest expected growth amongst key milk-producing EU Member States. Teagasc Mid-year Outlook projects growth of up to 17% in Family Farm Income for dairy farmers in 2021.

Since 1st January 2021 the United Kingdom, excluding Northern Ireland, is outside the EU Single Market and Customs Union. Introduction of the requirement for export health certification of dairy products exported from Ireland to Great Britain has been postponed to the 1st July 2022. The UK has historically been our strongest trade partner, accounting for 19.4% of trade by value in 2020. Initial CSO data for the early months of 2021 indicates a fall in exports of dairy produce to the United Kingdom. However, exports to Northern Ireland remain strong and Irish dairy produce benefits from being the most diversified category of Irish food and drink exports, with 47% of all dairy exports destined for markets outside the UK and the EU27. While Brexit will bring particular challenges for the Irish dairy sector in 2021, the long-term fundamentals of the global dairy market are strong, with growing global demand projected from developing economies with increasing middle classes and growing demands for protein. There is continued confidence that the Irish and EU dairy sector is well-placed to gain from the opportunity presented by expanding global demand.

## EU Outlook

The EU dairy market began 2021 in a positive mood with impressive growth of dairy product prices, which is supported by global demand and domestic use. Global and EU demand is expected to improve with the re-opening of foodservices in 2021, with cheese and butter expected to particularly benefit. EU cheese production is expected to take 21% of extra EU milk produced in 2021, with whey production expected to grow accordingly by 2%.

However, EU production of fresh dairy products, including drinking milk and yoghurt, is expected to fall by 0.5% due to a reduction of Covid-19 outbreaks and easing of lockdowns.

EU milk production is expected to grow by 1% in 2021. The EU dairy herd has continued to decline for the fifth consecutive year. Nonetheless EU milk production grew in by 1.7% in 2020 supported by strong annual yield growth of 2.8%.

# 3.3 Cattle

Beef worth over
**€2.3 billion,**
or 524,532 tonnes,
was exported in 2020.

Ireland was the
**8th largest exporter**
of boneless beef and veal
in the world in 2018.

The average price for
**R3 Steers**
in 2020 was 363c/kg.

## General Market Situation in Ireland and EU 2020

Beef worth over €2.3 billion, or 524,530 tonnes, was exported in 2020, down slightly in both value and volume on 2019. Export volumes have reduced slightly over the past three years and have dropped by 4% since 2017, however they are 14% above the 2010 volumes. While the value of beef has also fallen by 3%, since 2017, the value of beef exported in 2020 is 40% higher than in 2010, when it was €1.7 billion.

The latest global figures from the FAO indicate that Ireland was the eighth largest exporter of boneless beef and veal in the world in 2018 with 321,821 tonnes. Ireland was also the world's second largest exporter of beef preparations, with 54,205, tonnes behind Brazil at 100,180 tonnes. According to the Central Statistics Office (CSO), the national cattle herd decreased by 30,300 (0.5%) to 6,529,400. Cattle two years and over, excluding cows and breeding bulls, reduced in number from 431,500 in 2019 to 345,500 in 2020, a reduction of 20%, while cattle aged one to two years also fell in number from 1.73 million, to 1.70 million, a drop of 2%.

In value terms, the largest destination for beef exports was the United Kingdom with 46%, while 44% of beef products were exported to countries within the EU, with France, Netherlands, Italy and Germany the largest destinations. The remaining 10% by value went to 55 countries around the globe including China, Philippines, United States and Switzerland.



**Table 3.4** *Top 5 Beef export destinations*

| | | Jan-Dec 2020 | |
|---|---|---|---|
| Ind | Country | Exports €000 | Tonnes |
| **Beef** | **United Kingdom** | €1,065,088 | 238,544 |
| | **France** | €221,435 | 49,988 |
| | **Netherlands** | €198,478 | 46,032 |
| | **Italy** | €172,363 | 24,801 |
| | **Germany** | €151,093 | 20,068 |
| **Top 5 total** | | **€1,808,458** | **379,435** |

**Source:** CSO

Beef consumption in the EU27 declined by 1.2% in 2020. European foodservice beef purchases declined by up to 35% in 2020 mainly due to COVID-19 restrictions. This channel is particularly important for high-value cuts such as steaks. Retail demand did increase, but this did not offset the reduction in value from the decrease in foodservice demand.

Live cattle exports were 265,650 in 2020, down 36,600 head, or 12%, compared to 2019. There was a 3% decrease in value to €109 million. The reduction in numbers exported was mainly because the peak time for exporting calves coincided with the start of the pandemic, resulting in 61,000 less calves being exported to continental Europe, down from 196,000 in 2019 to 135,000 in 2020. Exports of calves to Northern Ireland doubled from 4,300 to 8,600 during the year.

Exports of older cattle to Northern Ireland increased from 29,200 in 2019 to 55,640 in 2020, mainly on foot of stronger prices available in Northern Ireland slaughter plants. Numbers to continental Europe dropped slightly, from 44,700 to 38,700. Exports to non-EU or UK destinations remained relatively stable at 23,300.

The main destinations for our live cattle were Spain (31%), Northern Ireland (24%), Netherlands (18%) and Italy (8%).

According to the EU Commission Short Term Outlook of Spring 2021, EU beef production is expected to decrease this year by 1.4%, mainly due to a reduction of cow herd in the beef and dairy sector, combined with lower demand from food services. Exports to high-value markets should continue to increase, thanks to recent trade agreements, while other destinations show a small decline, despite the shortage of beef at world level.

The Output value of the cattle sector in 2020 was €2,280 million, an increase of 6% on the previous year.

**Table 3.5** *Output Value (€m) and Numbers ('000s) of Cattle and Calves, 2019/2020*

| | 2019 | | 2020[1] | |
|---|---|---|---|---|
| | Value | Number | Value | Number |
| Live Exports | 96.19 | 301 | 91.83 | 263 |
| Export Slaughterings | 2,059.27 | 1,853 | 2,220.46 | 1,882 |
| Levies | 17.50 | | 17.43 | |
| **Total Disposals** | **2,172.96** | **2,154** | **2,329.72** | **2,146** |
| Imports | 6.54 | 8 | 6.58 | 8 |
| Changes in Stocks | -15.34 | -34 | -43.42 | -30 |
| **Total** | **2,151.08** | **2,112** | **2,279.72** | **2,107** |

**Source:** CSO

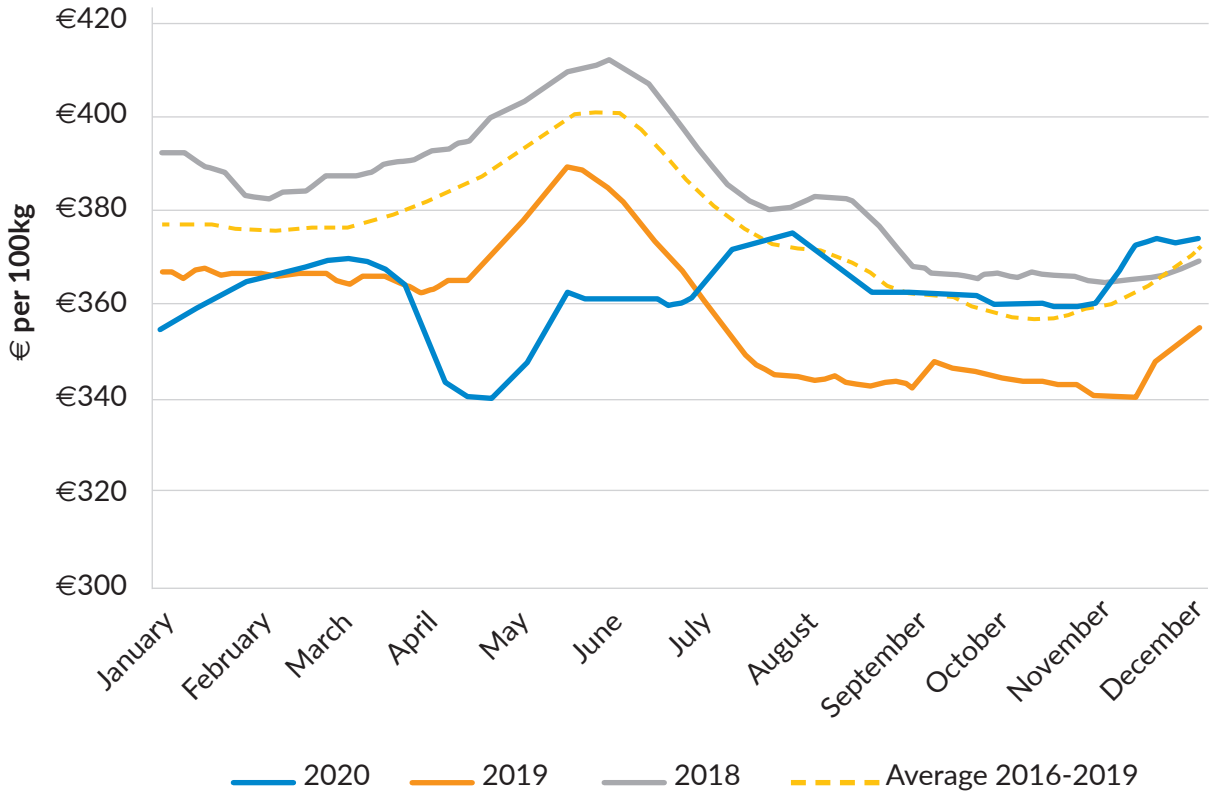
[1] Preliminary Estimate

## Prices 2020

Cattle deadweight prices started 2020 below the four year (2016 to 2019) average price by 6%. Over the first three months prices increased until the pandemic struck, and prices fell by about 8% at a time when seasonal factors usually saw prices increase. Prices remained well below average over the next few months but by August, prices had recovered and reached the four year average, before finishing the year slightly above the average price.

The average price for R3 Steers in 2020 was 362.73c/kg, which represented a 1% increase on the previous year, with a high price of 376.61c/kg recorded in the last week of December.

**Figure 3.9** *Deadweight prices Steer (R3) Prices, 2016 – 2020 (€ per 100 kg)*




**Source:** Department of Agriculture, Food and the Marine, Meat Market Report

## Irish Average Price V EU 2020

Early in the year, the average Irish price was lagging behind the EU average price. From mid-February onwards, an increase in Irish beef prices resulted in it largely being in line with its European counterparts price-wise (on an averaged basis), until late March.

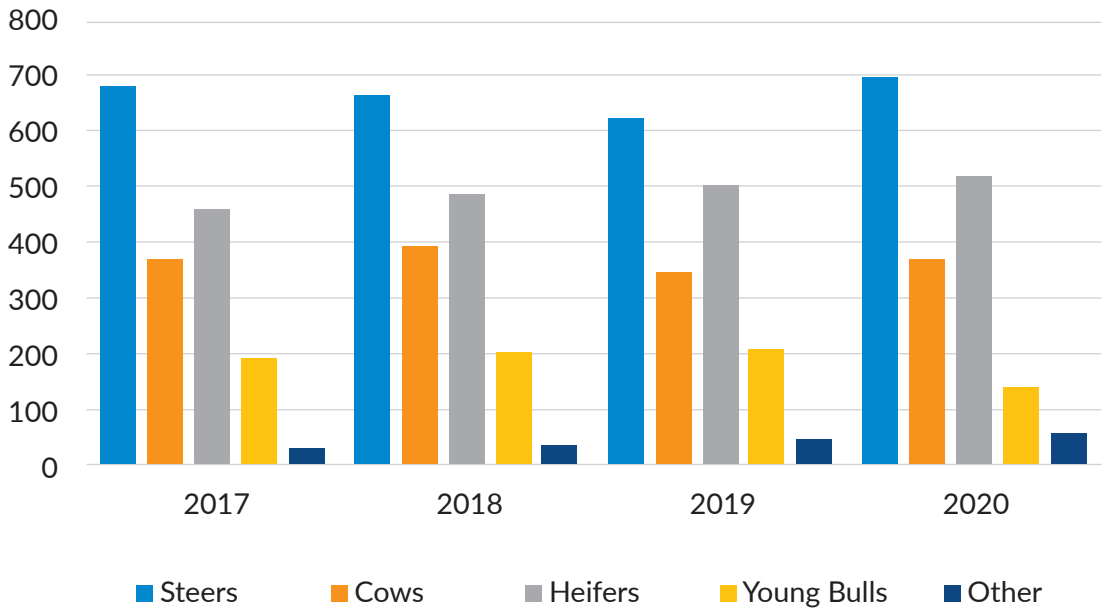
The Irish price then began falling and continued this downward trend, until it hit a floor of 340c/kg at the end of April/early May. Thereafter, it began a recovery, which saw it outperform the EU average throughout the summer, hitting a high of 375c/kg in August, until September, when it levelled off and moved back in line with the EU average.

This was the case until November, when a rising Irish price once again outperformed the European average for the rest of the year, hitting its highest level for the year 377c/kg, at the end of December.

## Slaughterings 2020

Numbers of bovines slaughtered in DAFM approved meat plants during 2020 were 1.8 million, up 2.6% from 2019, although there was an extra slaughter week in 2020 compared to 2019. Total number of bovines slaughtered were similar to 2018. In addition to the bovines slaughtered at Department-approved meat plants, there were 96,000 slaughtered at Local Authority approved abattoirs, bringing total numbers slaughtered to some 1.9 million bovines.

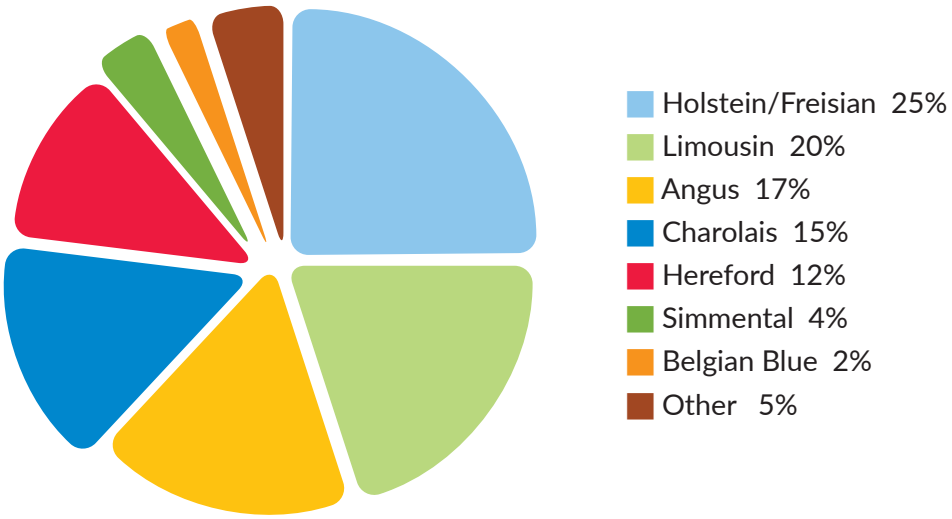
**Figure 3.10** *Cattle Slaughterings at DAFM Approved Slaughter Plants, 2017 - 2020*




**Source:** DAFM, Meat Market Report

One quarter of all bovines slaughtered during 2020 were holstein friesian breed, with limousin breed accounting for one fifth of slaughterings. While herefords accounted for 12% of all slaughterings, they accounted for 18% in Local Authority approved abattoirs. Meanwhile holstein friesians accounted for just 9% in Local Authority approved abattoirs compared to 26% in DAFM approved slaughter plants.

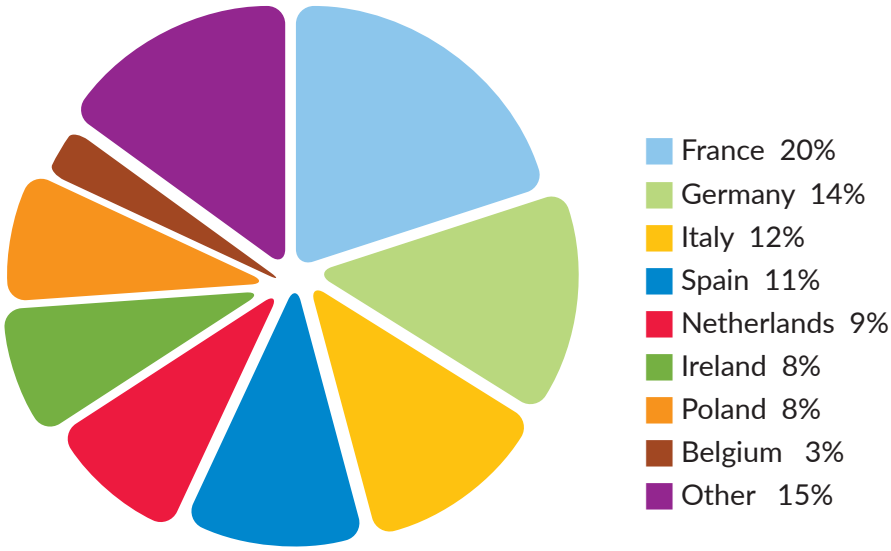
**Figure 3.11** *Cattle Slaughterings at all Slaughter Plants by Breed 2020*




**Source:** DAFM AIM Bovine Statistics Report 2020

According to Eurostat, 633,380 tonnes of Irish bovine meat was produced in 2020, accounting for 9.3% of total EU27 slaughtering. France slaughtered the largest quantity of bovine meat, at 1.4 million tonnes, accounting for 21% of EU27 total, followed by Germany at 16%, Italy at 10.7% and Spain at 9.9%, just ahead of Ireland. The average deadweight for bovines slaughtered was 298kg across the EU27, with Luxembourg slaughtering the heaviest with an average bovine deadweight of 370kg, followed by Austria at 339kk and then Ireland at 337kg.

**Figure 3.12** *Bovine Slaughtering by EU Country, 2020*




**Source:** Eurostat, Slaughtering in Slaughterhouses Annual Data



## New Markets 2020

While 2020 presented challenging circumstances in developing and securing third country markets for Irish beef, some progress was achieved in various third country meat markets in 2020.

- In February 2020, a joint Bord Bia-DAFM trade mission to Algeria and Egypt progressed the Department's ongoing work on beef and sheepmeat access to those markets through high-level technical meetings with the relevant ministries.
- During the summer of 2020, two Irish companies were approved to export beef patties to Canada, opening a lucrative new export market for Irish beef burgers. This enhancement of beef market access has spurred a marked growth in exports – the value of the beef trade to Canada in 2020 was worth over €12.5 million; an increase of 118% on 2019. Similar growth has been seen in the American market, where, following the approval of the first Irish beef burger supplier in May 2019, Irish beef exports to the US almost quadrupled in value between 2018 and 2020.
- In September 2020, on foot of positive engagement with the competent authority, the Department was notified that beef burgers could be exported to the Ukraine, under the bilateral export health certificate agreed in April 2019.

## Sustainability

Policy development over the last decade has aimed at improving the economic and environmental efficiency of individual herds and the national beef herd overall. This is the core aim of the Beef Data and Genetics Programme (BDGP) and the Beef Environmental Efficiency Programmes (BEEP) and its successor BEEP-S in 2020. BEEP-S included additional actions such as vaccination and faecal testing and were specifically designed to support and build on the BDGP. Both the BDGP and BEEP-S were continued in 2021.

Reviews of BDGP to date indicate that the objectives of the Scheme, to improve the genetic merit of the suckler beef herd whilst mitigating GHG emissions, are being met. The genetic improvements in the suckler herd are contributing to reducing the GHG emissions intensity from output. Analysis undertaken by Teagasc has indicated that herds of a higher genetic merit for replacement index, had a significantly lower carbon footprint, compared to herds of lower genetic merit. The results showed 11.9 kg $CO_2$eq for top 20% herds, compared to 13.16 kg $CO_2$eq for herds in the bottom 20%. Food Vision 2030 recognises the complementary nature of economic and environmental sustainability.

The BDGP scheme is a prime example of this ethos, as increased efficiencies are sought in the beef system, which in turn lowers the negative externalities associated with GHG emissions. Non-participants are also benefitting from a spill over effect by utilising the €uro-Star system and improved awareness of genetic performance, although with a lag effect compared to BDGP participants. These farmers are able to make better informed decisions on their breeding practices and can also gain from increased efficiency and profitability available in the market.

The BDGP scheme is also delivering improved performance for higher rated animals. Findings show that profitability increases with higher rated animals and given the replacement strategies sought as part of the BDGP scheme, the implication is that this increase will be sustained, with further improvements predicted.

The evaluation of the BEEP Pilot conducted to date indicates that it has helped farmers recognise the benefits of weighing their animals and the data generated has improved genetic evaluations.

BEEP shows that the higher replacement index cows have a lower liveweight (circa 20 kilos) than lower index cows but produce a heavier calf (circa 10 kilos) at weaning. The lower weight of the cow is particularly relevant, as heavier cows require additional feed, which incurs an additional cost for profitability, whereas a heavier calf will generate a higher value output. Overall, the cow/calf pair shows a 30 kg swing.

## BEEP, BEAM, BFP, BEEP-S & BSEP

Beef Environmental Efficiency Programme, Beef Exceptional Aid Measure, Beef Finisher Payment, Beef Environmental Efficiency Programme – Sucklers & Beef Sector Efficiency Pilot

In the period September 2019 to July 2021 significant additional funding, outside of CAP, was made available by DAFM and an extra €180.3 million was drawn down by beef famers, through the following schemes:

- In November 2019, 16,424 farmers received payments totalling €15.3 million under the BEEP Pilot.
- In December 2019, payments to 32,500 farmers, to the value of some €78 million were received under BEAM.
- In November 2020, 27,200 farmers received payments totalling €46.6 million under BFP.
- In November 2020, 24,400 farmers received payments totalling €40.4 million under BEEP-S.
- The BSEP Programme launched in March 2021 includes an updated BEEP-S scheme, with a budget allocation of €40 million and a new Dairy Beef measure with a budget allocation of €5 million.

## Highlights

- €85 million was provided for targeted schemes in Budget 2021 to support sustainable beef farming. This includes over €40 million for the extension of the BDGP during the transition period, before the next CAP. The budget also includes €40 million for the Beef Environmental Efficiency Programme and €5 million for a dairy beef calf pilot, aimed at increasing integration between the dairy and beef systems by supporting beef farmers rearing progeny from the dairy herd.
- Separately, as part of the remit of the Beef Taskforce, a Suckler Beef Brand oversight group was established, with the objective of developing a brand for Irish, naturally-reared suckler beef. Bord Bia is developing this with stakeholders including producers and processors. A budget of up to €6 million over the three years, from 2021 – 2023, has been allocated for this work.

## Challenges

- Given Ireland's high level of exports in the beef sector (with an average of 90% production exported, 43% of which goes to the United Kingdom), the risk posed by Brexit and the potential for market displacement from 3rd countries is significant. While it is too early to gauge the full impact of Brexit, it is clear that without the EU-UK deal in late December 2020, the situation would have been a lot more challenging. Nonetheless, serious challenges remain.
- The post-Brexit trading environment has resulted in logistical issues, increased regulation and associated costs. SPS checks and certification requirements are placing an additional burden on importers and exporters of meat and other products. Beef Exports to the United Kingdom for the first half of 2021 have reduced 5% by value and 19% by volume on the same period in 2020. However, it is noted that exports in the last quarter of 2020 were somewhat higher than usual and this has been attributed by industry to stockpiling by importers in the run up to Brexit.



## Ireland Outlook

- Ireland has a high dependency on the UK beef market and following Brexit will face additional challenges. These will be in the form of new non-tariff barriers along with increased competition when the UK signs Free Trade Agreements with other markets.
- As long as COVID-19 restrictions are in place in the domestic and key markets, the impact on the food service sector remains. Despite some uplift in retail, this is still a serious threat. In addition, a negative economic outlook will impact on consumer spending and heighten competition from cheaper protein sources.
- Bord Bia's forecast for 2021 is that supply of prime cattle will be tighter overall, with approximately 60,000-80,000 fewer prime cattle, based on births and levels of live exports in 2019.
- The tighter supplies of finished cattle may negate the worst impacts at farm gate level and Teagasc has forecast that prices of finished cattle will increase by 4% in 2021. Prices of weanlings and stores are also forecast to increase by 4% in 2021. In turn, they forecast that cattle other (largely cattle finishing) and cattle rearing systems should see an increase in Family Farm Income of 3% to 6% in 2021, with higher production costs being offset by higher cattle prices.

## EU Outlook

- EU beef production reduced marginally in 2020 and production is expected to decrease in 2021 by 1.4%, mainly due to a reduction of the cow herd in the beef and dairy sector combined with lower demand from food services. Exports to high-value markets should continue to increase thanks to recent trade agreements, while other destinations show a small decline, despite the shortage of beef at world level.
- The gradual and eventually full reopening of the EU and its trading partner's economies is likely to be the key factor in performance for the sector in 2021. This will be particularly important for higher value cuts, such as steak, where the foodservice industry provide a significant part of the demand.
- The impact of the United Kingdom's withdrawal from the EU common market (despite the trade deal reached between the two) and the increased scrutiny and vigilance on the environmental consequences of the production of South American beef, to be imported into the EU under the Mercosur trade deal, could both have a material outcome on prices.
- While EU consumption is projected to continue a downward trajectory, international demand for beef is increasing. However, competition is high and EU beef prices are expected to follow world price developments. Ample supplies from Brazil, US and Argentina will continue to put downward pressure on prices in the coming years. In the period 2025-2030 it is expected prices will rise slightly, due to a deceleration in world production.

# 3.4 Sheep and Lambs

The national average sheep price in 2020 was

**€5.20/Kg,**

up 13% on the previous year.

In 2020

**3.1 million sheep**

were slaughtered in Irish meat plants and abattoirs.

The value of sheepmeat exports increased by 12% or by

**€38 million**

in 2020.

## General Market Situation Ireland and EU 2020

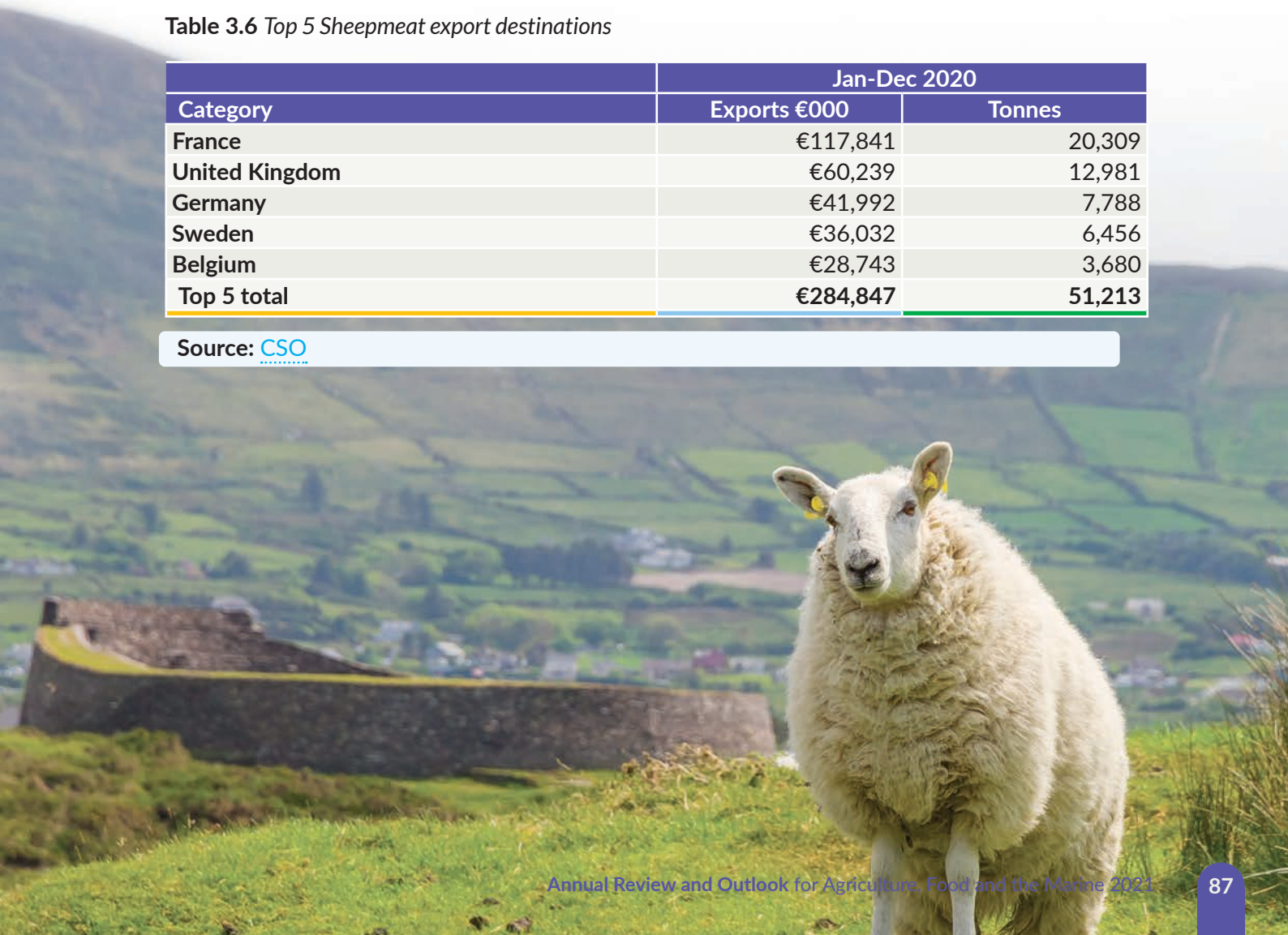
### Ireland

Sheepmeat exports worth approximately €356 million, or 64,100 tonnes were exported in 2020, up 12% in value and 3.5% in volume on 2019. The top five destinations account for 80% of sheepmeat exports with France the number one destination, accounting for one third of exports. In total, 73% of our sheepmeat exports went to EU27 countries, up slightly on recent years, while 17% by value went to the United Kingdom.

**Table 3.6** *Top 5 Sheepmeat export destinations*

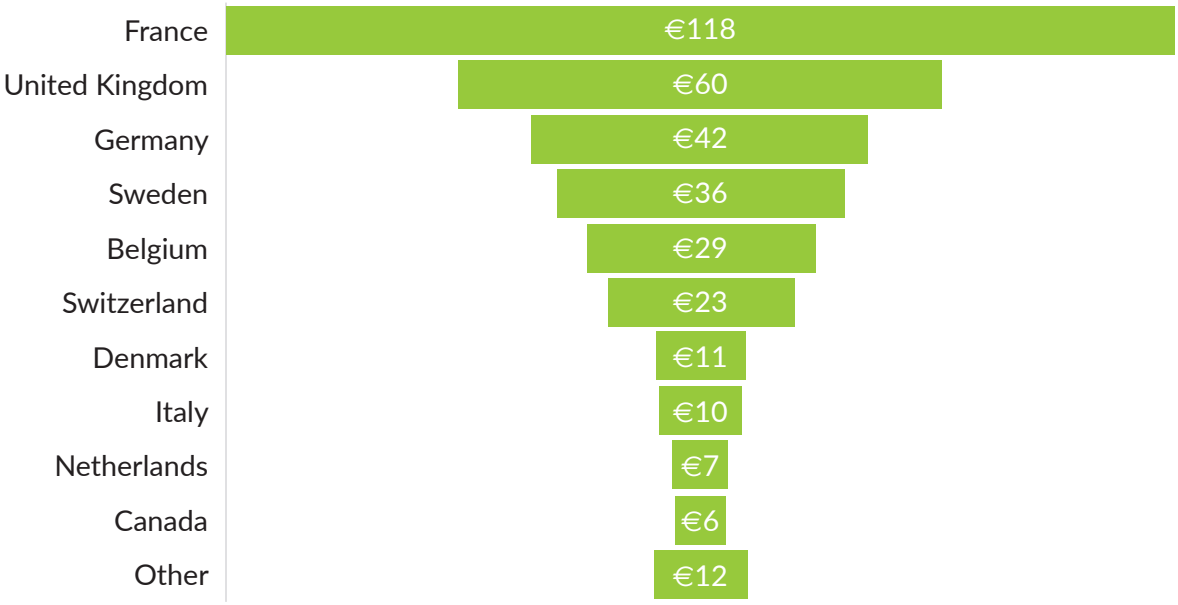
| | Jan-Dec 2020 | |
|---|---|---|
| Category | Exports €000 | Tonnes |
| France | €117,841 | 20,309 |
| United Kingdom | €60,239 | 12,981 |
| Germany | €41,992 | 7,788 |
| Sweden | €36,032 | 6,456 |
| Belgium | €28,743 | 3,680 |
| Top 5 total | **€284,847** | **51,213** |

Source: CSO



Outside of the UK and EU27, the largest export destination for sheepmeat was Switzerland, at almost 7% by value. Sheepmeat products were exported to more than 35 countries around the world. About €300 million of sheepmeat was exported as fresh or chilled, while the balance was exported frozen.

**Figure 3.13** *Sheepmeat exports by Value (€ million) and Country 2020*




**Source:** CSO

The total number of sheep slaughtered in both DAFM approved slaughter premises and Local Authority approved abattoirs increased by 2% to 3.1 million in 2020 about 60,000 more than in 2019.

A total of 441,968 live sheep were imported into Ireland, mostly for slaughter, of which, 421,855 were from Northern Ireland. Live sheep exports increased by 34% in 2020, to 27,962 of which 18,422 went to France.

The output value of the Sheep and Lamb sector in 2020 was €301 million, a 15% increase on 2019 output figures, while export values increased by 11%.

**Table 3.7** *Output Value (€m) and Numbers ('000s) of Sheep and Lambs, 2019/2020*

| | 2019 | | 2020[1] | |
|---|---|---|---|---|
| | Value | Number | Value | Number |
| Live Exports | 0.70 | 7 | 2.89 | 28 |
| Export Slaughtering | 304.34 | 3,050 | 338.06 | 3,112 |
| **Total Disposals** | **305.04** | **3,057** | **340.94** | **3,140** |
| Imports | 45.16 | 468 | 45.69 | 446 |
| Changes in Stocks | 0.90 | 11 | 5.88 | 53 |
| **Total** | **260.77** | **2,600** | **301.13** | **2,747** |

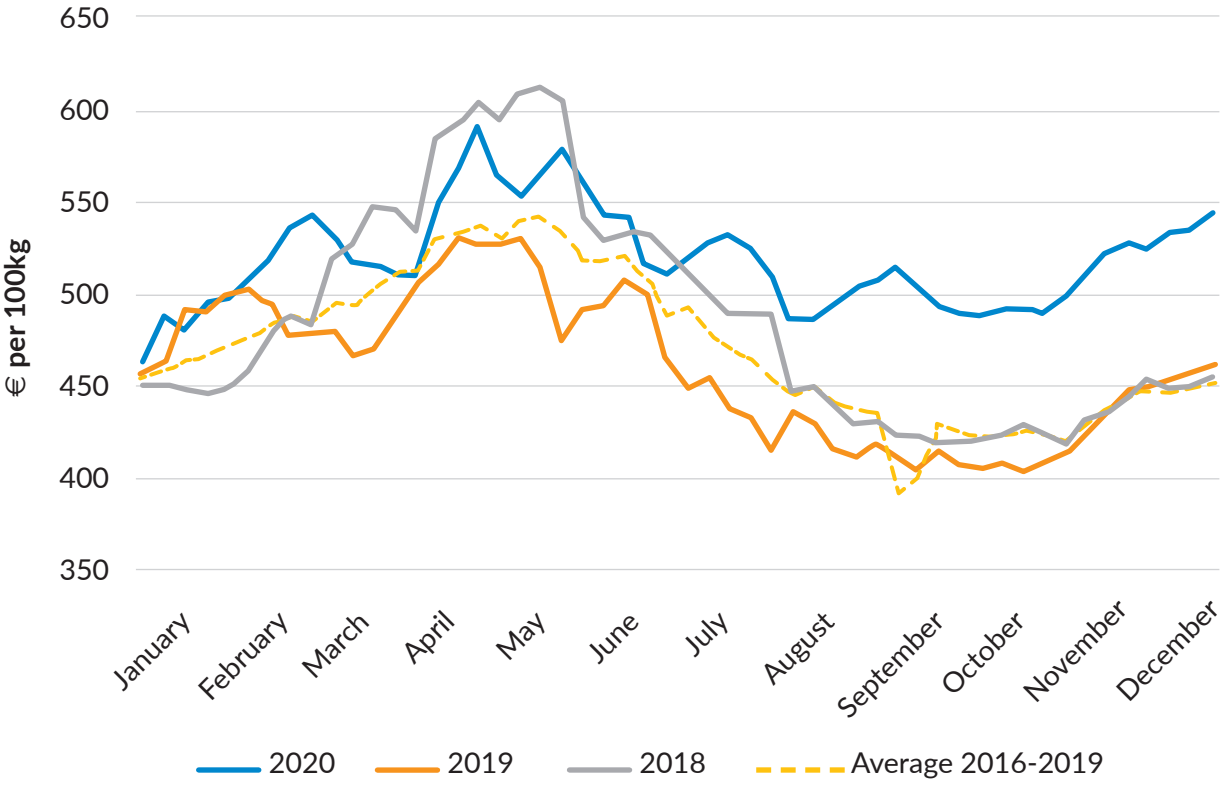
**Source:** CSO

[1] Preliminary Estimate

## Prices

Sheep prices in 2020 started strongly, above the prices seen in previous years but similar to beef prices dropped sharply in March. However, the religious festivals of Easter and Ramadan in April boosted sales and prices and they remained above 2019 prices but below the strong 2018 prices until June. While prices dropped in line with the seasonal decline from late May / early June, the drop was much less than other years and from early July onwards, sheep prices outperformed previous years by up to 15%. The national average price in 2020 was €520/100Kg which was an increase of 13% on the previous year.

**Figure 3.14** *Average Sheepmeat Prices, 2016 -2020 (€ per 100 kg)*



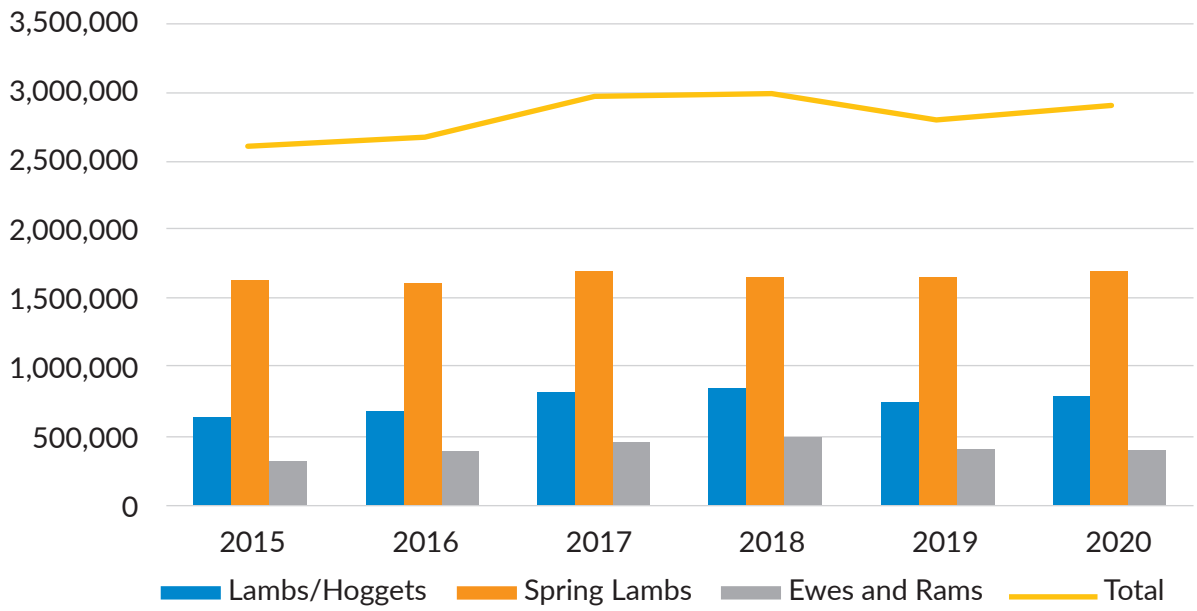

**Source:** DAFM, Meat Market Report



## Production 2019

In DAFM approved plants, slaughtering increased by 2.7% in 2020, to just under 2.9 million head. A further 227,000 were slaughtered in Local Authority approved abattoirs, a total of 3.1 million sheep, 2% higher than in 2019.

**Figure 3.15** *Sheep Slaughtering, by Type of Sheep, in DAFM Approved Slaughter Plants, 2015 -2020*




**Source:** DAFM, Meat Market Report

## Sustainability

Sheep farming contributes to both economic and environmental sustainability, in particular on more marginal land, with sheep grazing being an important land management tool in parts of the country where land usage options are relatively limited. In the context of the UN Sustainable development goals. The Sheep Welfare Scheme provides support for farmers undertaking actions targeted at making a positive contribution to the welfare of their flock. 2020 was the fourth year of this initiative. The scheme allows for the collection and generation of valuable data on welfare statistics and practices in sheep farming in Ireland. The data generated by this scheme makes a significant contribution to the Irish sheep industry, in terms of its ability to provide large scale data on welfare in Irish flocks. In the first four years of the Sheep Welfare Scheme, €66.9 million was paid to 18,268 farmers. The scheme is being extended in 2021 in advance of the introduction of the next CAP.

The 2020 National Farm Survey preliminary results, published by Teagasc, identified a number of economic sustainability issues across the sector, with 18% of sheep farms having a Family Farm Income (FFI) below €5,000. The average FFI for sheep farms was €18,383 across the 14,300 sheep farms in 2020.

On a per hectare basis, the average gross margin on sheep farms was €793 in 2020. This included a Basic Payment of €258. Additionally, it was reported that the average sized sheep farm was 44 hectares, with an average of 129 ewes.

## Highlights

- The value of sheepmeat exports increased by 12% or by €38 million in 2020.
- The average weekly sheep price increased by 13% to €519.92 in 2020.
- 27,962 live animals were exported in 2020, an increase of 34% from 20,801 animals on the previous year.

## Challenges

- Since 1st January 2021, the United Kingdom has been outside the EU Single Market and Customs Union. This means that new procedures must be followed by businesses moving goods to, from or through the United Kingdom, excluding Northern Ireland, as they must comply with customs, sanitary and phytosanitary, and other regulatory requirements. These non-tariff barriers may result in increased costs.
- There have been shifts in export patterns since the introduction of Brexit. Traditionally, approximately half a million sheep from Northern Ireland are slaughtered in Ireland each year. Data to the end of March indicates significantly reduced imports of live sheep when compared to the same period in 2020. In addition, there had been a reduction in exports from United Kingdom to EU markets.

## Ireland Outlook

- The outlook for Irish and EU lamb prices for 2021/2022 is stable, with global sheep meat prices projected to remain good. Irish lamb prices are forecast to increase by 7% on 2020.
- Direct and overhead costs of production are forecast to increase relative to 2020, with total costs of production expected to be 2% higher in 2021.
- However, overall gross margins are forecast to increase, relative to those estimated for 2020, due to positive lamb prices continuing into 2021 lamb season.
- With Irish lamb prices expected to increase, Teagasc forecast that the average sheep farm income is to increase by 6% in 2021.

## EU Outlook

- Global growth in the production of sheepmeat is expected to mostly originate in Asia, led by China up to 2030, with production in the EU expected to remain stable.
- Global sheepmeat prices in real terms are expected to remain high over the next decade, as contractions in flocks will reduce global supply and restrict trade from the two leading exporters: Australia and New Zealand.
- Global sheepmeat consumption is expected to increase marginally over the next decade, with growth in consumption in Asia in particular.
- After the peak in 2020, EU prices are expected to fall, followed by a recovery in 2025-2030, similar to the world market price. A significant gap between the EU and the world price (New Zealand) will remain, reflecting higher production costs and lower pressure from the world market.
- EU per capita consumption of sheepmeat is expected to remain relatively stable by 2030 (1.3 kg, the same level as in 2020).

# 3.5 Pigmeat

Exports of pigmeat have
**doubled since 2011**
to reach a value of €893m in 2020.

Ireland was successful in gaining access to the
**Mexican pigmeat market**
in 2020.

The national average price for pigmeat at slaughter in 2020 was
**173c/kg, up 3%**
on 2019.

## General Market Situation in Ireland and EU 2020

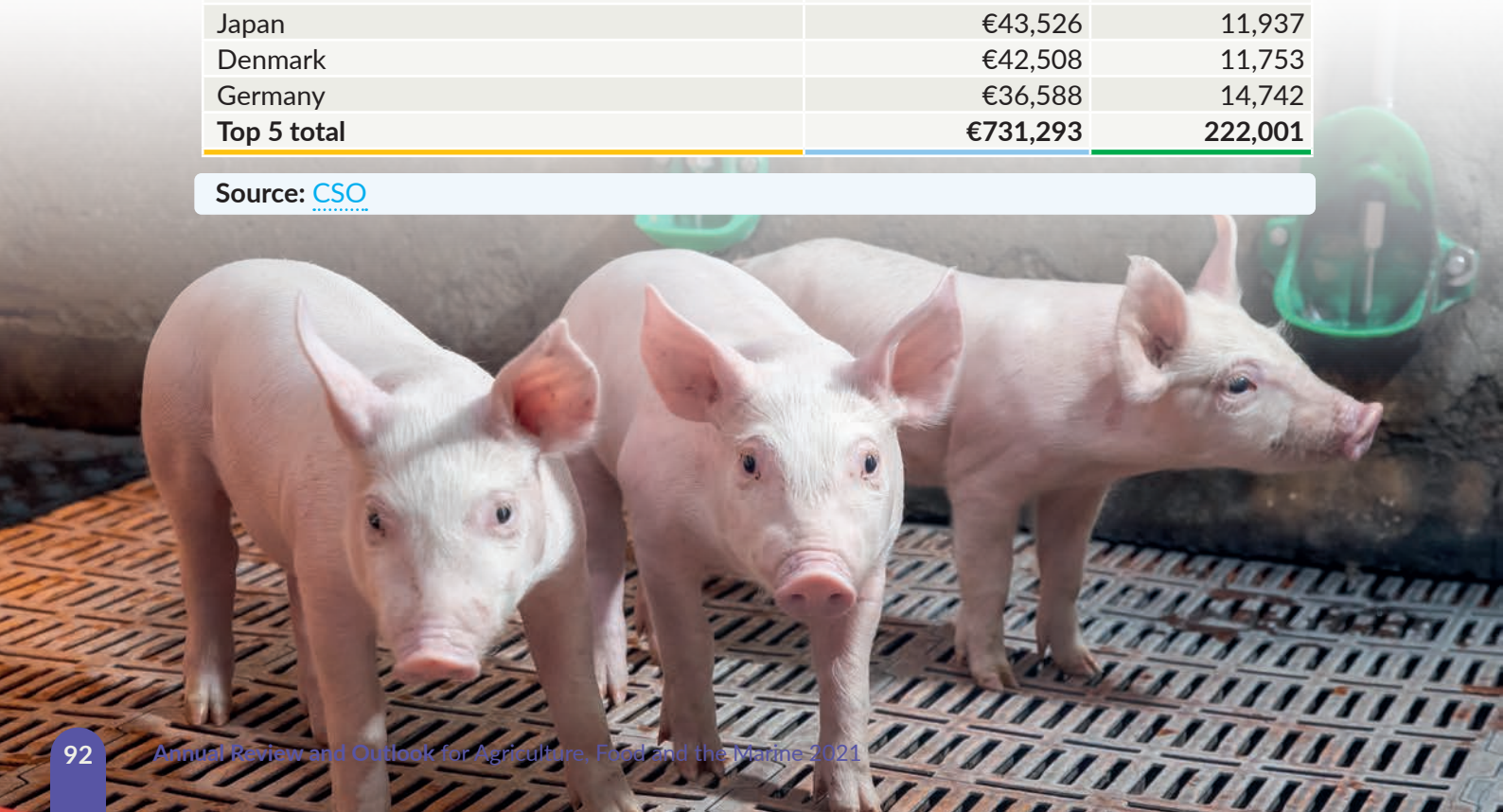
### Ireland

Pigmeat is the fourth most valuable export of the Irish agri-food industry after dairy, beef and beverages. The Pigmeat sector as a whole has shown remarkable growth in recent years, with the value of exports more than doubling in the past ten years to be worth €893 million in 2020. The United Kingdom and China are the destinations for over two-thirds of our pigmeat exports, with the remaining one-third going to a further 50 countries across the five continents. While exports to the United Kingdom fell by 12% in 2020 to €407 million, exports to China increased by 14% to €202 million.

**Table 3.8** *Top 5 Pigmeat export destinations*

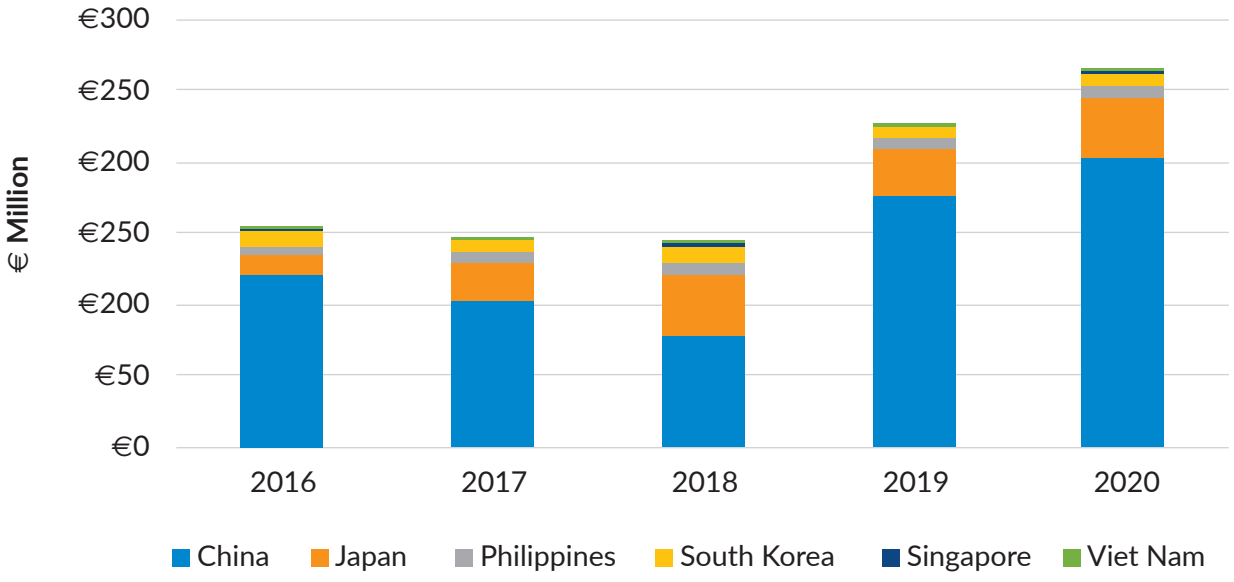
| | Jan-Dec 2020 | |
|---|---|---|
| **Country** | **€000** | **Tonnes** |
| United Kingdom | €406,575 | 87,660 |
| China | €202,097 | 95,909 |
| Japan | €43,526 | 11,937 |
| Denmark | €42,508 | 11,753 |
| Germany | €36,588 | 14,742 |
| **Top 5 total** | **€731,293** | **222,001** |

**Source:** CSO



Outside of the United Kingdom, Asia has become our largest pigmeat destination with 30% by value of pigmeat exported to six Asian countries in 2020, namely China, Japan, Philippines, South Korea, Singapore and Viet Nam. By weight, over 40% of pigmeat exports go to Asia, compared to 30% by value, indicating that it is the lower value pigmeat cuts which are exported there. By contrast the United Kingdom is the destination for 32% of pigmeat exports by weight but 46% by value.

**Figure 3.16** *Value of Pig meat Exports to Asia, 2016-2020*




**Source:** CSO

The output value of the Pigmeat sector in 2019 was €602 million, an 11% increase on 2019 output figures.

**Table 3.9** *Output Value (€m) and Numbers ('000s) of Pigs 2019/2020*

| | 2019 | | 2020[1] | |
|---|---|---|---|---|
| | Value | Number | Value | Number |
| Live Exports | 57.45 | 436 | 67.11 | 492 |
| Export Slaughterings | 484.92 | 3,457 | 530.15 | 3,546 |
| **Total disposals** | **542.37** | **3,893** | **597.26** | **4,038** |
| Imports | 2.77 | 21 | 2.77 | 21 |
| Changes in stock | 3.41 | 41 | 7.94 | 65 |
| **Total** | **543.01** | **3,913** | **602.43** | **4,083** |

**Source:** CSO

[1] Preliminary Estimate

## EU

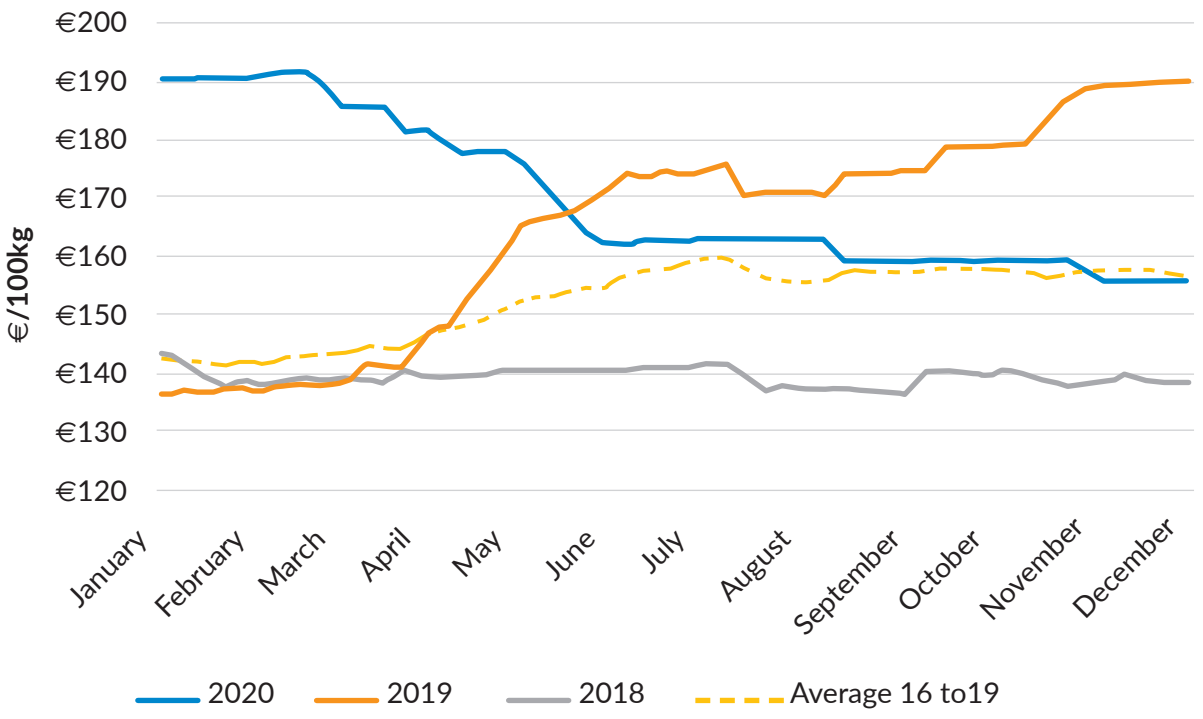
EU pigmeat production increased by 1.2% in 2020, driven by export demand. After a stabilisation during summer 2020, pig prices started to decline again, mainly due to COVID-19 restrictions in slaughterhouses. This was accelerated at the end of 2020 by the discovery of African Swine Fever (ASF) in wild boars in Germany and the resulting export bans. This put a downward pressure on prices until the beginning of 2021 when they started recovering due to continuous demand from China and lower domestic supply.

EU exports of pigmeat were up by 18% in 2020. By far the largest share went to China, increasing its trade with the EU by around one million tonnes. Although the ASF cases in Germany resulted in immediate trade restrictions of exports to key partners (China, South Korea and Japan), other EU member states were able to take over the gap left by German traders. Other EU countries, like Belgium, Hungary and Poland, are still facing similar export restrictions.

## Pigmeat Prices 2020

Irish prices fell steadily from early 2020 but it should be noted that prices were at a historically high level coming into the year (late 2019 prices were heading towards €200/100kg). This absorbed the worst effects of subsequent market difficulties in 2020, with prices falling steadily throughout the year as a result of closures in the food service and hospitality industry, both domestically and internationally. None the less, the average price for 2020 at €173/100kg was 2.9% higher than the average price for 2019 and significantly higher than the five-year average.

**Figure 3.17** *Grade E Pigmeat Prices, 2016 – 2020 (Price € per 100kg)*




**Source:** *DAFM, Meat Market Report*

## Financial Assistance

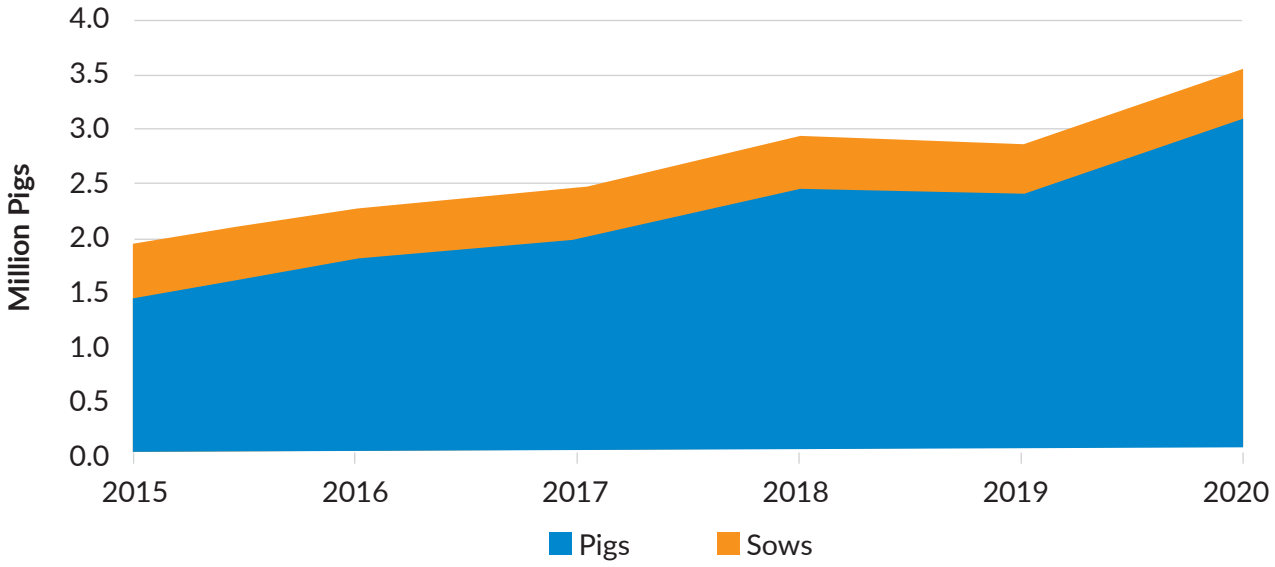
The TAMS Scheme provides grant aid to the pig sector at a rate of 40% to facilitate investment centred upon improving animal health and welfare. The ceiling for TAMS funding under the Pig and Poultry Investment Scheme (PPIS) is due to be raised from €80,000 to €200,000 in 2021. In 2020, funding of €470,000 was paid to pig and poultry producers under this scheme.

Following a successful pilot programme in 2018, a LEAN Programme (a management philosophy that pursues the continuous elimination of waste in all business processes through incremental improvement), was rolled out in 2019 for the sector by DAFM in partnership with Bord Bia, Teagasc and Enterprise Ireland. COVID-19 disrupted a further roll-out in 2020. It is hoped to recommence the programme in 2021, subject to the easing of COVID-19 restrictions.

## Production

There was an increase of 4.2%, to 3.51 million head in the number of pigs slaughtered at DAFM Export Approved Plants in 2020, with a further 63,000 head slaughtered at Local Authority approved abattoirs.

**Figure 3.18** *Pigs Slaughtered at DAFM Export Approved Plants 2015 to 2020*




**Source:** DAFM, Meat Market Report



## New Markets 2020

Ireland was successful in gaining access to the Mexican pigmeat market in 2020. Mexico is a large consumer market, with a population of 120 million and the third largest global importer of pigmeat. According to Bord Bia, demand for pigmeat is driven by a growing middle class and greater urbanisation.

The Department is currently negotiating access to the Thailand and Malaysia markets for pigmeat.

## Sustainability

Sustainability and the reduction of environmental impact play a key role in the development of the pigmeat sector. Food production systems now and into the future must be sustainable in terms of developing a supply of safe, authentic and healthy food, with low environmental impact in terms of emissions and biodiversity. This will require a highly enhanced level of innovation, major improvements in efficiency and waste production, and access to new types of technology. With consumer awareness around sustainability an ever-increasing factor, any increases in production must be offset by interventions such as improvements in feed formulation and efficiency at farm level. In the current climate the focus will need to remain on the reduction of greenhouse gases and ammonia emissions. This can be assisted by investigating the use of lower protein diets, housing management and the potential of certain feed ingredients to reduce emissions.

Availing of opportunities in terms of the circular economy also need to be exploited; pig slurry is a valuable fertiliser that offers an organic alternative to chemical fertiliser purchases, with the added benefit of reducing cost.

Part funded by industry, Teagasc carry out research as part of their high-level objective to enhance the sustainability of Irish pigmeat production. The current programme encompasses a broad range of topics relevant to this area such as nutrition, performance, management, health and welfare.

Teagasc's Signpost programme, a multi-annual campaign to lead climate action by all Irish farmers, intend to add pig demonstration farms to the programme over the coming year. Its goal will be demonstrating the environmental sustainability of the pigmeat systems and show how the sector is committed to improving on this in the years ahead.

### Highlights

- The value of pigmeat exports to China increased by 14% or by €25 million in 2020 to €202 million.
- The output value of the Pigmeat sector in 2020 was €602 million, an 11% increase on 2019.
- There was an increase of 4.2%, to 3.51 million head in the number of pigs slaughtered at DAFM Export Approved Plants in 2020.

## Challenges

- African Swine Fever (ASF) and Brexit remain the biggest challenges to the Irish pigmeat sector. Ireland's island nation status has helped to ensure ASF is not as broad a threat as that posed on the continent, where wild boar are numerous and can spread the disease roaming freely across borders. However, continued vigilance by all parties is essential in the maintenance of Ireland's ASF free status.
- The United Kingdom, accounting for 45% of total exports, remains the number one export destination for Irish pigmeat, although down from 57% in 2018. The full impact of Brexit will not be known for some time, but it is likely that significant challenges remain for Irish agri-food exporters as the full range of non-tariff barriers and SPS regulations come into force later in the year.

## Outlook

- The continuing African Swine Fever situation both within China and across the EU remains a key factor in the global demand for Irish pigmeat. Pigmeat exporting EU nations that remain ASF-free will have a commercial advantage. Despite varying reports as to when the Chinese national herd will recover to pre-ASF levels, it is expected that demand from China will remain strong for the remainder of 2021.
- As the pigmeat sector in China attempts to recover, new cases of ASF are still appearing, which may slowdown progress. The recovery from ASF in other Asian regions will take even more time. Despite the search for a vaccine against ASF, no successful trials or developments have yet been reported.



# 3.6 Poultry

In 2020 the output value of the poultry sector was
**€177.6 million.**

In 2020 a record
**111.7 million birds**
were slaughtered in DAFM approved slaughter plants.

The United Kingdom is Ireland's largest poultry export destination, accounting for
**70% of total exports**
by value.

## General Market Situation in Ireland and EU 2020

### Ireland

According to CSO export statistics the value of Irish poultry exports for 2020 fell by 12% to €256 million while the volume fell by 2% to 140,140 tonnes. Despite exports to the United Kingdom falling by 16% to €178 million it is still by far our largest export destination accounting for 70% of exports by value and 55% of exports by volume. South Africa was our second most important destination for poultry exports accounting for 12% or €32 million by value and 24% or 34,000 tonnes by volume. Exports to this important market were up by 10% in both value and volume in 2020. The United Kingdom and South Africa account for over 80% of the value of poultry exports and close to 80% of volume.

Exports to Denmark of €10 million, Netherlands €9.5 million and France of €8.7 million complete the top five export destinations, accounting for 96% of the total export value.

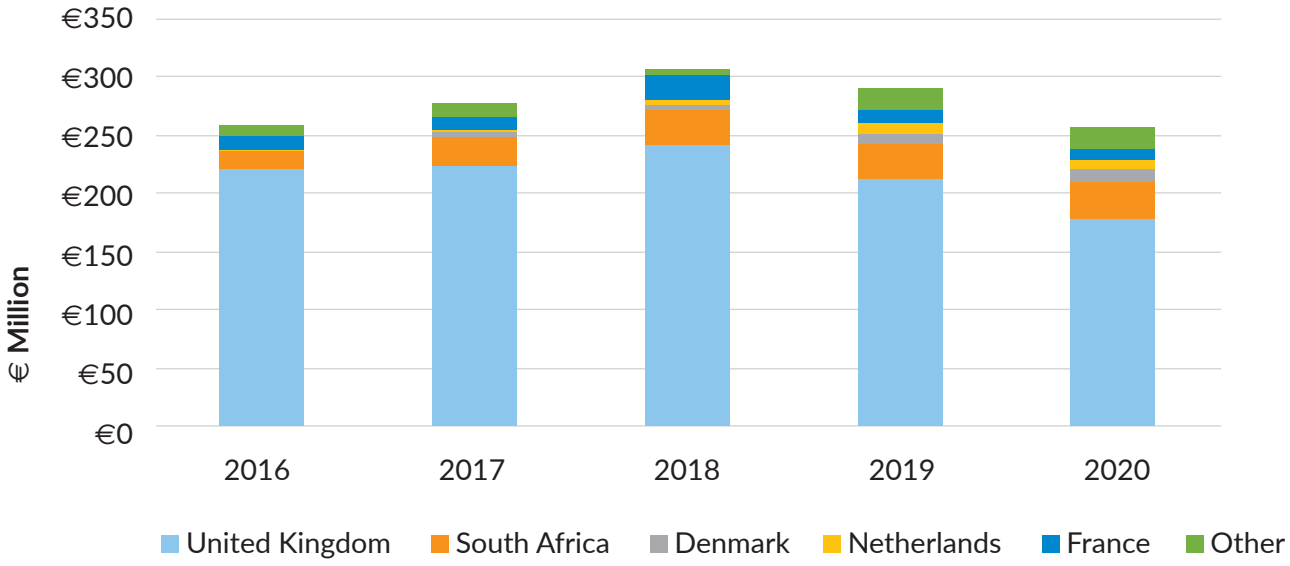


**Table 3.10** *Top 5 Poultry export destinations*

| | Jan-Dec 2020 | |
|---|---|---|
| **Country** | **€000** | **Tonnes** |
| United Kingdom | 178,303 | 77,232 |
| South Africa | 31,613 | 33,957 |
| Denmark | 10,289 | 13,774 |
| Netherlands | 9,534 | 5,468 |
| France | 8,746 | 4,443 |
| **Top 5 total** | **238,486** | **134,874** |

**Source:** CSO

**Figure 3.19** *Poultry Exports by Destination and Value, 2015-2019*




**Source:** CSO

In 2020 the output value of the poultry sector was €177.6 million, a 4% increase on the previous year.

**Table 3.11** *Output Value (€m) and Numbers (million heads) of Poultry 2019/2020*

| | 2019 | | 2020[1] | |
|---|---|---|---|---|
| | Value | Number | Value | Number |
| Poultry | 170.39 | 97 | 177.63 | 106 |

**Source:** CSO

[1] Preliminary Estimate

## EU

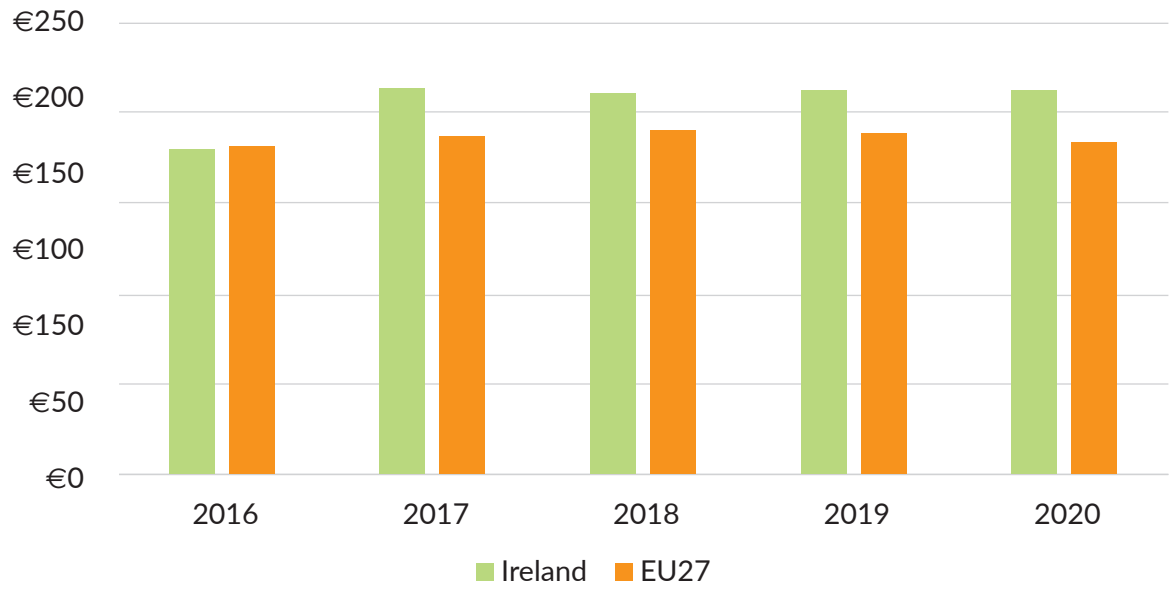
EU Commission figures show that EU poultry exports for 2020 decreased by around 6% in volume terms and 9% in value compared to 2019.

The Netherlands, Poland and France are the three largest exporting member states accounting for over 60% of poultry exports. The main destinations for poultry meat exported by the EU were the United Kingdom (accounting for half the exports), with Ghana, Switzerland, China, Saudi Arabia and Ukraine also important markets.

## Poultry Prices 2020

Prices remained steady throughout 2020. Poultry is normally reared under contract to processors, for a pre-agreed price, and therefore poultry producers are not typically subject to the same price fluctuations as other farmers. According to the EU Commission prices of broilers have remained relatively steady over the past four years with broiler prices in Ireland about 10% to 15% above EU27 prices during this time.

**Figure 3.20** *Market Prices per 100kg for Broilers in Ireland and EU27, 2016 to 2020*

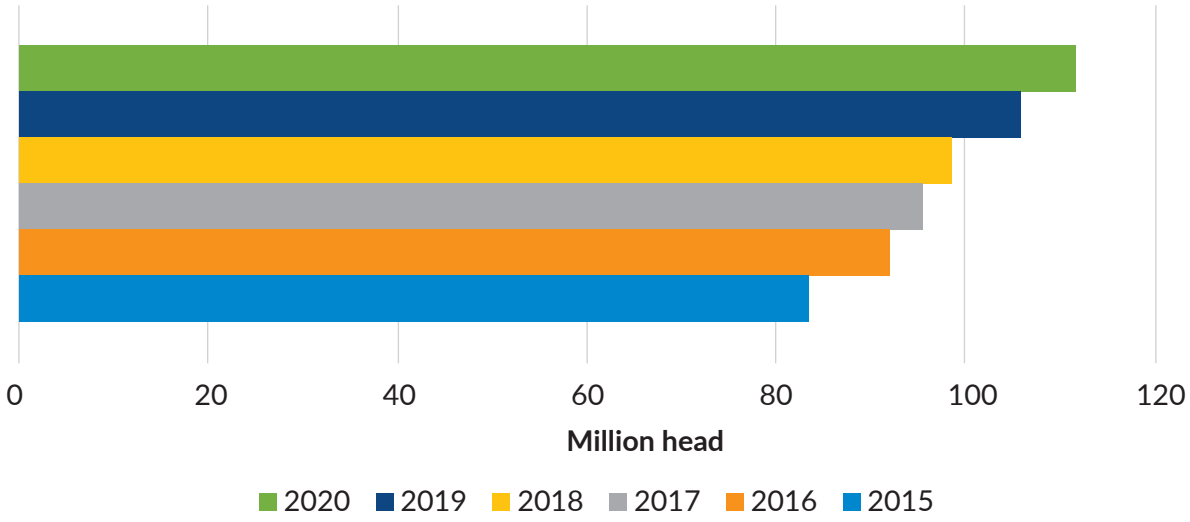



**Source:** DG Agriculture and Rural Development

## Production 2020

Irish production hit record levels for the second year running in 2020 with a total of 111.7 million birds slaughtered in DAFM approved slaughter plants, up from a then record of 106 million birds in 2019. The number of birds slaughtered since 2015, when 83 million birds were slaughtered, have increased by 28 million or 34%. Chickens account for 92% of the birds slaughtered while ducks, hens and turkeys make up the balance.

**Figure 3.21** *Poultry Slaughtering at DAFM Approved Slaughter Plants, 2015 – 2020*




**Source:** DAFM Meat Market Report



## Sustainability

Sustainability is key for the efficient growth of the poultry industry in Ireland, with the move towards a more sustainability-conscious consumer gaining traction. Compared to other livestock sectors, poultry has a lower carbon footprint, however as an intensive industry, greenhouse gas emissions, ammonia use, water and energy consumption are still potential environmental issues for the poultry and egg sector.

There are a number of options for poultry farmers to avail of in order to move to a more environmentally-sustainable model. The Support Scheme for Renewable Heat (SSRH) provides applicants with an installation grant up to 30% as well as continued ongoing operational support. The Scheme aims to incentivise the adoption of renewable heat sources by non-domestic heat users. Another initiative by the Sustainable Energy Authority of Ireland (SEAI) is the Renewable Electricity Support Scheme (RESS) which has a primary focus of delivering on Ireland's ambitious renewable energy targets, as set out in the National Energy & Climate Plan 2021-2030. The RESS aims to increase cost effectiveness, electricity security and electrical sustainability.

First launched in 2015, the Pig & Poultry Investment Scheme provides 40% grant funding aimed at improving energy efficiency at farm level. There are a number of eligible investments that can be taken up by poultry farmers and producers; these include energy efficiency measures such as water meters, boilers and solar panels, as well as upgrades to poultry housing such as roof and wall insulation, LED lighting and disease reduction facilities for existing poultry houses.

The need to respond to growing consumer expectations on welfare and sustainability as well as the global demand, are key to the continued development of the sector.

## Highlights

- Strongest year on record for poultry production with 111.7 million birds slaughtered.
- Noticeable growth in exports to some third country markets, such as South Africa (+9.6%), China (+5.8%) and Ghana (+129%). Excluding the United Kingdom, the value of third country exports grew by 5.6% on 2019, coming in at just over €37.4 million.

## Challenges

- The United Kingdom is Ireland's largest poultry export destination, accounting for 70% of total exports by value. Although the EU-UK Trade and Cooperation Agreement (TCA) removed the risk of tariffs and quotas on Irish Agri-Food products, new customs procedures are necessary which ultimately affect both the flow of goods into and through Great Britain and creates additional costs.
- The Irish Maritime Development Office (IMDO) reported in Q1 2021 that the customs and administrative barriers due to Brexit and the subsequent delays and disruptions on the United Kingdom landbridge due to these new customs controls, has resulted in shifting traffic patterns and a surge in Ireland – EU RoRo direct traffic. Although the advantages of bypassing the United Kingdom landbridge can be seen, the challenges of additional costs incurred on these routes and increased transit time at sea are a challenge for agri-food exporters, especially for the transport of fresh produce. The continued expansion of existing and new trade routes directly from Ireland to EU27 ports will provide new options for exporters and reduce the uncertainty.
- The persistent threat of avian influenza remains a risk to the poultry industry on the entire island. The continued collaboration and sectors due diligence in regard to disease is to be recognised.

## Ireland Outlook

- The global trade environment will remain pivotal in determining the outlook for the poultry industry in Ireland. Despite the ongoing challenges of COVID-19 and Brexit, Irish production is anticipated to continue to grow on the back of a strong consumer demand at a domestic retail level. In the medium term, the ongoing threat of African Swine Fever (ASF) in pigs in Asia cannot be ignored. An outbreak of a more virulent strain of ASF in China recently has cast doubt on the Chinese pig herd resurgence as well as production predictions. This could see consumers in Asia switching from pigmeat to poultry as a protein source.
- Future developments in key market access negotiations on the export of poultry meat to Japan and South Korea may lead to further opportunities for Irish poultry meat in the Asian market.

## EU Outlook

- According to the EU Agricultural Outlook 2020-2030 EU poultry production is expected to be the only meat category to grow between 2020 and 2030. It is the only sector to have expanded in 2020 during the COVID-19 pandemic, even without increased exports. In the medium term, production growth should benefit from significant investments, which capitalise on lower costs in eastern European countries, as well as from increasing prices.
- EU demand for poultry meat as a perceived healthier alternative has been rising consistently for many years. The COVID-19 lockdown measures strengthened the importance of affordability and convenience of poultry meat for home cooking. The EU per capita consumption of poultry meat, supported by imports of breast meat, is projected to reach 24.6 kg per capita by 2030 (1.2 kg more than 2020).
- EU poultry exports demand is projected to grow in key export destinations (including the United Kingdom), where poultry meat is expected to replace less abundant and more expensive pigmeat. On the downside, demand will soften in Ukraine and China, while some risks linked to the uncertainty of global recovery from COVID-19 will continue. Given strong competition from Brazil, the EU's share in global exports is forecast to decrease slightly from 16.2% in 2020 to 15% in 2030.
- EU poultry imports, often supplying fast foods and other foodservice businesses, should start to recover once shipments from traditional trading partners strengthen after the decline induced by COVID-19 lockdown measures and closures of food services in 2020.

# 3.7 Cereals and Cereal Preparations

Ireland's cereal area in 2020 was **264,800 hectares.**

There were **13,600 hectares** of protein crops planted in 2020.

**Over €16 million** has been paid to farmers under the Tillage Capital Investment Scheme.

## General Market Situation in Ireland and EU 2020

### Ireland

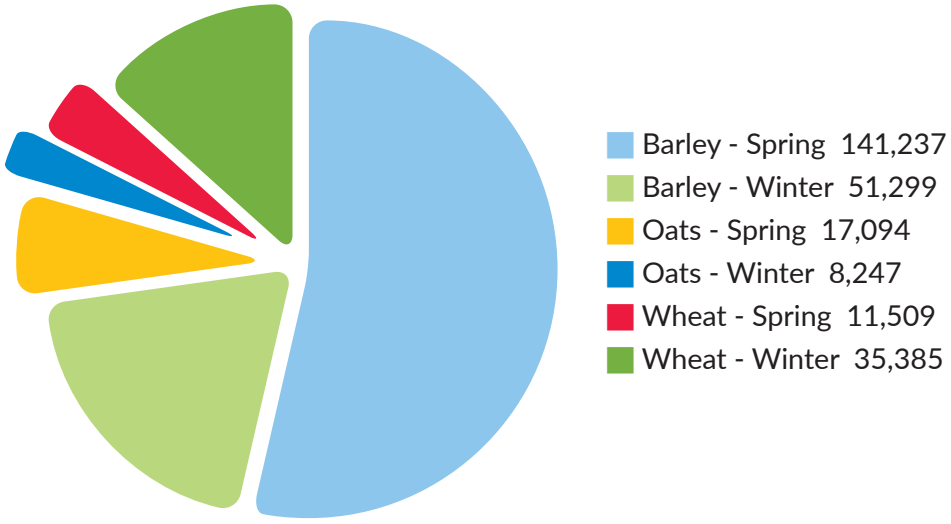
The cereals sector in Ireland is a major contributor of high-quality grain to the feed industry, provides grain for the food and drinks sector and is a key source of seed production. Overall cereal area in Ireland in 2020 was 265,000 hectares which reflects the continuing stabilisation in area following a number of years of decline between 2012 and 2018.

Spring barley remains the main cereal crop, however lower autumn 2019 winter sowings for harvest in 2020 significantly inflated the area of spring barley sown in 2020. Cereal output reduced significantly in 2020 primarily due to reduced areas of higher yielding winter crops and increased areas of lower yielding spring crops. Winter cereal sowings in 2019 (for harvest in 2020) reduced in area by a considerable 40% from 2018 sowings (for harvest in 2019). This came about as a result of poor weather which made sowing conditions unsuitable. Production was further impacted by drought conditions which prevailed in the midlands and east of the country from April to early June and reduced yields further. Expected bumper yields in the South were reduced to average yields as a result of poor weather at harvest. The quality of crops was also affected in terms of high moistures with sprouting common. In addition, just over 50% of contracted tonnage of malting barley was purchased at harvest with low yields affecting grain meeting protein specifications for malting.





**Figure 3.22** *Area of Spring & Winter Wheat, Barley and Oats 2020 in Hectares*



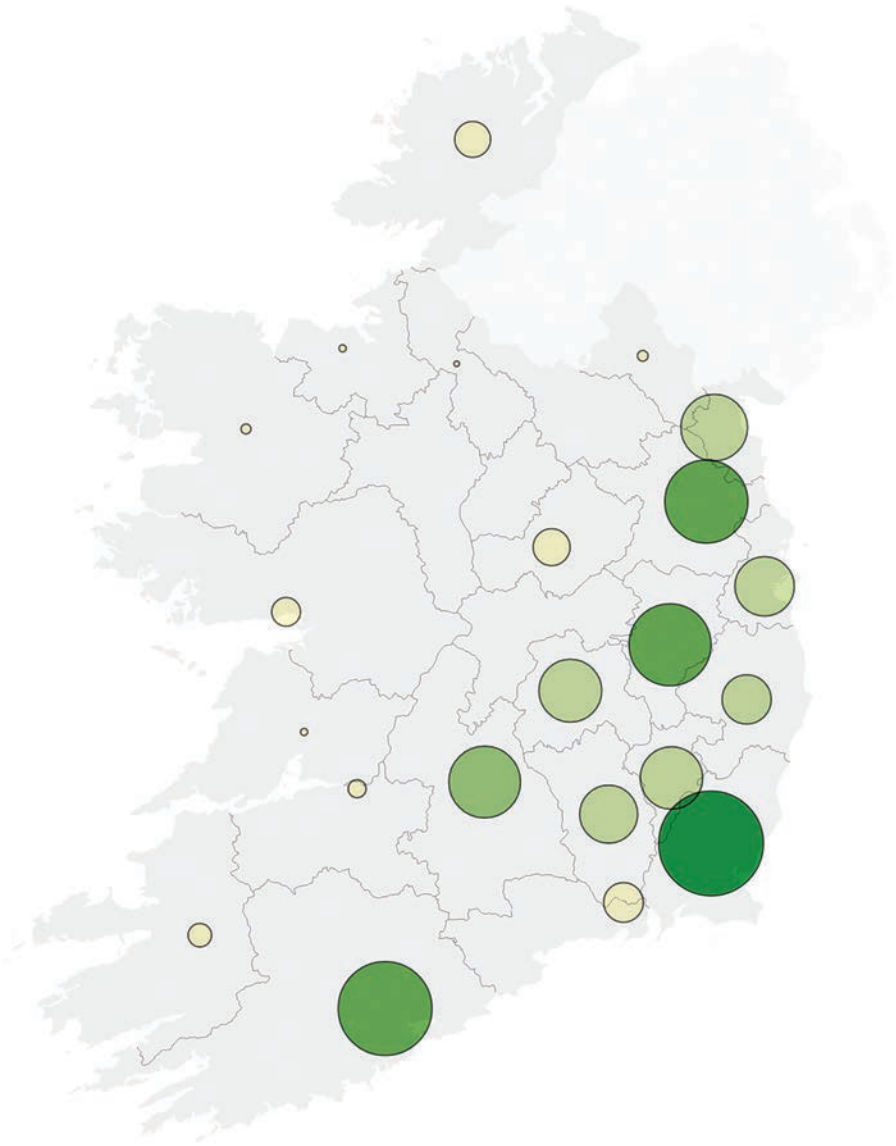

**Source:** DAFM Basic Payment Scheme-Crop Areas

The main changes in individual crops were an increase in spring barley area of 45,000 hectares to 141,000 hectares, a decrease in winter barley area of 31,000 hectares to 51,000 hectares and a decrease in winter wheat of 24,000 hectares to 35,000 hectares.

Areas of non-cereal crops in 2020 increased to 47,700 hectares. This increase was primarily down to a 5,500 hectare increase in the area of protein crops, primarily spring beans. The increased area was driven by the increase in spring sowings replacing areas not sown with winter crops the previous autumn, a shortage of seed for spring crops in general and good contract prices offered by some merchants for spring beans harvested in 2020. Maize area decreased by 1,843 hectares or 11% while oilseed rape area increased by 1,140 hectares or 12%. Beet area was slightly lower than 2019 at 9,060 hectares.

There was a reduction in straw production from harvest 2019 again due to lower area of higher straw yielding winter crops and due to drought during the growing season. Straw prices were stronger than the previous year with prices in 2020 at €14 - €18 per bale, up from €10 - €12 per bale in 2019, however supply was able to meet demand and no significant shortages were reported.

**Figure 3.23** *Location of Wheat, Barley and Oat planted 2020*



**Source:** DAFM Basic Payment Scheme-Crop Areas

The value of cereals reduced in 2020 by 29%, while volume dropped by 46%.

**Table 3.12** *Output Value (€m) and Volume of Cereals ('000 tonnes) 2019/2020*

| | 2019 | | 2020[1] | |
|---|---|---|---|---|
| | Value | Volume | Value | Volume |
| Barley | 210.46 | 1,328 | 160.64 | 1,001 |
| Wheat | 74.41 | 471 | 38.74 | 208 |
| Oats | 29.84 | 192 | 24.63 | 154 |
| **Total Cereals** | **314.71** | **1,990** | **224.01** | **1,362** |

**Source:** CSO

[1] Preliminary Estimate

## EU

The EU cereals area in the 2020/2021 marketing year is forecast at 52.3 million hectares, down 1.6% on the previous year. This decrease is mainly due to the smallest soft wheat area sown since 2007. Production of cereals in the marketing year 2020/2021 is forecast at 278 million tonnes, down 5.7% on 2019/2020.

2020 saw adverse weather affecting the cereals sector in many EU countries, with both drought and excessive cold and wet conditions being experienced at varying times. As a result, some of the main producing countries are expected to see output down considerably year-on-year for the 2020/2021 production year, e.g., Germany is down 3%, France is down 19% and Romania is down 38%. However, Poland and Spain are expected to see substantial increases of 16% and 34% respectively.

**Table 3.13 Estimates for the EU Main Crops for the 2020/21 Marketing Year**

| Crop | Area (million hectares) | Production (million tonnes) | Production 2020/2021 V 2019/2020 |
|---|---|---|---|
| Soft Wheat | 20.7 | 117.1 | - 10.7% |
| Durum Wheat | 2.1 | 7.2 | - 2.7% |
| Barley | 11.3 | 54.7 | - 0.5% |
| Rye | 2.2 | 8.9 | + 7.2% |
| Maize | 9.0 | 64.9 | - 7.6% |
| Oats | 2.6 | 8.2 | + 18.8% |

**Source:** EU - DG Agri

Prices remained volatile because of uncertainty with EU production, US maize production and the COVID-19 pandemic.

On cereals trade, the EU remains a net cereal exporter. Figures for marketing year 2019/2020 show that imports of cereals by the EU27 were 25.8 million tonnes while exports were 55.1 million tonnes over the same period.

## Prices

2020 grain prices increased on 2019 with feed barley trading at €160/tonne up from €144/tonne in 2019, malting barley traded at similar prices. Feed wheat traded at €181/tonne up from €153/tonne in 2019 while feed oats made €150/tonne up from €131/tonne in 2019. Grain prices have displayed significant price volatility in recent years. The price volatility is primarily due to big swings in supply in the marketplace that have been primarily linked to weather conditions during the growing season.

A welcome development in relation to grain pricing in recent years is the forward contracts offered by grain merchants pre-harvest. For those that avail of the contracts, it provides a level of assurance to growers and they are not solely dependent on grain prices at harvest.

## Financial Assistance

A number of measures in support of the tillage sector are available. These include:

- The Straw Incorporation Measure (SIM) - This is an agri-environmental initiative that is intended to encourage tillage farmers to increase soil organic carbon levels by chopping and incorporating the straw from cereal crops and oilseed rape back into the soil. The purpose of the measure is to encourage tillage farmers to increase soil organic carbon levels by sequestering carbon in tillage soils, thereby reducing GHG emissions. The incorporation of straw will also have positive impact on soil biology and soil workability. This will further improve the environmental sustainability of the tillage sector. Announced on Budget day in October 2020, it has funding of €10 million in 2021.

- The continuation of the coupled EU Protein Aid Scheme for the remainder of the current CAP. This coupled payment is worth approximately €3 million per annum to tillage farmers.
- The Tillage Capital Investment Scheme (TCIS) under TAMS II covers specific areas of investment including Minimum Disturbance Tillage Equipment, Sprayers, Fertiliser Spreaders and increasing Grain Storage and Drying capacity. There has been a significant level of interest in investments under this measure. To date over €16.4 million has been paid to 1,068 farmers under the TCIS. In addition, over €7 million has been paid to 222 farmers for tillage investments under the Young Farmer's Capital Investment Scheme as part of TAMS II bringing the total expenditure to date to €23.4 million.
- Launch of a strategy for the development of the Organic Food Sector for the period 2019-2025 with provision for the arable sector.
- In supporting the sector, the Department also runs a number of important initiatives including a Crop Variety Evaluation Programme and a Seed Certification Scheme.

## Area, Yield and Production levels 2020

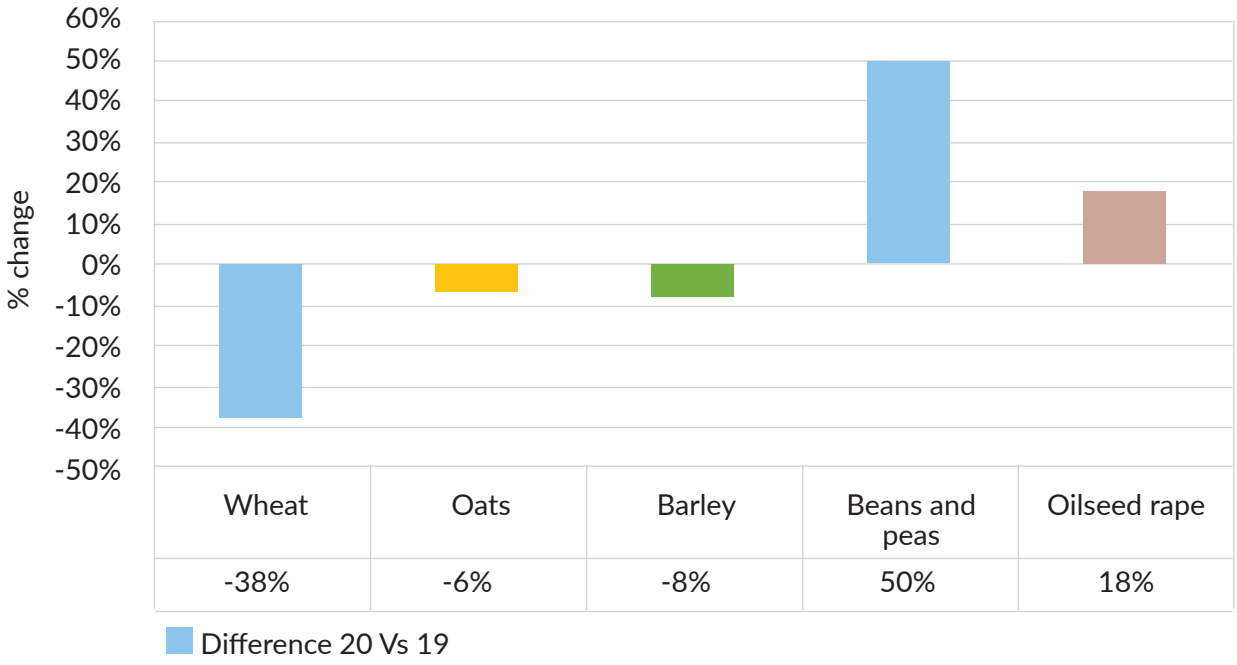
According to the Teagasc Harvest Report 2020 cereal production in 2020 stood at 1.9 million tonnes, a decrease of some 0.5 million tonnes from 2019. This was some 400,000 tonnes below the 5-year average of 2.3 million tonnes.

The main reasons for the drop in production was the decreased area of higher-yielding winter cereals that were replaced with lower-yielding spring cereals crops. In addition, drought conditions during the growing season in the east and midlands affected yields, while expected high yields in the south did not materialise owing to poor weather losses prior to harvest. There was also a drop in straw yields which increased straw prices, but no shortages were evident throughout the year.

The Teagasc National Farm Survey preliminary results indicate that income in the tillage sector in 2020 has dropped slightly due to lower production. While not covering the losses incurred, mitigating factors include increased prices for grain & straw and lower costs for fuel & fertiliser.

Winter sowings in Autumn 2020 are estimated to have returned to normal levels and are predicted at significantly higher areas than those sown in 2019.

**Figure 3.24** *Percentage change in production of select crops, 2019 – 2020*




**Source:** CSO



## New Markets 2020

In recent years, there has been sustained growth in demand for Irish whiskey, which has led to increased demand for distilling grade malt. This demand is highlighted by the investment to expand the production capacity at the country's largest maltings. While the distilling malt market has continued to grow and was not generally affected by the COVID-19 pandemic, beer/lager/stout sales were severely reduced and demand for malting specification barley decreased. This was reflected in prices for malting specification barley which remained stagnant since 2019 despite feed barley increasing by €16/tonne to €160/tonne. The gap between feed barley and malting barley in 2020 was in the region of €20/tonne on average, down from an average gap of approximately €35/tonne in 2019.

A small number of rations, including Irish only ingredients, have been produced for animal feed. There are issues with having sufficient protein from native sources in some high protein rations and Irish production will not be able to negate the need for imported protein to meet requirements. However, for these rations to be successful they must deliver a premium price from the marketplace for tillage growers. This may be difficult to achieve from the lower profitability livestock sectors and in the absence of premiums for meat & milk produced after being fed these rations.

There is ongoing demand for organic oats which can be filled by Irish organic tillage growers. There are also opportunities for expansion in the value-added food products, particularly in the demand for gluten-free oats.

Research published in 2020 has proven terroir of Irish whiskeys grown in different geographic areas while there has also been a continuation in the use of heritage Irish malting barleys bred in the last century. Both of these developments are niche but do provide value added opportunities for the sector.

The Irish tillage sector imports a significant amount of grain to fill the requirements of the feed sector. Ireland are price takers on the commodity grain markets and to counteract this, the trend towards producing for high value, primarily food markets, in recent years will improve incomes for those in the tillage sector.

## Sustainability

As for all sectors, the tillage sector will not be environmentally sustainable if it is not economically sustainable. Average Family Farm Income (FFI) as measured by the Teagasc National Farm Survey on tillage farms was €32,525 or €526 per hectare in 2020 which represents a 1% drop on 2019 and a 20% drop on 2018. Similar to the trend in recent years, FFI on tillage farms is second highest by farm type but significantly behind dairy farms which stands at an average of €74,346. Cereal areas have stabilised in recent years but are 15% below 2012 levels. This decrease is partly explained by more profitable sectors being able to afford to buy and lease land at a higher value than tillage farmers. Ireland accounts for 1% of EU production and as such is competing with grain from lower cost production systems. Diversification into producing for higher value markets is seen as essential for the sector to remain viable.

From an environmental sustainability point of view the tillage sector is a low emission farming system. The Teagasc Tillage Stakeholders Crops 2030 Report outlines that tillage has emissions of 1.18 tonnes of Agricultural GHG (CO_2 eq)/hectare when compared to livestock farms at 3.3-8.7 per hectare.

A continuation of the Protein Aid Scheme in the CAP post 2020 would somewhat reduce but not eliminate the dependence on imported sources of protein and thus further enhance Ireland's sustainability credentials. There are added advantages of leguminous protein crops from the point of view that the crop does not require any form of nitrogenous fertilisers because they fix nitrogen from the atmosphere to meet their own requirements. The crop also leaves residual nitrogen in the soil, thus reducing the amount of chemical Nitrogen required in the subsequent crop. Nitrogen fixing crops, such as beans, will aid the sector in meeting ambitious targets for reduction in chemical Nitrogenous fertiliser usage by 2030. Legumes have biodiversity benefits for pollinators because they provide a food source at a time when few other crops are flowering.

The Farm to Fork proposals, as part of the Green Deal, under the next CAP, have set ambitious targets of a 50% reduction in nitrogenous fertilisers and in the use of plant protection products (PPPs) by 2030. There are also objectives in the next CAP for enhanced measures for improving soil, air and water quality and biodiversity while reducing emissions contributing to climate change. While the carbon footprint of the tillage sector is the lowest of all agricultural sectors by some margin, there are still opportunities to reduce this footprint even further and contribute to improving its sustainability credentials. This is recognised by Food Vision 2030, which states an ambition to increase tillage production in Ireland.

## Highlights

- While the tillage sector faced very challenging weather conditions in 2020 which impacted on production and profitability, the highlight was that the tillage area has stabilised with DAFM BPS data showing an increase in area in excess of 3,000 hectares. This is an increase in area for the second year in a row.
- The continued demand for grain to service the high value food and beverage markets and in particular the malting sector, where it is estimated that over 250,000 tonnes of barley is supplied annually, gives confidence to the sector. The largest maltster in the country has shown a significant commitment to the sector by investing heavily in completing new facilities to increase output by 30,000 tonnes annually, to meet the continued demand for Irish malt from Irish grown barley.
- The area of protein crops, overwhelmingly spring beans, increased to 13,700 hectares, an increase of 73% on the area sown in 2019 and will help to reduce protein imports and improve Ireland's sustainability credentials.
- While Brexit is generally seen as having negative impacts on the sector, it does provide some opportunities in the form of increased seed production of crops such as potatoes, to supply the home and foreign market. It may also provide an opportunity for import substitution of cereal based foods with home produced cereals.

## Challenges

- Ireland's tillage sector produces approximately 35% of the feed materials required by the feed industry to supply the livestock sector. Despite Ireland being a net importer of cereals, Teagasc have predicted that there are potentially negative effects on tillage income as a result of Brexit. There will be challenges in trading crops and the importation of milling wheat from the United Kingdom for baking has been well documented. There are varying effects for other crops and for the tillage sector in areas such as seed potatoes and the long established business of importing second-hand machinery from Britain.
- The other potential challenges facing the sector include concerns regarding the outcome of CAP negotiations where convergence and capping may affect tillage farmers' incomes.
- The continuous loss of Plant Protection Products (PPPs) and minimal number of new PPPs coming onto the market to deal with plant pests and diseases poses a significant challenge for the sector also in the years ahead.

## Ireland Outlook

- As the COVID-19 pandemic continues it is challenging to predict the outlook for 2021-2022 with any degree of accuracy. Consumer demand is currently negatively affected due to general economic uncertainty. It is anticipated that demand will return to normal for basic food commodities once the pandemic ends. The demand for higher value premium food and beverage products may lag depending on the long-term economic impact.
- In the short term as an importer of grain mainly for the feed sector, weaker currency, particularly Sterling and the US dollar, will potentially have an adverse effect on grain price. Grain imports to Ireland in 2020 amounted to 3.4 million tonnes of which 2.4 million tonnes came from outside the EU.

## EU Outlook for 2021-2022

- Similar to the Irish situation, it is challenging to predict the EU outlook because of the continuing COVID-19 pandemic and uncertainty around any potential economic fallout in the short to medium term.
- The cereals area forecast for the 2021/22 marketing year is 52.9 million hectares, up 1.1% from the 2020/21 marketing year. Production for the 2021/22 marketing year is forecast at 293 million tonnes, up 5.3% on the previous marketing year. This will be mainly driven by an expected recovery in soft wheat, durum wheat and maize production.

**Table 3.14** *Forecasts for the EU Main Crops for the 2021/22 Marketing Year*

| Crop | Area (million hectares) | Production (million tonnes) | Production 2021/2022 Vs 2020/2021 |
|---|---|---|---|
| Soft Wheat | 21.5 | 126.7 | +8.2% |
| Durum Wheat | 2.2 | 7.6 | +6.1% |
| Barley | 11.4 | 56.3 | +2.9% |
| Rye | 2.0 | 7.9 | -10.7% |
| Maize | 9.0 | 71.2 | +9.7% |
| Oats | 2.5 | 7.5 | -8.9% |

**Source:** EU Agricultural Outlook for Markets, Income and Environment 2020 - 2030

- Longer term the total EU cereal area is likely to decrease to 51 million hectares in the coming decade. Cereal yields over the same period are expected to increase due to improved research and innovation and enhanced farming practices (use of crop rotation, improved soil management and increased use of decision support tools). Due to increasing yields, cereal production in the EU is expected to remain relatively stable at 278 million tonnes.
- EU domestic use of cereals over the coming decade is expected to stabilise at approximately 260 million tonnes. Total feed use is expected to decrease (mainly soft wheat) but maize usage in feed rations should increase. Other cereal crops such as oats and rye are expected to partially replace wheat and barley feed use with their similar protein content.
- The EU is expected to increase international trade flow and strengthen its net exporter position. This is as a result of EU prices converging towards world prices. None the less, the grain market share will be limited due to competition from other exporting countries and imports of maize are expected to continue to grow from very competitive countries in the Americas, and from Ukraine.
- On the global front, latest forecasts from the EU Commission and International Grains Council for 2020/21 show total grains production at an all-time high of 2,210 million tonnes, up 1.1%. Global total grains consumption is expected to grow for the fifth year in a row, at 2,216 million tonnes. Broken down the main usages will be 736 million tonnes for food, 1,000 million tonnes for feed and 361 million tonnes for industrial use. Ending stocks are expected to decline to a 5-year low of 611.2 million tonnes mainly due to maize stocks falling to an 8-year low.

# 3.8 Horticulture and Potatoes

In 2020 exports of mushrooms were worth
**€117 million.**

Irish farmers planted
**577 hectares**
of broccoli in 2020.

In 2020, 145 horticulture producers received a combined total of
**€4.865 million**
in support for specialised building and equipment.

## General Market Situation Ireland 2020

2020 started with a dryer than usual spring with late frost which affected apple trees and potatoes. This was followed by an average summer and wet autumn and winter which affected the yield of some root vegetables and had a negative effect on honey production. The weather had little impact on the other sectors.

The market demand in Ireland was greatly affected by COVID-19 with the food service sector brought to a standstill, but this was in the main compensated by a very strong demand from the retail sector. This strong demand meant that all products grown and harvested were sold with no waste for growers, however no notable price increases were reported in fruit and vegetable sectors despite this demand.

Due to lockdown, gardening all over Europe saw a huge boost in popularity resulting in an unprecedented demand for amenity products which lead to some shortages and price increases in this subsector.

Despite an increase in sales in comparison to 2019, labour availability continues to be a challenge for the sector and increasing costs of production threaten profitability as profit margins are reducing over time.



## Prices 2020

Overall prices remained steady across the sub-sectors with the exception of the potato sector which suffered a significant price decrease, while the amenity sector benefited from price increases due to the level of demand for their produce.

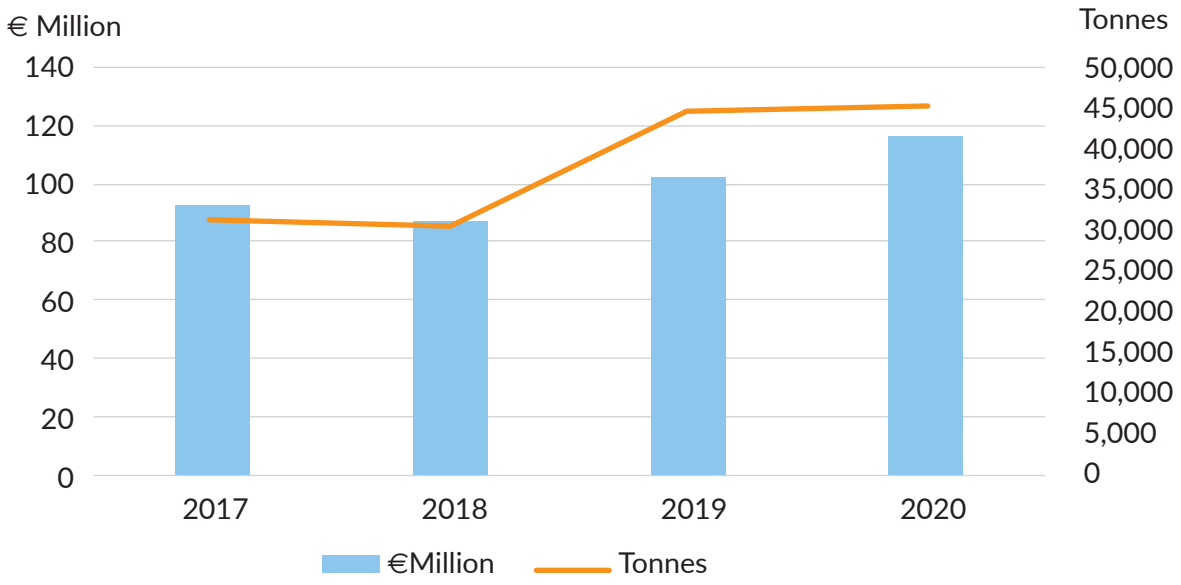
Investment by the sector in 2020 continued to be strong, with close to €10 million of aid provided between EU support of €3.5 million through the producer organisation scheme for fruit and vegetables and €5.8 million through the scheme of investment aid for the development of the commercial horticulture sector. This aid assisted the sector to improve resilience and support sustainable production.

## Production 2020

### Mushrooms

Improved compost quality led to yield gains in the sector, which coupled with a slight price increase, led to increased output in 2020. This is a very competitive sector where gains in efficiency are noted year-on-year which are essential to compensate for increased costs of production and labour shortages. With most of the production exported to the United Kingdom, the output of the sector for 2021 is likely to be affected by Brexit and currency fluctuations. In 2020 exports of mushrooms were worth €117 million and represented 66% of the value of Ireland's fruit and vegetable exports.

**Figure 3.25** *Value and Volume of Mushrooms exported 2017- 2020*




**Source:** CSO

## Protected Crop

Overall price remained steady, with an increased demand for both value and premium lines in the retail marketplace in 2020 while the foodservice demand collapsed. The strong demand from retailers meant that all the production in 2020 was sold with most growers recording no waste or left over produce. However, no significant price increases were noted despite the increase in demand.

## Field Vegetables

2020 was mainly similar to 2019 for the field vegetable sector with no major difference in yield or price noted.

## Soft Fruit and Top Fruit

Soft fruit saw a small increase in both yield and price in 2020. The late frost resulted in yield decrease in eating apples and a loss of quality and therefore price, in culinary apples.

## Nursery Stock

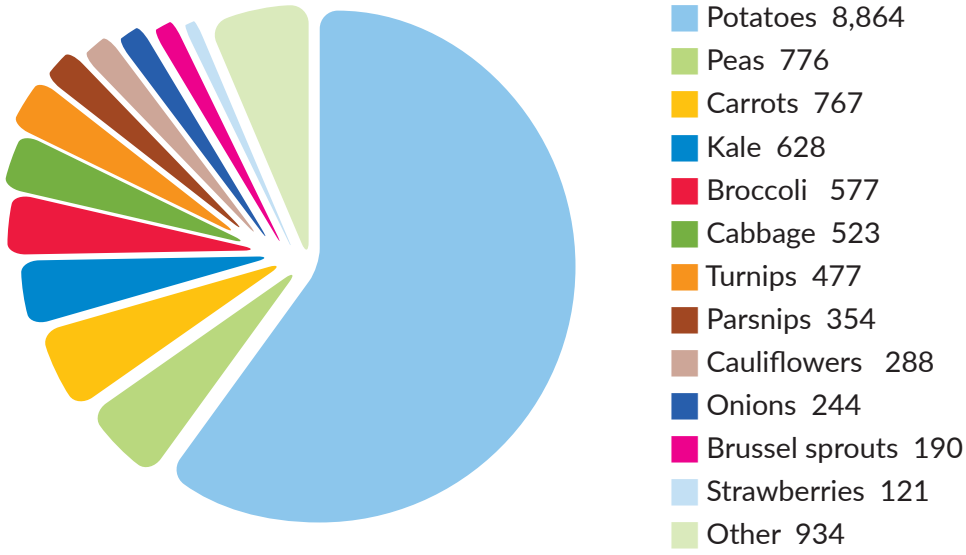
The nursery sector overall had an exceptional year in 2020. However, the bulb sector was badly affected as the start of the COVID-19 restrictions coincided with the bulb season and growers did not have time to put plans in place to mitigate the introduction of lockdown. With the lockdown, many people all over Europe turned to gardening resulting in huge demand and shortage of products which in turn lead to higher price for this sector.

## Potato sector

Even though the acreage was up compared to 2020, potato yields were down in 2020, due to dry conditions in the east during April/May and poor light levels in July/August. Overall production was down 13%, with rooster and kerrs pink more affected than queens and whites.

Rooster remains the most common potato grown in Ireland representing 58% of the total potato area.

**Figure 3.26** *Area of Vegetables Planted in Hectares 2020*




**Source:** DAFM Basic Payment Scheme - Crop Areas

## Sustainability

The horticulture industry has made significant investment in both infrastructure and equipment and new technology that supports more sustainable production systems.

The industry has invested significantly in climate action measures such as investments in renewable energy such as biomass and Photovoltaics', reducing energy demand through increased insulation and reducing emissions by switching to cleaner fuels and more efficient boilers. As plant protection products have become limited over time, this has led the industry to develop and invest in innovative practices to combat pest, disease and weed problems, where robust Integrated Pest Management (IPM) strategies are being developed for many horticultural crops, such as the use mesh covers to limit pest development and protect crops from pest damage, along with the increasing use of natural pest control predators over insecticides now used to control pests on many protected crops. The use of grafted plants to confer inherent disease resistance and use of disease resistant varieties is increasingly used within the sector.

The sector continued to blend growing media and is undertaking ongoing research in this area to identify alternatives that are available, affordable and sustainable and meet quality as well as environmental requirements.

In addition, the sector is now investing in more sustainable forms of packaging.

### COVID-19 effects on the sector

Some businesses faced significant challenges finding alternative routes to market during lockdown when the hospitality industry and garden centres were closed. This created cashflow difficulties for some farms.

Horticulture is a very labour intensive industry and sourcing adequate labour in the middle of a global pandemic proved to be very challenging, especially as international travel was severely restricted. Labour continues to be an issue for most horticultural businesses.

The 90p sterling to the euro has traditionally been a benchmark beyond which exporters to the United Kingdom find the cost difficult to absorb. The 90p benchmark was exceeded in mid-June 2020 and remained above 90p for much of the remainder of 2020. This weakening of sterling combined with the lockdown in the United Kingdom had a significant negative impact on Irish mushrooms, the majority of which are exported to the United Kingdom.

### Brexit effects on the sector

The conclusion of the EU-UK Trade and Cooperation Agreement (TCA) is very welcome. However, there is a significant change to the trading environment and additional sanitary, phytosanitary and input supply issues will affect the horticultural sector.

### Seed Potato Stocks

Since 1st January 2021 EU rules prevent the import of certified seed potatoes from Great Britain. In recent years Irish growers depended on the import of some 4,000 tonnes of certified seed from Scotland. To replace this requirement the seed would theoretically need to come from the EU. This poses certain plant health and biosecurity threats to Ireland, as under EU plant health legislation Ireland, Scotland and the North of England are/were designated as high-health status regions for the growing of seed potatoes. There is accordingly a reluctance among growers to source seed stocks from regions in the EU that have shown to have had issues in the past with potato diseases. Therefore, support is required for Irish producers of high grade seed potatoes in order to replace some of the requirement that will exist for the 2022 and subsequent planting seasons. It also presents an opportunity to scale up of the seed potato industry in Ireland to replace these Scottish imports. There may also be opportunities to a lesser extent to develop export markets for seed of the various cereals and of oilseed rape crops.

### Mushrooms

Great Britain has been the main market for Irish mushrooms with over 80% of the production exported there. Following Brexit, there has been an increased demand for United Kingdom produced products, particularly in higher end retailers. United Kingdom products are viewed as premium products which command a higher price. This has resulted in a difficulty for Irish mushrooms to access these more valuable marketplaces and returns for Irish mushrooms are expected to fall in 2021.

Case Study

## Investment Aid for the Development of the Commercial Horticulture Sector

This Scheme is a vital support in the development of the horticulture sector, including beekeeping. It provides grant aid to capital investments in specialised plant and equipment, including renewable energy, as well as technology adoption specific to commercial horticulture production.

The Scheme aims to facilitate environmentally-friendly practices, promote the diversification of on-farm activities, improve the quality of products and improve working conditions. The scheme is aimed at those engaging in commercial horticultural production and/or beekeeping. Non-production investments, which are directly associated with primary production, may also be considered.

The Scheme is competitive, open to all horticultural sectors – field vegetables, mushrooms, protected food crops, amenity crops, soft fruit, apples and beekeeping. It provides grant aid, at a rate of 40%, for approved capital investments. The Scheme facilitates the ongoing supply to domestic markets, import substitution and potential expansion into new markets while also facilitating environmentally friendly practices.

In 2020 145 horticulture producers received a combined total of €4.865 million in support for specialised building and equipment through the scheme



## Highlights

- Demand from the food services sector collapsed in 2020 but was replaced in the main by strong retail demand, this strong demand was not however accompanied by higher prices.
- A contrasting year compared to 2019 for the potato sector, with a significant decrease in yield and prices.
- An exceptional year for the amenity sector with strong demand and higher prices.
- The dull summer and wet autumn impacted negatively on honey production.

## Challenges

- Horticulture is a sector which heavily replies on labour, especially at harvest time. The availability of skilled labour continues to be a major issue for the sectors involved. Proposed changes in legislation regarding seasonal permits should alleviate some of these issues if they are introduced. The travel restrictions associated with Covid are adding to the difficulty for growers to source suitable labour for the harvesting season as was the case in 2020.
- Thinning profit margins is another major challenge for the sector which sees most of its production costs going up (better pay for labour to retain staff, higher cost of packaging, higher cost of energy) while the farm gate prices remain stable.



# 3.9 Intermediate Consumption

Compound feed production in Ireland for 2020 was

**5.2 million tonnes.**

Ground limestone usage was up 16% in 2020 on the previous year, to

**887,320 tonnes.**

Fertiliser sales in 2020 was

**1,592,218 tonnes**

down 7% compared to 2017.

## General Situation Ireland 2020

Intermediate consumption expenditure in agriculture was the same in 2020 as in 2019 at €5.65 billion and down €380 million or 6% on 2018. The 2018 expenditure was higher as a result of a cold wet spring and dry hot summer, which resulted in increased use of animal feed, forage plants and fertilisers that year. Both 2019 and 2020 saw a return to more normal weather requiring a lower spend on feedstuffs. The year 2020 also saw the price of oil drop to its lowest level for many years, resulting in lower fuel and fertiliser prices down by 9% and 8% respectively compared to 2019.

**Table 3.15** *Expenditure on Intermediate Consumption in Agriculture, 2018 - 2020*

| | 2018 | 2019 | 2020 | 2020 Vs 2019 | |
|---|---|---|---|---|---|
| Category of Spend | € Million | € Million | € Million | € Million | Percentage |
| Feeding Stuffs | 1,674.6 | 1,489.9 | 1,525.4 | 35.5 | 2.4% |
| Fertilisers | 582.1 | 578.3 | 527.8 | -50.5 | -8.7% |
| Energy and Lubricants | 424.1 | 439.6 | 405.3 | -34.3 | -7.8% |
| Forage Plants | 1,331.8 | 1,058.4 | 1,088.3 | 29.9 | 2.8% |
| Contract Work | 453.2 | 461.2 | 461.2 | 0.0 | 0.0% |
| Other expenses | 1,572.4 | 1,620.3 | 1,649.5 | 29.2 | 1.8% |
| **Total Intermediate Consumption** | **6,038.2** | **5,647.7** | **5,657.5** | **9.8** | **0.2%** |

**Source:** CSO



The industrial compound feed production in Ireland for 2020 was 5.2 million tonnes, which is 2.2% higher than in 2019. Ireland imported 3.3 million tonnes of animal foodstuffs up 5% on 2019 at a cost of €965 million. Of the total animal foodstuffs imported 788 thousand tonnes or 24% comes from Argentina, 591 thousand tonnes or 18% from the United Kingdom and 577 thousand tonnes or 18% from the United States, with the balance coming from a further 40 countries around the world.

**Table 3.16** *Compound Feedingstuffs Production 2016-2020 (tonnes)*

| Year | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Cattle | 2,573,113 | 2,919,301 | 3,807,225 | 3,115,864 | 3,120,186 |
| Pigs | 669,316 | 692,677 | 712,581 | 705,701 | 768,675 |
| Poultry | 655,368 | 640,562 | 632,965 | 630,838 | 651,753 |
| Sheep | 202,790 | 202,719 | 247,882 | 187,160 | 202,093 |
| Other | 415,116 | 444,103 | 484,775 | 459,831 | 471,218 |
| **Total** | **4,515,703** | **4,899,362** | **5,885,428** | **5,099,394** | **5,213,925** |

**Source:** DAFM

Ireland also exports animal foodstuffs; this goes mainly to the United Kingdom but also to more than 60 countries worldwide. Ireland exported 692 thousand tonnes in 2020 with 81% or 559 thousand tonnes going to the United Kingdom.

There has been a gradual upward trend in both consumption and prices for animal feed.

**Table 3.17** *Agricultural Input Price Indices (Base 2015=100), 2018 - 2020*

| Agricultural Input Price Indices | 2018 | 2019 | 2020 | 2020 Vs 2019 |
|---|---|---|---|---|
| Feeding stuffs | 107.15 | 110.35 | 108.14 | -2.0% |
| Fertilisers | 86.36 | 90.85 | 81.32 | -10.5% |
| Energy | 106.54 | 106.53 | 98.05 | -8.0% |
| Lubricants | 104.2 | 105.77 | 104.91 | -0.8% |
| Plant protection products | 103.93 | 103.83 | 104.07 | 0.2% |
| Veterinary expenses | 105.29 | 107.51 | 109.03 | 1.4% |
| Maintenance of materials and buildings | 104.36 | 104.71 | 106.05 | 1.3% |
| Other goods and services | 103.41 | 104.09 | 105.08 | 1.0% |
| Agricultural input price index | 102.74 | 105.04 | 102.18 | -2.7% |

**Source:** CSO

There has been an upward trend in fertiliser prices since the start of 2021. While there are a number of factors contributing to these price increases, the major driving factors are increased global demand, rising production costs and issues with supply for certain fertiliser products.

The agricultural input price index released by the CSO tracks the change in prices over time. From the table, it is clear that feedingstuffs, fertiliser, energy and lubricants are cheaper in 2020 compared to 2015, while a number of other items have increased in price over the same period. Overall, agriculture input prices have increased between 2015 and 2020 although they have fallen slightly in 2020 compared to 2019. The price of oil has been increasing since late 2020 and this will have a knock-on effect on a number of agricultural inputs with prices expected to rise in 2021.



## EU:

The industrial compound feed production for farmed animals in the EU 27 and the United Kingdom for 2020 is estimated at 161.4 million tonnes, a slight decrease on 2019. It was expected that compound feed production in the EU would fall by 2.2% as a result of the COVID-19 pandemic and African Swine Fever outbreaks in some countries. The 25% EU tariff on beet pulp and molasses from the United States resulted in additional costs. A port strike in Argentina affected soyabean supplies worldwide. There are a number of Brexit-related challenges associated with importing from and exporting to the United Kingdom.

## Fertiliser

Fertiliser sales in Ireland have been steadily increasing over the last decade but there was continuing signs in 2020 of a leveling off in recent years. Overall fertiliser sales in 2020 were 1,592,218 tonnes which was up 2.9% compared to 2019 and down 7% compared to 2017. In 2020, sales of fertiliser (straight and compound fertiliser) containing nitrogen (1,552,376 tonnes), phosphorous (947,543 tonnes) and potassium (970,468 tonnes) was up on 2019 by 3.4%, 2.8% and 3.1% respectively

**Table 3.18** *Fertiliser Sales and Change Versus Previous Year, 2013/2014 to 2019/2020 (tonnes)*

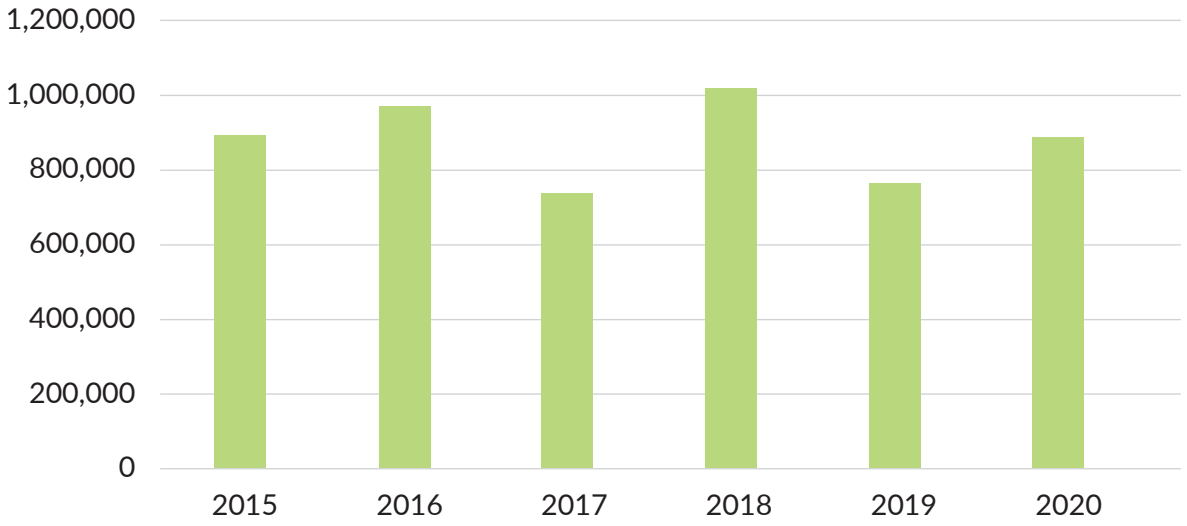
| Year | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|---|---|---|---|---|---|---|---|
| **Nitrogen** | 1,365,762 | 1,359,511 | 1,377,754 | 1,510,972 | 1,670,799 | 1,500,701 | 1,552,376 |
| Change Vs previous year | (-6%) | (-0.46%) | (+1.34%) | (+9.6%) | (+10.6%) | (-10.18%) | (+3.44%) |
| **Phosphorous** | 778,409 | 798,303 | 805,600 | 899,337 | 1,005,689 | 921,818 | 947,543 |
| Change Vs previous year | (-6%) | (+2.56%) | (+0.9%) | (+11.6%) | (+11.8%) | (-8.34%) | (+2.79%) |
| **Potassium** | 795,158 | 807,175 | 815,204 | 911,933 | 1,019,805 | 941,501 | 970,468 |
| Change Vs previous year | (-5%) | (+1.5%) | (+1%) | (+11.87%) | (+11.8%) | (-7.68%) | (+3.08%) |
| **TOTAL** | **1,402,878** | **1,395,399** | **1,411,913** | **1,552,809** | **1,714,729** | **1,547,082** | **1,592,218** |
| Change Vs previous year | (-5.66%) | (-0.53%) | (+1.18%) | (+9.98%) | (+10.4%) | (-9.78%) | (+2.92%) |

**Source:** DAFM

Overall growth in sales of fertiliser containing nitrogen has been relatively modest over the last 4 years with an increase of 2.7% in 2020 compared to 2017. Sales of fertiliser containing phosphorus and potassium increased by 5.3% and 6.4% respectively over the same period.

The sale of fertiliser and lime in Ireland is regulated by both EU and Irish legislation. This legislation ensures that products are labelled accurately and meet minimum nutrient requirements. As part of the DAFM control programme for fertiliser and lime inspection in 2020, a total of 244 samples were taken at manufacturers' premises (193 fertiliser samples and 51 lime samples). Six hundred and fifty one individual analysis were carried out for fertilisers and an out of tolerance was recorded for 5.8% of them. Of the 153 individual analyses carried out for lime 9.8% of them were out of tolerance.

**Figure 3.27** *Ground Limestone Sales 2015-2020 (tonnes)*




**Source:** DAFM

One new ground limestone quarry was licensed during 2020. There was a total of 49 active quarries in 2020. Ground limestone usage was up 16% in 2020 on the previous year to 887,320 tonnes.

## Sustainability

DAFM is working closely with the industries involved to actively progress the actions relating to fertilisers and animal nutrition in the Government's Climate Action Plan (CAP).

- Specialised input has been provided into the broader DAFM policy areas of sustainability including CAP, environment policy and mechanisms to achieve 2030 climate change targets.
- Input was provided to Bord Bia / EFECA in relation to a study on sustainable soyabean production.
- DAFM is progressing the implementation of the new Fertiliser Product Regulation (Regulation (EU) No. 2019/1009). The main impact of the Regulation from a climate perspective is that EU fertiliser regulations will now include products which are not currently covered by harmonisation rules, such as organic and organo-mineral fertilisers, soil improvers, inhibitors, plant biostimulants, growing media or blends. It harmonises EU rules for products derived from recycled or organic materials and by-products and provides rules to recover nutrients from such materials for fertilising purposes. This, together with clear rules set out on quality, safety and efficacy, will help to contribute to the more sustainable use of fertilisers into the future.

- DAFM is engaging with the feed industry body - The Irish Grain and Feed Association - to examine how to reduce crude protein in livestock rations, including determining the scope for further reduction in dairy cow and pig diets. A comprehensive industry survey was carried out in early 2020 to establish current protein levels in all livestock rations and trends in protein levels overtime.
- There is ongoing engagement with the fertiliser industry with regard to the adoption of protected urea products at farm level. The adoption of protected urea is an integral part of our national strategy for the reduction in GHG emissions from the agriculture sector. The quantity of protected urea sold in 2020 was 49,284 tonnes.

## Highlights

- Intermediate consumption expenditure in agriculture was the same in 2020 as in 2019 at €5.65 billion.
- Overall fertiliser sales in 2020 was down 7% compared to 2017.

## Ireland Outlook

- The continued gradual upward trend in both consumption and prices for animal feed is anticipated to continue based on current and projected growth patterns.
- An overall increase in fertiliser use nationally is not expected in 2021. The outlook for fertiliser prices will largely be determined by external factors including global supply and demand for fertiliser and costs of production.

## EU Outlook

- Uncertainties such as Brexit, Avian Influenza, African Swine Fever and COVID-19 will result in market conditions for animal feed remaining difficult. Increased focus on sustainably-sourced feed ingredients will likely result in price increases.
- There will also be legislative changes that will impact the European feed sector, such as:
  - The revision of the feed ban to permit the feeding of poultry processed animal proteins (PAP) to pigs and pig PAP to poultry and insect PAP to all animals.
  - The introduction of maximum limits for mycotoxins in animal feed.
  - The new medicated feed regulation under which animals can no longer be treated with antibiotics in feed as a preventive measure, except in exceptional circumstances.
  - The impending ban on the use of zinc-oxide in feed which will have an impact on pig producers.
- The outlook for fertiliser prices will largely be determined by external factors including global supply and demand for fertiliser and costs of production.

# CHAPTER 4 Forestry

In 2020
**2,434ha of new forests**
were created.

In 2020
**€79.2million of capital**
expenditure was invested in forestry development.

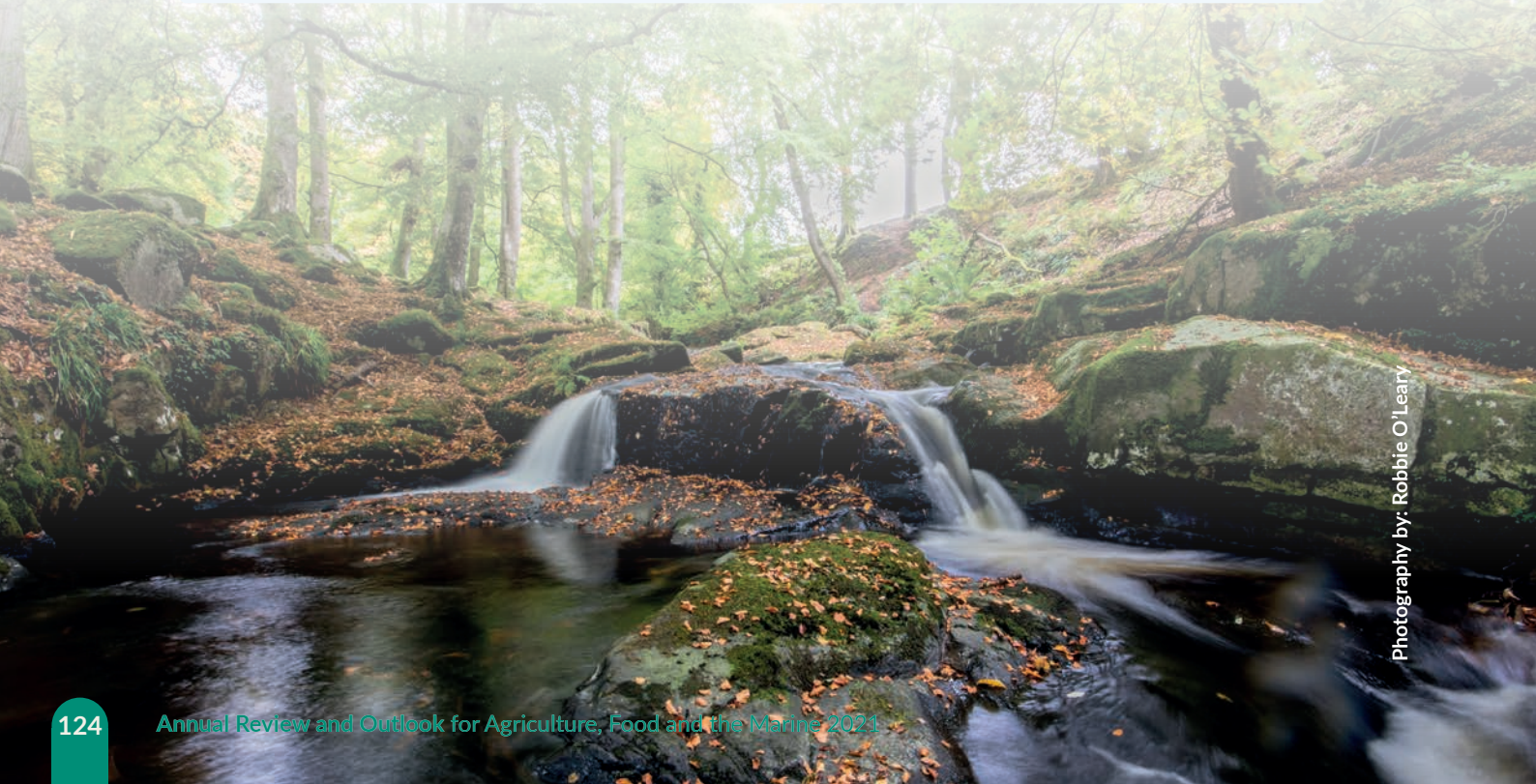
In 2020 exports of all forest & wood based products totalled
**€446 million.**

## 4.1 Overview

The area under forestry is estimated to be 770,020 hectares (ha), or 11% of the total land area of Ireland, according to the third National Forest Inventory carried out in 2017. Forest cover is estimated to be at its highest level in over 350 years. Of the total forest area, 391,358 ha (50.8%) is in public ownership, mainly by Coillte. The forest estate is comprised of 71% conifers and 29% broadleaves. Nearly 75% of the stocked forest area is less than 30 years of age. This compares to an EU-27 average of 35%. The fourth National Forest Inventory commenced in 2020 and data will be collected over the next two years.

The promotion of afforestation and the mobilisation of the private timber resource continue to be key objectives of DAFM. In December 2020, the European Commission approved an extension of the state aid approval for the current Forestry Programme (2014-2020) to the end of 2022, in accordance with timeframes that apply to the CAP transition period.

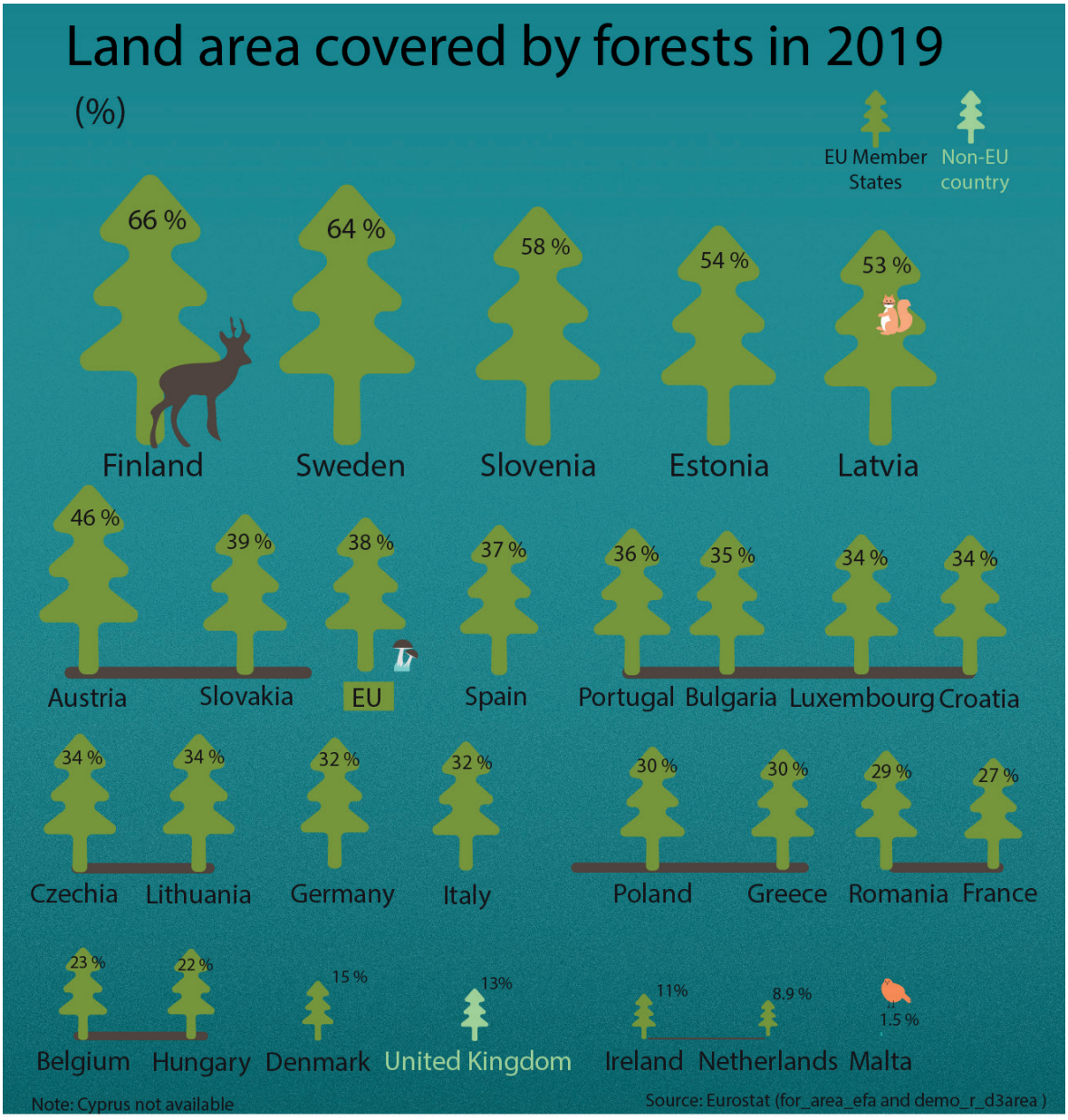
**Source:** DAFM Forest Statistics



Photography by: Robbie O'Leary

## 4.2 General Forestry Situation in Ireland and EU

In 2019 it was estimated that 38% of the land area in the 28 EU countries, including United Kingdom, was covered by forests. Finland and Sweden have the largest proportion of their land covered by forest with both countries having about 65% of their land covered. At the other end of the scale Malta has just 1.5% of their land are covered by forest. Netherlands has next lowest percentage of forest at 8.9% and Ireland is third at 11%. Denmark and the United Kingdom are the only other countries with less than 20% forest, at 15% and 13% respectively.




**Source:** Eurostat

Despite Ireland lagging behind its EU partners in terms of forest cover, significant progress has been made over the past half century. In 1928 there were 89,000 hectares of forest in Ireland, or 1.2% of total land. By 1950 this figure had only risen marginally to 96,047 hectares. Between 1950 and 2017, over a period of 67 years, an average of 10,060 hectares of forestry have been planted each year. While this level of planting has varied over the years and in recent years is well below this level, the current target is to plant 8,000 hectares each year. During 2020, 2,434ha of new forests were created.

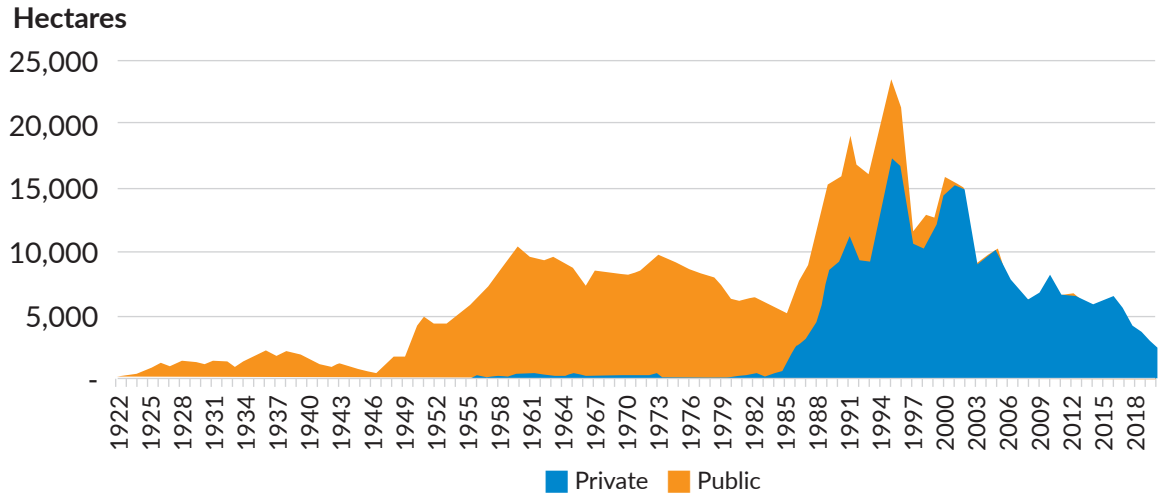
**Table 4.1** *Afforestation in Ireland 1918 to 2017*

| Year | Area (ha) of Forest | Percentage of Total Land Area |
|---|---|---|
| **1918** | 100,717 | 1.4% |
| **1928** | 89,000 | 1.2% |
| **1942** | 87,066 | 1.3% |
| **1950** | 96,047 | 1.4% |
| **1965** | 254,350 | 3.7% |
| **1973** | 323,654 | 4.6% |
| **1985** | 411,529 | 5.9% |
| **2006** | 697,730 | 10.1% |
| **2012** | 731,650 | 10.5% |
| **2017** | 770,020 | 11.0% |

**Source:** DAFM Forest Statistics

Long-term afforestation trends, including the change from state-led to private-led grant-aided afforestation in the 1980s and 1990s, are shown in Figure 4.1. Private afforestation came to the fore in the mid-1980s following the introduction of grants and, particularly, an annual premium scheme for afforestation.

**Figure 4.1** *Annual state and private afforestation 1922-2020*




**Source:** DAFM Forest Statistics

## Key statistics from Forest Statistics 2020

- In 2020, €79.2 million was spent by DAFM on forest activities including afforestation, maintenance grants, annual premium payments and grants for forest road infrastructure.
- During 2020, 2,434 hectares of new forests were created. Cork had the highest afforestation area at 293 hectares followed by Kerry at 289 hectares.
- Nationally, conifers are the dominant species at present, representing 71.2% of forest area, while broadleaved species accounted for 28.7%.
- The proportion of broadleaves in new forests created during 2020 was 34%, which was up from 25% in the previous year.
- Farmers have accounted for 81% of private lands afforested between 1980 and 2020.
- Since 1980, nearly 23,500 private landowners have received grant aid to establish forests. The average size of private grant-aided afforestation since 1980 is 8.6 hectares.

Private afforestation came to the fore in the mid-1980s following the introduction of grants and, particularly, an annual premium scheme for afforestation.



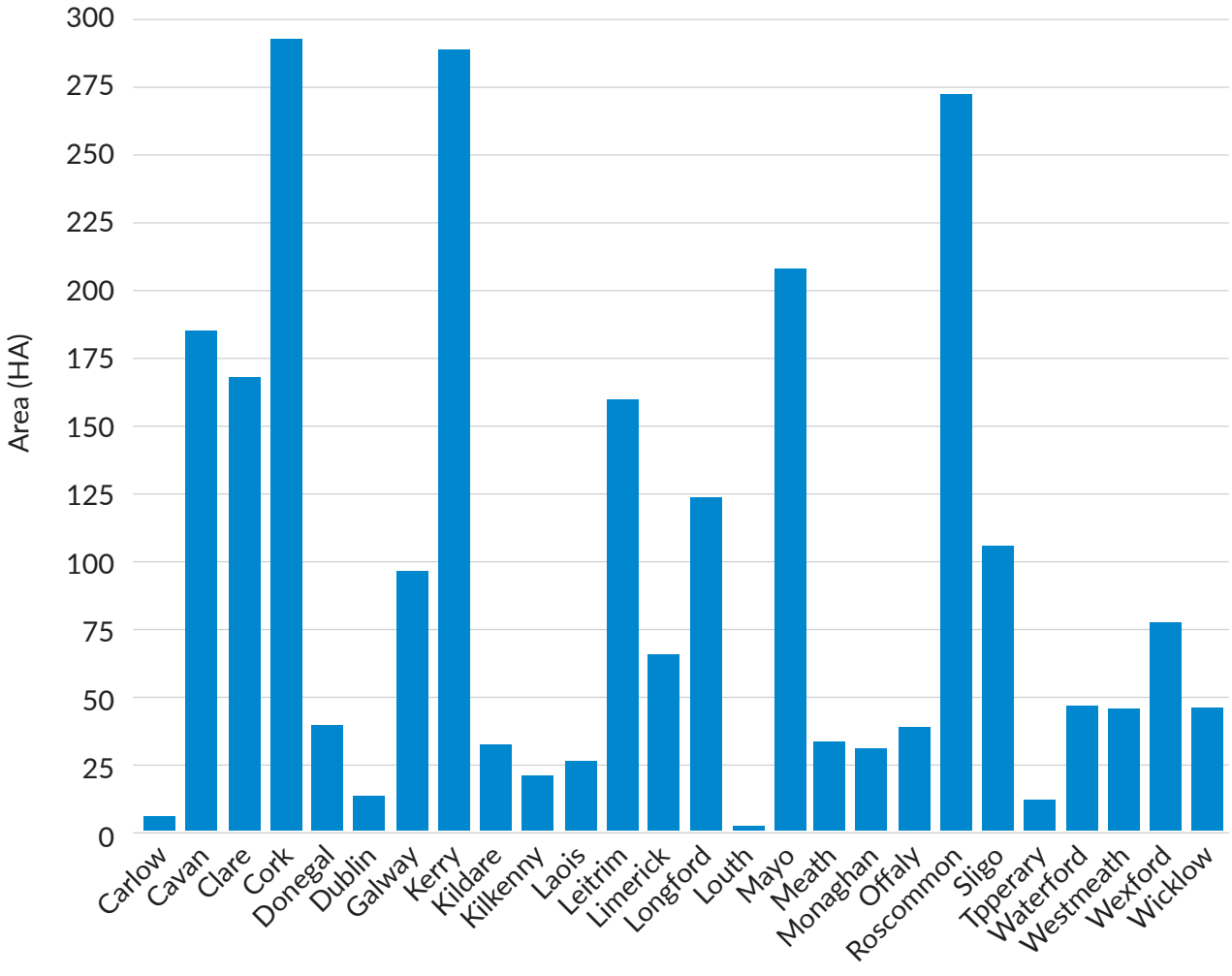
Photography by: Kevin Barrett

- Roundwood harvest (including firewood) in Ireland in 2018 was 3.69 million $m^3$, the highest level since records began. The private forest harvest exceeded 1 million $m^3$ for the first time. Forty percent of the wood fibre available was used for energy generation, mainly within the forest products sector.
- The construction of 100km of private forest roads was funded during 2020, an increase of 6km on the previous year. This reflects the projected increase in timber and wood to be harvested, which is expected to double by 2030.
- Felling licences were issued during 2020 for the thinning of 7,605 hectares and the clear-felling of 11,870 hectares.
- Approximately half of Ireland's forest estate is certified by international non-governmental organisations to promote good forest practice. The vast majority of this area is in the public forest estate, with 11,181ha of private forest currently certified.

## Afforestation in 2020

Payments were made by the Department in 2020 in relation to the afforestation of 2,434 hectares of land. Broadleaf planting, which includes the planting of native woodlands, accounted for 34% of this figure. Counties Cork, Kerry, Roscommon and Mayo had the highest levels of afforestation during 2020, with between 208 and 293 hectares afforested in each.

**Figure 4.2** *Afforestation by County in 2020*




**Source:** DAFM Forest Statistics

**Table 4.2** *2020 Planting Grants per County*

| County | Euros | Total Hectares Grant-Aided |
|---|---|---|
| Carlow | €27,626.25 | 5.85 |
| Cavan | €585,890.10 | 184.87 |
| Clare | €477,520.30 | 167.72 |
| Cork | €1,072,460.45 | 292.71 |
| Donegal | €131,295.95 | 39.57 |
| Dublin | €42,913.40 | 13.22 |
| Galway | €281,527.00 | 95.99 |
| Kerry | €1,056,187.87 | 289.26 |
| Kildare | €156,010.99 | 32 |
| Kilkenny | €66,078.17 | 20.55 |
| Laois | €70,894.75 | 25.88 |
| Leitrim | €492,590.42 | 159.82 |
| Limerick | €212,738.60 | 65.52 |
| Longford | €360,117.29 | 123.87 |
| Louth | €4,177.25 | 1.55 |
| Mayo | €629,459.85 | 208.07 |
| Meath | €154,995.91 | 33.06 |
| Monaghan | €113,016.75 | 30.86 |
| Offaly | €131,320.01 | 38.48 |
| Roscommon | €841,831.87 | 272.97 |
| Sligo | €296,083.10 | 105.99 |
| Tipperary | €60,757.81 | 11.8 |
| Waterford | €184,803.80 | 46.13 |
| Westmeath | €196,153.00 | 45.3 |
| Wexford | €249,475.15 | 77.35 |
| Wicklow | €256,107.73 | 45.93 |
| | **€8,152,033.77** | **2,434.32** |

**Source:** DAFM Forest Statistics

While cumulative total afforestation for the years 2015 – 2020 is some 34% less than the target for these years, interest in planting native woodlands has been increasing. This has occurred since a series of new measures were introduced following the mid-term review of the Forestry Programme (2014-20) to target broadleaf afforestation in particular and included increased grant and premium rates for relevant planting categories.

The level of planting of Native Woodlands in 2020 was 459 hectares, which is the highest level in the Forestry Programme so far and slightly exceeds the target. In 2019, the figures for new planting of Native Woodlands were 310 hectares. The percentage of broadleaf planting as a percentage of total planting also exceeded the 30% target set out in the Forestry Programme, with 34% of broadleaves planted in 2020.

Over the lifetime of the Forestry Programme to 2020, 6,473 hectares of broadleaf forestry has been established, which is 29% of the total new forestry established since 2015. Additional measures, such as support for tree guards and fencing to protect crops from deer damage, continuous cover forestry and additional supports for thinning of broadleaf forests and introduced in early 2019. These were important schemes for the support of the industry and contributed to the high level of broadleaf planting in 2020.

## EU

At EU level, the State of Europe's Forests 2020 Report states forest area amounts to 227 million hectares in Europe, accounting for 35% of total land area. In comparison to other regions in the world, only South America has a higher percentage of forest cover (48%) than Europe. Forty six percent of European forests are predominantly coniferous, 37% are predominantly broadleaved, and the rest are mixed, while around 75% of the forest area is available for wood supply.

The report adds that forest area has continuously increased since 1990, and the rate of increase is relatively stable at the European level and within the regions that are analysed in the report. It states that the forest area is expanding according to the defined targets in the countries with low forest cover.

Policies on forest carbon and carbon balance have gradually shifted from a focus on sequestration capacity to a more integrated approach to sustainable forest management. The emphasis is on the full chain of sequestration, the production of wood and wood products, and especially, on renewable bioenergy. As a result of climate change impacts, other important aspects are the adaptation of forests to these changes and the capacity of forests to mitigate climate change.


Photography by: Basil O'Sullivan

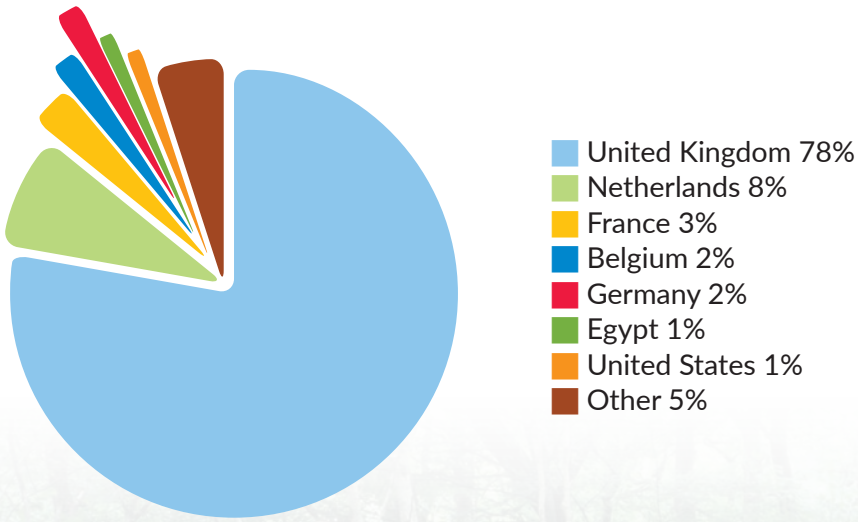
## 4.3 Trade

In 2020 exports of forestry and wood-based products were valued at €446 million, with 1,394,360 tonnes of product exported. Products were exported to over 50 countries worldwide. This was down €20 million or just over 4% compared to 2019. Between 2010 and 2018 the value of exports grew each year and had increased by 60% in value while the volume of product had increased by 27%. While exports have declined in value in 2019 and 2020, they are still up in value by 48% since 2010 and by 25% in volume. Exports of forestry and wood-based products represent just over 3% of total agri-food exports.

The United Kingdom is by far our largest market with 78% of forestry and wood-based product exports going there, about 58% to Great Britain and 20% to Northern Ireland. The Netherlands is the second largest destination with 7.5%, France 3%, Belgium 2%, and Germany 2%, making up the top five destinations.

Medium density fibreboard "MDF" of wood accounts for 35% of forestry and wood-based products exports worth €154 million, with 62% of that going to the United Kingdom. Fir "*Abies spp.*", and spruce "*Picea spp.*" sawn or chipped is the second largest product accounting for 27% or €119 million in exports with 99% of that going to the United Kingdom.

**Figure 4.3** *Top export destinations for Forestry and Wood Based exports in 2020*




**Source:** CSO

## 4.4 Financial Supports 2020

Financial support schemes are provided by the Department to assist in the management of the current forest estate and for the creation of new forests.

In 2020, €77.6 million of capital expenditure was invested in forestry development, 92% of which went towards afforestation grants and premiums while the balance, of approximately €6 million, was spent on other support schemes for forestry & woodland reconstitution and development projects.

**Table 4.3** *Annual capital expenditure on forestry schemes 2012 – 2020*

| Year | Total Expenditure (€m) | Total Afforestation Programme (€m) | Forestry Support Schemes (€m) |
|---|---|---|---|
| **2012** | €108.2 | €101.6 | €6.6 |
| **2013** | €106.5 | €100.8 | €5.7 |
| **2014** | €108.1 | €102.5 | €5.6 |
| **2015** | €102.7 | €98.7 | €4.0 |
| **2016** | €102.2 | €98.0 | €4.2 |
| **2017** | €99.6 | €93.6 | €5.9 |
| **2018** | €92.8 | €86.4 | €6.4 |
| **2019** | €86.8 | €80.2 | €6.6 |
| **2020** | €77.6 | €71.6 | €6.0 |

**Source:** DAFM

### Schemes under the Forestry Programme 2014-2020 (extended to end 2022)

Under the current programme, the Afforestation Scheme pays forest owners a guaranteed annual premium for 15 years for new planting. These payments are up to €680/ha per year, depending on the species and area planted. The cost of planting and maintaining the trees is covered by a grant paid by the Department. Supplementary support measures under the Programme include:

- Woodland Improvement Scheme which provides support for thinning and tending of broadleaves.
- Native Woodland Conservation Scheme.
- Continuous Cover Forestry Scheme for existing woodlands.
- Forest road construction.
- Forestry Knowledge Transfer groups.
- Reconstitution schemes (Ash Dieback, Windblow, Drought).
- Neighbourwood Scheme, which supports recreational community forests.
- Forest Genetic Resources Reproductive Material: Seed Stand & Seed Orchard Scheme.
- Support for the development of wood products and increasing the use of timber.

### Promoting greater species and habitat diversity

Certain measures and schemes within the Forestry Programme were amended in early 2018 following the completion of the Mid-term Review. For example, higher grant and premium rates have been introduced to encourage more broadleaf and diverse conifer planting. The minimum mandatory requirement per site has been increased from 10% to 15% broadleaves, with additional support for broadleaf management in the form of a second thinning grant. Tree guards and deer fencing grants have been introduced as part of a new "Forest Fencing and Tree Shelter Scheme", to reduce the risk of deer damage for existing broadleaf forests. A continuous cover forestry measure has been included as part of the Woodland Improvement Scheme, which will generate more diverse habitats for wildlife by creating forests with a more

varied age structure. A higher grant rate is being offered to publicly owned native woodlands to initiate the participation of this sector in the Native Woodland Conservation Scheme which will enhance biodiversity and generate wider ecosystem services in these forest types. This scheme encourages public bodies to review their land banks and to afforest part of that land.

### Encouraging farmers to consider forestry as part of the farming mix

Improved grant and premium rates for Agro-forestry and Forestry for Fibre have been introduced to encourage farmers to consider forestry as a possible option on their farm alongside other farming activities.

## 4.5 Forestry Health & Afforestation Programme

### Forest Health

### The Plant Health Regulation EU 2016/2031 and Official Controls Regulation EU 2017/625

The Plant Health Regulation EU 2016/2031 and Official Controls Regulation EU 2017/625 came into effect from the 14th December 2019. Regulation EU 2016/2031 replaces Council Directive 2000/29/EC (commonly referred to as the Plant Health Directive) and modernises the EU plant health regime while providing more effective measures for the protection of the European Union's territory and its plants from destructive pests. The new regime adopts a more co-ordinated, risk-based approach to plant health and requires greater stakeholder engagement on the part of national plant protection organisations (NPPOs). Ireland's NPPO is the Department of Agriculture, Food and the Marine.

It is the responsibility of DAFM's Forestry Inspectorate to implement the forestry aspects of these new Regulations, which include:

- Import controls to prevent the entry & spread of non-indigenous quarantine pests and to control regulated pest outbreaks through enactment of containment or eradication measures.
- Requirements for the implementation of traceability systems (Plant Passporting Systems), for example the movement of coniferous wood with bark from forest to place of processing. Other commodities that require a Plant Passport include wood chip, bark and coniferous plants for planting.
- Mandatory EU wide forest health surveys and contingency planning for listed organisms, the development of a multiannual survey programme and the compilation of yearly survey results and reports for the European Commission.
- New requirements arising in relation to the operation & implementation of the production of Wood Packaging Material (WPM) to ISPM 15 Standard.

### Forest Health Status

Ireland's forest health status overall is relatively good. Ireland does not have the range of forest pests and diseases that is endemic on the continent and further afield and which have, in recent years, caused enormous damage.

However, a number of outbreaks of organisms harmful to trees and forests have been identified in recent years. *Hymenoscyphus fraxineus* (Ash Dieback disease), *Phytophthora ramorum* disease outbreaks in Japanese larch, *Dothistroma septosporum* (Dothistroma Needle Blight DNB) and *Lecanosticta acicola* (Brown Spot Needle Blight BSNB) on pine species continue to be monitored by DAFM.

DAFM also continues to monitor developments following the finding in the wider environment of the eight-toothed spruce bark beetle *Ips typographus* in Kent in England. As the presence of the pest in England increases the level of risk of its introduction into Ireland, DAFM continues to carry-out additional risk-based surveys to provide added assurance that the pest is not present or introduced.

## Forest Health – Activities and Events

The Forestry Inspectorate was centrally involved in the development of DAFM's Plant Health and Biosecurity Strategy, incorporating the 'Don't Risk It!' campaign.

The United Nation's Food and Agriculture Organisation (FAO) nominated 2020 as the International Year of Plant Health (IYPH) to raise global awareness around plant health and how crucial plants, trees and forests are to our existence. The protection of Ireland's native species of flora & fauna and biodiversity is essential to the quality of life for the citizens of this island and for future generations. Due to impacts of COVID-19, the IYPH has been extended through the first half of 2021.

With the end of the post-Brexit transition period on 31st December 2020, forestry products moving between Ireland and Great Britain are now subject to phytosanitary and customs controls. New infrastructure, staff and IT systems have been put in place by DAFM in order to handle the new import control and export certification requirements and minimise the impact on the forestry sector.

## Forest Reproductive Material

The Forestry Inspectorate is also responsible for implementing Council Directive 1999/105/EC on the marketing of forest reproductive material (FRM). Forest reproductive material is a collective term to describe seeds, plants and cuttings, which are important for forestry purposes. The aim of the legislation is to ensure that forest reproductive material is from approved suitable sources and is clearly labelled and identified throughout the entire process from tree seed collection to processing, storage, forest nursery production and delivery to the final forest user.

The Forestry Inspectorate is also responsible for the implementation of the OECD Forest Seed and Plant Scheme, which recognises equivalence between FRM production systems in participating countries. This Scheme is crucial in facilitating trade of forestry plants and seeds between Ireland and Great Britain post-Brexit.



## 4.6 Forests and Sustainable Development Goals

| SDG goal | Role of Forests |
|---|---|
| **3. Good health and well being** | Forests provide the ideal 'venue' for outdoor recreation, with a beneficial impact regarding physical health and mental well-being. |
| **6. Clean water and sanitation** | Well-sited, designed and managed woodlands and forests benefit water quality and aquatic ecosystems significantly, by delivering a range of 'ecosystem services' such as the prevention of sediment and nutrient runoff, the protection of banks from erosion, 'food drop' of insects and leaf litter into the aquatic ecosystem, the shading and cooling of water, the overall restoration of riparian habitats, and helping floodwater control. Ireland's approach to using forests to improve water quality is set out in the "Forests & Water Achieving Objectives under Ireland's River Basin Management Plan 2018-2021". Through combining tree planting with their other farming activities, farmers can actively create buffer zones to protect water streams from farm pollutants and riparian erosion.<br><br>The Agricultural Sustainability Support and Advice Programme (ASSAP) is an important targeted measure in the second River Basin Management Plan published in April 2018. This joint Government/Industry initiative running from 2018 to 2021 is a well-structured collaborative programme involving all stakeholders to facilitate improvements in water quality. The ASSAP involves a resource of 30 Agricultural Sustainability Advisors, 20 of whom are funded by Government and 10 by the dairy industry. These Advisors will promote on-farm best practice to farmers in 190 'Areas for Action', which have been identified by the EPA, where the status of water quality is at risk of regressing. The planting of native woodlands is one option in the toolbox of measures that has been promoted by the Department in these vulnerable areas. |
| **7. Affordable and clean energy** | Firewood and biomass can be used for domestic fuel or can be sold into the local market. |
| **8. Decent work and economic growth** | Forests provide multiple opportunities for value-added products and services, supporting local employment and economic development. These include sawnwood and panel boards for construction, high-value timber products from rustic craftwork to bespoke furniture, and non-timber products such as mushrooms and foliage. Forests enhance the landscape while also providing the venues for visitor centres, holiday accommodation and adventure sports, thus contributing to our domestic and international tourism economy. |
| **13.Climate action** | Forests and the wider woodland ecosystem, including the soil, sequester carbon from the atmosphere to provide carbon sinks while wood products continue to store carbon after harvesting. |
| **15. Life on land** | Forests provide a semi-natural environment that provides a home for a wide range of plants and animals, including woodland specialists, woodland generalists and 'ruderals' (or opportunists). Native woodlands in particular can be used strategically to augment existing ancient woodland and to create linkage throughout the landscape between other semi-natural habitats, including rivers, species-rich grasslands and upland heaths.<br><br>These biodiversity functions, further explored in the publication 'Management Guidelines for Ireland's Native Woodlands (2017)', contribute in a meaningful way to the overall richness of wildlife in our countryside. |

## 4.7 Forests and Climate Change

The Programme for Government, and the recently signed Climate Action and Low Carbon Development (Amendment) Act 2021, set out the objective to achieve a 'climate neutral economy'. This aims to balance emissions and removals of greenhouse gases (GHG) within the State by the end of 2050 and in subsequent years. Under the Paris Agreement, Ireland and other countries have committed to limiting temperature rise to less than 2 degrees above pre-industrial levels and must pursue efforts to limit temperature rise to less than 1.5 degrees.

As a member of the European Union (EU), Ireland's target to reduce emissions in line with the Paris Agreement goals is guided by the EU Climate and Energy Framework. The EU Commission recently announced its new European Green Deal agenda, including a Farm to Fork strategy and Biodiversity strategy. It is clear that at a whole of economy level, environmental ambition must be stepped up to meet the recently increased EU target of reducing GHG emissions to at least 55% below 1990 levels by 2030.

By 2050, DAFM aim to develop a climate neutral food system compatible with the Paris temperature goals. Such a system would reduce the climate impact of biogenic methane to zero, balance remaining agricultural emissions by removals through land use, and also make a significant contribution to renewable energy. Ag Climatise is the roadmap for Ireland that has been developed to deliver the 2030 climate ambition, as set out in the 2019 Climate Action Plan. The plan is updated annually, and work has begun to complete a revised plan during 2021. This will include additional measures to achieve the Government's increased ambition of a 7% per annum (51% over the decade) reduction in emissions by 2030, as set out in the Programme for Government.

The new Food Vision 2030 strategy was launched during the summer. Its vision for 2030 is that Ireland's agri-food sector will become a "World Leader in Sustainable Food Systems". Food Vision 2030 sets out 22 goals under four high-level missions that the sector must achieve if it is to fulfil this ambition, including a "Climate Smart, Environmentally Sustainable Agri-Food Sector". It confirms the commitment to climate neutrality by 2050, with verifiable progress by 2030. One of the goals of that mission is to "Develop Diverse, Multi-Functional Forests", with eight specific recommended actions, including the development of a new forestry strategy and recognition of the important role that farmers can play in the sector. Food Vision recognises the crucial role of forestry in Ireland, both economically and environmentally.

The land-use sector, including forestry, will have an important part to play in meeting the ambitious roadmap towards climate neutrality. This is particularly relevant into a future where carbon emissions will be greatly constrained under proposed EU Climate Law, with its emphasis on achieving carbon neutrality across all sectors by 2050. Ireland faces significant challenges in meeting its 26.8 $MtCO_2e$. Land Use, Land-Use Change and Forestry (LULUCF) flexibility. If Ireland were to overachieve on its LULUCF commitment, it can use the corresponding credits to comply with the national emission reduction targets set under the Effort Sharing Regulation (ESR). Progress in achieving the abatement potential from LULUCF is dependent on the level of implementation of current and future policy.

Forests are important sinks and stores of carbon and are recognised internationally as being central to meeting the goals of the Paris Agreement. Forests generally sequester more carbon dioxide than other land, thereby directly reducing greenhouse gases in the atmosphere. When they are managed sustainably for wood production, carbon continues to be stored in the harvested wood and forests will continue to remove carbon dioxide when the trees are replanted. This ensures that the level of carbon storage is maintained over the long term.

Long term projections up to 2050 show that net removals (including Harvested Wood Products) of the total forest area declines from 5.5 $MtCO_2e$ in 2017 to 0.62 $MtCO_2e$ by 2034. This trend is reversed over the period 2036 to 2050, where the forest net removals increase to 3.17 $MtCO_2e$ by the middle of the century. The total forest estate remains a net carbon sink.

The role of forestry in climate change mitigation is well recognised in the Government's Climate Action Plan 2019 and as a pathway to reducing greenhouse gas emissions in the land use sector. The Climate Action Plan highlights a number of key high-level actions which include:

- Afforestation target of 8,000 ha /year.
- 125 km of new forest roads constructed / year.
- Progress Mid Term Review / CAP.
- Increase number of Knowledge Transfer Groups (KTGs).
- Identify barriers to afforestation and timber mobilisation.
- Promote forestry generally through DAFM/Teagasc/Industry initiatives.
- Assess potential of state-owned land for afforestation.
- Continue tree breeding programmes improving resilience and adaptation.
- Monitoring and protecting the forest estate.
- Promotion of timber products and renewable energy.



Case Study

## Forestry Licence Viewer (FLV)

A new public portal for forestry licensing was launched in December 2020, called the Forestry Licence Viewer (FLV). The FLV is designed to provide members of the public with easier online access to view forestry licence applications and decisions.

Phase 1 of the FLV went live on 1st December 2020. Phase 1 shows high-level site information for all applications since 1st January 2018 and the status of those applications.

Phase 2 went live on 11th January 2021. This phase shows application documentation for forestry licence applications received from 11th January 2021 onwards, once those applications have been advertised and opened for public consultation.

At the point at which an application is advertised, the basic application information, including the applicant's name; the townland and county of the application; the site notice in situ; and certain maps such as the location map will be visible in the viewer. As any submissions are received, these will be published, including the submitter's name and address. When the application is finalised and a decision is issued, that decision, along with any reports and other supporting documentation, will be uploaded to the viewer. Any letter issued to the applicant and their registered forester, including the decision letter will contain the applicant's name and address. This is very much in line with the national planning process, where applications for planning permission are published in local authorities' online portals, including names and addresses of applicants, their agents and submitters.

Phase 3 went live on 25th June 2021. This phase provides an online submission tool, to allow those interested to view an application and then go straight to a submission page. The user will follow a step-by-step process, which will include a facility to upload documents with their submission. The final step will be to pay the required fee, following which the user will automatically receive a receipt and acknowledgement of their submission.

The FLV is easy to use, the user has options to enter an application reference, to enter a townland and county or to simply zoom into a location. The site information is clearly laid out at the bottom of the screen and by selecting the appropriate tab, the user will see the planned operation and where available, the supporting documents.

Over time, the FLV will build a repository of application documentation to better enable public participation in the decision-making process. The FLV represents a fundamental shift in how the Department makes information on forestry licences available to the public. The Forestry (Miscellaneous Provisions) Act 2020 made provision for the publication of personal information in relation to forestry licence applications, including submissions received.

## 4.8 Challenges

### EU Timber Regulation/FLEGT (Forest Law Enforcement, Governance and Trade)

There are impacts from Brexit on the import & export of timber or timber products, following the end of the Transition period. The alignment of the EU Timber Regulation & FLEGT-Licensing system no longer applies from the 1st January 2021. Below are the key changes that are now in place:

- Any person or legal entity that imports affected timber or timber products and subsequently places them on the EU market for the first time will be determined to be an "operator" under the EU Timber Regulation (EU) No.995/2010 (EUTR), no matter where the timber was originally harvested. Therefore, an operator importing from Great Britain is required to have a Due Diligence System in place and must exercise due diligence when placing timber or timber products on the EU market. Operators are prohibited from placing illegally harvested timber or timber products derived from such timber on the EU market.
- FLEGT licensed timber is exempt from the due diligence requirements of the EU Timber Regulation (EU) No.995/2010. This Regulation sets up a licensing scheme for imports into the EU of timber and timber products from countries, that have concluded a bilateral FLEGT Voluntary Partnership Agreements (VPA) with the European Union and have an operational FLEGT licensing scheme. This exclusively refers to valid FLEGT licenses issued by the licensing authorities of third countries under VPAs concluded between the Union and third countries. This Scheme, including the FLEGT VPAs, no longer applies to Great Britain.
- The Timber and Timber Products Placing on the Market Regulations (UKTR) are now operational within the United Kingdom. This includes a due diligence requirement, similar to the EU Timber Regulations. Irish exporters will need to provide more extensive supply chain information on timber origin and associated supply chains to United Kingdom buyers.
- With regard to the Ireland/Northern Ireland Protocol, the movement of timber and timber products from Northern Ireland to the EU and vice-versa is not an import but an intra-EU movement for the purposes of the EU Timber Regulation (EU) No 995/2010 & FLEGT Regulation (EC) No 2173/2005.
- The movement of timber and timber products from Great Britain or from a third country to Northern Ireland is an import for the purposes of the EU Timber Regulation (EU) No 995/2010 & FLEGT Regulation (EC) No 2173/2005.

### Log Imports from Scotland

Over the years, Irish wood processors have supplemented domestically sourced roundwood, with imported roundwood from the South West of Scotland (the "Pest Free Area - PFA"). This is the only area from which coniferous roundwood with bark (which is not kiln dried) may be imported into Ireland. This is because this area is recognised as free from quarantine bark beetles including the great spruce bark beetle *Dendroctonus micans*. Due to the log supply shortage arising from the current difficulties with issuing felling licences, Irish wood processors have in 2020 and into 2021, significantly increased the volumes of roundwood imported from the Pest Free Area of Scotland.

As a result of the United Kingdom leaving the EU and then the Single Market at the end of the transition period, coniferous roundwood with bark originating in the United Kingdom (Great Britain) has become subject to mandatory import control. Prior to 31st December 2020, roundwood from the Pest Free Area could be imported with a Plant Passport, but without official border controls and mandatory inspections. The new requirements for the importer include the need to source a Phytosanitary Certificate from the United Kingdom authorities and to provide advance notification of the import, together with the Phytosanitary Certificate to the Department. Under the Official Controls Regulation (EU 2017/625), imports of controlled commodities can only be made through officially designated and approved places of import called Border Control Posts (BCPs) and it is at these that DAFM, through the Forestry Inspectorate, carries out Official Controls on imported goods.

At the very end of 2020, it was made known to DAFM that two of the largest wood processors, both of whom are located in Cork, intended to continue to import from the PFA. However, the ports which they intended to use were not at the time designated as BCPs. Neither the port companies nor the importers were aware of this issue until late 2020. In recognition of the key strategic importance of both ports to both of the wood processors concerned, DAFM made a rapid and comprehensive case to the European Commission for the designation of the two ports as BCPs and the case received a 'favourable assessment', allowing the designation process to be completed and these BCPs enter into official use from January 2021.

## Falling Afforestation levels

The target for afforestation contained in the Climate Action Plan 2019 is 8,000 hectares of new planting per annum. This represents a significant challenge as afforestation levels over the last number of years have steadily decreased.

This emphasis on planting targets is vital to the further development of the forest processing and wood fuel industry, in order to maintain a level of roundwood production which is forecast to reach close to eight million cubic metres by 2035, about double the current level.

In addition to supporting the planting of forests on private lands, the Creation of Woodland on Public Lands Scheme was launched in August 2020 to fund the creation of new native woodlands on publicly-owned lands. In accordance with the Programme for Government objectives, in late 2020 a land bank analysis to ascertain the availability of publicly-owned lands that may be suitable for creating these new native woodlands was carried out by Climate Action Regional Office (CARO) in the Atlantic Seaboard South Region in partnership with the Department.



### Forestry licensing and changes to Appropriate Assessment Procedure (AAP)

The issuing of Forestry licences was subject to significant delays in 2020. These licensing difficulties have arisen because of unavoidable changes to the DAFM's internal Appropriate Assessment Procedures in relation to impacts on sensitive sites. These changes are substantial and were introduced in response to Court of Justice of the European Union (CJEU) decisions and their subsequent interpretation by the Forestry Appeals Committee and others. Since 2017 all licences are subject to a statutory public notification system and anyone dissatisfied with a decision to approve a forestry operation may appeal to the independent Forestry Appeals Committee.

The Forestry (Miscellaneous Provisions) Act, 2020 was enacted and commenced in October 2020. This makes provision for greater efficiencies in the Forestry Appeals Committee (FAC), including the ability to sit in divisions of itself. This has allowed for a 150% increase in the number of appeals that may be scheduled each month, which in turn allows for quicker decisions on appeals, providing certainty for appellants and applicants alike.

## 4.9 Ireland Outlook

Irish forests continue to supply increasing amounts of wood fibre for sawmilling, panel board mills and the wood energy markets. Significant increases in potential timber supply are forecast over the medium term to 2025 that will exclusively come from private forests. The doubling of roundwood output forecasted by 2035 will create many opportunities for forest owners. The Irish sawmilling sector is well placed to process this increased production in supply, with the majority of products exported to markets in the United Kingdom and further afield.

This increased production will require increased mobilisation of timber with significant increases required in the construction of forest roads. The lack of independent forest certification within the private forest estate needs to be addressed if timber supply is to access existing markets, both home and abroad. Initiatives by DAFM such as knowledge transfer groups and forest road grants will facilitate the mobilisation of timber.

## 4.10 EU Outlook

The European Commission's publication of the European Green Deal in December 2019 set out aims regarding several forest-relevant initiatives. In March 2020, the European Commission adopted a legislative proposal for a European Climate Law that sets the objective for the EU to become Climate Neutral by 2050. This establishes a framework to achieve this goal.

The EU Biodiversity Strategy for 2030 was presented by the European Commission in May 2020, including a wide variety of actions & objectives. For example, the proposal to have at least 30% of EU Land & 30% Seas designated as a protected area, of which at least a third of these protected areas (including all remaining EU primary & old growth forests), should be under stricter protections. There is also focus on a roadmap for planting at least 3 billion additional trees in the EU by 2030, as part of the new EU Forest Strategy, currently under development. The new EU Forest strategy was published in July 2021.

Building on the 2019 'Communication on Stepping up EU Action to Protect and Restore the World's Forests', the European Commission has announced that it will present a legislative proposal aimed at minimising the risks of deforestation and forest degradation, associated with products placed on the EU market. This proposal & associated impact assessment is due late 2021. In line with this, the European Parliament has adopted a legislative own initiative resolution with recommendations to the European Commission on an EU Legal framework to halt and reverse EU Driven deforestation.

Ireland is a signatory to the pan-European political process Forest Europe and contributes to its development of common strategies for the protection and sustainable management of forests.



Photography by: Robbie O'Leary

DAFM continues to participate at international level and is active in global forest policy development at both the United Nations Forum on Forests and at the UN Food and Agriculture Organisation's (FAO) Committee on Forestry. The UN Sustainable Development Goals are central to discussions in these fora.

Ireland is a signatory to the pan-European political process Forest Europe and contributes to its development of common strategies for the protection and sustainable management of forests. Established in 1990, 'FOREST EUROPE' is the Ministerial Conference on the Protection of Forests in Europe. It is a Pan-European voluntary high-level political process for intergovernmental dialogue and cooperation on forest policies in Europe. Ireland was a signatory to the Ministerial Declaration & Resolution, agreed during the 8th Ministerial Conference in April 2021.

DAFM is the competent authority for the implementation of the EU Timber Regulation and the FLEGT Regulation (Forest Law Enforcement, Governance and Trade). These measures tackle the issue of illegal logging by prohibiting first placement of illegally harvested timber on the EU market (and mandating due diligence) and by establishing import licensing schemes (FLEGT) with exporting partner countries to ensure legality. DAFM is also currently engaged with the European Commission with regard to the ongoing fitness check of the EUTR & FLEGT regulations, the outcome of which is expected in Q2 2021.

## 4.11 Highlights

### Knowledge Transfer Scheme

Following a successful outcome of the Scheme in 2019, the Knowledge Transfer Scheme re-opened in May 2020 in strict accordance with Government guidelines on COVID-19. This was the 3rd year of this Scheme and there was again considerable interest amongst private forest owners who wish to learn how to better manage and mobilise their forest asset. The Scheme is run in a group setting, led by a professional forester.

Forty three groups with a maximum of 809 participants were approved in July 2020. However, due to ongoing COVID-19 restrictions, only a very limited number of Forestry KTG meetings and events took place in 2020. The Scheme was extended to May 2021 with consideration being given to extending the Scheme up to the end of 2021. Some amendments to the Scheme conditions were also made in response to the current public health guidance, such as introducing the option for virtual meetings and events being held by Forestry KTG Organisers.

The operation of the Scheme was reviewed in 2020 before it re-opened in order to gauge the effect of participation on decision-making by owners. The results were very encouraging and showed that almost all participants are now managing their forest differently as a direct result of experience gained from their group meetings. The review also highlighted some improvements that were included in the 2020 Scheme.

### Mackinnon Review and Project Woodland

In July 2019, Mr. James Mackinnon was commissioned to review the forestry licensing process in consultation with various industry stakeholders, DAFM personnel and other interest groups. The report made various recommendations or "Ways forward", aimed at improving the efficiency and effectiveness of the licensing approval process, as well as dealing with broader issues relating to encouraging woodland creation. A comprehensive Implementation Plan, outlining actions which give effect to the recommendations in the report was developed, again in consultation with stakeholders.

### Update:

Towards the end of 2020, work on finalising the Mackinnon Implementation plan was carried out by Ms Jo O'Hara, former head of Scottish Forestry, in accordance with specified Terms of Reference. Ms. O'Hara interviewed a variety of stakeholders as part of her review and presented a report on her work to Minister Hackett in February 2021, with suggested key actions, deliverables and milestones to be adopted for the implementation of the Mackinnon recommendations. The Minister accepted the O'Hara recommendations and established Project Woodland to address the Forestry Licencing process and bring a new impetus to woodland creation in Ireland.

## 4.12 Research Project: Forestry

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**Lead Institute:**
Trinity College Dublin

**Collaborating Institutions:**
University College Dublin, National University of Ireland, Galway University, College Cork, University of Limerick

**Funding**
€2,989,001

**Forest Project (CoFoRD)**
**NXTGENWOOD**

The Irish forestry/wood sector is a key contributor to Ireland's economy and a critical component of our climate strategy. There is considerable opportunity to improve its economic benefit by developing high value products such as biobased polymers, chemicals and nutrients from forestry and, in particular, forestry residual and waste materials.

This could transform the industry, boost the rural economy and deliver a green biobased vision for new technologies in Ireland but requires significant research and development. There has been a low level of research in bioeconomy and forestry relevant areas in Ireland.

This research centres on development of a research ecosystem that will:

1) Launch higher-value wood and wood-derived biobased products into the market.
2) Generate innovation and unique wood materials/ biobased chemicals that can be exploited.
3) Develop a highly trained work force that can enter the Irish workforce and foster the uptake of those emerging technologies and
4) Sponsor development of science to help fulfil Ireland's sustainability targets.

# CHAPTER 5 Fisheries & Aquaculture

Irish seafood exports totalled
**€531million**
in 2020, down 8% on 2019.

According to BIM domestic consumption of fish amounted to
**€406m**
in 2020.

Over
**16,400 people**
are employed directly and downstream in the Irish seafood sector.

## 5.1 Overview

The seas around Ireland are among the most productive and biologically sensitive areas in EU waters. As an island nation, fishing has always been economically and socially important to Ireland. The natural, clean water around Ireland's 7,500km of coastline has provided exceptionally good seafood for thousands of years and it is important to protect this resource for future generations. Most of the fisheries resources within the area come under the remit of the Common Fisheries Policy (CFP).

The Common Fisheries Policy (CFP) that is currently in place came into force on the 1st January 2014. This policy is reviewed every 10 years with the next review scheduled for completion by the end of 2022. The overarching goal of this policy is to ensure that fishing and aquaculture are environmentally, economically and socially sustainable, thus resulting in a competitive and viable seafood sector for all.

According to BIM, 16,430 people are employed directly and downstream in the Irish seafood sector, many of them based in Ireland's remote coastal communities, where alternative employment options are limited. The success of the Irish seafood industry is vital to the economies of these regions, where it provides employment on fishing vessels, fish farms, in processing operations and in the distribution of seafood.



## 5.2 Seafood Exports

### Ireland:

According to the CSO, the value of Irish seafood exports in 2020 was estimated to be in the region of €531 million, an 8% decrease on the value attained in 2019. The value of exports of salmon and mackerel, Ireland's most valuable seafood exports, both increased in 2020 in volume and value terms. Salmon increased by 14% in value with a volume increase of 11%, while mackerel exports increased in value by 6% with an 7% increase in volume.

### EU:

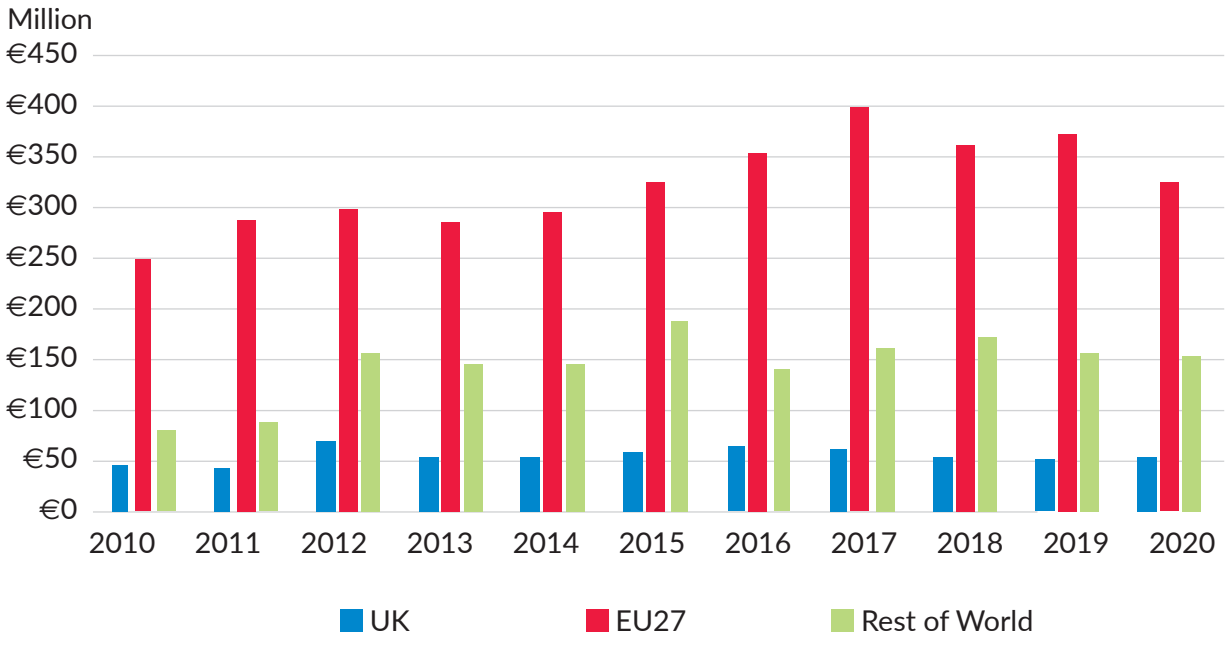
Ireland exported fish to the value of €324 million to the EU27 accounting for 61% of total exports by value, but for just 36% by weight or 73,000 tonnes. The main EU markets were France, Spain, Poland, Italy and Germany, which account for 53% or €281 million of total exports by value and for 55,600 tonnes or 28% by weight. Eleven percent of our fish exports by weight went to France, with the value representing 22% of total fish exports.

### International:

The United Kingdom was our largest third country market accounting for just over 10% of our fish exports by both value and volume. Overall, it was our second most valuable market after France and just ahead of Spain. Nigeria was our fourth most valuable export market for fish in 2020 with €49 million or over 9% exported there. Over 50,000 tonnes or 25% of total exports by weight went to Nigeria with frozen blue whiting accounting for 21,200 tonnes and frozen mackerel accounting for 16,000 tonnes.

Exports to the three main Asian markets (China, Republic of Korea, and Japan) were significantly affected in value and volume terms in 2020 compared to 2019. These markets accounted for 8% (€42 million) of total seafood export values, falling in value by 48% in 2020. The wider South East Asian markets (China, Republic of Korea, Japan, Taiwan, Vietnam, Singapore, Malaysia, and Thailand) accounted for over 9% (€46m) of total export value in 2020.

**Figure 5.1** *Worldwide Fish exports by value, 2010-2020*




**Source:** CSO

## Trade:

In the pelagic sector, the main commercial pelagic species caught by Irish vessels include mackerel, herring, horse mackerel and blue whiting. Quotas have increased for mackerel but fell significantly for horse mackerel and herring. Demand for pelagic species was severely impacted in Asia where export volumes of mackerel fell by 75% to China and by 40% to Japan. The best performing pelagic markets in 2020 were in Africa and the Middle East. Demand for Irish mackerel in Africa increased by around 94% in value during 2020, with value growth of 43% in the Middle East.

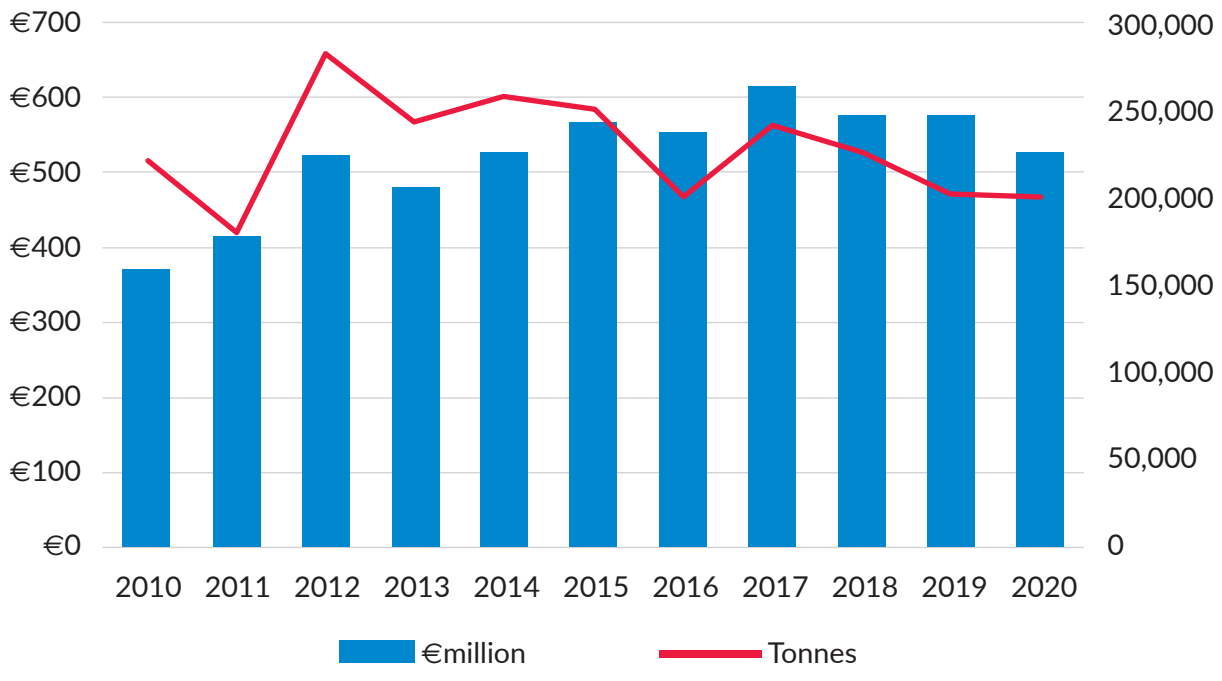
Exports of whitefish decreased by 8% in volume and 3% in value. Core markets in Europe saw a decrease in export values of 18%, with volumes declining 13%. Spain remains our main market for whitefish, followed by the United Kingdom and France. The Irish whitefish total allowable catch decreased by around 9% in 2020 compared to 2019.

Export values and volumes of Irish shellfish fell in 2020 after the closure of hospitality sectors in the main markets during the year.

The Irish oyster sector had a bad year, with export value and volume decreasing by 30% and 29% respectively. Exports of oysters to France and China declined significantly in 2020 with growth only seen in exports to South Korea and Italy; however, these markets are relatively small.

In 2020, salmon export values increased by 14% driven by an 11% increase in volume. The volume of fresh or chilled Atlantic salmon exported in 2020 was up 3% in value and 8% in volume, while exports of fresh or chilled fillets of Pacific salmon were up 26% in value and 24% in volume. Exports to Poland increased again in 2020 from 2,000 tonnes to over 3,780, the value of which increased from €21m to €36m year-on-year, becoming the largest market for Irish organic salmon. The French market declined in 2020 by 37% in value and is now the second largest market for Irish salmon. Strong growth was also seen in Germany with value of exports increasing 10%.

**Figure 5.2** *Value of Seafood exports, 2010-2020*




**Source:** CSO

## 5.3 Brexit

In January 2021, Minister McConalogue published a Preliminary Analysis of Transfers of Quota Shares which details quota transfers for Ireland across the different stocks. This compares the quota shares allocated to Ireland in 2020 and the corresponding new quota shares for 2021-2026. The cost of the final (2026) quota transfer by Ireland will be €43m which amounts to a 15% loss in overall value. In contrast, the Netherlands contributed approximately 10%, France about 8%, Denmark and Belgium about 7% and Spain only about 4%.

Our largest fishery, Mackerel, in particular, made up a large proportion of the value of the transfer to the United Kingdom (estimated annual transfer value is €55m). There will be a 26% reduction in our western mackerel quota share. Ireland holds over 50% of the share of this quota and is losing €27.5m annually. In Ireland's largest non-pelagic fishery, Nephrops (Prawns) in Area 7, the Irish quota share reduction will be 14%.

The other whitefish fisheries where there are notable reductions are: Hake (Celtic Sea) 3%, Haddock (Celtic Sea) 11%, Haddock (Irish Sea) 16%, Haddock (Rockall) 22.6%, Megrim (Celtic Sea) 8%, Megrim (West of Scotland) 19%, Anglerfish/Monkfish (Celtic Sea) 7%, Anglerfish/Monkfish (West of Scotland) 20%, and Pollack (Celtic Sea) 9%.

Reductions in the Annexes to the Agreement are graduated over the 5.5 year period of reciprocal access, but the largest part of the reduction, 60%, is between 2020 and 2021.

Non quota stocks will not be impacted until 2022.

## 5.4 Fish Quota Management

In 2020, DAFM was responsible for managing over 200,000 tonnes of fish quotas. The management arrangements for quotas differ from species to species and are determined by the Minister for Agriculture, Food and the Marine following regular formal consultation with Industry representatives. A key objective of whitefish quota management is the avoidance of very early closure of fisheries through rapid exhaustion of the quota. This is important because our whitefish fisheries are mixed, and an early closure may lead to discarding of fish and would undermine the effective implementation of the landing obligation which prohibits discarding of fish at sea.

An increase in the mackerel quota in 2020 softened some markets slightly and there was competition from Norway and the Faroese selling cheaper stock which presented challenges for the Irish processing sector. Generally, the landed price for mackerel retracted somewhat because of the increased volumes available.

There are nine principal managed pelagic stocks (Mackerel, Irish Sea Herring, Celtic Sea Herring, North West Herring, Atlanto-Scandian Herring, Horse Mackerel, Blue Whiting, Boarfish and Albacore Tuna) and the particular management of each is further subdivided between various sectors of the fleet. The fishing of pelagic species is generally confined to the spring and the autumn. Since 1 January 2015 pelagic stocks have been subject to the landing obligation.

To align the principles of the landing obligation to Ireland's quota management system, in December 2017 a conservation measure (a Pilot Quota Balancing Policy for Pelagic Stocks) was put in place at the request of and in cooperation with Industry representatives. This was expanded to cover key Demersal (whitefish) stocks in policy set down in April 2019.

The Quota Balancing system is a management conservation and rational exploitation measure to aid matching catch limit to actual catch to support landing obligation requirements. The landing obligation, as provided for under Article 15 of Regulation (EC) No.1380/2013 (CFP), relates to conservation. Quota balancing means that when a catch allocated to a vessel is exceeded, a balancing adjustment will be made from future allocations of fishing opportunities and will operate independently of any action being considered or taken by the control authorities.

Quota Balancing is being implemented on a phased basis. Pelagic stocks were quota balanced for the years 2018 and 2019. Quota Balancing for the five key Demersal (Whitefish) Stocks was implemented in 2020.

## 5.5 The Irish Fishing Fleet

The Irish fishing fleet can be broken down into five categories:

### Specific

This category covers vessels permitted to fish for bivalve mollusc and aquaculture species. There were 147 vessels registered under this category at year end 2020.

### Polyvalent

Polyvalent vessels totalling 1,722 made up the majority of the Irish fishing fleet in 2020. These vessels are multi-purpose and include both smaller inshore vessels and medium or large offshore vessels used to land whitefish, pelagic fish and bivalve molluscs.

### Beam Trawler Segment

This category contained 10 vessels dedicated to beam trawling, a simple trawling method used predominantly in Irish inshore waters (except in the southeast), where it is used to catch flatfish such as sole and plaice.

### Refrigerated Seawater (RSW) Pelagic Segment

This segment contained 23 vessels engaged predominantly in fishing for pelagic species (primarily herring, mackerel, horse mackerel and blue whiting).

### Aquaculture Segment

The 96 vessels in this category must be exclusively used in the management, development and servicing of aquaculture areas. These vessels can collect mussel seed subject to an authorisation for that purpose under section 13 of the Sea-Fisheries and Maritime Jurisdiction Act 2006, as part of a service to aquaculture installations.

**Table 5.1** *The Irish Fishing Fleet 31 December 2020*

| Segment | Number of vessels | Gross Tonnes | Kilowatts (kW) |
|---|---|---|---|
| **Polyvalent** | 1,722 | 32,382 | 115,555 |
| **Pelagic** | 23 | 24,876 | 47,109 |
| **Beam Trawl** | 10 | 1,139 | 2,818 |
| **Specific** | 147 | 2,237 | 12,032 |
| **Total** | **1,901** | **60,634** | **177,514** |
| **Aquaculture** | 96 | 4,278 | 11,655 |

**Source:** Licensing Authority for Sea Fishing Boats

## 5.6 Employment

With over 16,000 direct and indirect jobs across fisheries, aquaculture, processing and ancillary sectors, the seafood industry plays a vital role in the sustainable economic viability of many coastal communities across Ireland.

**Table 5.2** *Employment in the Seafood Industry, 2019 and 2020*

| | 2019 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Full Time | Part Time | Total | Full Time | Part Time | Total |
| **Fisheries** | 2,390 | 643 | 3,033 | 2,271 | 643 | 2,881 |
| **Aquaculture** | 1,061 | 887 | 1,948 | 1,033 | 887 | 1,852 |
| **Processing** | 3,229 | 977 | 4,206 | 2,961 | 977 | 3,857 |
| **Ancillary** | | | 6963 | | | 7,840 |
| **Total** | | | **16,150** | | | **16,430** |

**Source:** BIM Irelands Seafood Development Agency

The seafood industry provides employment mostly in coastal areas with share of total coastal employment as high as 16% in Donegal or the North region. Overall, of the almost 240,000 employed in coastal areas around Ireland, 7% of them are employed in the seafood sector.

**Table 5.3** *Employment by Region in the Seafood Industry 2020*

| Region | Total Population | Coastal Population | Coastal Employed | Direct seafood Employment | Downstream Seafood Employment | Share of Coastal Employment |
|---|---|---|---|---|---|---|
| **North** | 159,192 | 74,989 | 27,488 | 2,008 | 4,481 | 16% |
| **North West** | 292,630 | 64,059 | 25,328 | 614 | 1,085 | 4% |
| **West** | 376,875 | 64,704 | 27,034 | 998 | 1,718 | 6% |
| **South West** | 342606 | 90,323 | 36,718 | 883 | 1,462 | 4% |
| **South** | 542,868 | 115,533 | 49,815 | 1,787 | 3,458 | 7% |
| **South East** | 808737 | 91,681 | 36,467 | 1,170 | 1,948 | 5% |
| **East** | 2,238,957 | 83,775 | 36,139 | 1,130 | 2,278 | 6% |
| **Total** | **4,761,865** | **585,064** | **238,989** | **8,590** | **16,430** | **7%** |

**Source:** BIM Irelands Seafood Development Agency

## 5.7 Aquaculture Licensing

In 2017 DAFM put in place a two-year programme to eliminate the backlog of shellfish licensing applications. This resulted in approximately 750 licence determinations being achieved since 2017, effectively eliminating the shellfish licensing backlog as an issue affecting the aquaculture industry. The elimination of the shellfish licensing backlog is a significant development for the industry and provides a solid footing for the future. Twenty-eight aquaculture licence determinations were made by the Minister in 2020.

The processing of applications for finfish licences in the marine environment is significantly more complex than the situation in relation to shellfish aquaculture, due to the requirement for operators to produce Environmental Impact Statements / Environmental Impact Assessment Reports (EIS/EIAR) and for the Department and relevant Agencies to analyse these reports in detail. The Department must then produce an Environmental Impact Assessment in relation to each application.

As part of the Department's strategy for the elimination of the marine finfish licence backlog, a formal request for the submission of outstanding EIS/EIARs issued to all operators in December 2018. This deadline was the subject of a number of extensions on foot of indications from aquaculture industry representatives that meeting the deadline was proving to be challenging and also necessary consideration of unforeseen delays arising on foot of the Covid-19 crisis. As of 30th June 2021, outstanding EIS/EIAR documentation has been received in almost all cases and these will now be the subject of necessary assessment and processed in the coming months. On completion of the necessary scientific and technical reviews and clarifications etc where required, the applications will be subjected to both Public & Statutory Consultation as part of the assessment process in accordance with the relevant legislation.

It should be noted that all operators who have applied for a renewal of existing aquaculture licences are entitled to continue operations at aquaculture sites subject to the terms and conditions of their existing licences as set out in Section 19A. (4) of the Fisheries (Amendment) Act 1997. This effectively allows them to continue to operate (after the expiry of their aquaculture licences) subject to the terms and conditions of their original aquaculture licences pending the determination of their renewal applications.



## 5.8 Inshore Fisheries

### Developing Sustainable Inshore Fisheries

Implementation of the Strategy for the Irish Inshore Fisheries Sector 2019-2023 continued in 2020, with the Strategy Implementation Group driving progress on actions it identified as priorities for the sector. These include developing a profile of the inshore sector, building the sector's capacity to engage with policy development and enhancing industry's understanding of management and planning for inshore fisheries. In 2020, the Group adapted the annual National Seafood Survey for inshore vessels under 10 meters to collect data for the development of a more accurate inshore sector profile. It also identified mechanisms to encourage fishers in the sector to develop their digital literacy through one-to-one training in the local community. BIM is leading implementation of the strategy in partnership with the NIFF and the National Inshore Fishermen's Association. The Group includes representatives from industry as well as DAFM, BIM, the Marine Institute and the Sea-Fisheries Protection Authority.

The National Inshore Fisheries Forum (NIFF) met on seven occasions during 2020 to discuss and develop proposals concerning inshore fisheries. Given the impact of the Covid-19 pandemic, all but one of these meetings were held virtually and focused on the significant challenges presented by the pandemic to inshore fisheries. The pandemic resulted in poor demand in seafood markets and lower prices, while expenses and costs for inshore operators remained similar to previous years. Due to this economic environment, there was a reduction in fishing activity for most inshore stocks. The Forums involve representation from inshore fishers, environmental interests, marine leisure, marine tourism, and other marine stakeholders. A dedicated website provides information on the work of the Forums: www.inshoreforums.ie.

Management of the all-island mussel seed fishery continued in 2020, with the autumn fishing season commencing in the Irish Sea in early September and in Castlemaine Harbour, Co. Kerry, towards the end of that month. The fishery continues to be certified by the Marine Stewardship Council (MSC). The current certification, which was issued in 2018, is valid for five years.

### Impact of Brexit on Voisinage Arrangements

The *Voisinage* (or "neighbourhood") arrangements between Ireland and Northern Ireland have provided reciprocal fishing access for more than 50 years in the waters from 0-6 nautical miles of each jurisdiction. In 2020, prior to the conclusion of Brexit negotiations, fishing vessels in either jurisdiction had unfettered access to each other's 0-6nm zones. As a result, they had been subject to the same terms and conditions applicable to domestic vessels carrying out the same fishing activities.

Following Brexit, the EU Commission advised that fishing in the Irish 0-6nm zone is now covered by the Sustainable Management of External Fishing Fleets Regulation (Regulation 2017/2403) which deals with Third Country Fisheries issues. NI vessels wishing to fish in the Irish 0-6nm zone need to obtain an authorisation in accordance with Article 34 of the SMEFF Regulation. The Department of Agriculture, Environment and Rural Affairs has confirmed that the new UK Fisheries Act 2020 will require Irish vessels desiring access to NI 0-6nm zone to be licensed by the United Kingdom. DAFM will continue to notify the EU Commission of Irish vessels seeking access to fish in NI 0-6nm zone to forward to the UK Single Issuing Authority for authorisation.

Case Study

## Aisling Kelly- WBs Coffee House and Sligo Oyster Experience



Having spent every holiday traveling around the world, Aisling Kelly has seen many interesting places, but there's nowhere quite like home.

After her father passed away in March 2014, Aisling instantly knew she wanted to return home to Sligo. She left her job as a sales executive in Dublin and decided to take over the premises her father had owned.

Having stood empty since 2012, Aisling decided to renovate the building and turn it into a café. She spent her spare time looking at cafés in Dublin - researching and asking for advice – to figure out how to run her business.

By August 2014, Aisling was back in Sligo and WB's Coffee House was officially opened in November. Having always worked for someone else, Aisling struggled with staying on top of the business side of things, but ACORNS helped her stay accountable and reach each goal.

Located across from the Ulster Bank on Stephen's Street in Sligo town, WB's Coffee House is thriving, and Aisling now has three full-time and three part-time employees.

With the growing interest in her business, Aisling has made some big changes. She has recently added a gift shop section to WB's Coffee House and stocks some of the items made by the other ACORNS participants, along with WB Yeats books, and other unique Irish-made products.

In 2018 Aisling launched The Sligo Oyster Experience, which takes the visitor on a short walking tour of Sligo town and then back for freshly shucked oysters at the purpose-built oyster bar back in the café. Due to the success of the Sligo Oyster town tour, Aisling is launching Sligo Oyster Farm tours in August 2020. Aisling said, "I came up with the idea to run tours after my husband, Glenn, who is an oyster farmer, introduced me to oysters, their history and harvesting in Sligo Bay. My background is in business and tourism and I saw a niche in the market for a unique experience showcasing this wonderful tradition. The tour really gives people an opportunity to appreciate Sligo.

The Sligo Oyster Farm Tour adds an exciting 'hands-on' element. People really get to see how the oysters are grown, the impact the weather has on the farm and the hard work involved from the beginning of the process to the final product. I feel like the appreciation of the tasting experience that follows is heightened greatly by this element."

www.sligooysterexperience.ie

ACORNS
Accelerating the Creation Of Rural Nascent Start-ups

## 5.9 Sustainability in the Sector

### Clean Oceans Initiative

The Clean Oceans Initiative was launched in January 2019 to address the issue of marine plastic pollution. Bord Iascaigh Mhara (BIM), Ireland's Seafood Development Agency, and the Harbour Masters of the six fishery harbour centres owned and managed by DAFM, have been working with the fishing industry in relation to the pollution in our marine environment and marine litter. By the end of 2020, there were 244 boats (1,169 crew members) officially registered as part of the initiative at 12 ports. Marine Litter collected and disposed of appropriately by the primary production sector (both aquaculture and catching) in 2020 totalled approximately 204 tonnes. The Fisheries Producer Organisations, which represent the majority of Ireland's trawling fleet, have endorsed the Clean Oceans Initiative and encouraged their members to sign up and get involved.

The new Programme for Government seeks to support and build upon what has been achieved to date. It commits to "aggressively tackle the issue of waste, ghost nets and illegal dumping in the marine environment through rigorous implementation of the Port Reception Facilities Directives and by requiring all Irish Fishing Trawlers to participate in the Clean Oceans Initiative, ensuring that plastic fished up at sea is brought ashore". DAFM and BIM will continue to work with the fishing industry in 2021 to gain 100% participation in the initiative.

Funding to support the Initiative has been made available under Ireland's European Maritime and Fisheries Fund (EMFF) to provide on-board storage facilities and onshore infrastructure for environmentally friendly disposal of all plastics, waste, ghost fishing gear, etc. recovered at sea. Onshore infrastructure is also available to fishers to dispose of unwanted fishing gear and other items with a plastics content. DAFM is the managing authority for the EMFF in Ireland.

There are two EU Directives that will continue to be key drivers in relation to marine litter.

### Single Use Plastics Directive

Directive (EU) 2019/904, published on 12 June 2019, forms part of the European Commission's plastics strategy which commits the EU to tackling litter, boosting recycling rates and improving the design of plastic products.

DAFM actively engaged with the Department of the Environment, Climate and Communications to support the transposition of the Single Use Plastics Legislation into Irish law and Regulations to give effect to this prohibition were signed on 2 July 2021.

### Port Reception Facilities Directive

Directive (EU) 2019/883 of the European Parliament and of the Council of 17 April 2019 on port reception facilities for the delivery of waste from ships, amending Directive 2010/65/EU and repealing Directive 2000/59/EC, requires that vessels land waste they produce during voyages to and between EU ports to Port Reception Facilities. It also requires ports to develop waste handling plans and provide Port Reception Facilities to the ships using their ports. It builds on existing international arrangements, principally MARPOL 73/78. These regulations apply to all ships (including fishing vessels and recreational craft) and all ports within the State visited by such ships.

Local competent authorities (in most cases the port in question) must develop and implement an appropriate waste reception and handling plan for their respective ports. The plan should be available for public inspection and also available to all port users at the port. DAFM worked with the Department of Transport to support the transposition of the Port Reception Facilities Legislation into Irish law by the end of June 2021 deadline.

## 5.10 Research Projects: Fisheries & Aquaculture

Dr Maria Hayes
Teagasc Ashtown
Dublin 15.

**Lead Institution:**
Teagasc

**Collaborating Institutions:**
Institute of Technology Sligo
2019 Transnational
ERA-NET Call

**Funding**
€300,843.90

### SEASOLUTIONS

Seaweeds and seaweed-ingredients to reduce enteric methane emissions from pasture-based sheep, cattle and dairy cows.

The Seasolutions project aims to develop novel, science-based and implementable approaches to reduce enteric emissions from sheep, beef and dairy cows. Seaweed preservation and characterisation, in vitro simulated rumen studies and animal scientific experiments make up the backbone of the project.

These experiments will produce the data to provide for: a process description regarding the effect of seaweeds on enteric methane emissions; an assessment of management options with respect to enteric methane emission control; and a fundamental understanding of the microbiome, its relationship with its host animal, microorganisms and methanogens. This is essential to ensure feed efficiency, economic production of livestock and reduction of methane emissions.

To date, some chemical compounds and seaweeds (3 Nitrooxypropanol (3 NOP), Asparagopsis taxiformis and Asparagopsis armata) have shown methane inhibitory effects in the laboratory and in limited animal studies. Laboratory experiments have shown methane reductions of up to 99%.

However, 3NOP and Asparagopsis sp. are not commercially viable due to (1) Limited supply of seaweed/seaweed bioactives and (2) animal health and food safety issues (potential carcinogen) and environmental concerns (negative effects on the ozone layer); (3) prohibitive costs and (4) limited aquaculture of Asparagopsis seaweeds.

SEASOLUTIONS proposes to comprehensively screen and test the efficacy of natural and native, abundant seaweeds that reach the requirements of long-term efficacy without negative effects.

SEASOLUTIONS will provide answers to the following practical issues regarding the development of seaweed feeds for methane emissions reduction including the following research gaps: (1) Nutrition, (2) Delivery - SEASOLUTIONS will answer issues concerning delivery of supplements/additives to pasture-fed animals (3) Developing a convincing economic model (4) Assessing the safety of developed ingredients in animals (sheep, cattle and cows) and any sensory implications on final food end-products (meat, milk).



## 5.11 Ireland and EU Outlook

The EU faces an unprecedented challenge over the next number of years as it adapts to managing fish stocks shared with the United Kingdom. At this point, it is not clear how the United Kingdom's withdrawal from the EU will be effectively managed from a fisheries perspective. It is likely that the United Kingdom, in the short term at least, will follow the same policy as the EU in terms of setting TACs in line with MSY. However, there is no clarity on how the United Kingdom will address issues such as the discards ban, technical measures and by-catch only stocks.

A review of the current Common Fisheries Policy (CFP) is expected to be completed by the end of 2022. The European Commission has indicated that it will commence the review process when there is clarity on the future relationship of the EU and the United Kingdom. The review of the CFP is a detailed process involving extensive consultation with stakeholders across the EU.

The fishing industry, like all sectors of the economy, has been impacted by the COVID-19 Pandemic. Nonetheless, in spite of the difficulties, the fishing industry has continued to keep food in our shops and on our tables during this extraordinary time. This has highlighted the vital role that the fishing industry plays in the food chain. This, in turn, underscores the importance of ensuring the sustainability of our fish stocks. Due to the closure of the food service sector around the world during the pandemic and transportation issues, the value of Irish seafood exports were down around 8% in 2020.

The need for a sustainable and resilient food chain to ensure food security is central to the EU's Farm to Fork Strategy, published in May 2020, to facilitate the EU's transition to a more sustainable food system.

These strategies will help us to continue to build on the progress that has been made to date – build and maintain healthy fish stocks, protect vulnerable species and protect the marine ecosystem upon which our fishing industry, and the communities it supports, depends.

The OECD-FAO Agricultural Outlook 2021-2030 released in July 2021 outlined that nominal fish prices will increase at a rate between 0.8% and 1.6% per annum over the 2021-2030 period, with a stronger increase in 2022 when the negative effects of COVID-19 on markets are expected to end. In real terms, all fish prices are projected to decline over the 2021-2030 period; aquaculture by 0.3% per annum, capture by 1.1% per annum, traded fish by 0.9% per annum, fishmeal by 0.6% per annum, and fish oil by 0.4%.

World fish production is projected to grow at 1.2% per annum during the outlook period, a relative slowdown compared to the 2.1% per annum growth of the previous decade.



## 5.12 COVID–19 effects on the Sector

The overall market situation during 2020 was extremely fragile, with both the domestic and export markets reacting to the ongoing challenges posed by the COVID-19 pandemic.

The value of Irish seafood exports declined by 7.9% to reach €531 million in 2020. This is against a backdrop of volumes declining by less than 1% over the year to reach over 200,000 tonnes of exports. The sector has been severely impacted by COVID-19 which has affected the performance of all species across the sector, particularly within the shellfish category which suffered a 30% reduction in export values.

Ireland's largest seafood export market, France, was extremely challenging for Irish exporters during 2020. Values declined by 19% to be worth in the region of €118 million. Volumes were also down by 19% across the range of species sold into this market. Exports to Spain were down by 15% in value to be worth €53m and 15% in volume during this period.

The Italian market, upon which the Irish langoustine sector is heavily dependent, was also affected by the extended lockdowns. This effectively closed off the hospitality sector for exporters. This sector is the main outlet for high value shellfish species from Ireland. Italy dropped from third largest export market in 2019 to sixth largest behind France, the United Kingdom, Spain, Nigeria and Poland in 2020.

Irish exports to Asia suffered major declines during 2020. COVID-19 resulted in lengthy foodservice closures which impacted severely on high value shellfish exports to the region. Seafood exports to Asia were worth €46m in 2020, a 48% decline year-on-year. Exports to Japan declined by 42% and exports to China reduced by 70%. The increase in logistical costs also had a negative impact on the returns secured by the sector during 2020.

The reduction in seafood export value for 2020 of 8% from the previous year is a far more significant decrease compared to agri-food exports in general, for which the overall decline was just 3%,. There are two main reasons for this decline. The first is the disruption of exports in the shellfish category (crustaceans and molluscs) which are normally destined for the foodservice channel. The second is similar disruption to the overall food service, particularly in Europe, for whitefish (notably higher value fish like monkfish).

Certain categories, such as pelagic (oily) fish fared better, with operators having opted to use their quota in the first half of 2020 to mitigate Brexit uncertainty and secure markets in West Africa. The value of exports to Africa increased by 77% to €92 million, accounting for 17% of total exports.

The increase in logistical costs also had a negative impact on the returns secured by the sector during 2020. An increase in inspections at ports has also resulted in increases in delays in clearing customs and a consequent increase in the costs to service this market.

CHAPTER 6

# Agri-Food sector trade

The value of agri-food exports for 2020 totalled

**€14.2 billion.**

The United Kingdom is our largest trading partner with

**31% (€5.2 billion)**

of agri-food products exported there in 2020.

The Prepared Consumer Foods sector accounted for over

**€2.5 billion**

in agri-food sector exports in 2020.

## 6.1 Overview

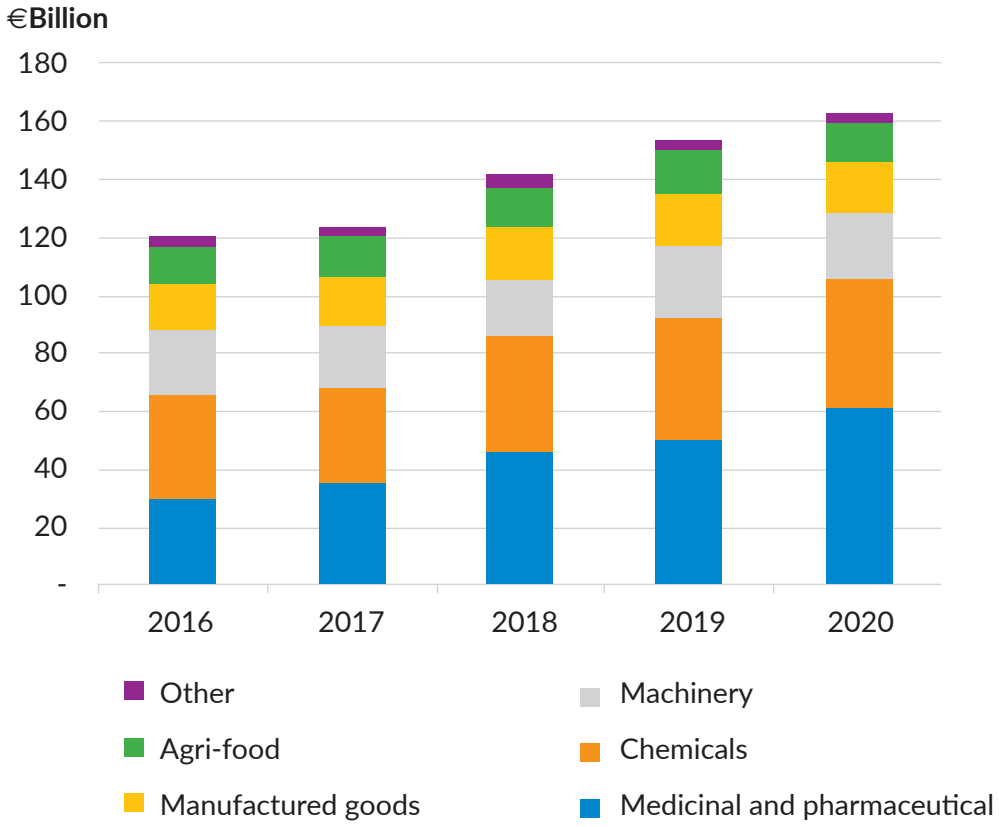
Agriculture is Ireland's largest indigenous exporting sector. Irish food and agricultural products are produced by thousands of farmers, fishermen and agri-food companies from the four corners of the island. This locally produced food is exported to over 180 countries around the world, with agri-food exports totalling €14.2 billion in 2020. This supply chain stretches from rural and coastal areas all across Ireland to distant markets in Asia, America and Africa, underlining the sector's pivotal role in the Irish economy.

The €14.2 billion value of agri-food exports for 2020 was down 2.7% on 2019 figures, but up 60% on 2010 values. Dairy produce was the largest of these exports, up marginally by €24 million to €5.1 billion, with beef down slightly by €16 million to €2.3 billion. There was an increase in the value of export of sheepmeat of €38 million to €356 million (+12%), animal foodstuffs up €25 million (+7%) to €692 million and of €18 million in fruit & vegetables to €177 million (+11%). The overall decrease on last year was due to a challenging year for export of beverages down €261 million (-15%) to €1.45 billion, fish down €45 million (-8%) to €531 million and live animals down €106 million (-23%) to €345 million. In the context of the challenges posed by both COVID-19 and Brexit during 2020, this 2.7% decrease was a strong performance and highlights the resilience of the agri-food sector.



Ireland is an open economy that exports the vast majority of its agricultural products. Irish exports of all goods for 2020 totalled approximately €162 billion in value, a 6% increase on 2019, and a 78% increase since 2010. Agri-food exports accounted for 9% of total exports.

**Figure 6.1** *Merchandising exports by value, 2016 – 2020*




**Source:** CSO

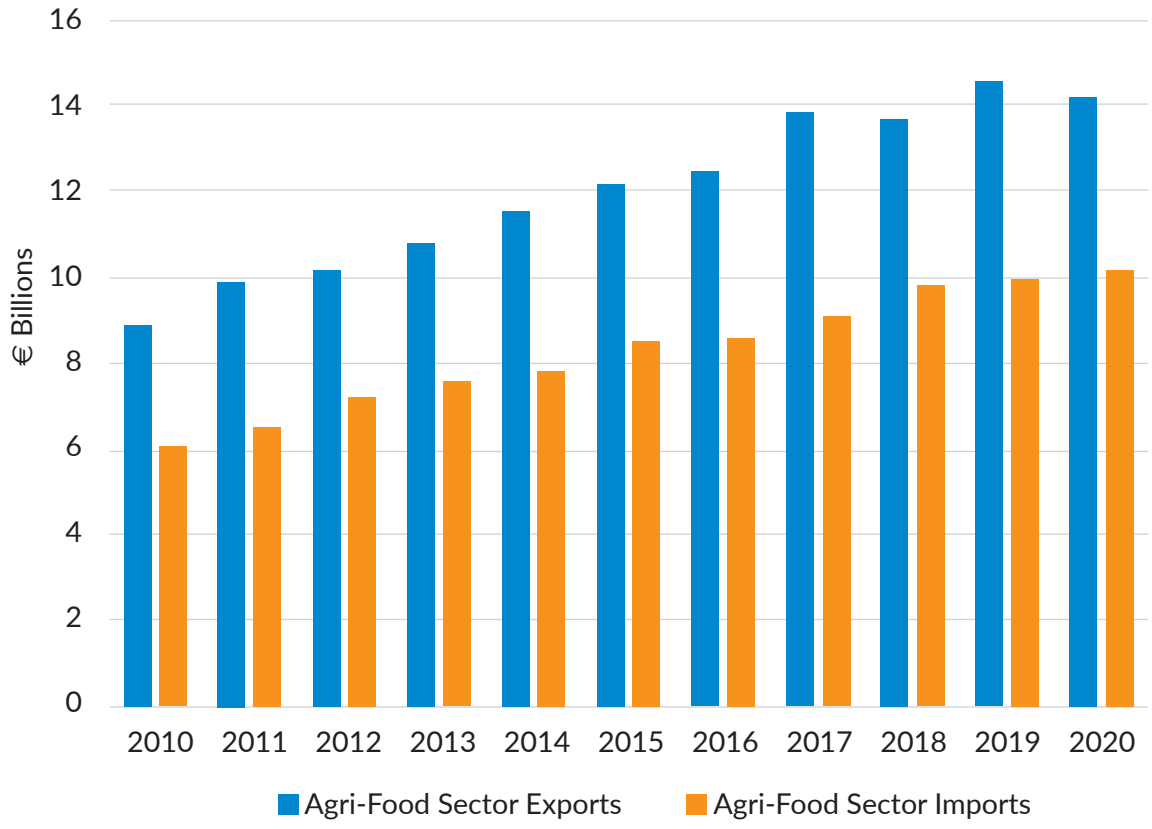
This chapter examines agri-food sector exports worldwide, in terms of both traditional agri-food products, like beef and dairy, and also prepared consumer food products. Further information on trade can be found in the Department of Agriculture, Food and the Marine Trade Factsheet on the Department's website.

## 6.2 Agri-food sector trade

Agri-food sector trade is broken down into 26 categories identified and agreed upon by the Department of Agriculture, Food and the Marine and the Central Statistics Office. Products and Raw Goods are categorised using combined nomenclature (CN) codes, a European harmonised system used to classify goods for customs and trade reasons. These categories include non-edible Agri-food items such as Forestry and Animal Hides and Skins (not included as part of Bord Bia trade statistics), along with traditional Food and Beverage products.

Agri-food exports were almost €14.2 billion in 2020, a decrease of 2.7% over 2019 but an increase of 60% since 2010. Imports of agri-food sector products totalled €10.2 billion in 2020, increasing 2% on 2019, and by 68% from €6.0 billion in 2010. There was a trade surplus in agri-food products of €4.0 billion in 2020.

**Figure 6.2** *Agri-food Trade, 2010 – 2020*




**Source:** CSO

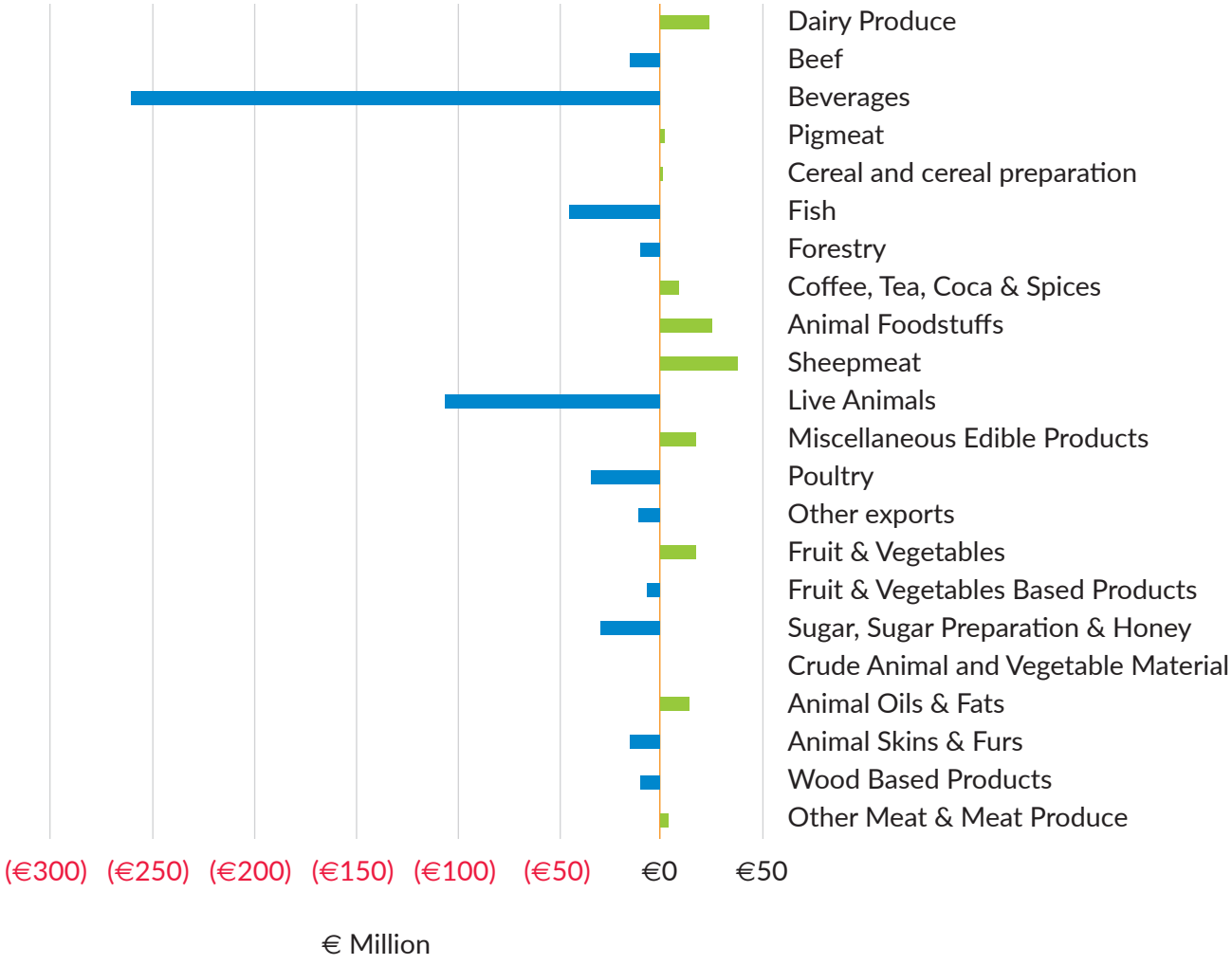
In value terms our top five agri-food exports were dairy produce, beef, beverages, pigmeat and cereal & cereal preparation:

- Dairy exports were valued at €5.1 billion in 2020, an increase of almost €24 million on 2019.
- Beef exports decreased by €16 million in 2020 to €2.3 billion, a 1% decrease on 2019 figures.
- Beverage exports decreased by €261 million, or 15% on 2019 to €1.45 billion.
- Pigmeat exports increased by marginally by €1.7 million to €868 million.
- Cereal & cereal preparation moved into fifth place in 2020 with exports worth €537 million, similar to 2019.

The top five agri-food categories by value, accounted for 73% of total agri-food sector exports in 2020, totalling over €10.3 billion.

Fish has been our fifth largest agri-food export for a number of years but in 2020 fish exports were impacted significantly by the pandemic and the value decreased by 8% despite volume decreasing by less than 1% with exports of €531 million, down €45 million.

**Figure 6.3** *Change in Value of Agri-food Sector Exports, 2020 Vs 2019*




**Source:** CSO

Between 2019 and 2020, agri-food sector exports increased in value across 13 of the 26 agri-food categories. Overall agri-food exports by volume decreased by some 3% between 2019 and 2020, a strong performance in the context of a challenging environment.

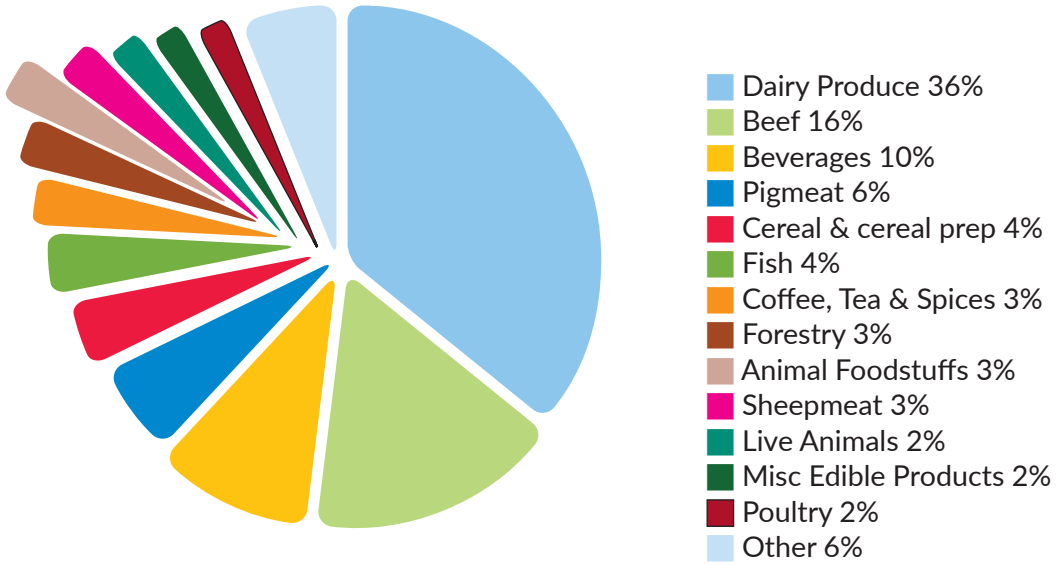
**Table 6.1** *Value and Volume of Agri-food Exports by Category, 2019 - 2020*

| | 2019 | | 2020 | | 2020 Vs 2019 | |
|---|---|---|---|---|---|---|
| Category | €000 | Tonnes | €000 | Tonnes | Value | Tonnes |
| Dairy Produce | 5,084,601 | 1,725,162 | 5,108,475 | 1,713,390 | 0.5% | -0.7% |
| Beef | 2,348,872 | 528,379 | 2,332,888 | 524,532 | -0.7% | -0.7% |
| Beverages | 1,715,262 | 966,942 | 1,454,332 | 868,384 | -15.2% | -10.2% |
| Pigmeat | 891,521 | 274,533 | 893,200 | 276,435 | 0.2% | 0.7% |
| Cereal & cereal preparation | 536,095 | 493,743 | 536,848 | 502,403 | 0.1% | 1.8% |
| Fish | 576,811 | 202,388 | 531,316 | 201,015 | -7.9% | -0.7% |
| Forestry | 430,246 | 1,503,387 | 420,218 | 1,383,092 | -2.3% | -8.0% |
| Coffee, Tea, Cocoa & Spices | 411,073 | 69,127 | 420,097 | 78,126 | 2.2% | 13.0% |
| Animal Foodstuffs | 367,527 | 652,292 | 392,773 | 692,456 | 6.9% | 6.2% |
| Sheepmeat | 317,840 | 61,960 | 355,680 | 64,096 | 11.9% | 3.4% |
| Live Animals | 454,093 | 85,381 | 347,909 | 52,482 | -23.4% | -38.5% |
| Miscellaneous Edible Products | 321,193 | 111,119 | 338,331 | 107,949 | 5.3% | -2.9% |
| Poultry | 291,038 | 143,103 | 256,394 | 140,143 | -11.9% | -2.1% |
| Fruit & Vegetables | 159,201 | 85,059 | 176,813 | 89,923 | 11.1% | 5.7% |
| Fruit & Vegetables Based Products | 157,693 | 103,263 | 150,659 | 105,974 | -4.5% | 2.6% |
| Sugar, Sugar Preparation & Honey | 153,263 | 98,194 | 123,651 | 53,940 | -19.3% | -45.1% |
| Crude Animal & Vegetable Material | 117,075 | 157,243 | 116,041 | 192,030 | -0.9% | 22.1% |
| Animal Oils & Fats | 57,620 | 95,114 | 71,514 | 99,720 | 24.1% | 4.8% |
| Animal Skins & Furs | 74,116 | 75,874 | 58,762 | 79,030 | -20.7% | 4.2% |
| Wood Based Products | 35,983 | 24,037 | 25,882 | 11,267 | -28.1% | -53.1% |
| Other Meat & Meat Produce | 20,511 | 35,335 | 24,464 | 40,130 | 19.3% | 13.6% |
| Egg | 20,336 | 9,608 | 21,456 | 9,275 | 5.5% | -3.5% |
| Vegetable Oils & Fats | 11,477 | 18,705 | 13,559 | 16,634 | 18.1% | -11.1% |
| Oilseeds & Oleaginous Fruit | 12,971 | 21,018 | 8,591 | 12,104 | -33.8% | -42.4% |
| Flax, Wool & Animal Hair | 7,158 | 5,677 | 4,777 | 3,601 | -33.3% | -36.6% |
| Cotton | 3 | 7 | 12 | 3 | 360.0% | -55.8% |
| **Grand Total** | **14,573,577** | **7,546,648** | **14,184,642** | **7,318,136** | -2.7% | -3.0% |

Source: CSO

The top eight agri-food categories by value, Dairy Produce, Beef, Beverages, Pigmeat, Cereal & cereal preparation, Fish, Forestry and Coffee, Tea, Cocoa & Spices accounted for 82% of total agri-food sector exports in 2020, totalling over €11.7 billion. The remaining 18 categories accounted for 18% of exports at a value of €2.5 billion.

**Figure 6.4** *Agri-food Exports by Category, 2020*




**Source:** CSO

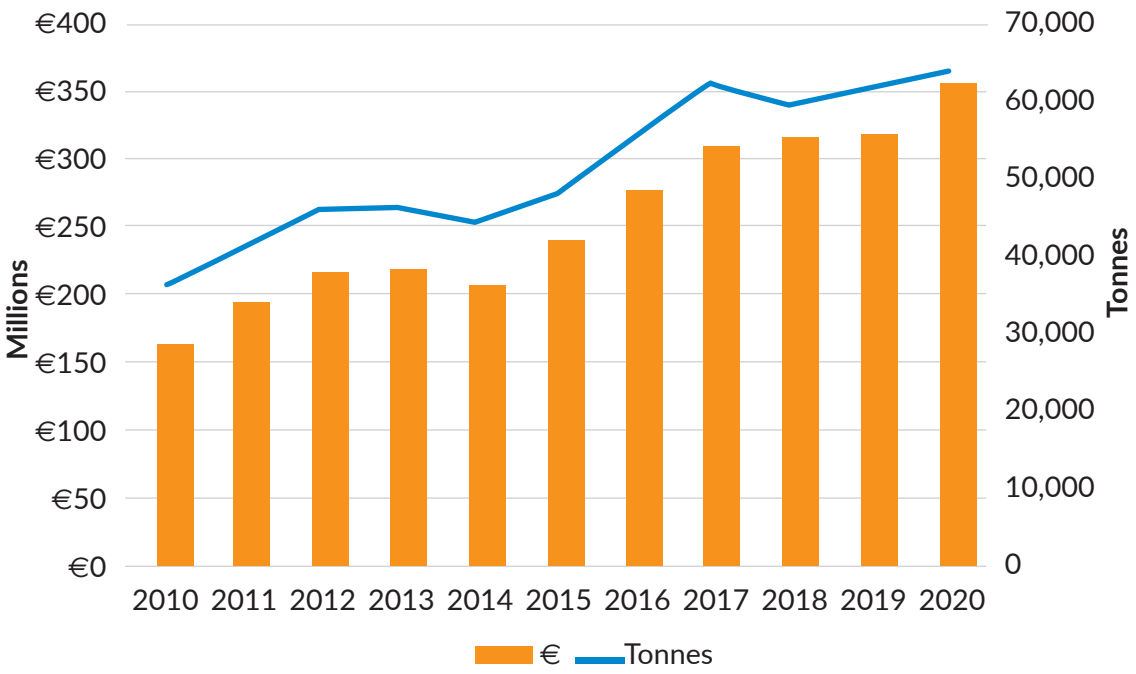


Case Study

## Sheepmeat

2020 marked ten years of strong growth of Irish sheepmeat exports. Exports from this sector were valued at €356 million in 2020, an increase of 12% on the previous year. Between 2010 and 2020, this category grew in value by 118% (+€193 million), from just over €163 million to over €356 million. Ireland currently has a €318 million trade surplus in respect of sheepmeat, importing just under €37 million in products in 2020, a 3% increase on 2019 figures. Sheepmeat products were exported to 35 countries worldwide last year.

**Figure 6.5** *Worldwide sheepmeat exports 2010-2020*




The top 10 export destinations by value for sheepmeat in 2020 were France, the United Kingdom, Germany, Sweden, Belgium, Switzerland, Denmark, Italy, the Netherlands and Canada. Ireland's main sheepmeat export in 2020 was '*Fresh or chilled lamb carcases and half-carcases*', making up 27% of Irelands overall sheepmeat exports and is worth €98 million.

Ireland's largest sheepmeat export destination in 2020 was France. In 2020 exports to France totalled over €118 million, an increase of 18% on 2019 figures. '*Fresh or chilled lamb carcasses or half-carcasses*' was Ireland's top exported commodity to France in 2020, making up 41% of total sheepmeat exports to the country.

Exports of sheepmeat to the United Kingdom increased by 8% in 2020, from a total of €56 million in 2019 to €60 million in 2020. In contrast to France, '*Fresh and chilled boneless cuts of sheep*' was the largest export, accounting for 31% of the United Kingdom's total.

The 3 top countries by import value for sheepmeat in 2020 were the United Kingdom, New Zealand and Australia. Together they accounted for 97% of Ireland's total sheepmeat imports.

**Source:** CSO

## 6.3 Agri-food sector trade by destination

### Agri-food Sector exports by top 20 destinations, 2020.

In 2020 Irish Agri-Food products were exported to over 180 countries worldwide.

The United Kingdom remained our largest trading partner in 2020 with 37% (€5.3 billion) of total exports by value in 2020, a 4% decrease on 2019 figures. The Netherlands was our second largest export destination with the United States in third place, both importing over €1 billion of Irish Agri-food products in 2020.

Trade among the top 20 destinations was over €12.3 billion in 2020, with the highest increases seen by Algeria and Switzerland, where exports increased by 53% and 41% respectively.

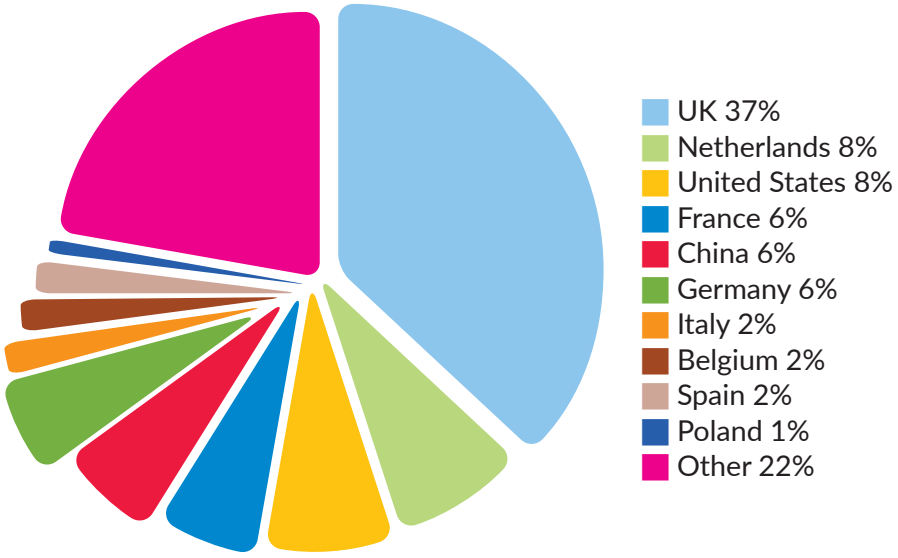






* Rounding in operation

**Figure 6.6** *Top 10 Agri Food Destinations 2020*




**Source :** CSO

**Table 6.2** *Value and Volume of Agri-food Exports by Top 25 Destinations, 2019 - 2020*

| Country | Rank 2019 | Rank 2020 | Rank Change | 2019 €000 | 2019 Tonnes | 2020 €000 | 2020 Tonnes |
|---|---|---|---|---|---|---|---|
| United Kingdom | 1 | 1 | → | 5,504,121 | 4,514,183 | 5,275,647 | 4,273,433 |
| Netherlands | 3 | 2 | ↑ | 1,157,138 | 507,853 | 1,136,014 | 533,494 |
| United States | 2 | 3 | ↓ | 1,232,726 | 214,802 | 1,073,746 | 210,291 |
| China | 5 | 4 | ↑ | 918,011 | 296,028 | 872,460 | 298,900 |
| France | 4 | 5 | ↓ | 937,749 | 308,269 | 864,211 | 290,664 |
| Germany | 6 | 6 | → | 790,341 | 223,810 | 826,287 | 226,088 |
| Italy | 7 | 7 | → | 403,506 | 105,258 | 345,399 | 87,990 |
| Belgium | 8 | 8 | → | 296,087 | 111,004 | 260,414 | 95,393 |
| Spain | 9 | 9 | → | 290,868 | 74,177 | 249,308 | 61,763 |
| Poland | 10 | 10 | → | 168,517 | 51,809 | 196,984 | 57,583 |
| Nigeria | 11 | 11 | → | 162,772 | 99,173 | 179,565 | 105,988 |
| Sweden | 12 | 12 | → | 152,893 | 45,230 | 158,551 | 43,306 |
| Japan | 14 | 13 | ↑ | 132,577 | 48,324 | 147,126 | 48,959 |
| Denmark | 13 | 14 | ↓ | 146,387 | 62,546 | 145,986 | 61,023 |
| Canada | 15 | 15 | → | 118,787 | 27,613 | 128,666 | 28,250 |
| Saudi Arabia | 16 | 16 | → | 85,734 | 24,893 | 99,898 | 31,867 |
| Algeria | 27 | 17 | ↑ | 62,023 | 23,510 | 94,983 | 33,970 |
| Switzerland | 25 | 18 | ↑ | 63,090 | 9,028 | 89,089 | 12,056 |
| South Africa | 18 | 19 | ↓ | 82,777 | 53,648 | 87,654 | 59,670 |
| Philippines | 19 | 20 | ↓ | 79,229 | 43,839 | 86,027 | 44,234 |
| Iraq | 22 | 21 | ↑ | 67,557 | 31,970 | 85,804 | 31,628 |
| United Arab Emirates | 17 | 22 | ↓ | 83,725 | 34,419 | 82,103 | 32,141 |
| Egypt | 23 | 23 | → | 67,062 | 31,025 | 80,023 | 32,977 |
| Australia | 20 | 24 | ↓ | 72,705 | 21,009 | 79,530 | 34,555 |
| Mexico | 24 | 25 | ↓ | 67,022 | 13,876 | 76,872 | 11,582 |
| Top 25 Totals | | | | 13,143,404 | 6,977,296 | 12,722,347 | 6,747,804 |

Source: CSO

## 6.4 Key markets for Irish Agri-Food Exports

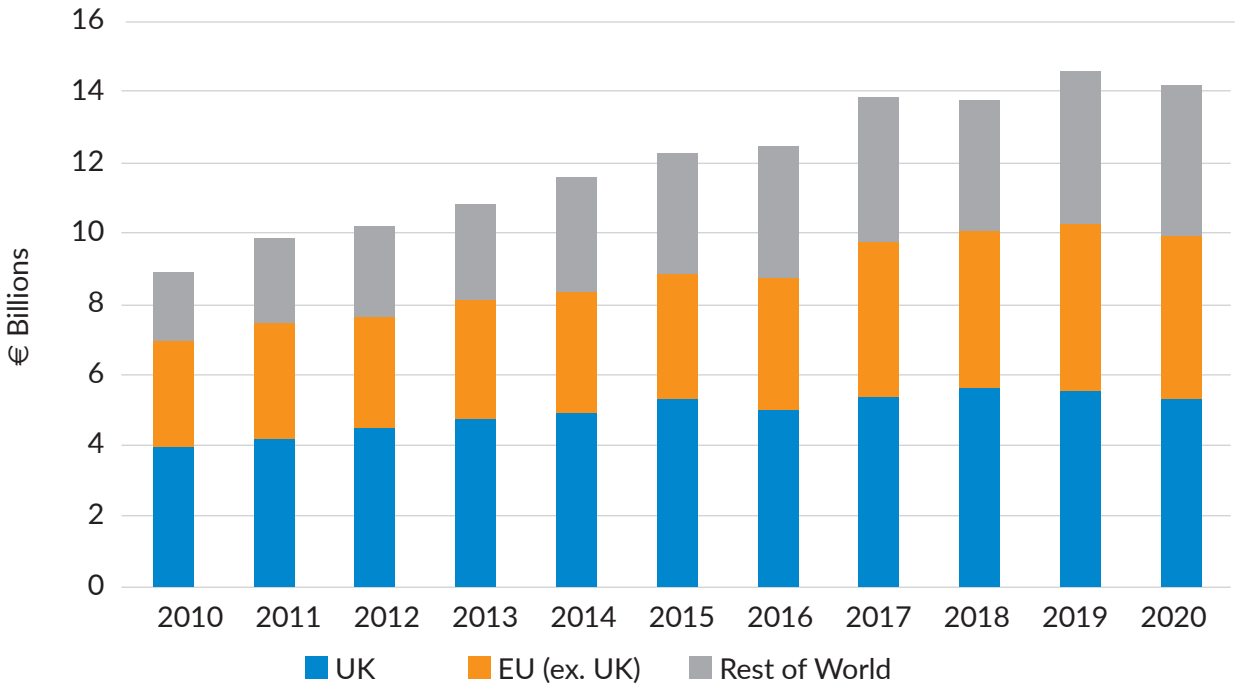
Irish Agri-Food products were exported to over 180 countries in 2020. The United Kingdom remains our largest trading partner with 37% (€5.3 billion) of agri-food products exported to this destination. Other EU countries accounted for 32% (€4.6 billion) of agri-food exports in 2020 and the Rest of the World accounted for 31% (€ 4.3 billion).

### United Kingdom – Number 1

While the United Kingdom (Great Britain & Northern Ireland) remains Ireland's largest trading partner with 37% of total agri-food sector exports in 2020 to the United Kingdom, the overall proportion of exports has seen a steady decline, from 45% in 2010.

With exports at €5.3 billion, and imports totalling €4.6 billion, Ireland has an agri-food trade surplus with the United Kingdom of approximately €668 million.

**Figure 6.7** *Agri-food Exports by Region*




**Source:** CSO

**Table 6.3** *Agri-food Trade to the United Kingdom by Category 2020*

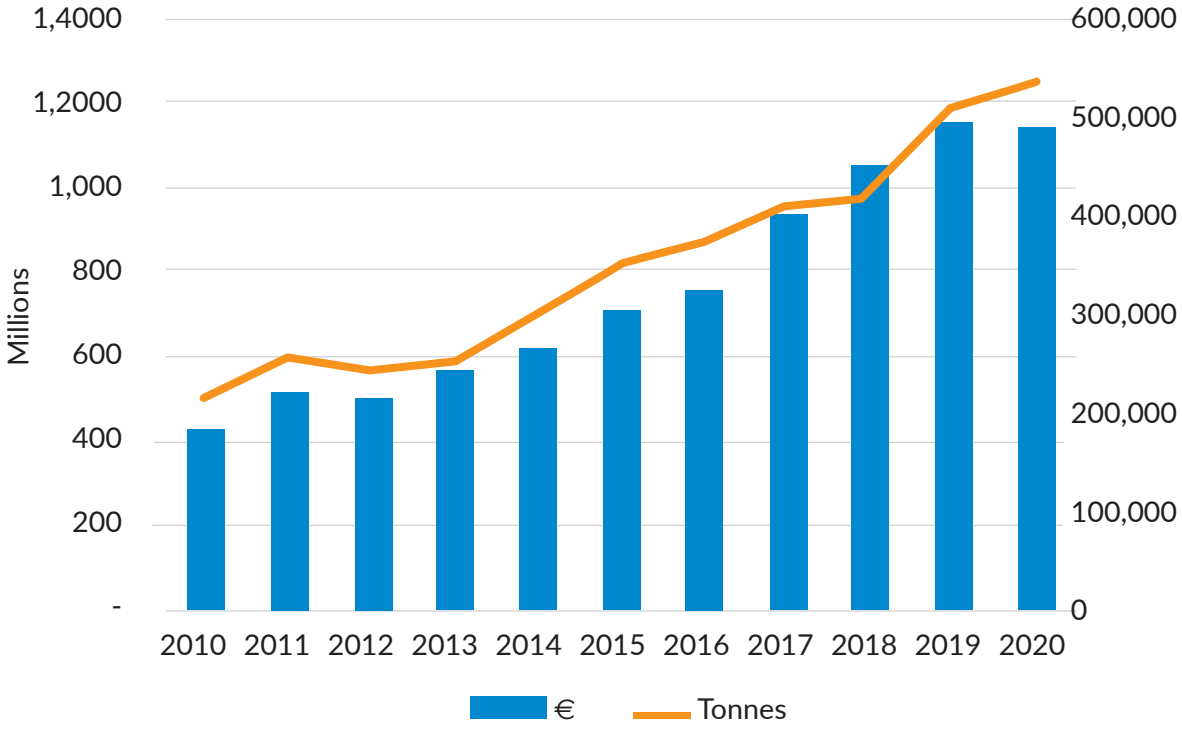
| | United Kingdom 2020 € 000 | | Great Britain 2020 € 000 | | Northern Ireland 2020 € 000 | |
|---|---|---|---|---|---|---|
| Category | Exports | Imports | Exports | Imports | Exports | Imports |
| Beef | 1,065,088 | 108,510 | 876,814 | 70,837 | 188,275 | 37,673 |
| Dairy Produce | 990,375 | 603,684 | 876,789 | 387,789 | 113,587 | 215,895 |
| Cereal & cereal preparation | 501,309 | 689,931 | 397,889 | 599,802 | 103,420 | 90,129 |
| Pigmeat | 406,575 | 156,295 | 352,585 | 132,064 | 53,989 | 24,231 |
| Forestry | 328,207 | 99,255 | 242,713 | 69,321 | 85,493 | 29,934 |
| Coffee, Tea, Cocoa & Spices | 281,135 | 370,295 | 258,761 | 354,196 | 22,373 | 16,098 |
| Animal Foodstuffs | 274,533 | 281,022 | 180,331 | 163,386 | 94,203 | 117,637 |
| Beverages | 272,434 | 467,085 | 190,406 | 273,526 | 82,028 | 193,559 |
| Live Animals | 239,434 | 321,763 | 191,882 | 277,702 | 47,552 | 44,061 |
| Miscellaneous Edible Products | 203,409 | 325,871 | 181,716 | 313,093 | 21,692 | 12,779 |
| Poultry | 178,303 | 146,215 | 134,742 | 130,194 | 43,561 | 16,020 |
| Fruit & Vegetables | 167,798 | 215,732 | 124,434 | 182,417 | 43,364 | 33,315 |
| Fruit & Vegetables Based Products | 80,101 | 270,581 | 64,237 | 246,238 | 15,864 | 24,343 |
| Sheepmeat | 60,239 | 32,023 | 53,023 | 28,035 | 7,216 | 3,988 |
| Fish | 53,749 | 143,642 | 33,231 | 132,090 | 20,519 | 11,552 |
| Sugar, Sugar Preparation & Honey | 42,128 | 126,321 | 34,868 | 115,479 | 7,261 | 10,842 |
| Crude Animal & Vegetable Material | 36,094 | 80,315 | 27,710 | 71,450 | 8,384 | 8,865 |
| Wood Based Products | 20,612 | 55,516 | 15,114 | 38,757 | 5,499 | 16,759 |
| Other Meat & Meat Produce | 15,371 | 9,552 | 13,439 | 8,624 | 1,931 | 927 |
| Egg | 15,189 | 14,289 | 13,223 | 9,610 | 1,967 | 4,679 |
| Animal Oils & Fats | 13,948 | 14,140 | 13,669 | 6,177 | 279 | 7,962 |
| Vegetable Oils & Fats | 13,106 | 57,460 | 2,324 | 41,622 | 10,782 | 15,838 |
| Oilseeds & Oleaginous Fruit | 6,838 | 13,126 | 4,845 | 10,296 | 1,993 | 2,830 |
| Animal Skins & Furs | 6,614 | 428 | 5,345 | 376 | 1,270 | 52 |
| Flax, Wool & Animal Hair | 3,045 | 5,002 | 2,999 | 4,944 | 46 | 57 |
| Cotton | 11 | 47 | 10 | 31 | 0 | 15 |
| **Grand Total** | **5,275,647** | **4,608,100** | **4,293,099** | **3,668,059** | **982,548** | **940,041** |

Source: CSO

## Netherlands – Number 2

The Netherlands is Ireland's second largest market in terms of total agri-food exports, moving up one place compared to 2019. The Netherlands accounted for €1.14 billion in exports in 2020, a 2% decrease on 2019 but a 163% increase since 2010.

**Figure 6.8** *Value of Agri- Food Exports to the Netherlands by Year, 2010-2020*

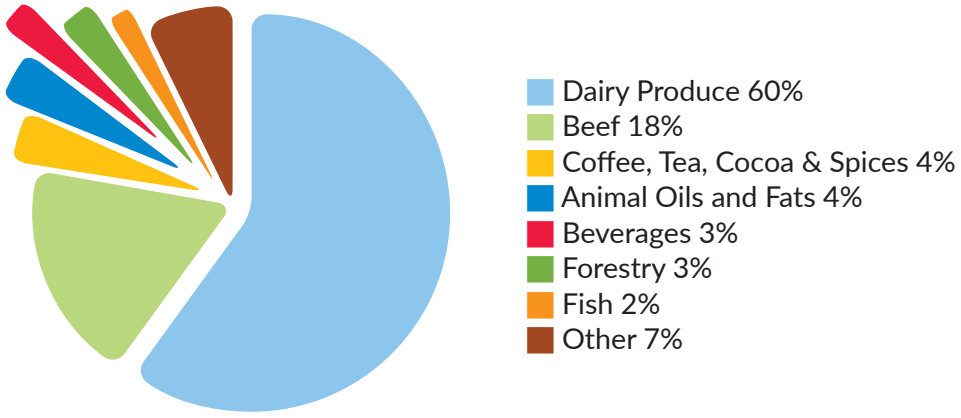



**Source:** CSO

The top two agri-food categories exported to the Netherlands in 2020 were dairy produce, which accounted for 60%, and beef, which accounted for 17% of total exports to the Netherlands. Of the total €680 million in dairy exports to the Netherlands, 34% or €228 million was attributable to natural butter.

Beef was Ireland's second largest export category to the Netherlands; exports were valued at €198 million with '*fresh or chilled bovine boneless meat*' accounting for 77% of beef exports. Coffee, Tea, Cocoa & Spices was the third largest export category, totalling €50 million or 4% of total agri-food exports to the Netherlands.

**Figure 6.9** *Agri-Food Exports to the Netherlands by Category 2020*

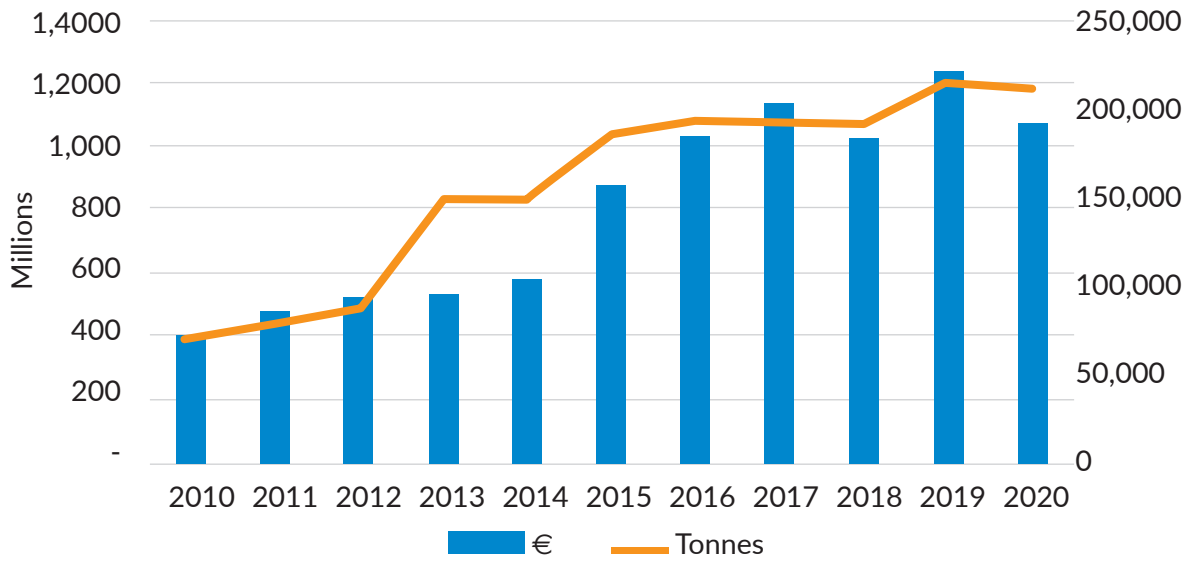



**Source:** CSO

## United States – Number 3

In 2020 the United States moved down one spot to be ranked as Ireland's third largest market in terms of total agri-food exports. In 2020 exports to the United States totalled €1.07 billion, a 13% decrease on 2019 figures. However, total Agri-food exports to the United States have increased by 164% since 2010.

**Figure 6.10** *Value of USA Agri-food Exports by Year, 2010-2020*




**Source:** CSO

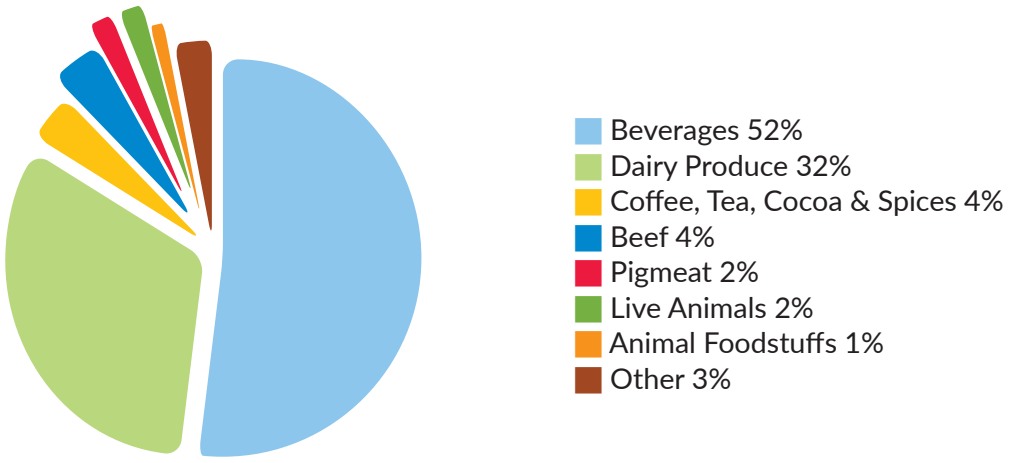
The top 2 agri-food categories for export to the US are Beverages and Dairy Produce, accounting for 85% of total agri-food exports to the US.

In 2020 Beverage exports totalled €561 million, a decrease of 27% on 2019 figures:

- Whiskey exports to the US totalled approximately €370 million in 2020 and made up 66% of total beverage exports to the United States.
- Liqueur and cordial exports to the United States were worth almost €140 million or 25% of beverage exports.

In 2020 Dairy Produce exports totalled nearly €347 million, an increase of 4% on 2019 figures. Natural butter is the main dairy export worth €185 million in 2020.

**Figure 6.11** *Agri-Food Exports to the United States by Category 2020*




**Source:** CSO

Case Study

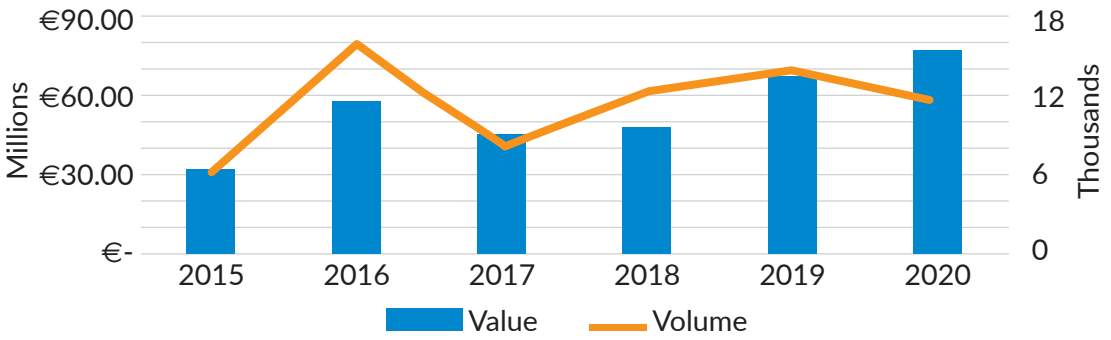
## Mexico

Mexico is the third largest country in Latin America, and the 14th largest country in the world by land area. In 2021, Mexico's population was 130 million people, with an urban population of 105 million, a quarter of whom live in Mexico City. Mexico has a rich cultural history, and abundant natural resources and is among the 15 largest economies in the world and the second largest economy in Latin America, with a GDP of US$19,746.40 per capita. Mexico's exports of goods and services equated to 39% of GDP in 2019, with imports also 39%, and the EU is Mexico's second largest market for exports after the US, and third largest source of imports, after the US and China. The EU is also the second largest investor for foreign direct investment in Mexico. Mexico is Ireland's 7th largest trading partner outside the EU with exports value at €1.6 billion in 2020, and a trade surplus of €1.2 billion. Two hundred and twenty-nine Irish companies currently export to Mexico, including agri-food companies.

Negotiations to broaden and modernise the scope of the EU-Mexico Global Agreement were launched in May 2016 with the Parties reaching an agreement in principle in April 2018. The final elements under negotiation as part of the trade section were agreed in April 2020. The modernised agreement contains significant market access improvements for exports of cheese and dairy products to Mexico, along with improved market access for pigmeat and poultry. Full protection of 99% of EU Geographical Indicators has also been assured as part of the modernised agreement, including Irish Whiskey and Irish Cream Liqueur.

Irish agri-food exports to Mexico totalled €77 million in 2020, an increase of 15% or €9.8 million on the previous year. Dairy exports were the largest category of agri-food exports to Mexico in 2020 accounting for 88% of total exports. Since 2015, agri-food exports to Mexico have increased by 139% in value and 86% in volume, driven by strong growth in the Alcohol and Dairy sectors including the launch of Kerrygold butter in market in 2019. Market Access for Pigmeat was achieved in 2020, offering further opportunities to Irish agri-food companies wishing to enter the market.

**Figure 6.12** *Agri-food Exports to Mexico, 2015 – 2020*




**Source:** CSO

According to the CSO, imports of agri-food from Mexico totalled €6.5 million in 2020, a decrease of 34% (-€3.4 million) on the previous year. Ireland's top import from Mexico is Fruit and Vegetables (primarily Asparagus, Onions and Limes) followed by Cereals and Cereal Preparations, and Beverages. These three categories accounted for 73% of total agri-food imports from Mexico during 2020.

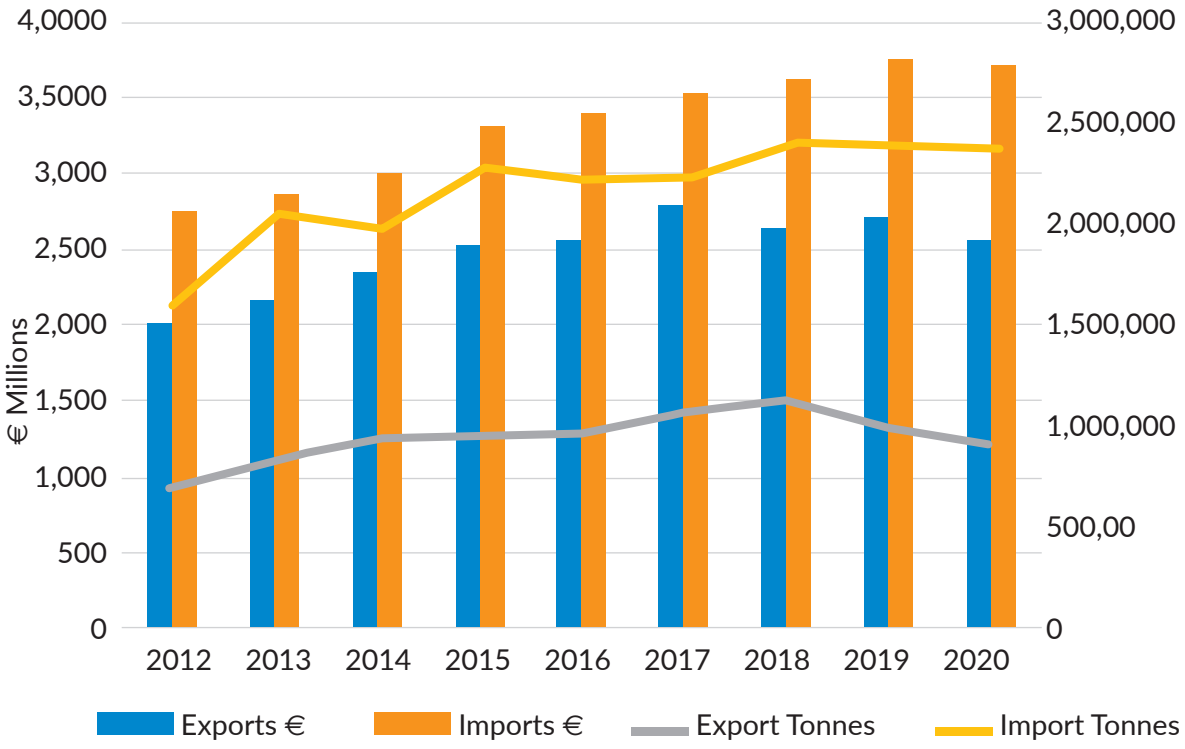
**Sources:** FAOSTAT, Gross Domestic Product (indicator)
Mexico Overview (worldbank.org)
Ireland: EU-Mexico in your town - Trade - European Commission (europa.eu) EU Mexico Global Agreement.
CSO Agri-stats – Agri-food Trade Data

## 6.5 Prepared Consumer Foods

Prepared Consumer Foods (PCF) are value-added food and beverage products, which sell both domestically and internationally to retail, food service or other food companies. These goods are categorised into 15 areas identified and agreed by industry stakeholders, the Department of Agriculture, Food and the Marine and the Central Statistics Office.

The Prepared Consumer Foods sector accounted for over €2.6 billion in agri-food sector exports in 2020, and €3.7 billion in imports. This resulted in a trade deficit of €1.2 billion. Between the period 2012 – 2020, prepared consumer food exports increased by 27% from €2 billion to over €2.5 billion.

**Figure 6.13** *PCF Exports & Imports, 2012-2020*




**Source:** CSO Note: PCF data is available from 2012 onwards only

While overall exports of Irish Prepared Consumer Foods decreased by 6% between 2019 and 2020, variances are evident depending on the category exported. Meat Preparations, the largest category by far, accounted for 32% of PCF exports in 2020, despite a reduction of 13% in 2020. This accounted for a significant part of the total drop in PCF exports. The highest increase recorded relates to '*chocolate-based products*', which increased from €284 million to nearly €304 million during this period, a 7% increase on the previous year.

Pizza/quiche reached a record high in 2020 of over €219 million, which represents a 5% increase on 2019 figures. Pizza/quiche made up 9% of total exports in 2020. The largest decrease was seen in the savoury snack's category, with a 43% decrease on 2019 figures, though this is a small export item in absolute terms, accounting for €1.8 million, less than 1% of the total PCF exports.

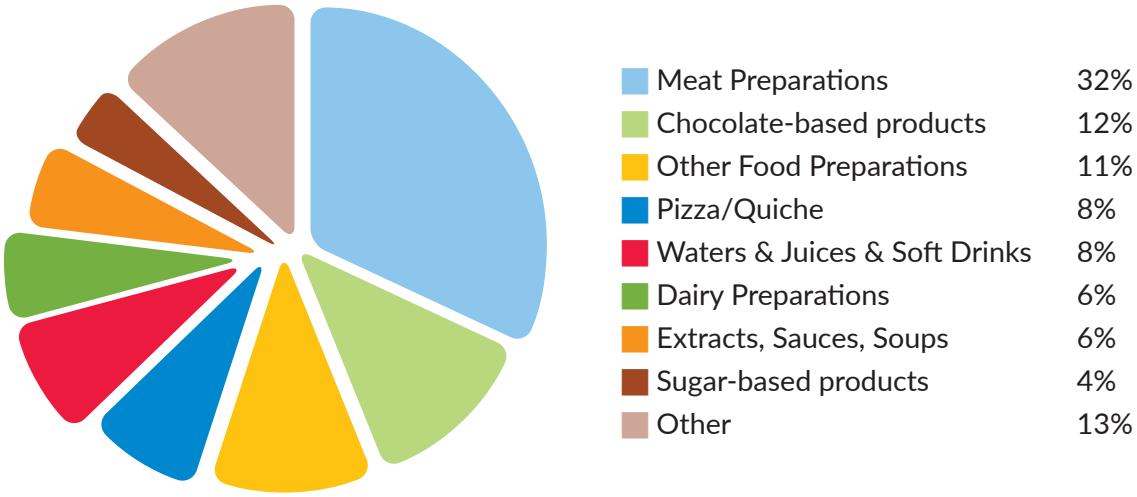
The top five Prepared Consumer Food categories are meat preparations, chocolate-based products, other food preparations, pizza/quiche and waters & juices & soft drinks, accounting for €1.8 billion or 71% of total exports by value in 2020.

**Table 6.4** *Prepared Consumer Food Exports by Category, 2019-2020*

| | 2019 | | 2020 | | | |
|---|---|---|---|---|---|---|
| Category | €000 | Tonnes | €000 | Tonnes | % € Change | % Tonnes Change |
| Meat Preparations | 928,397 | 168,296 | 808,990 | 145,523 | -13% | -14% |
| Chocolate-based products | 283,926 | 58,931 | 303,654 | 68,227 | 7% | 16% |
| Other Food Preparations | 274,387 | 89,549 | 275,891 | 84,612 | 1% | -6% |
| Pizza/Quiche | 210,216 | 94,349 | 219,703 | 98,513 | 5% | 4% |
| Waters & Juices & Soft Drinks | 198,398 | 203,675 | 197,252 | 198,550 | -1% | -3% |
| Dairy Preparations | 179,839 | 46,158 | 159,204 | 40,823 | -11% | -12% |
| Extracts, Sauces, Soups | 142,999 | 19,229 | 157,059 | 21,015 | 10% | 9% |
| Sugar-based products | 138,729 | 76,587 | 103,602 | 35,510 | -25% | -54% |
| Fruit-based bakery | 92,524 | 31,091 | 95,624 | 42,757 | 3% | 38% |
| Cereal based Products | 85,569 | 113,745 | 89,055 | 112,510 | 4% | -1% |
| Breads | 92,345 | 56,150 | 78,624 | 47,695 | -15% | -15% |
| Fruit & Vegetable based | 47,278 | 23,177 | 39,545 | 20,508 | -16% | -12% |
| Frozen Confectionery | 19,811 | 8,388 | 13,769 | 5,797 | -30% | -31% |
| Biscuits | 20,219 | 6,157 | 12,818 | 3,738 | -37% | -39% |
| Savoury Snacks etc | 3,229 | 620 | 1,856 | 443 | -43% | -28% |
| **Grand Total** | **2,717,866** | **996,101** | **2,556,645** | **926,222** | **-6%** | **-7%** |

**Source:** CSO

**Figure 6.14** *Prepared Consumer Food Exports by Category 2020*




**Source:** CSO

While the majority of PCF products were exported to the United Kingdom in 2020 (66%), other significant markets for Prepared Consumer Foods included Germany (5%), France (5%), the Netherlands (4%), the United States (3%) and Spain (3%).

## Prepared Consumer Food by Top 20 destinations, 2020

Trade among the Top 20 destinations accounted for 96% of total Prepared Consumer Food exports in 2020.

PCF exports to Germany increased by 27% on 2019 figures.

Among the top ten destinations, increases in export values were also seen in the US (8%) and Denmark (16%).




| | | | |
|---|---|---|---|
| 1. United Kingdom | €1700 million | 11. Portugal | €17 million |
| 2. Germany | €132 million | 12. Poland | €16 milion |
| 3. France | €121 million | 13. Romania | €16 million |
| 4. Netherlands | €98 million | 14. South Korea | €13 million |
| 5. United States | €67 million | 15. Japan | €12 million |
| 6. Spain | €64 million | 16. Greece | €9 million |
| 7. Italy | €59 million | 17. Canada | €9 milion |
| 8. Belgium | €32 million | 18. Russian Federation | €9 million |
| 9. Sweden | €28 million | 19. United Arab Emirates | 9 million |
| 10. Denmark | €26 million | 20. Finland | €8 million |

**Source:** Central Statistics Office, Trade Statistics 2020.

**Table 6.5** *Value and Volume of PCF Exports by Top 20 Destinations, 2019-2020*

| | | | | 2019 | | 2020 | |
|---|---|---|---|---|---|---|---|
| Country | 2019 | 2020 | Rank Change | €000 | Tonnes | €000 | Tonnes |
| United Kingdom | 1 | 1 | → | 1,810,373 | 814,955 | 1,700,068 | 756,793 |
| Germany | 3 | 2 | ↑ | 104,142 | 19,014 | 132,234 | 20,654 |
| France | 2 | 3 | ↓ | 146,063 | 24,587 | 120,588 | 22,345 |
| Netherlands | 4 | 4 | → | 97,995 | 14,780 | 98,138 | 15,061 |
| United States | 7 | 5 | ↑ | 61,953 | 17,413 | 67,145 | 18,297 |
| Spain | 5 | 6 | ↓ | 72,615 | 8,343 | 64,242 | 7,960 |
| Italy | 6 | 7 | ↑ | 71,061 | 7,442 | 58,966 | 6,510 |
| Belgium | 8 | 8 | → | 32,883 | 5,190 | 32,084 | 4,148 |
| Sweden | 9 | 9 | → | 31,350 | 5,820 | 28,272 | 4,721 |
| Denmark | 10 | 10 | → | 22,161 | 9,274 | 25,757 | 9,917 |
| Portugal | 13 | 11 | ↑ | 17,053 | 2,346 | 16,698 | 2,760 |
| Poland | 12 | 12 | → | 17,221 | 2,696 | 16,423 | 2,724 |
| Romania | 14 | 13 | ↑ | 17,017 | 3,892 | 15,747 | 5,003 |
| South Korea | 16 | 14 | ↑ | 11,295 | 1,269 | 13,345 | 1,499 |
| Japan | 15 | 15 | → | 16,167 | 5,451 | 12,012 | 3,800 |
| Greece | 16 | 16 | → | 14,780 | 9,062 | 9,359 | 6,411 |
| Canada | 25 | 17 | ↑ | 7,021 | 1,801 | 9,344 | 2,512 |
| Russia Federation | 18 | 18 | → | 10,722 | 1,594 | 9,031 | 658 |
| United Arab Emirates | 19 | 19 | → | 10,622 | 2,220 | 8,616 | 1,966 |
| Finland | 21 | 20 | ↑ | 9,689 | 1,503 | 8,332 | 1,214 |
| Grand Total Top 20 | | | | 2,582,182 | 958,650 | 2,446,402 | 894,955 |

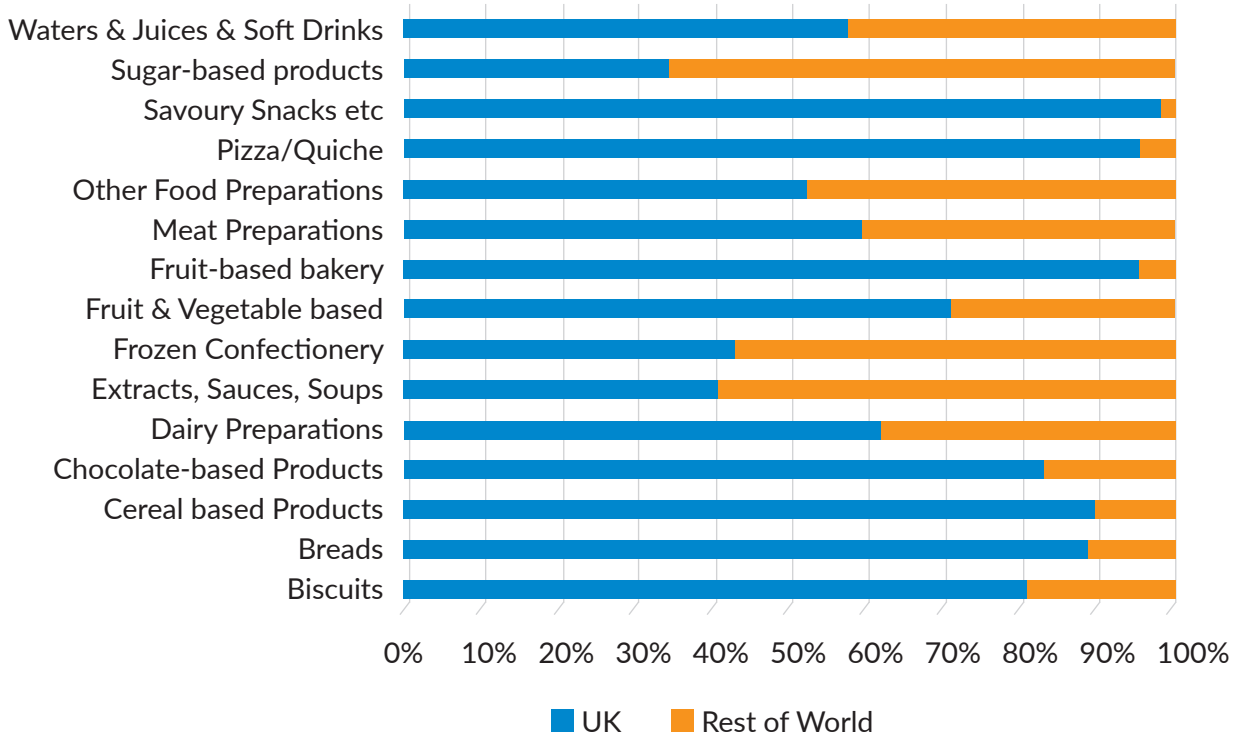
Source: CSO

## 6.6 Key market for Irish PCF Exports

The key market for Prepared Consumer Foods (PCF) exports is the United Kingdom. In 2020 66% of PCF exports went to the United Kingdom. This has been the case over the past nine years since we began monitoring PCF exports. While it has varied up to 69% in 2015 and down to 62% in 2017 it has remained our largest export destination.

In 2020 99% of savoury snacks and 96% of both fruit-based bakery and pizza/quiches under the PCF heading were exported to the United Kingdom. Figure 6.15 provides a detailed analysis of each category by percentage exported to the United Kingdom in 2020.

**Figure 6.15** *Prepared Consumer Food Exports by Category and Destination, 2020*




**Source:** CSO

Meat Preparations remained Ireland's highest valued export category to the United Kingdom under the PCF heading, despite decreasing by 13% in 2020 to €485 million. This category accounted for 29% of total PCF exports to the United Kingdom.

**Table 6.6** *Prepared Consumer Food Exports to the United Kingdom by Category, 2020*

| | 2020 | | | | | |
|---|---|---|---|---|---|---|
| | United Kingdom | | Great Britain | | Northern Ireland | |
| | € 000 | | € 000 | | € 000 | |
| Category | Exports | Imports | Exports | Imports | Exports | Imports |
| Meat Preparations | 485,162 | 245,536 | 407,324 | 222,655 | 77,838 | 22,881 |
| Chocolate-based products | 253,935 | 244,037 | 235,629 | 230,510 | 18,305 | 13,527 |
| Pizza/Quiche | 211,453 | 52,101 | 203,089 | 49,855 | 8,365 | 2,245 |
| Other Food Preparations | 145,851 | 164,145 | 131,579 | 158,020 | 14,272 | 6,125 |
| Waters & Juices & Soft Drinks | 114,502 | 235,880 | 91,798 | 111,836 | 22,704 | 124,044 |
| Dairy Preparations | 99,492 | 61,436 | 95,542 | 58,861 | 3,950 | 2,575 |
| Fruit-based bakery | 91,816 | 43,725 | 88,572 | 35,911 | 3,244 | 7,814 |
| Cereal based Products | 80,478 | 253,340 | 55,336 | 225,733 | 25,142 | 27,607 |
| Breads | 70,233 | 98,015 | 48,522 | 88,640 | 21,712 | 9,375 |
| Extracts, Sauces, Soups | 64,626 | 208,440 | 52,169 | 199,075 | 12,458 | 9,365 |
| Sugar-based products | 35,969 | 95,216 | 29,999 | 84,881 | 5,971 | 10,334 |
| Fruit & Vegetable based | 28,282 | 238,046 | 13,911 | 217,292 | 14,371 | 20,754 |
| Biscuits | 10,450 | 105,872 | 8,351 | 99,420 | 2,099 | 6,451 |
| Frozen Confectionery | 5,984 | 58,968 | 3,546 | 56,447 | 2,438 | 2,521 |
| Savoury Snacks etc | 1,834 | 42,652 | 804 | 37,543 | 1,030 | 5,109 |
| **Grand Total** | **1,700,068** | **2,147,409** | **1,466,170** | **1,876,680** | **233,898** | **270,729** |

Source: CSO

## 6.7 Agri-Food Sector Imports

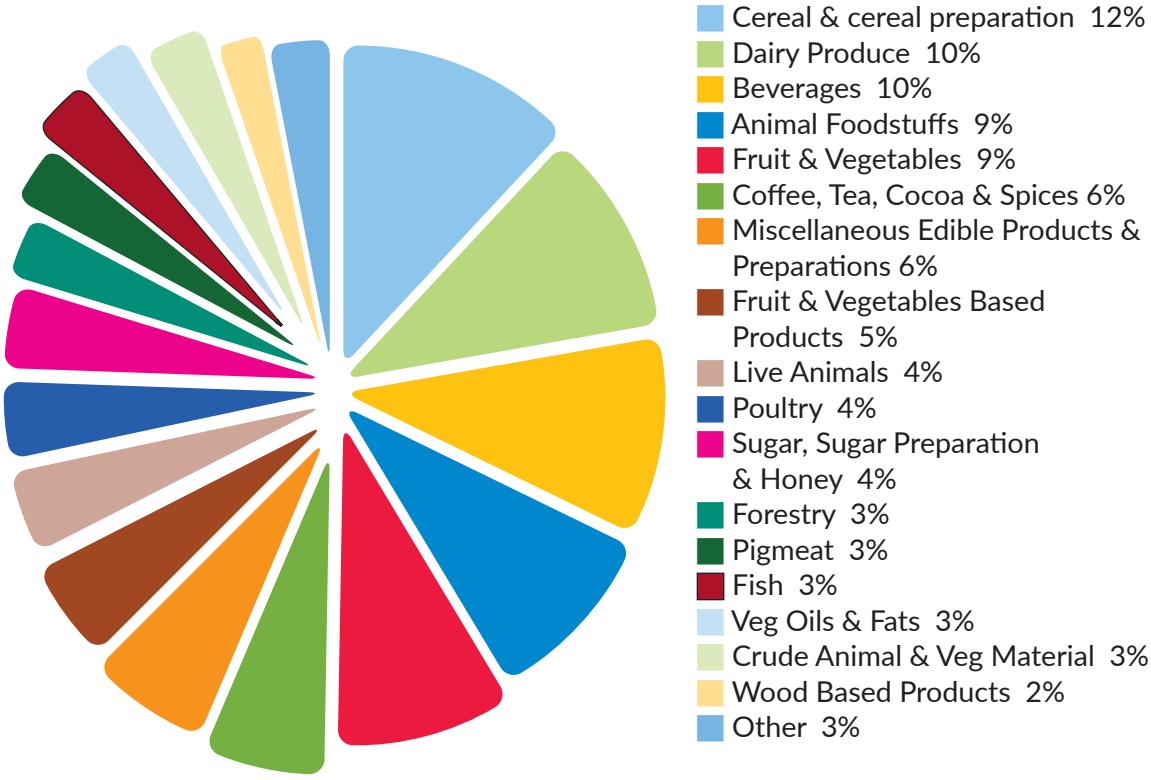
Agri-food accounted for 12% of Ireland's total imports in 2020. Between 2010 – 2020, agri-food imports increased by 68% from €6 billion to over €10 billion. Agri-food imports totalled nearly €10.2 billion in 2020, an increase of 2% on 2019, while volume of goods imported decreased by 0.4% according to the CSO.

In value terms the highest increases between 2019 and 2020 were:

- Live animal imports increased by €99 million or 28% to €456 million.
- Beverage imports increased by €79 million or 8% to over slightly over €1 billion.
- Dairy produce imports increased by €69 million or 7% to €1.1 billion.

The top five agri-food categories by value accounted for 51% of total agri-food sector imports in 2020 totalling over €5.2 billion.

**Figure 6.16** *Agri-food Imports by Category, 2020*




**Source:** CSO

**Table 6.7** *Value and Volume of Agri-food Imports by Category, 2019-2020*

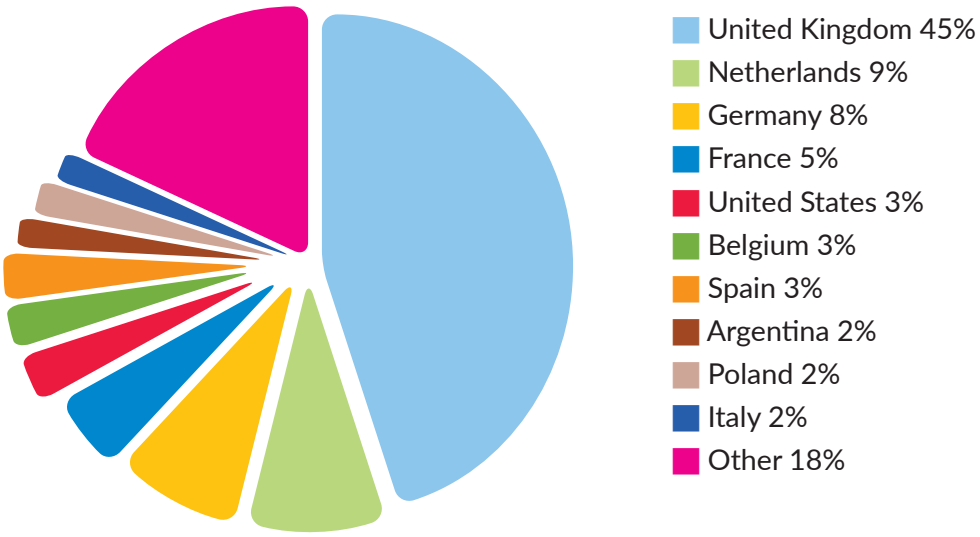
| | 2019 | | 2020 | | 2020 Vs 2019 | |
|---|---|---|---|---|---|---|
| Category | €000 | Tonnes | €000 | Tonnes | €000 | Tonnes |
| Cereal & cereal preparation | 1,276,710 | 2,729,212 | 1,239,320 | 2,465,504 | -3% | -10% |
| Dairy Produce | 991,713 | 1,044,532 | 1,061,107 | 996,679 | 7% | -5% |
| Beverages | 966,182 | 936,283 | 1,045,450 | 1,028,322 | 8% | 10% |
| Animal Foodstuffs | 899,202 | 3,111,700 | 965,365 | 3,280,326 | 7% | 5% |
| Fruit & Vegetables | 863,453 | 719,291 | 867,000 | 703,452 | 0% | -2% |
| Coffee, Tea, Cocoa & Spices | 653,841 | 137,084 | 658,227 | 159,233 | 1% | 16% |
| Miscellaneous Edible Products & Preparations | 597,957 | 252,809 | 595,824 | 256,884 | 0% | 2% |
| Fruit & Vegetables Based Products | 508,278 | 386,257 | 530,489 | 394,473 | 4% | 2% |
| Live Animals | 357,153 | 13,901 | 455,920 | 14,401 | 28% | 4% |
| Poultry | 478,466 | 134,330 | 391,819 | 120,398 | -18% | -10% |
| Sugar, Sugar Preparation & Honey | 368,603 | 491,633 | 381,782 | 475,554 | 4% | -3% |
| Forestry | 350,312 | 895,718 | 340,182 | 915,564 | -3% | 2% |
| Pigmeat | 343,742 | 99,342 | 322,714 | 90,315 | -6% | -9% |
| Fish | 297,016 | 63,739 | 286,121 | 78,366 | -4% | 23% |
| Vegetable Oils & Fats | 242,682 | 303,919 | 276,689 | 339,352 | 14% | 12% |
| Crude Animal & Vegetable Material | 241,888 | 267,162 | 264,952 | 249,957 | 10% | -6% |
| Wood Based Products | 254,697 | 157,840 | 229,217 | 153,349 | -10% | -3% |
| Beef | 128,969 | 30,213 | 129,262 | 29,865 | 0% | -1% |
| Sheepmeat | 35,874 | 6,650 | 36,924 | 6,631 | 3% | 0% |
| Oilseeds & Oleaginous Fruit | 30,754 | 70,535 | 23,893 | 41,643 | -22% | -41% |
| Egg | 23,696 | 11,098 | 20,766 | 12,647 | -12% | 14% |
| Animal Oils & Fats | 16,268 | 17,580 | 19,456 | 20,489 | 20% | 17% |
| Other Meat & Meat Produce | 26,310 | 10,939 | 17,868 | 8,648 | -32% | -21% |
| Flax, Wool & Animal Hair | 23,586 | 4,246 | 12,907 | 1,706 | -45% | -60% |
| Animal Skins & Furs | 2,150 | 257 | 1,842 | 350 | -14% | 36% |
| Cotton | 1,099 | 329 | 711 | 111 | -35% | -66% |
| **Grand Total** | **9,980,600** | **11,896,600** | **10,175,809** | **11,844,219** | **2%** | **0%** |

Source: CSO

## 6.8 Agri-Food Sector Imports by Country

In 2020, agri-food goods were imported into Ireland from over 150 countries worldwide. Ireland's top five import countries were the United Kingdom, the Netherlands, Germany, France and the United States, which accounted for 70% or €7.2 billion of Ireland's total imports for the year.

**Figure 6.17** *Top 10 Agri-Food Imports by Country 2020*




**Source:** CSO



**Table 6.8** *Value and Volume of Agri-food Imports by Top 20 Locations, 2019 - 2020*

| | 2019 | | 2020 | | 2020 Vs 2019 | |
|---|---|---|---|---|---|---|
| Category | €000 | Tonnes | €000 | Tonnes | €000 | Tonnes |
| United Kingdom | 4,633,433 | 4,561,149 | 4,608,100 | 4,361,800 | -1% | -4% |
| Netherlands | 900,886 | 724,370 | 913,000 | 751,944 | 1% | 4% |
| Germany | 702,556 | 470,028 | 773,220 | 481,929 | 10% | 3% |
| France | 474,124 | 583,411 | 551,917 | 589,059 | 16% | 1% |
| United States | 356,619 | 849,834 | 311,194 | 652,172 | -13% | -23% |
| Belgium | 315,489 | 310,241 | 304,503 | 325,118 | -3% | 5% |
| Spain | 292,319 | 220,717 | 291,442 | 220,756 | 0% | 0% |
| Argentina | 178,704 | 636,182 | 219,164 | 794,380 | 23% | 25% |
| Poland | 193,480 | 171,357 | 212,658 | 150,468 | 10% | -12% |
| Italy | 189,424 | 102,419 | 207,282 | 131,755 | 9% | 29% |
| Canada | 137,206 | 602,738 | 137,298 | 552,784 | 0% | -8% |
| Denmark | 99,593 | 65,049 | 130,874 | 141,595 | 31% | 118% |
| Brazil | 128,201 | 394,949 | 125,507 | 414,760 | -2% | 5% |
| China | 112,342 | 58,763 | 106,694 | 54,453 | -5% | -7% |
| Ukraine | 86,647 | 481,526 | 80,318 | 438,729 | -7% | -9% |
| Chile | 66,979 | 26,249 | 72,833 | 28,773 | 9% | 10% |
| Sweden | 55,799 | 105,403 | 70,645 | 140,682 | 27% | 33% |
| Malaysia | 64,575 | 114,698 | 67,339 | 109,259 | 4% | -5% |
| Austria | 73,459 | 36,022 | 66,966 | 27,993 | -9% | -22% |
| Thailand | 67,313 | 24,776 | 55,501 | 23,605 | -18% | -5% |
| **Top 20 Total** | **9,129,147** | **10,539,881** | **9,306,456** | **10,392,013** | 2% | -1% |

**Source:** CSO

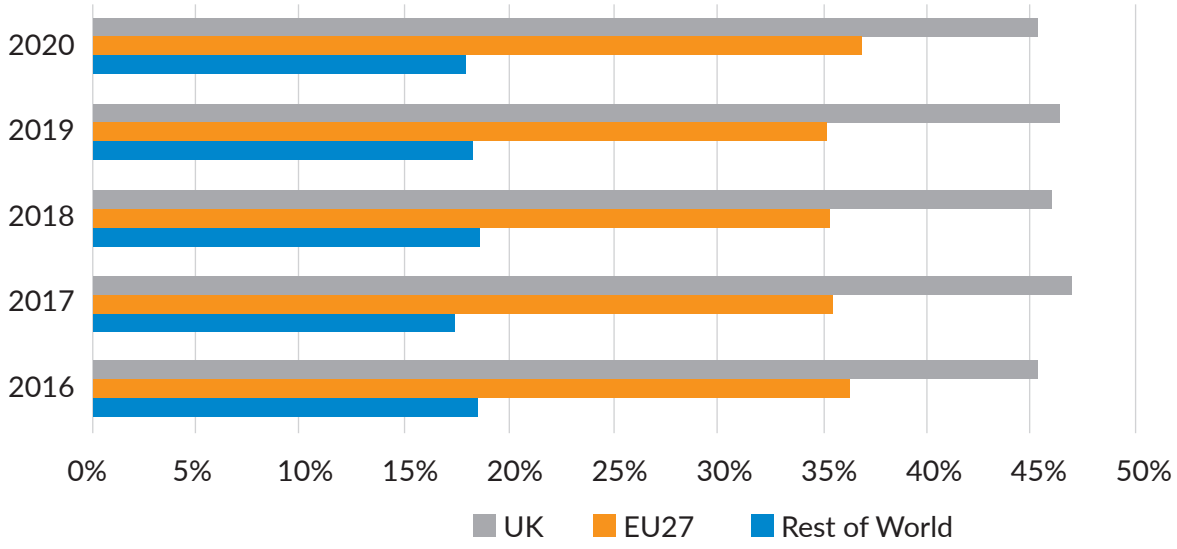
## 6.9 Key Import Markets for Ireland

The United Kingdom (Great Britain & Northern Ireland) remains Ireland's largest import partner with 45% of total agri-food products imported into Ireland from the United Kingdom in 2020.

In 2020, total agri-food imports from the United Kingdom totalled €4.6 billion down €23 million on 2019. The main category of imports was cereal and cereal preparation accounting for €690 million or 15% of total imports from the United Kingdom. About one third of cereal and cereal preparation imports is bread, pastry, cakes and biscuits and about 15% consists of sweet biscuits and waffles. Dairy produce accounts for €604 million or 13% of the imports with beverages accounting for €467 million or 10%.

T he Netherlands as the second largest source of our agri-food imports accounts for €913 million of imports or 9% of the total. Ireland imports €130 million worth of fruit and vegetables from the Netherlands along with €107 million of vegetable oils and fats and €105 million of dairy produce. Irelands main import from Germany, our third largest source of imports, is dairy produce worth €147 million or about 19% of imports from there. Fruit and vegetables worth €122 million are the second largest import from Germany.

**Figure 6.18** *Proportion of Agri-food Imports by Region, 2016 – 2020*




**Source:** CSO

## 6.10 Prepared Consumer Food Imports

Prepared Consumer Food imports totalled just over €3.7 billion in 2020, a 1% decrease on the previous year. Meat preparations account for €470 million or 13% of PCF imports, with fruit and vegetable based products accounting for €451 million or 12% and waters, juices and soft drinks account for €390 million or 11% of the PCF imports.

In value terms, the largest increases between 2019 and 2020 were:

- Fruit & Vegetable based product imports saw an increase in value of €22 million or 5%.
- Cereal based products were worth €380 million, an increase of €15 million or 4%.
- Frozen confectionery was worth €79 million, an increase of €10 million or 15% on 2019.

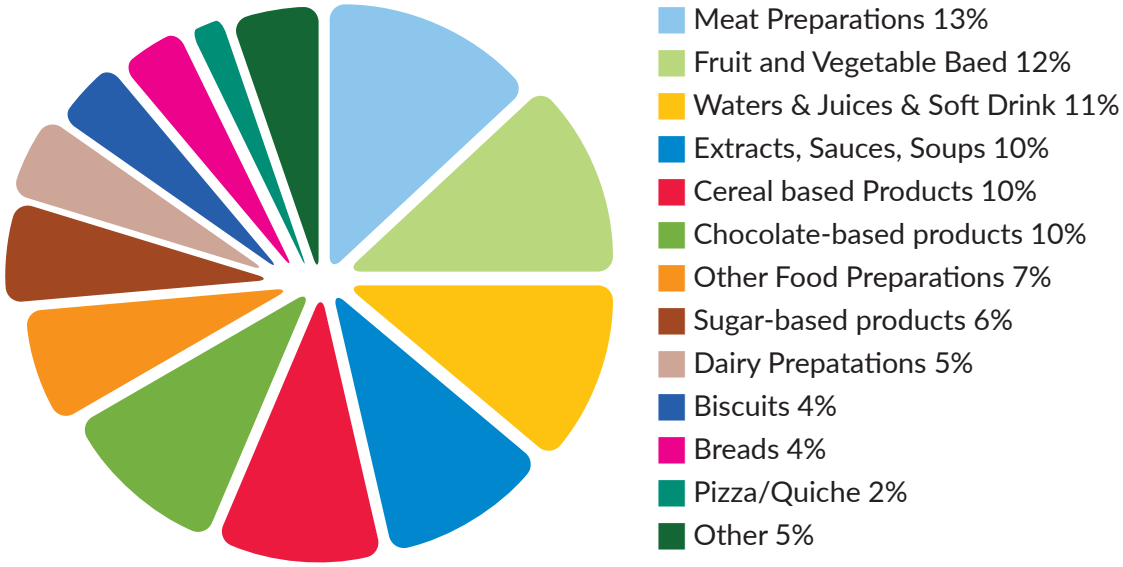
**Table 6.9** *Value and Volume of Prepared Consumer Food Imports by Category, 2019 - 2020*

| | 2019 | | 2020 | | 2020 Vs 2019 | |
|---|---|---|---|---|---|---|
| Category | €000 | Tonnes | €000 | Tonnes | €000 | Tonnes |
| Meat Preparations | 556,394 | 133,773 | 469,573 | 114,542 | -16% | -14% |
| Fruit & Vegetable based | 429,430 | 312,360 | 451,135 | 311,406 | 5% | 0% |
| Waters & Juices & Soft Drinks | 405,676 | 511,958 | 390,317 | 531,970 | -4% | 4% |
| Extracts, Sauces, Soups | 379,913 | 131,019 | 385,718 | 144,412 | 2% | 10% |
| Cereal based Products | 365,038 | 423,402 | 379,668 | 404,079 | 4% | -5% |
| Chocolate-based products | 371,603 | 83,259 | 373,981 | 88,296 | 1% | 6% |
| Other Food Preparations | 259,633 | 91,173 | 257,930 | 82,937 | -1% | -9% |
| Sugar-based products | 212,564 | 345,162 | 219,097 | 351,425 | 3% | 2% |
| Dairy Preparations | 191,030 | 109,562 | 193,739 | 109,259 | 1% | 0% |
| Biscuits | 156,645 | 54,630 | 153,274 | 54,011 | -2% | -1% |
| Breads | 150,658 | 77,337 | 149,147 | 67,620 | -1% | -13% |
| Pizza/Quiche | 94,569 | 39,758 | 89,321 | 39,569 | -6% | 0% |
| Frozen Confectionery | 68,827 | 31,613 | 79,051 | 36,869 | 15% | 17% |
| Fruit-based bakery | 73,630 | 31,566 | 68,623 | 24,455 | -7% | -23% |
| Savoury Snacks etc | 44,119 | 15,663 | 49,889 | 16,210 | 13% | 3% |
| **Grand Total** | **3,759,729** | **2,392,238** | **3,710,462** | **2,377,060** | -1% | -1% |

**Source:** CSO

The top five Prepared Consumer Food categories accounted for 56% of total PCF imports in 2020 and totalled €2.1 billion.

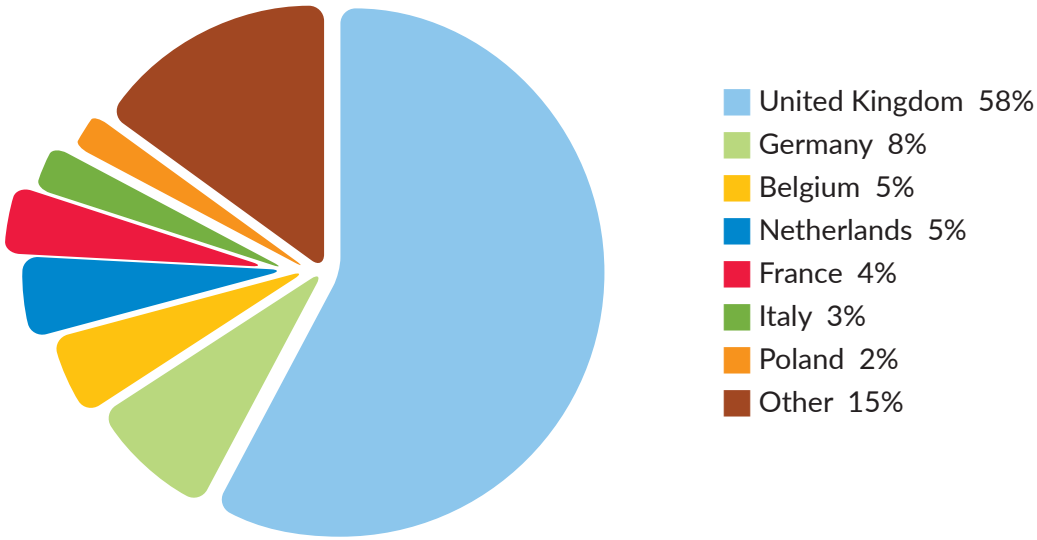
**Figure 6.19** *Prepared Consumer Food Imports by Category, 2020*




**Source:** CSO

Ireland's largest trading partner for Prepared Consumer Food Imports is the United Kingdom with 58% of PCF imports totalling over €2.1 billion in 2020. Other significant trading partners include Germany (8%), Belgium (5%), the Netherlands (5%), France (4%) and Italy (3%).

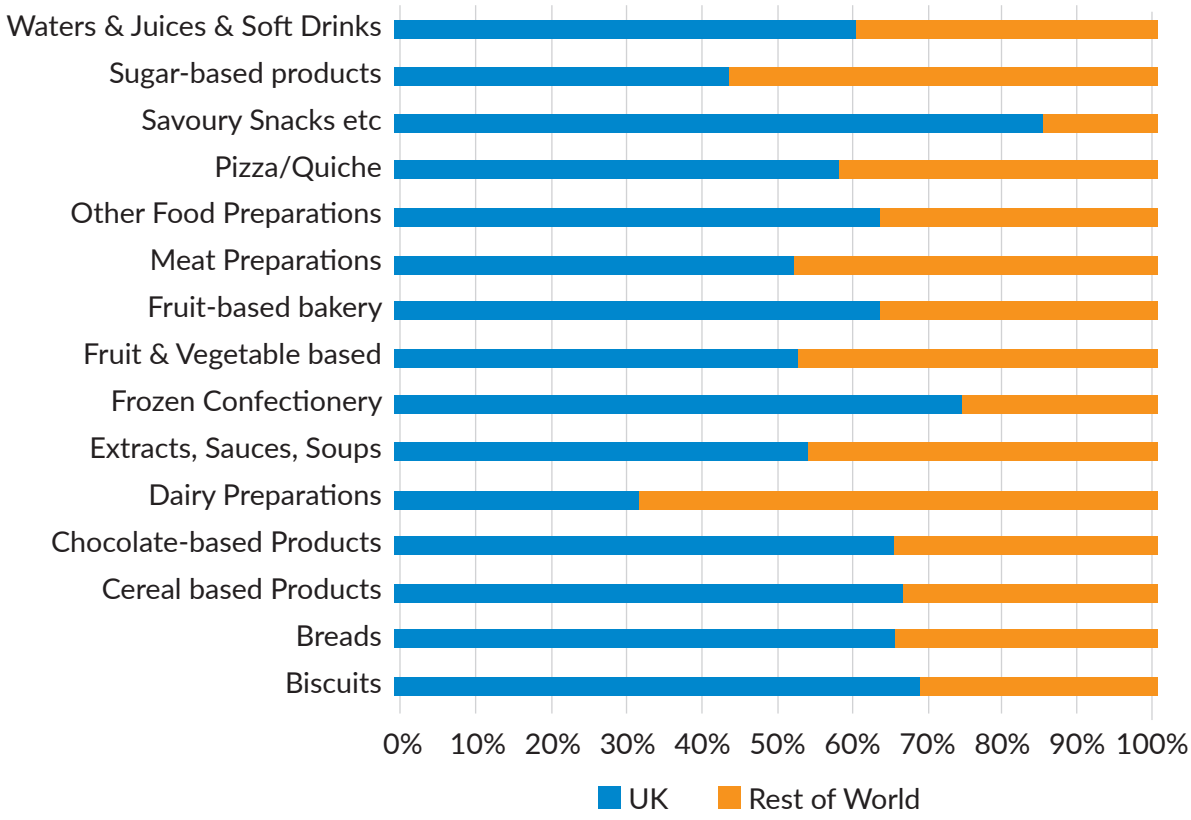
**Figure 6.20** *Prepared Consumer Food Imports by Destination, 2020*




**Source:** CSO

While Prepared Consumer Foods (PCF) imports from the United Kingdom accounted for 58% of total PCF imports, 75% of Frozen Confectionery, 85% of Savoury Snacks, and 69% of Biscuits under the PCF heading were imported from the United Kingdom. Figure 6.21 provides a detailed analysis of each category by percentage imported from the United Kingdom in 2020.

**Figure 6.21** *Prepared Consumer Food Imports by Category and Destination, 2020*




**Source:** CSO

# CHAPTER 7 EU and International Policy

A **Trade & Cooperation Agreement** was agreed between the EU and the United Kingdom on 24th December 2020.

An export certification IT system was developed to support the provision of **export certification** in line with United Kingdom import requirements.

The EU-Vietnam bilateral trade agreement entered into force on the 1st August 2020, **eliminating 99% of customs duties** between the two.

## 7.1 Overview

The EU and International Agricultural Policy Chapter offers an overview of the international factors impacting Irish Agriculture, including the influence of EU agricultural policy and Brexit. This chapter will also incorporate data generated by the Organisation for Economic Cooperation and Development (OECD), which monitors and advises on international trade and agriculture policy.



## 7.2 Brexit

### EU – UK Negotiations and the Trade and Co-Operation Agreement (TCA)

The United Kingdom left the EU on 31st January 2020. Nevertheless, there continued to be much uncertainty surrounding Brexit during 2020. This was initially in relation to whether or not there would be an extension to the transition period. The transition period began when the United Kingdom departed the EU and ultimately lasted until 31st December 2020, as the United Kingdom decided not to extend the transition period.

There was also uncertainty in relation to the outcome of the future relationship negotiations between the EU and the United Kingdom and whether the transition period would end with a deal or not. Ultimately, the EU – UK Trade and Cooperation Agreement (TCA) was agreed on 24th December 2020 and provisionally came into effect on 1st January 2021, creating a new framework for the future EU-UK relationship.

Ireland welcomed the conclusion of the TCA, which, together with the Withdrawal Agreement, including the Protocol on Ireland/Northern Ireland, meant that Ireland's key Brexit objectives were achieved.

The TCA avoided the worst outcomes of a No Deal Brexit. Crucially for the agri-food sector, it ensured that there are no tariffs or quotas on goods of EU and United Kingdom origin traded between the EU and the United Kingdom. This was hugely important for the agri-food sector, as it avoided the potential for between €2 and €2.5 billion in tariffs on trade between Ireland and the United Kingdom. Whilst the outcome on fisheries was a difficult compromise, it avoided exclusion from United Kingdom fishing waters for EU fishing vessels.

However, the TCA did little to avoid non-tariff barriers or lessen the unavoidable increase in the administrative burden placed on trade. These include compliance with customs, Sanitary and Phytosanitary (SPS) and other regulatory requirements arising from the United Kingdom's decision to leave the EU Customs Union and Single Market. The status quo that existed when the United Kingdom was a full Member State of the EU has fundamentally changed.

### Preparedness

Having started four years previously, Brexit readiness work continued and intensified throughout 2020 so that traders in the agri-food sector would be ready to trade with Great Britain as a third country with a particular emphasis on:

- Border Control Post infrastructure in the ports and airports.
- Ensuring that adequate staffing was in place to carry out import controls and provide export certification.
- The development of robust IT support systems to support this work.
- Intensified communication and engagement with stakeholders across the agri-food sector.

The primary aim of this work was to support the continuation of trade with Great Britain from 1st January 2021 and to support farmers and the agri-food sector in this regard. Collectively, Revenue, DAFM and the Department of Health/HSE invested significantly and worked together to ensure that the required controls could be carried out in the most efficient way possible.

### Communications and Stakeholder Engagement

During 2020, the Department, as part of the whole of Government approach, engaged extensively with stakeholders in industry and the wider agri-food and marine sector through various means, which evolved due to the impact of the COVID-19 pandemic.

Five meetings of the Brexit Stakeholders Consultative Committee were held virtually during 2020. This included monthly meetings held from September onwards, as the negotiations concluded.

DAFM also engaged in both public and industry information campaigns, through advertisements, online webinars, social media and our website. The overall Department website migrated to the central Government web portal www.gov.ie/agriculture with a dedicated Brexit page at www.gov.ie/agriculture/brexit. Webinars and 'how-to' videos were also recorded and made available on the Department's You-Tube site.

These webinars and videos informed and encouraged stakeholders to take the necessary steps to register with DAFM and Revenue, to obtain an EORI number, look at their supply chains and familiarise themselves with the SPS requirements to allow their trading arrangements with Great Britain continue from 1st January 2021.

In order to keep Member States appraised of Ireland's concerns on the impact of Brexit on the agri-food sector, Ministerial engagement in 2020 continued with EU counterparts including from Denmark, France and The Netherlands. Engagement also took place with Ambassadors from various Member States. The purpose of these engagements was to ensure that areas of interest to the Irish agri-food sector and the negative impacts of a no-deal Brexit, were successfully highlighted.

The Minister also met regularly with Trade Commissioners Phil Hogan and Valdis Dombrovskis, Virginijus Sinkevicius European Commissioner for the Environment, Oceans and Fisheries and Janusz Wojciechowski, European Commissioner for Agriculture, to discuss the potential impact of Brexit on the agri-food sector. The Minister also stressed the need for the Commission to be ready to deploy a range of measures to mitigate the potential impacts on farmers and processors.

There were also Ministerial engagements on Brexit with George Eustice MP, Secretary of State for Environment, Food and Rural Affairs and Edwin Poots Minister for Agriculture, Environment and Rural Affairs in Northern Ireland.



## Supports to the Agri-Food Sector

DAFM continued to ensure that financial and other support measures were put in place in order to support farmers and the agri-food sector to deal with Brexit in 2020. Demand for the Future Growth Loan Scheme, to support strategic long-term investment in a post-Brexit environment, continued throughout the year.

In October 2020, significant additional funding was provided in Budget 2021 for the Department's Vote for Brexit expenditure. A total of €58 million is being spent in 2021, covering staffing (€29 million), infrastructure (€17 million) and facilities management (€12 million). This will ensure that the relevant SPS checks are conducted, as required, in Dublin and Rosslare ports and at Dublin Airport in 2021. A further €4 million was made available for Bord Bia, to continue its market support efforts in United Kingdom, European, and wider international markets. Budget 2021 also provided an overall contingency fund of €3.4 billion to address the twin challenges of Brexit and COVID-19.

In December 2020 the Government approved a €100 million Capital Investment scheme for the Processing and Marketing of Agricultural Products, which will be provided up to 2025. (€14 million is provided for in the 2021 estimates.) The scheme will be rolled out by Enterprise Ireland and its objective is to help primary meat and dairy processing companies to achieve higher value, by implementing new product and/or market diversification strategies.

## Brexit Adjustment Reserve (BAR)

In 2020, EU leaders agreed there would be a €5 billion Brexit Adjustment Reserve (BAR), established as part of the 2021-2027 EU budget. It is an important instrument that will mitigate the impact of the United Kingdom's departure from the EU and will focus on the most affected regions and sectors.

## Landbridge

Ireland, including DAFM officials, has undertaken substantial engagement at political and official level, with the Commission and with key EU Member States, to ensure that EU goods moving, under transit, across the United Kingdom landbridge are not subject to unnecessary controls. The overarching aim has been to ensure that once the correct paperwork is in place and the necessary controls are completed, that transit goods will be green routed and permitted to leave the ports.

EU rules require that goods transiting the landbridge must be placed under customs transit procedure, in order to maintain their Union status. The Official Controls Regulation requires that controls are performed on animals and goods re-entering the Union. This requires prior notification of the arrival of the consignment to the Border Control Post (BCP) of re-entry to the EU. The United Kingdom also has requirements for goods transiting the landbridge.

New legislation was brought forward to provide additional flexibilities to member states on how this notification is managed. Ireland played a lead role in this and it was achieved by working with the Commission and other member states.

From 1st January 2021, operators are still able to move goods between Ireland and other EU countries by road through Great Britain, but the way in which this is done has changed significantly.

Direct ferry routes from Ireland to the continent avoid the uncertainty of delays and disruption, as the process for moving goods directly between Ireland and other EU Member States has not changed and is not subject to the new procedures.

## Outlook

### Export Certification Changes

Since leaving the EU, the United Kingdom sets its own import policy and it is implementing a phased approach to import requirements, including SPS controls. Since 1st January 2021, live animals, including equines, hatching eggs, and germinal products must be pre-notified

to United Kingdom authorities on their Import of Products, Animals, Food, and Feed System (IPAFFS) and accompanied by an Export Health Certificate.

On 11th March 2021, the United Kingdom Government announced a delay in the phased introduction of additional import controls that had been scheduled to take place on 1st April and 1st July, with a further delay announced on 14th September on controls scheduled to come into force on 1st October. These requirements will now come into force on the 1st January 2022 and the 1st March 2022 and as a result, further Brexit-related challenges to agri-food exports are expected.

The Department continues to refine our preparations to meet the significant additional administrative and logistical challenges that will arise for exporters and competent authorities in meeting the new requirements. These include exporter approval, pre-notification to the United Kingdom authorities and export health certification to and through Great Britain.

An updated communications plan will be rolled out in advance of these new dates, consisting of direct trader engagement, a national public information campaign and a range of stakeholder engagements and webinars. DAFM continues to engage with Department for Environment, Food and Rural Affairs (DEFRA) on United Kingdom import requirements and with the EU Commission.

## United Kingdom Free Trade Agreements with third countries

There are medium to long term threats to the agri-food sector arising from the United Kingdom's departure from the EU and from trade agreements they enter into with third countries. As a result, Ireland will have to continue to diversify export markets.

### Highlights

Significant Brexit Preparedness work was carried out during 2020 including Infrastructure, Staffing and IT:

### Infrastructure

Provision on Border Control Post Infrastructure at Dublin Port, Rosslare Port and Dublin Airport including:

### Dublin Port

- A total of 25 inspection bays for SPS and food safety checks.
- Parking for more than 200 heavy goods vehicles (HGVs).
- A live-animal Border Control Post (BCP) and pet facility.

### Rosslare Port

- 4 inspection bays for SPS and food safety checks.
- Parking for 38 HGVs.
- A live-animal Border Control Post.

### Staffing

Recruitment and deployment of staff ensured that DAFM was able to meet its obligations on 1st January 2021; with comprehensive controls being conducted at our designated border control posts and the provision of export certification where required by the United Kingdom.

### IT Developments

Imports - DAFM developed an Import Controls IT platform for traders to submit necessary documentation to DAFM in advance of arrival.

Exports - DAFM developed an export certification system to support the provision of export certification in line with United Kingdom import requirements.

## 7.3 EU Developments

### Overview

The role of the of the President of the Council of the European Union in 2020 was shared by Croatia (from January to June) and Germany (from July to December). The key issue discussed by Member States, including Ireland, throughout 2020 was the ongoing negotiation of the Common Agricultural Policy post 2020. The Council general approach was achieved at the October Agri-Fish Council. Trilogues between the Commission, the Council and the European Parliament on the three CAP legislative proposals began in November 2020 and are continuing in 2021 under the Portuguese (from January to June) and Slovenia (from July to December) Presidency.

Other key issues discussed by the Council during 2020 included the Farm to Fork Strategy and the Biodiversity Strategy. The Biodiversity Strategy was published by the Commission on 20th May 2020 as part of the European Green Deal. It paid particular attention to the following items:

- The agriculture-related aspects and the links with the ongoing reform of the Common Agricultural Policy.
- Trade-related agricultural issues in light of the ongoing COVID-19 pandemic and the potential challenges relating to Brexit.
- Forestry related matters, such as the Legally Binding Agreement on Forests in Europe (LBA) and United Nations Forums on Forests (UNFF).
- EU Forest Strategy Post 2020.
- Delegated Act on Forest Reference Levels.

Towards the end of 2020, the CAP Transitional Regulation, a two-year transitional period and the associated rules were agreed at EU level. This provided for the extension of current Rural Development Programmes for 2021 and 2022, including the possibility to introduce new measures, while maintaining the environmental ambition at the overall programme level.

The Commission approved the ninth amendment to Ireland's 2014-2020 Rural Development Programme in November 2020, allowing existing contracts due to end on 31st December 2020 to be extended for one year for GLAS, BDGP, Organic Farming Scheme and the Burren Programme.

### CAP post-2020

Discussions on the legislative proposals for the next CAP 2021-27, continued under the Croatian and German Presidencies in 2020. The Croatian Presidency took over responsibility of the CAP post 2020 negotiation process in January. However, much of their Presidency was hampered by the COVID-19 pandemic and as a result, all Working Group meetings on the CAP Post 2020 ceased for approximately two months. Instead, the Presidency relied on a written procedure with Member States, in an effort to progress the files. The Presidency presented



consolidated texts on all three CAP post 2020 legislative proposals, which formed the basis for future work on the proposals.

In July 2020, the German Presidency took over responsibility of the CAP post 2020 negotiation process. They set an ambitious agenda which culminated in EU Agriculture Ministers reaching a Council general approach on the CAP post 2020 legislative proposals at the Agri-Fish Council on 19th-20th October.

The Council General Approach gave the Presidency the political mandate to commence trilogue discussions with the European Parliament. The European Parliament held its plenary session on 19th–23rd October 2020, where it agreed its own internal position on the CAP legislative proposals on 23rd October. Trilogue discussions commenced soon thereafter with the initial trilogue meeting taking place on 10th November in Brussels, where each of the parties set out statements on their priorities under the three legislative proposals. Following the initial trilogue, separate trilogue meetings began on each of the three Regulations and continued under the Portuguese Presidency in 2021.

On 25th June, the European Commission announced that "the provisional political agreement reached today by the European Parliament and Council on the new Common Agricultural Policy introduces a fairer, greener, more animal friendly and flexible CAP. Higher environmental and climate ambitions, aligned with Green Deal objectives, are to be implemented from January 2023. The new CAP will also ensure a fairer distribution of CAP support, especially to small and medium-sized family farms and young farmers".

## Multiannual Financial Framework (MFF) post-2020

Negotiations on the Multiannual Financial Framework post 2020 continued in 2020. The retention of a sufficient budget for the post-2020 CAP was a key objective for Ireland throughout the negotiations process. Ireland's goal was to maintain our current funding allocations under the CAP at the same level for the next 2021-2027 period for the farming sector and rural development. The European Council reached agreement on the EU Budget in July 2020. That agreement represented a positive outcome, as Ireland succeeded, in challenging negotiations, to reverse the original cuts of some 5% proposed for the CAP budget. Final agreement on the MFF was reached with the European Parliament in December 2020.

Ireland's original allocation under the 2014 – 2020 CAP, in current prices was €10.68 billion. The outcome of the MFF negotiations sees Ireland's allocation for the CAP post 2020 marginally increase to €10.774 billion over the 2021-2027 period. This includes an additional specific allocation of €337 million to Ireland's overall Rural Development allocation and an additional €189.7 million allocation under the European Recovery Instrument.

Ireland will also receive small allocations for beekeeping and additional amounts, not allocated to Member States, will be provided to support producer groups and school food schemes.

While the outcome preserves the CAP budget for Ireland and indeed marginally increases it by over €60 million, it is a complex package. A key issue is that the overall rate of co-financing for Rural Development has changed to 43% from 53% meaning that Member States will now have to put in additional national funding to draw down the EU funding.

The European Recovery Instrument (ERI) funding is committed for 2021 and 2022. More than half of the ERI funds (55%) should be spent on investment measures in agriculture and rural development. Member States can use a wide range of measures supporting economic and social development in rural areas, such as investments in physical assets, farm and business development, support for basic services and village renewal in rural areas and co-operation under specific Articles of the Rural Development Regulation (1305/2013).

The Multiannual Financial Framework (MFF) 2021-2027 agreement also provided for a €5 billion (2018 prices) Brexit Adjustment Reserve (BAR) to support Member States and sectors most adversely affected by Brexit. The Commission proposed the legal instrument setting out the proposal on 25th December 2020. Discussions on this proposal continued into 2021, with an announcement of agreement on 17th June.

## 7.4 EU Policy Developments

### Farm to Fork and Biodiversity Strategies

#### *Farm to Fork Strategy*

The European Commission published the EU's Farm to Fork strategy on 20th May 2020. The strategy is seen as an integral part of delivering on the EU Green Deal and the ambition of zero net GHG emissions across the EU by 2050, with economic growth being decoupled from resource use. The Farm to Fork Strategy has strong connections with the new circular economy action plan and the EU Climate Plan.

The Farm to Fork (F2F) Strategy recognises that farming and food systems will have a major part to play in delivering the European Green Deal and is built around economic, social and environmental sustainability that requires an integrated, coherent and consistent approach across all the stakeholders in the agricultural system. The Farm to Fork strategy takes a full supply chain approach, from primary production right through to consumption.

Targets in the Farm to Fork strategy include:

- Fifty percent reduced pesticides use and risk,
- Fifty percent less nutrient loss,
- Twenty percent less fertiliser use,
- Fifty percent less antibiotics for animals,
- Increase to 25% of total farmland the area under organic farming.

While the Farm to Fork (and Biodiversity) Strategy is not a legislative document, the Commission has indicated that the Member States' CAP Strategic Plans will be a key mechanism to deliver the Green Deal objectives and targets, such as those set out in the Farm to Fork and Biodiversity Strategies.

To ensure that the objectives and targets of the Farm to Fork strategy are appropriately reflected in Member States national CAP Strategic Plans, the Commission issued a set of recommendations to each Member State. These recommendations will form part of the criteria used to evaluate and approve Member States' CAP Strategic Plan. The Commission issued its recommendations in Q4 2020 and engaged in a 'structured dialogue' with Member States in advance. The recommendations cover the nine CAP specific objectives with a specific focus on the Green Deal targets, including Biodiversity and Farm to Fork.

#### *EU Biodiversity Strategy 2030*

The EU Biodiversity Strategy 2030 was also published by the European Commission in May 2020. The Strategy is divided into the following four key areas:

1. Biodiversity – The need for urgent action
2. Protecting and restoring nature in Europe
3. Enabling Transformative Change
4. Tackling the Global Biodiversity Challenge Post 2020

The Farm to Fork and the Biodiversity Strategies are complementary to each other and are coherent in their ambitious targets.

The Biodiversity Strategy also proposes steps to transform at least 30% of Europe's terrestrial and marine habitats into effectively managed protected areas (of which 10% should be strictly protected) and to return at least 10% of agricultural land to improving biodiversity landscape features. In addition, the Biodiversity Strategy has recognised the importance of forestry for biodiversity conservation covering all aspects of the sector, including biomass and energy needs. This includes:

- Development and adoption of an EU Forest Strategy in 2021 (building on EU Biodiversity Strategy).



The European Commission published the EU's Farm to Fork strategy on 20th May 2020. The strategy is seen as an integral part of delivering on the EU Green Deal and the ambition of zero net GHG emissions across the EU by 2050

- Developing guidelines for biodiversity-friendly afforestation and reforestation within special working groups.
- Development of forest management plans for all state and increased number of privately owned forests.
- Planting at least 3 billion additional trees in the EU, respecting ecological principles.
- Defining and mapping all primary and old-growth forests, as well as promoting "closer-to-nature forestry."

## CAP Transitional Regulation

The Transitional Regulations require amendments to seven specific regulations, including the four CAP Regulations. These Regulations aim to provide certainty and continuity in granting support to European farmers, ensuring the continuity of support for rural development in the transitional period for those Member States who have used their 2014 – 2020 EAFRD allocations. This will be done by extending the current legal framework until the new CAP becomes available in 2023.

The Regulation was further adapted to take account of the agreement on the Multi-Annual Financial Framework 2021-2027 and to reflect the additional EU Recovery Instrument funding to support the recovery of Europe through the green and digital economy. Ireland received in excess of €190 million of this funding for distribution through the extended Rural Development Programme 2014-2022.

A two-year transitional period and the associated rules were agreed at EU level at the end of 2020. This sees the extension of current Rural Development Programmes for 2021 and 2022, including the possibility to introduce new measures, while maintaining the environmental ambition at the overall programme level.

## Rural Development Programme

The Commission approved and adopted the eighth amendment to Ireland's 2014-2020 Rural Development Programme in July 2020. The amendment introduced a number of minor adjustments to current LEADER arrangements to ensure the continued smooth running of the programme.

The ninth amendment to the Irish Rural Development Programme 2014-2020 was approved by the Commission in November 2020 to allow existing contracts, due to end on 31st December 2020, to be extended for one year for GLAS, BDGP, Organic Farming Scheme and the Burren Programme.

## Organics

During the German Presidency, Ireland supported the proposal of the Commission to postpone the application of Regulation (EU) 2018/848 (Organic production and labelling of organic products), by one year.

In September, the European Commission launched a public consultation on its future action plan on organic farming. The consultation on the plan gathered feedback on the draft plan from citizens, national authorities and relevant stakeholders. Ireland welcomes this proposed Action Plan, progressed during the German Presidency, which is due for adoption in early 2021, as it will provide Member States with a roadmap to achieve the ambitious targets within the Farm to Fork Strategy.

Recognition of Organic Controls Bodies as equivalent was progressed in December 2020 with the publication of Regulation 2020/2196.

## Forestry Sector

### *Legally Binding Agreement on Forests in Europe (LBA)*

In February, the Russian Federation informed UNECE (The United Nations Economic Commissions for Europe) of its withdrawal from the negotiation process on the proposed Legally Binding Agreement on Forests in Europe. This position will not change, even if negotiations continue under the pan-European Ministerial Conference on the Protection of Forests in Europe (known as 'Forest Europe'). This was reviewed in May, where the UNECE Executive Committee agreed that it will report to the Slovak Minister for Agriculture and Rural Development (the Chair of Forest Europe) on the outcome of the two informal negotiation sessions (held in the autumn of 2019 and January 2020) and that no agreement has been found.

### *United Nations Forums on Forests (UNFF)*

EU Member States, including Ireland, negotiated at the Working Party of Forestry over the course of recent months to form an EU position for UNFF15. The UNFF Chair led UN members through a number of rounds of informal discussions, at which the EU spoke with one voice.

An omnibus resolution was adopted at the end of June. This resolution was seen in the EU as a compromise text containing a high level of flexibility from all members involved in its development, and it was understood as a safeguard for a smooth transition to the 16th Session of the UNFF (2021) without abating common efforts in the implementation of the UN Strategic Plan for Forests (UNSPF 2030).

### *Council Conclusions on the Perspectives for the EU Forest Related-Policies and EU Forest Strategy post 2020*

Ireland participated in the development of Council Conclusions on the "Perspectives for the EU Forest Related-Policies and EU Forest Strategy post 2020". These conclusions were adopted by Council on 10th November 2020. Themes covered in the conclusions include;

- Reference of previous Council Conclusions on the EU Forest Strategy Post 2020 (published April 2019).
- Sustainable Forest Management.
- Sustainable Development Goals.
- The respect of the principle of subsidiarity.
- Member States competencies and ensuring coherence and alignment with the EU Biodiversity Strategy and the European Green Deal.

## Communication on Stepping up action to protect and restore the World's Forests

Work is ongoing on this communication which was formally adopted in 2019. The German Presidency held several information events and kept Member States updated on the ongoing work, particularly in relation to deforestation free supply chains. The European Parliament completed a report in October which requires even more enforcement/tighter regulation in this area. New legislative proposals are expected in 2021. Several methods are being proposed such as specific focus on imports from a set group of products (or containing such), seen to cause deforestation e.g., Soy, Coffee, Palm oil, in conjunction with mandatory due diligence (such as already seen in the EUTR regulation). The European Commission is currently reviewing the financial / administrative burden on Member States. This situation will continue to be monitored as the final decision will have implications for Ireland.

### *EU Forest Strategy Post 2020*

The European Commission's Report & Roadmap were published in October. The initial consultation concluded, and a related public consultation is to be launched shortly. Ireland is involved (along with other Member States) in reviewing the text to ensure agreement and alignment with current policies. Adoption is not expected until the second half of 2021.

### *Delegated Act on Forest Reference Levels*

The land use, land use change and forestry (LULUCF) regulation for 2021-2030 Regulation (EU) 2018/841 adopted in May 2018 sets out the rules for accounting emissions and removals for managed forestland. This includes the process and the requirements for the submission of National Forestry Accounting Plans for each Member State, containing the proposed Forest Reference Levels (FRLs) for the period 2021 to 2025.

The Commission has adopted on the 28th October 2020 the FRLs for each Member State to apply between 2021 and 2025. FRLs are benchmarks to calculate the sum of greenhouse gas removals and emissions from existing forests in each Member State.

## 7.5 Organisation for Economic Cooperation and Development

### Introduction

The OECD Committee for Agriculture provides a forum for senior policy officials to share experiences, improve mutual understanding of agriculture, trade and agri-environmental policies and to enhance policy performance and effectiveness at both the domestic and the international levels. The Committee produces two annual flagship publications: the OECD-FAO Agricultural Outlook and the Agricultural Policy Monitoring and Evaluation report.

DAFM represents Ireland at the Committee for Agriculture and Committee for Fisheries and their subsidiary working parties and networks, including the Working Party on Agricultural Policies and Markets, the Joint Working Party on Agriculture and Trade, the Joint Working Party on Agriculture and the Environment, the Farm Level Analysis Network, the Food Chain Analysis Network and other ad-hoc groups and committees that are formed to address specific topics.

### OECD-FAO Agricultural Outlook 2021 – 2030

#### *Macroeconomic Outlook and Population Trends*

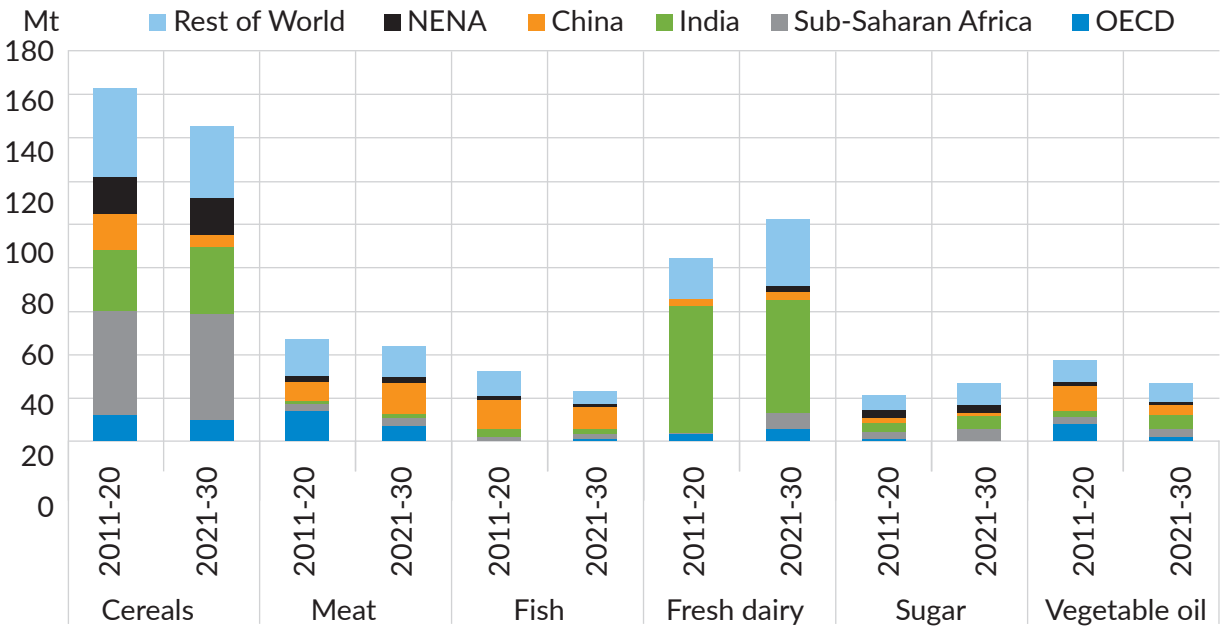
For the coming decade, per capita income growth of 1.5% per annum is expected for OECD countries. Global GDP is expected to grow at an annual average rate of 2.9% over the next decade, with the world economy recovering to pre COVID-19 levels by 2022. The rate of recovery will depend on the success of national pandemic control measure and on policies that support the recovery of businesses and consumer demand. World population is expected to grow to 8.5 billion people by 2030 corresponding to a growth rate of 0.9% per annum. This is a small slowdown in comparison to a growth rate of 1.1% per annum over the past decade. The population growth will be concentrated in developing regions with Sub–Saharan Africa to have the fastest growth rate of 2.5%

#### *Consumption*

It is expected global demand for agricultural commodities will grow by 1.2% per annum over the coming decade, well below growth of 2.2 % per annum over the previous decade. This slowdown is attributed to a decrease in demand growth in China and other emerging economies. Population growth will be the main determinant of overall demand for most commodities and demand will mainly originate from Sub-Saharan Africa and South Asia. Growth in demand for dairy products will be mainly driven by the increase in capita consumption of fresh dairy products in India.

China will remain a driver for demand for several commodities including fish and meat and is expected to account for 43% and 33% of additional demand, respectively, over the next decade, due to continued income growth and urbanisation.

**Figure 7.1** *Regional contributions to food demand growth, 2011-20 and 2021-30*




Note: Each column shows the increase in global demand over a ten-year period, split by region, for food uses only. NENA stands for Near East and North Africa.

**Source:** OECD-FAO Agricultural Outlook

The growth rate of fats is expected to grow by 9.5% over the next decade indicating a need to move towards healthier diets. This increase will be mainly due to urbanisation which will see an increase in consumption of processed and convenience foods.

In high income countries, income growth and changing consumer preferences will increase the substitution away from staples and sweeteners, towards higher value foods, including fruit and vegetables and to a lesser extent animal product.

Average diets in low-income countries will remain heavily based on staples providing 70% of daily calories by 2030. Growth in the consumption of animal products and other high value foods will remain limited due to income constraints leading to a reduced capacity of diet diversification. Growth in animal protein consumption will be particularly pronounced in upper middle – and lower middle-income countries.

Consumption of dairy products is projected to expand by 1.2% per annum, while meat proteins consumption is expected to increase by 1.4% per annum over the medium term with much of this attributed to Asia and the rest of the world. While ongoing economic and population growth in developing countries are the main drivers of meat consumption globally, the *Outlook* projects a levelling-off in per capita meat consumption in high-income countries with a shift towards a demand for higher valued meat cuts.

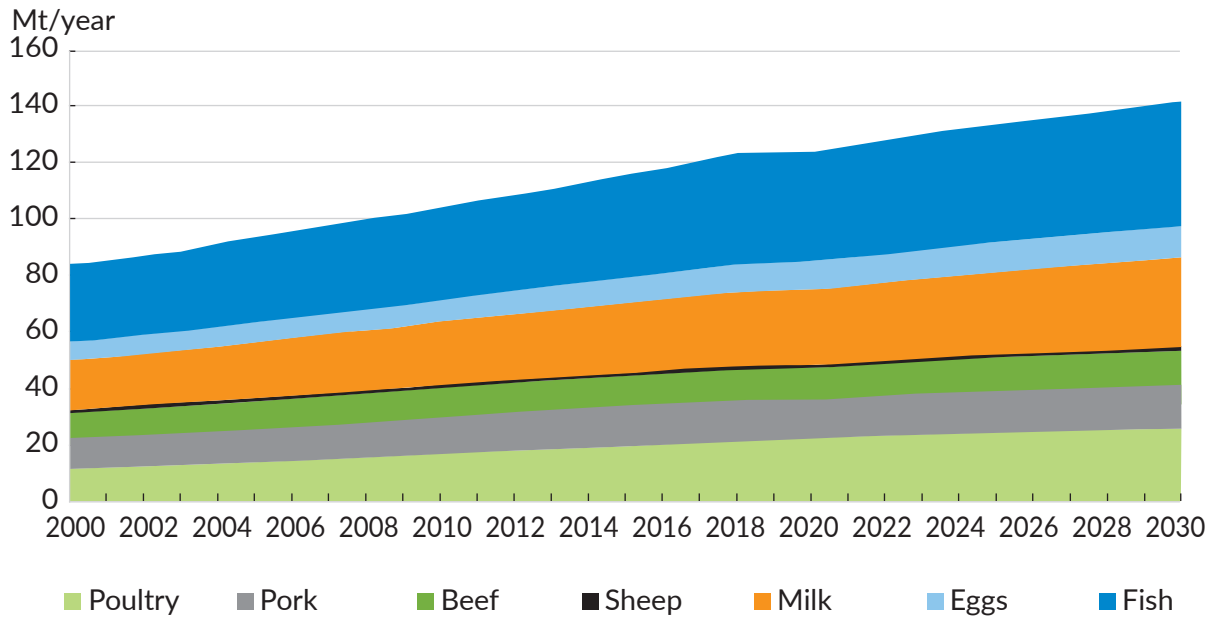
Global consumption of meat proteins over the next decade is expected to increase by 14% with protein availability from beef, pork, poultry and sheep meat expected to growth by 5.9%, 13.1%, 17.8% and 15.7% by 2030.

### *Production*

Global agricultural production is expected to increase by 1.4% per annum over the coming decade. Production growth in agriculture will be mainly located in emerging economies and low-income countries and will be driven by productivity-increasing investments in agriculture, research and development, increased access to agricultural inputs and improvements in management skills. Agricultural production in North America and Western Europe is expected to be slower due to restrictions from environmental policies.

Global livestock and fish production is expected to expand by 14% with the majority, 86% of this growth, to originate in middle- and low-income countries. Livestock production in Asian countries is predicted to recover after the ASF outbreak with fisheries and aquaculture benefitting from the supply gap in meat. Latin America is expected to expand its livestock and fish production by 15%, accounting for 38% of global output growth, driven mainly by the expansion of Brazil's export-oriented livestock sector. Milk and poultry outputs are estimated to increase by 22% and 17% respectively over the coming decade.

**Figure 7.2** *Global livestock and fish production*




**Source:** OECD-FAO Agricultural Outlook OECD Agriculture statistics (database)

Dairy is predicted to be the fastest growing livestock sector over the next decade with global milk production expected to increase by 22%. Increase in dairy production will be driven by expanding yields due to optimization of milk producing systems, improvements in genetics, better animal health and feeding efficiencies. Milk production growth among large dairy exporters such as the European Union, the United States and New Zealand will be restricted due to environmental policies with herds expected to decline in the EU and New Zealand.

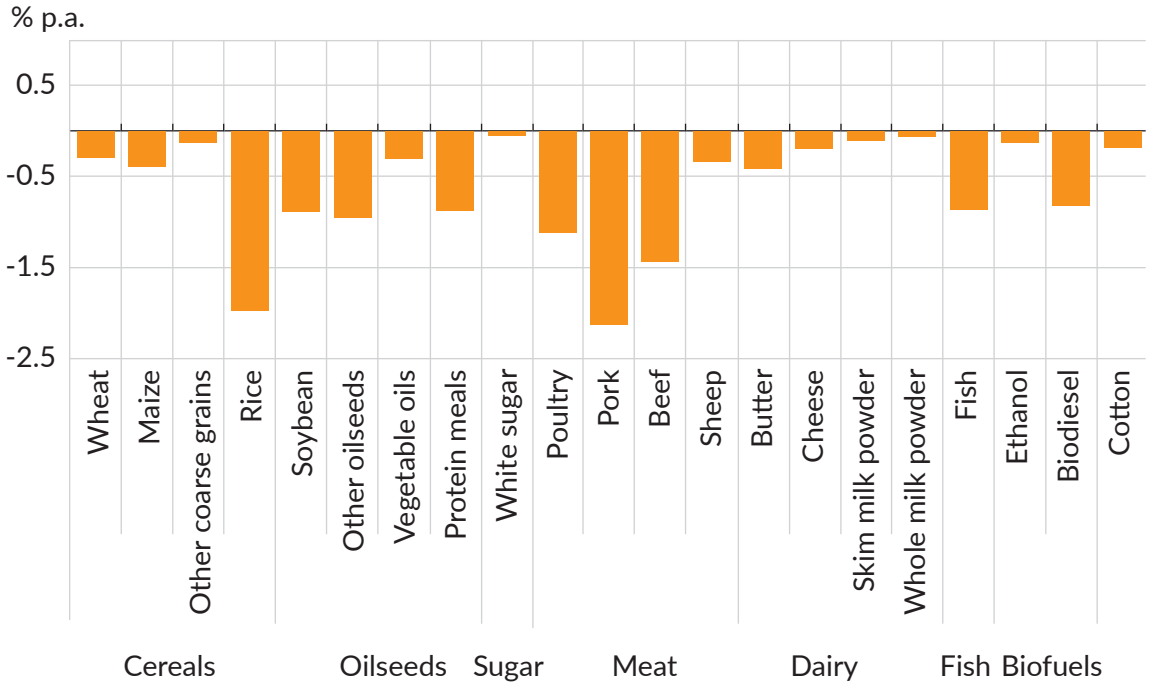
Sixty percent of fresh milk is projected to be consumed in the form of minimal processed products, while the remaining 40% will be processed into butter, cheeses and skim milk products. Lower cheese production will be attributed to reduced demand in Europe and North America while lower production of whole milk powder will be due to reduced demand in Asian countries.

Global fish production is expected to grow at 1.2% per annum, a slowdown compared to the 2.1% per annum growth over the previous decade. Most of the growth will occur in Asia.

### *Prices*

Over the coming decade, most commodities are expected to see real price declines of less than 1% with the exception of meat, which is projected to decrease more strongly (-1.4% per annum), partly as a reflection of its current high levels, while crop prices will experience a more modest decline (-0.6% per annum).

**Figure 7.3** *Average annual real price change for agricultural commodities, 2021-30*




**Source:** OECD-FAO Agricultural Outlook

It is expected that skim milk powder (SMP) prices will remain stable in real terms throughout the projection period. While butter prices continue to be supported by strong demand for milk fat, world demand for SMP will outpace demand for milk fat narrowing the price gap between the two commodities over the coming decade.

### *Trade*

Over the next decade, agricultural trade will expand for most commodities although at a slower pace, mainly because there will be a slowdown in demand growth from China. Aggregate trade for agricultural commodities is projected to grow at 1.3% per annum over the projection period, compared to 3.0% per annum over the previous decade. Latin America and the Caribbean are expected to increase exports by 19% over the next decade, with North American exports to expand at a slower pace due to slower output growth. Europe has moved from being a net importer to a net exporter partly due to a static population and flat per capita consumption limiting domestic demand.

## Publications

The OECD publish a large number of reports and analyses covering many different aspects of agriculture, food and fisheries, including:

- OECD Agriculture and Fisheries Home page: http://www.oecd.org/agriculture/
- OECD-FAO Agricultural Outlook: http://www.agri-outlook.org/
- OECD Agricultural Policy Monitoring and Evaluation: http://www.oecd.org/tad/agricultural-policies/monitoring-and-evaluation.htm

## 7.6 International Trade Developments

### Introduction/ Overview

Free trade agreements (FTAs) are very important to Ireland, given our status as a small, open exporting economy. The negotiation of access to new markets historically has been a big driver of economic development, particularly in the agri-food sector. This will continue to be the case and will be crucial in achieving the objectives outlined in the new Food Vision 2030 strategy. Ireland's approach to the negotiation of free trade agreements is therefore informed by the need to make progress in areas where we have offensive interests, and to strongly defend those areas where threats may arise. We are therefore adopting a pragmatic, balanced approach to FTAs, consistent with overall Government policy. This includes a continued focus on market diversification to mitigate the impacts of Brexit and the COVID-19 pandemic.

### EU- Mercosur

A political agreement was announced on 28th June 2019 marking the end of a twenty-year period of negotiations on the EU-Mercosur Free Trade Agreement. The Mercosur trading bloc consists of Argentina, Brazil, Paraguay and Uruguay. Ireland has consistently raised concerns about the very negative impact that an agreement would have on the EU's agriculture sector- particularly the beef sector. This agreement includes a significant Tariff Rate Quota for South American beef - 99,000 tonnes Carcase Weight Equivalent (CWE) of beef.

The EU Commission contracted the London School of Economics (LSE) to carry out a Sustainability Impact Assessment (SIA) on the Agreement and its impacts on the EU. The final report was published on 29th March 2021. This EU study has been augmented at national level by an Economic and Sustainability Impact Assessment (ESIA) for Ireland, by Implement Economics, on the EU Mercosur Trade Agreement. This report was published on 21st July 2021. These studies, among other factors, will inform Ireland's approach to ratification of the agreement. The ESIA confirms that the Agreement does not in any way lower EU food standards, that there is an in-built dispute mechanism for any breaches of animal and plant Sanitary and Phytosanitary (SPS) provisions and that the Agreement encourages dialogue on a range of issues relevant to food standards, animal health and welfare to promote best practice. Overall, this study estimates that in a worst case scenario, the Agreement is expected to increase beef imports to the EU from Mercosur countries by approximately 53,000 tonnes CWE, less than 1% of the EU beef market.

Serious concerns have been raised regarding deforestation in the Amazon. Ireland is seeking additional, robust and legally enforceable commitments on environmental compliance to be added to the agreement.

The Agreement is currently undergoing a process of legal scrubbing and translation, with the EU Commission expecting to bring the matter to the EU Trade Council during 2022. The provisional application of those aspects of the Agreement, which the Commission has exclusive competence for (including trade), will require the agreement of the Trade Council (Qualified Majority Voting) and ratification by the European Parliament. Full ratification of the agreement will require Members States parliamentary approval.

### EU-US Trade Relations

#### *Tariffs arising from World Trade Organisation (WTO) Airbus/Boeing Disputes.*

The EU and US have been in a long-running dispute regarding subsidies to their respective major Aircraft manufacturers, Airbus and Boeing. Both sides have taken individual cases to the WTO, with the WTO Appellate Body finding both to be at fault.

The WTO arbitration ruling on 2nd October 2019 allowed the US to levy tariffs of US$7.496 billion against EU exports into the US. The equivalent WTO ruling permitting EU tariffs against US exports was published on the 13th of October 2020, allowing the EU to take countermeasures with a value of up to US$4 billion.

The Office of the United States Trade Representative (USTR) published a list of EU goods which it commenced applying tariffs to with effect from 18th October 2019. The value of Irish exports impacted, in 2019/2020 figures, was approximately €422/€380 million and would attract €105/€95 million respectively in additional tariffs in a full year. The precise selection of product categories means that Ireland is ranked first in the EU in terms of tariffs imposed as a percentage of GDP and per capita, and sixth in terms of the absolute value of tariffs.

On 15th June 2021, the EU and the US agreed to suspend these tariffs for a period of five years. The suspension will have a positive impact on EU exports (including Irish butter, cheese, and cream liqueurs) to the US. Both sides are seeking to overcome long-standing differences and to avoid future litigation while preserving a level playing field between their aircraft manufacturers. This is an opportunity for both sides to work on a fair and balanced solution to these disputes which have spilled over to effect Irish Agri-food exports and imports with the United States. Ireland's preference has always been for a negotiated settlement to be reached without tariffs being imposed on either side.



## EU US Mini-Deal

On the 21st August 2020, former Commissioner Hogan and US Trade Representative Lighthizer issued a joint statement outlining an agreement on a trade-facilitating package to eliminate or reduce customs duties for a small number of tariff lines covering €168 million (US$200 million) in EU and US exports. The Commission proposes to eliminate a number of customs tariffs on lobster for a period of five years, while the US will provide duty relief for a comparable economic value on products such as prepared meals, certain crystal glassware, surface preparations, propellant powders, cigarette lighters and lighter parts.

## Comprehensive Economic Trade Agreement (CETA)

Following a process of legal review, the agreement was signed on 30th October 2016. On 15th February 2017, the European Parliament gave its consent for CETA and on the 21st September 2017 the agreement provisionally entered into force. As such, most of the agreement now applies. The agreement will enter into force fully when all EU MS parliaments have ratified the agreement.

As of December 2020, fifteen EU member states have deposited their instruments of ratification: Austria, Croatia, Czech Republic, Denmark, Estonia, Finland, Latvia, Lithuania, Luxembourg, Malta, Portugal, Romania, Slovakia, Spain and Sweden.

At present there is no formal date for Ireland's ratification of the deal.

## EU-Chile

As of December 2020, eight rounds of negotiations have taken place with Chile. The ninth round is due to take place during January 2021 with market access and GIs due to be discussed with a possible market access chapter to be tabled in Spring 2021. Chile has expressed an interest in concluding the negotiations quickly.

As with all FTAs, Ireland would have offensive interests and defensive interests - in the case of Chile, we would see opportunities for dairy.

## EU-New Zealand

As of December 2020, nine rounds of negotiations have been completed with New Zealand. During the eighth round, an EU market access offer included sensitive lines such as beef, dairy and sheep meat including TRQs of limited volume.

Ireland has strong relationships with New Zealand and enjoys good cooperation on both a bilateral and multilateral level and is open to such trade deals. As with any trade deal, there will be both defensive and offensive interests in these negotiations, and these must be balanced and have due regard to special sensitive sectors, such as beef, sheep meat and dairy.

## EU- Vietnam

The EU-Vietnam bilateral trade agreement entered into force on the 1st August 2020. The FTA provides for the almost complete (99%) elimination of customs duties between the two. 65% of duties on EU exports to Vietnam disappeared as the FTA entered into force, while the remainder will be phased out gradually over a period of up to 10 years. As regards Vietnamese exports to the EU, 71% of duties disappeared upon entry into force, the remainder being phased out over a period of up to 7 years.

The FTA will also reduce many of the existing non-tariff barriers to trade with Vietnam and open Vietnamese services and public procurement markets to EU companies.

## EU-Mexico

On 21st April 2018, the EU and Mexico reached an 'agreement in principle' on the trade part of a modernised EU-Mexico Global Agreement (updating the 2000 Agreement) and this was supplemented with the agreement on public procurement on 28th April 2020. From an EU perspective, significant market access improvements were agreed for core exports of cheese

Ireland has strong relationships with New Zealand and enjoys good cooperation on both a bilateral and multilateral level.



and dairy products to Mexico. There will also be a considerable improvement in market access conditions for EU's exports for pork and poultry.

On the 12th May 2020, Ireland secured pigmeat access to Mexico. This access is particularly welcome when combined with the aforementioned Trade Agreements. This will significantly reduce tariff barriers to trade and will provide new export market opportunities for Irish pigmeat and the wider sector, as it continues to respond to the challenges of the COVID-19 pandemic.

The texts regarding the trade part of the agreement have been published. Once the Commission procedures are finalised, the legal texts will need to undergo translation into all EU languages, before the Commission can start the necessary internal procedures for the transmission of the agreement to the Council and European Parliament.

## EU-Australia

As of December 2020, nine rounds of negotiations have taken place with Australia. At the eighth round, which took place virtually in September 2020, discussions focused on the opposition grounds to the protection of several EU Geographical Indication (GI) names, based on files prepared by Australia. One of the one hundred GI oppositions tabled by Australia relates to Ireland and 'Irish Cream'. On the GI text, the EU reinstated its high ambition on the level of protection and its enforcement.

During the nineth round, the focus of discussions continued to be on existing conflicts to the protection of several EU GI names, including prior uses and trademarks. On the text, the EU continued to insist on a high-level of ambition on the level of protection and its enforcement.

Ireland has strong relationships with Australia and enjoys good cooperation on a bilateral and multilateral level and is open to such trade deals. However, and as with any trade deal, there will be both defensive and offensive interests in any negotiations, and these must be balanced and have due regard to special sensitive sectors, such as beef, sheep meat and dairy.

## Any other pertinent trade developments

### *Challenges*

Gaining third country market access and opening trading opportunities around the world for Irish exports, have long been integral to the Department's strategic approach to the development of the agri-food sector. This is particularly important in the context of dealing with the challenges presented by Brexit and the COVID-19 pandemic.

### *Market Access*

Trade missions play a key role here in gaining and maintain market access in key countries. Of course, traditional "in person" method of developing trade with customers was not feasible during 2020. To that end, DAFM, in conjunction with Bord Bia, held series of Virtual Trade Missions in the fourth quarter of 2020 involving countries such as Indonesia, Malaysia, Vietnam, Thailand, and the Philippines. These interactive engagements included Irish industry and existing and potential customers overseas. There was also a series of virtual meetings with key international customers from Germany, the United Kingdom, Japan, China, UAE and South East Asia. Similar events are planned for 2021.

### Highlights

The Government's commitment to new market development was illustrated by its appointment of Martin Heydon T.D., as Minister of State with specific responsibility for this task. The Department has also placed four additional Agriculture Attaches in the Irish Embassy network in recent years, in Berlin, Tokyo and Mexico City in 2019 and in Seoul, South Korea, in 2020.



## 7.7 OECD Support Estimates

Globally, agricultural policies are implemented in different ways and to different extents between countries. In order to measure and compare the extent of those policies, the OECD has developed agriculture support indicators that, despite their diversity, express policy measures with numbers in a comparable way across time and between countries.

The OECD define agricultural support as the annual monetary value of gross transfers to agriculture from consumers and taxpayers, arising from governments' policies that support agriculture, regardless of their objectives and their economic impacts.

Three key indicators are produced:

- The *Percentage Producer Support Estimate (%PSE)* represents policy transfers to agricultural producers, measured at the farm gate and expressed as a share of gross farm receipts. Transfers included in the PSE are composed of market price support, budgetary payments and the cost of revenue foregone by the government and other economic agents. The PSE represents transfers to producers individually. These transfers require that an individual farmer takes actions to produce goods or services, to use factors of production or to be defined as an eligible farming enterprise or farmer, to receive the transfer.
- The *Percentage Consumer Support Estimate (%CSE)* measures by how much domestic farm gate prices are inflated by agriculture policy at farm gate level. It captures the value of transfers to consumers and is almost always negative because transfers from consumers due to market price support policies outweigh any consumption subsidies from taxpayers that might be provided to consumers.
- The *Percentage Total Support Estimate indicator (%TSE)* represents the total of policy transfers to the agricultural sector expressed as a share of GDP. TSE transfers consist of transfers to agricultural producers (measured by the PSE), consumers (measured by the CSE) and support to general services to agricultural sector (measured by the GSSE).

The OECD provide a comprehensive analysis of these indicators and major agriculture and food policy developments across the globe in its annual 'Agricultural Policy Monitoring and Evaluation' publication. It should be noted that the recently published 2021 report provides an overview of recent developments in agricultural policies and support with a specific focus on policy responses to COVID-19. It also analyses the implications of current agricultural support policies for the performance of food systems.

For the purposes of this report, a selection of data has been extracted from the OECD database in order to consider the three indicators in detail. Data for 2020 is provisional. Data on the United Kingdom is based on 2018 onwards.

## Producer Support Estimate (PSE)

Of the countries selected, Japan has the highest PSE in 2020, at almost 41% when expressed as a percentage of gross farm receipts. While not included in the data shown here, Norway, Switzerland, Iceland and Korea tend to have some of the highest PSE rates (47.6% to 57.2%) when expressed as a percentage of gross farm receipts. In contrast, the EU's PSE, 19.3%, is substantially lower, although slightly above the OECD average of 18.1%. Not surprisingly, New Zealand has the lowest level of support, whether expressed in absolute terms or as a percentage of farm receipts.

**Table 7.1** *Producer Support Estimate (PSE) for a selection of countries and regions, 2017 – 2020*

| | 2017 | | 2018 | | 2019 | | 2020P | |
|---|---|---|---|---|---|---|---|---|
| Country | € million | % of Gross Farm Receipts | € million | % of Gross Farm Receipts | € million | % of Gross Farm Receipts | € million | % of Gross Farm Receipts |
| Brazil | 3,086 | 2.0 | 2,245 | 1.8 | 2,009 | 1.5 | 2,033 | 1.3 |
| China | 181,215 | 14.0 | 157,138 | 13.0 | 164,698 | 12.3 | 179,765 | 12.2 |
| EU 28 | 82,633 | 18.3 | 92,353 | 19.7 | 93,532 | 19.5 | 91,736 | 19.3 |
| Japan | 37,967 | 49.2 | 31,195 | 41.3 | 33,607 | 41.2 | 34,161 | 40.9 |
| New Zealand | 129 | 0.8 | 78 | 0.5 | 120 | 0.7 | 168 | 1.0 |
| USA | 35,135 | 9.9 | 35,753 | 10.5 | 46,202 | 14.4 | 35,792 | 11.0 |
| OECD (Total) | 202,189 | 17.8 | 203,411 | 17.7 | 216,643 | 18.7 | 208,841 | 18.1 |
| United Kingdom | n/a | n/a | 6,567 | 20.7 | 6,643 | 20.3 | 6,399 | 20.4 |

**Source:** OECD Agriculture statistics

## Consumer Support Estimate (CSE)

The CSE of selected countries shows that China has the largest implicit tax on consumers in absolute terms, but when expressed as a percentage of consumption expenditure at farmgate, Japan comes out highest, at over -35% in 2020. The EU has a lower CSE percentage than the OECD average, thus indicating that policies are less harmful to consumers. In contrast, the US has a high positive net-support to consumers, and this is reflective of the significant domestic food assistance programmes in place there.

**Table 7.2** *Consumer Support Estimate for a selection of countries and regions, 2017 – 2020P*

| | 2017 | | 2018 | | 2019 | | 2020P | |
|---|---|---|---|---|---|---|---|---|
| Country | € million | % of Consumption Expenditure * | € million | % of Consumption Expenditure * | € million | % of Consumption Expenditure * | € million | % of Consumption Expenditure * |
| Brazil | 95 | 0.1 | 773 | 1.1 | 782 | 1.0 | -64 | -0.1 |
| China | -124,372 | -9.5 | -113,129 | -9.4 | -127,866 | -9.4 | -151,153 | -10.0 |
| EU 28 | -16,703 | -4.1 | -17,238 | -4.4 | -16,447 | -4.2 | -12,872 | -3.3 |
| Japan | -44,400 | -42.8 | -36,384 | -36.3 | -38,704 | -35.4 | -37,666 | -35.1 |
| New Zealand | -86 | -3.5 | -60 | -0.7 | -97 | -1.1 | -125 | -1.4 |
| USA | 29,435 | 13.5 | 28,154 | 13.6 | 23,962 | 9.4 | 33,643 | 12.8 |
| OECD (Total) | -67,525 | -7.6 | -65,117 | -7.3 | -69,420 | -7.2 | -54,695 | -5.7 |
| United Kingdom | n/a | n/a | -2,172 | -7.3 | -1,793 | -6.3 | -1,401 | -4.6 |

*Net of taxpayer transfers

**Source:** OECD Agriculture statistics

## Total Support Estimate (TSE)

Total support relative to the size of countries' economies varies considerably across OECD countries. For the data selected, China has the highest TSE as a percentage of GDP at 1.6%. At the other extreme, Brazil, New Zealand and the United Kingdom have the lowest absolute and relative TSE at 0.3%. In almost all countries, policy transfers to individual producers dominate total support, accounting for approximately 75% of the total support provided to the agricultural sector in 2020.

**Table 7.3** *Total Support Estimate for a selection of countries and regions, 2017 – 2020P*

| | 2017 | | 2018 | | 2019 | | 2020P | |
|---|---|---|---|---|---|---|---|---|
| Country | € million | % of GDP | € million | % of GDP | € million | % of GDP | € million | % of GDP |
| Brazil | 6,265 | 0.3 | 5,122 | 0.3 | 4,861 | 0.3 | 4,059 | 0.3 |
| China | 212,297 | 2.0 | 187,505 | 1.6 | 191,078 | 1.5 | 205,705 | 1.6 |
| EU 28 | 92,703 | 0.6 | 103,538 | 0.6 | 104,612 | 0.6 | 103,067 | 0.7 |
| Japan | 45,491 | 1.1 | 38,717 | 0.9 | 42,647 | 0.9 | 43,483 | 1.0 |
| New Zealand | 466 | 0.3 | 411 | 0.2 | 552 | 0.3 | 539 | 0.3 |
| USA | 85,305 | 0.5 | 83,804 | 0.5 | 92,089 | 0.5 | 84,994 | 0.5 |
| OECD (Total) | 279,852 | 0.6 | 280,806 | 0.6 | 292,856 | 0.6 | 287,360 | 0.6 |
| United Kingdom | n/a | n/a | 7,151 | 0.3 | 7,311 | 0.3 | 7,061 | 0.3 |

**Source:** OECD Agriculture statistics

Case Study

## The World Food Programme

The United Nations World Food Programme (WFP) is the world's largest humanitarian organization, saving lives in emergencies and using food assistance to build a pathway to peace, stability and prosperity for people recovering from conflict, disasters and the impact of climate change. The Department of Agriculture, Food and the Marine leads Ireland's engagement with the WFP. In line with the multi-annual contribution commitment set out in the 2019-2021 Strategic Partnership Agreement (SPA) between Ireland and WFP, Ireland committed €70 million to the WFP for the period 2019-2021.

In 2020 the World Food Programme was awarded the Nobel Peace Prize for "its efforts to combat hunger, for its contributions to bettering conditions for peace in conflict-afflicted areas, and for acting as a driving force to prevent the use of hunger as a weapon of war and conflict." Ireland has been a generous and reliable donor to WFP for decades and is proud of playing its part in the WFP earning this Nobel Prize, especially because of the exceptional priority Ireland accords to food security and nutrition in its aid policies.

Ireland continues to do its share with its predictable and multi-annual strategic partnership approach to supporting WFP, enabling WFP to programme funds where needs are greatest, ensuring an early and efficient response and maximizing the impact of its support. Some of Ireland's funding for example, has been allocated to the provision of internal air transport in Syria via the United Nations Humanitarian Air Service (UNHAS), which is managed by the WFP. This has opened an important safe air corridor between Damascus and Aleppo in the north west of the country providing a reliable, cost efficient and effective passenger and light cargo service for the wider humanitarian NGO community. Ireland's flexible "smart funding" approach has a much greater impact than unplanned emergency funding. This was no better illustrated than in the swift response by WFP in the aftermath of the Beirut Port explosion in August 2020 which saw 300,000 people instantly made homeless.

UN Sustainable Development Goal (SDG) 2 is the goal for which the least progress of all 17 SDGs has been made. The key drivers of hunger include conflict; chronic poverty; discrimination against women and minorities; environmental degradation and climate change; insufficient investment in agriculture; and food loss and waste. WFP estimate that 41 million are currently at risk of famine. Since early 2020, the COVID-19 pandemic has affected harvests, disrupted supply chains, and decimated the incomes of tens of millions of households. Where food is available, each day more people lack the money to buy it.

The Department of Agriculture, Food and the Marine is leading Ireland's preparations for the next Strategic Partnership Agreement (2022-2024), which will underpin the combined efforts of Ireland and WFP towards achieving the common goal of Zero Hunger.

# CHAPTER 8 The Environment and Rural Development

Government has committed to a

**7% annual reduction**

in GHGs.

A total of

**€4.15 billion**

in funding was available for the Rural Development Programme 2014 to 2020.

There are over

**48,000 farmers**

active in the GLAS Scheme.

## 8.1 Overview

Following publication of the European Green Deal in December 2019, the EU has seen a significant step up in environmental ambition. This includes the aim to become climate neutral by 2050, along with a European Climate Law proposed in March 2020 which seeks to make this commitment a legal obligation for Member States. The Programme for Government commits Ireland to achieving a 7% average yearly reduction in overall greenhouse gas emissions over the next decade and net zero emissions by 2050. The recently signed into law Climate Action and Low Carbon Development (Amendment) Act 2020 seeks to drive a suite of policies to help achieve these goals.

In addition to the climate crisis, 2020 saw significant additional challenges presented by both the COVID-19 pandemic and Brexit and what each could mean for existing supply chains. The potential impact of climate change to further disrupt supply chains highlights the importance of Goal 13 of the Sustainable Development Goals, *Climate Action*. The environmental goals of the sector also support a number of other SDGs such as 2, 7, 12, 14 and 15. The Department continues to work on strengthening the resilience and adaptive capacity of the sector while integrating climate change measures into national policies and strategies and raising sectoral awareness & capacity on climate change issues.



## 8.2 National Climate Change Strategy

### Food Vision 2030

In August 2021, An Taoiseach Micheál Martin, the Minister for Agriculture, Food and the Marine, Charlie McConalogue, and Ministerial colleagues, launched the new stakeholder-led strategic framework for the sustainable development of the agri-food sector: 'Food Vision 2030 – A World Leader in Sustainable Food Systems'. The Strategy has set an ambitious vision – that Ireland will become a world leader in sustainable food systems over the next decade. This will deliver significant benefits for the Irish agri-food sector itself, for Irish society and the environment. Demonstrating that the sector meets the highest standards of sustainability – economic, environmental, and social - can also provide the basis for its future competitive advantage. One of its high-level missions required to fulfil this ambition is "A Climate Smart, Environmentally Sustainable Agri-Food Sector" with an overall target of a climate-neutrality by 2050, with verifiable progress by 2030, encompassing emissions reductions, carbon sequestration, improvements in air quality, restoration and enhancement of biodiversity, improvements in water quality, development of diverse forests, enhanced seafood sustainability and exploring the potential of the bioeconomy.

### Agriculture, Forest and Seafood Climate Change Sectoral Adaptation Plan

Implementation of the Agriculture, Forest and Seafood Climate Change Sectoral Adaptation Plan continued during 2020 with the Programme for Government emphasising the need to implement the sectoral Adaptation Plan, alongside a commitment to assist in efforts to adapt with the changed environment. By end of Q3 2020, almost 88% of the actions contained in the Plan were either complete or on schedule.

The overall goal of this statutory plan is to build resilience to the effects of climate change and weather-related events in the agriculture, forestry and seafood sector, to reduce any negative impacts where possible, to take advantage of any opportunities and to contribute to the achievement of the Department's Statement of Strategy Goals.

### The All of Government Climate Action Plan

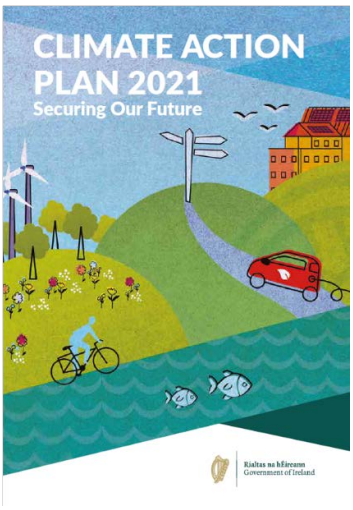
In June 2019, the All of Government Climate Action Plan to tackle climate breakdown was published, outlining a series of measures to achieve a 30% reduction in greenhouse gas emissions by 2030 and put Ireland on the right trajectory for 2050. Some of the key actions that the Department of Agriculture, Food and Marine have delivered on are as follows:

- In December 2020 Minister McConalogue launched a climate roadmap entitled 'Ag Climatise'. This roadmap takes the 10-15% emission reduction target within the Climate Action Plan 2019 and sets out a series of 29 actions to deliver on this objective out to 2030.
- Development of enhanced knowledge transfer programme through the Teagasc Advisory service. As part of this the Signpost farms network has been developed. Also, the carbon navigator is being updated in line with the 2018 MACC and incorporated into the farm sustainability planner.
- To improve the carbon accounting for forestry and existing yield models to optimise carbon sequestration benefits and investigate the effect of different forest management scenarios on carbon within the context of carbon accounting.

Some of the measures put in place include the award in Q4 2020 of contracts to:

- Compile an inventory of forestry greenhouses gases for national and international reporting requirements and provide DAFM support on carbon modelling.
- Review of the current GROWFOR model used by foresters to estimate and model timber forecasts.
- Upgrade the current single tree volume model to a forest stand volume model.

**Figure 8.1.** *The Climate Action Plan 2021.*




The updated Climate Action Plan published in November 2021, committed Ireland to a more ambitious target of a 51% reduction in greenhouse gas emissions on an economy-wide basis. Of this, a sectoral target of 22-30% for emissions reduction in agriculture was set.

**Agriculture Core Measures:**

- Significant reduction in nitrous oxide emissions through reduction in chemical fertilizer use, increased use of protected urea and increased uptake of Low Emission Slurry Spreading.
- Improved animal breeding in dairy and beef herds.
- Improved animal feeding through reducing crude protein and utilising feed additives.
- Reducing the average age of slaughter of prime animals from 27 to 24 months by 2030.
- Increasing organic farming to 350,000 ha by 2030.
- Contribute agricultural feedstocks to the production of 1.6 Twh of biomethane.

**Agriculture Further Measures:**

- Review diversification opportunities for income and landuse for farmers.
- Explore the development of a carbon farming model.
- Explore the potential for methane reducing feed additives for pasture-based solution.

**Land Use, Land Use Change, Forestry and the Marine Measures:**

In addition there is a separate contribution from the landuse, landuse change and forestry sector to reduce LULUCF emissions by 4.6 MTCO2 eq in 2030 through:

- Increasing our annual afforestation rate including promoting forest management initiatives.
- Reducing the management intensity on 80,000 ha of grasslands on drained organic soils.
- Improving our management of carbon sequestration of at least 450,000 ha of grasslands on mineral soils.
- Increasing the inclusion of cover crops in tillage to at least 50,000 ha by 2030.
- Increasing the incorporation of straw to at least 10% of the tillage areas.
- Rehabilitating 65,000 ha of peatlands across numerous landowners and projects.
- Designating 30% of Ireland's marine area as a Marine Protected Area.

**Table 8.1** *Climate Action Plan – Sectoral Targets*

| Sector | 2018 Emissions ($MtCO_2eq$) | 2030 Emissions Target ($MtCO_2eq$) | % Reduction Relative to 2018 |
|---|---|---|---|
| **Electricity** | 10.5 | 2-4 | 62-81% |
| **Transport** | 12 | 6-7 | 42-50% |
| **Buildings** | 9 | 4-5 | 44-56% |
| **Industry** | 8.5 | 5-6 | 29-41% |
| **Agriculture** | 23 | 16-18 | 22-30% |
| **LULUCF** | 4.8 | 2-3 | 37-58% |
| **Unallocated Savings** | N/A | 4 | N/A |

Government oversight of this plan has been strengthened through:

- The publication of the Climate Action and Low Carbon Development (Amendment) Act 2021 which strengthens the role of the Climate Change Advisory Council, tasking it with proposing carbon budgets to the Minister.
- Government Ministers will be responsible for achieving the legally binding targets for their own sectoral area with each Minister accounting for their performance towards sectoral targets and actions before an Oireachtas Committee each year.

There is also a monitoring and reporting structure to drive implementation through:

- The establishment of a Climate Action Delivery Board under the Department of the Taoiseach that will report to both the Cabinet Committee and Cabinet on progress of actions within the Plan.
- The establishment of a Just Transition Monitoring a nd Review Group (supported by the National Economic and Social Council (NESC) and under the Department of the Taoiseach) that will publish a Just Transition Strategy on a three-yearly basis.

## The Green Deal

The EU Green Deal was announced in December 2019. It contained commitments to present a comprehensive plan to increase the EU's greenhouse gas emission reductions target for 2030 to at least 50% and enshrine the 2050 climate neutrality objective in legislation. This was followed by the 2030 Climate Target Plan which demonstrated an even greater ambition, targeting emissions reductions of at least 55% by 2030 as a steppingstone to the 2050 goal of climate neutrality.

The increased GHG emissions targets announced as part of the 2030 Climate Target Plan will significantly impact on the agriculture sector, making it even more important that the targets in the Climate Action Plan are met. Also, there will need to be even greater ambition in future Climate Action Plans in order to meet these increased targets, which will require innovative and resourceful planning on how further reductions can be achieved in the agricultural sector.

## Climate Action and Low Carbon Development (Amendment) Act 2021

The Climate Action and Low Carbon Development (Amendment) Act of July 2021 commits in law to move Ireland to a climate resilient and climate neutral economy by 2050.

The focus of 2021 has been on the development of a new Climate Action Plan, which is seen as the main delivery mechanism to reach the Government's commitment of 7% reduction per annum in economy-wide greenhouse gas emissions from 2021 to 2030 (a 51% reduction over the decade), as per the current Programme for Government. This will be challenging and will require fundamental changes in many parts of Irish life. It will require a stretched climate ambition across all sectors of the economy, including agriculture.

In reference to the Green Deal mentioned above, two key aspects are: the Biodiversity Strategy which aims to put Europe's biodiversity on a path to recovery by 2030; and addressing food sustainability through implementation of the Farm to Fork Strategy.

The Farm to Fork Strategy covers every step in the food supply chain from production to consumption and feeds into the European Commission's circular economy objectives. It outlines a number of ambitious EU wide targets including:

- A 50% reduction in chemical pesticides.
- A 50% reduction in nutrient losses.
- A 50% reduction in antimicrobial use in farmed animals and aquaculture.
- An increase to 25% of total farmland under organic farming by 2030.
- A 20% reduction in fertiliser use.

The CAP and CFP will be key tools to support the strategy. However, further national policies and strategies will also be required to achieve these targets.

The EU Adaptation Strategy announced as part of the Green Deal, was adopted by the European Commission in February 2021 and sets out how the EU can adapt to the impacts of climate change and become climate resilient by 2050.

Case Study

## BeeGreen



In 2015 the DAFM worked closely with the National Biodiversity Data Centre and other stakeholders in developing the first All-Ireland Pollinator Plan (2015 – 2020) with the main aim being to create an Ireland where pollinators can survive and thrive. The DAFM Backweston campus is set on a large green field site and provides the perfect location to showcase some of the goals of the pollinator plan.

During 2017, the BeeGreen initiative was developed. Implemented in early 2018, the main aim of the initiative initially was to change the grass management scheme being implemented on campus and to employ a more pollinator friendly approach as outlined in the All-Ireland Pollinator Plan. Grass management practices which decreased habitat fragmentation and increased nesting sites, food and other resources were developed. Specific green spaces were identified as potential locations for wildflower meadows and an appropriate mowing strategy was developed to support these areas. Information points were placed in high footfall areas informing staff and visitors that the area was being managed in a pollinator friendly way. Information was provided encouraging people to look out for specific plants and insects and to record and share their findings.

The green spaces dedicated to wildflower meadows flourished and staff and visitors reacted very positively to the obvious changes on site. This led to the incorporation of a mindfulness and well-being feature, walkways were mowed in certain areas and benches were placed in some locations which allowed people to make the most of these areas while still maintaining the integrity of the meadows.

In 2020, with the help of staff from one of the DAFM farms, the grass was cut and baled at the end of the season and most of these bales were donated to a local animal rescue charity. This is a great example of how initiatives like this can support other community services thereby enhancing the Departments community outreach.

Currently there are plans to further develop the campus to support the large and varied bird population on site. These include installing bird boxes and enhancing the already existing pond area. The BeeGreen initiative is an example of small changes improving the protection and enhancement of biodiversity.





## 8.3 Bio energy

In November 2016, the European Commission published its 'Clean Energy for all Europeans' initiative. As part of this, the Commission revised the Renewable Energy Directive (RED II) and it came into force in December 2018. In RED II, the overall EU target for Renewable Energy Sources consumption by 2030 has been raised to 32% and for energy efficiency to 32.5%.

While energy policy is a matter for the Department of the Environment, Climate and Communications (DECC), DAFM continues to work very closely on related issues such as: promoting energy efficiency, increasing on-farm generation of renewable energy, and regulating agricultural feedstocks for the production of indigenous biomethane as the renewable alternative to natural gas. In this changing environment there are and will be opportunities for the agriculture sector to turn renewable biological resources and agriculture by-products into value-added bio-based products and bio-energy. Removing forest thinning for biomass, which can then be used to displace fossil fuels, allows the remaining trees to increase in diameter and when harvested in the future, provides long-term carbon storage in harvested wood products. Other forest biomass such as brash and low diameter materials not suitable for harvested wood products can also provide material for bioenergy. Realising the potential of such opportunities will require sustained attention over the period ahead.

In addition, there is an opportunity for farmers to participate in this energy transition through reducing their own energy use at farm level and the deployment of renewable energy technology sources for self-consumption.

### Farmer Supports for Renewable Energy within DAFM

DAFM through the Targeted Agriculture Modernisation Schemes (TAMS II), the Scheme for Aid for Producer Organisations in the Fruit and Vegetable Sector and the Scheme for Investment Aid for the Development of the Horticulture Sector provides a variety of supports for farmers to enhance their energy efficiency at farm-level and improve their carbon footprint.

A variety of energy saving measures such as Solar PV, LED lighting, plate coolers, heat transfer units and ice builders are available for the dairy sector under TAMS II. For the pigs and poultry sector, there is a range of grant-aid available including for biomass boilers, electrical heat pads, energy efficient LED lighting, indirect heating systems, solar panels for water heating, ventilation fans and control systems, insulation for doors, roofs and walls, air source heat pumps and heat recovery units.

### Outlook

Under the All-of-Government Climate Action Plan 2019 and the 2020 Programme for Government, there is a commitment to support the micro-generation of renewable energy through the development of an enabling framework to overcome the barriers and challenges currently restricting the increased uptake of renewable technology by the wider population.

The Department of Environment, Climate and Communications recently held a public consultation on a Micro-generation support scheme with the key objective of supporting new micro-generation technology deployment opportunities for citizens and communities. This is to enable the generation of renewable energy for self-consumption in the first instance but also to ensure a route to market and a fair price for selling excess electricity produced into the national grid.

## 8.4 Bioeconomy

The bioeconomy will play a crucial role in ensuring the sustainability of the Irish agri-food sector into the future. By producing renewable feedstocks, and using these feedstocks efficiently to produce food, fuels, feed and more, the Irish agricultural sector can capitalise on the dual benefit of creating jobs in the rural economy, while protecting the underlying environment. Rather than focusing purely on meeting targets and mitigating the effects of climate change, it provides an opportunity to marry prosperity with sustainability.

The National Planning Framework, Project Ireland 2040, was a key driver behind support for the bioeconomy in the Irish agri-food policy arena. The first National Policy Statement on the Bioeconomy (March 2018) followed and recognised the bioeconomy as a sector where Ireland has a distinct competitive advantage, both as a way to efficiently utilise our renewable biological resources, while also contributing to rural development and providing investment opportunities. DAFM and DCCE have been jointly tasked to oversee implementation of several major actions on this in the coming years.

The real advantage in bioeconomic opportunities is their ability to add value to outputs, which previously may have been undervalued or untapped, whey and offal being good examples. By diversifying revenue streams in this way, there is the opportunity to not only make incomes more resilient for primary producers, but to enhance their wellbeing in the process. On the climate action side, the use of existing renewable biological inputs such as micro-organisms, crops and forestry in the production of plastics, fertilisers and fuels ensure Ireland can meet emissions targets and preserve biodiversity while still achieving growth. Both of these outcomes are in line with Mission 1 and Mission 2 respectively of the Agri-Food Strategy Food Vision 2030. An excellent example of this was Glanbia's transformation of whey protein as a secondary by-product with moderate value, to a high-value product that has become central to their global ingredients business.

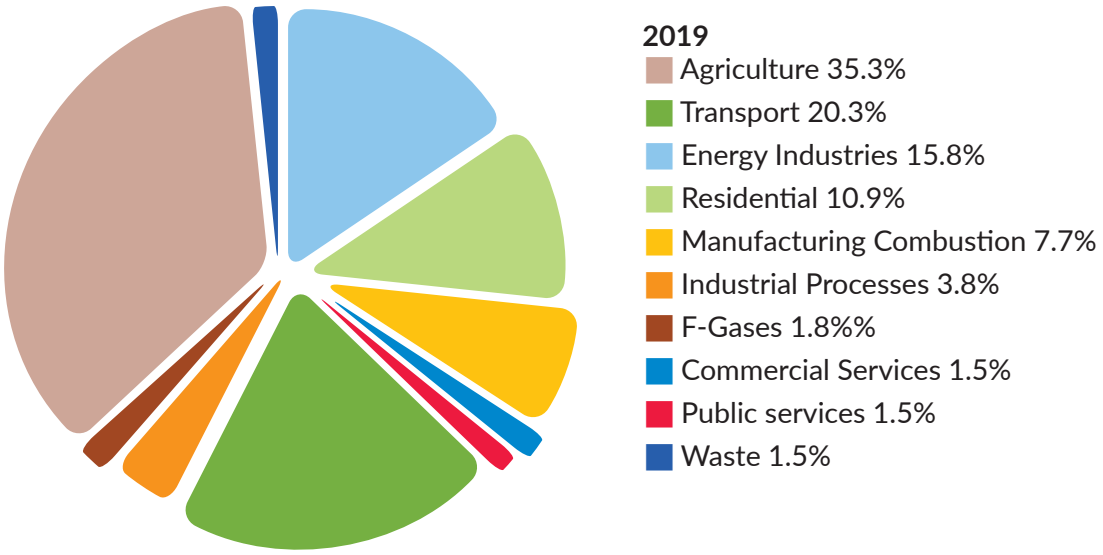
The launch of the National Bioeconomy Forum in October 2020 was a further positive step forward in progressing, supporting and advocating for the development of the bioeconomy in Ireland. The National Bioeconomy Forum provides a voice for a broad range of stakeholders, including industry, community groups, NGOs and relevant state bodies.

The bioeconomy has the potential to create new, sustainable opportunities for farmers and high-quality, green jobs in rural and coastal areas. The Government recognises the important role that Ireland's bioeconomy can play in meeting our climate change targets and outlined a range of commitments in the Programme for Government to develop and grow the sector.

## 8.5 Greenhouse Gas Emissions

Agriculture remains the single largest contributor to the overall greenhouse gas emissions at 35.3% of the total in 2019. These provisional figures by the EPA indicate that Ireland will exceed its 2019 annual limit set under the EU's Effort Sharing Decision (ESD) by 6.98 Mt $CO_2$ eq.

**Figure 8.2** *Ireland's Greenhouse gas emissions, 2019*



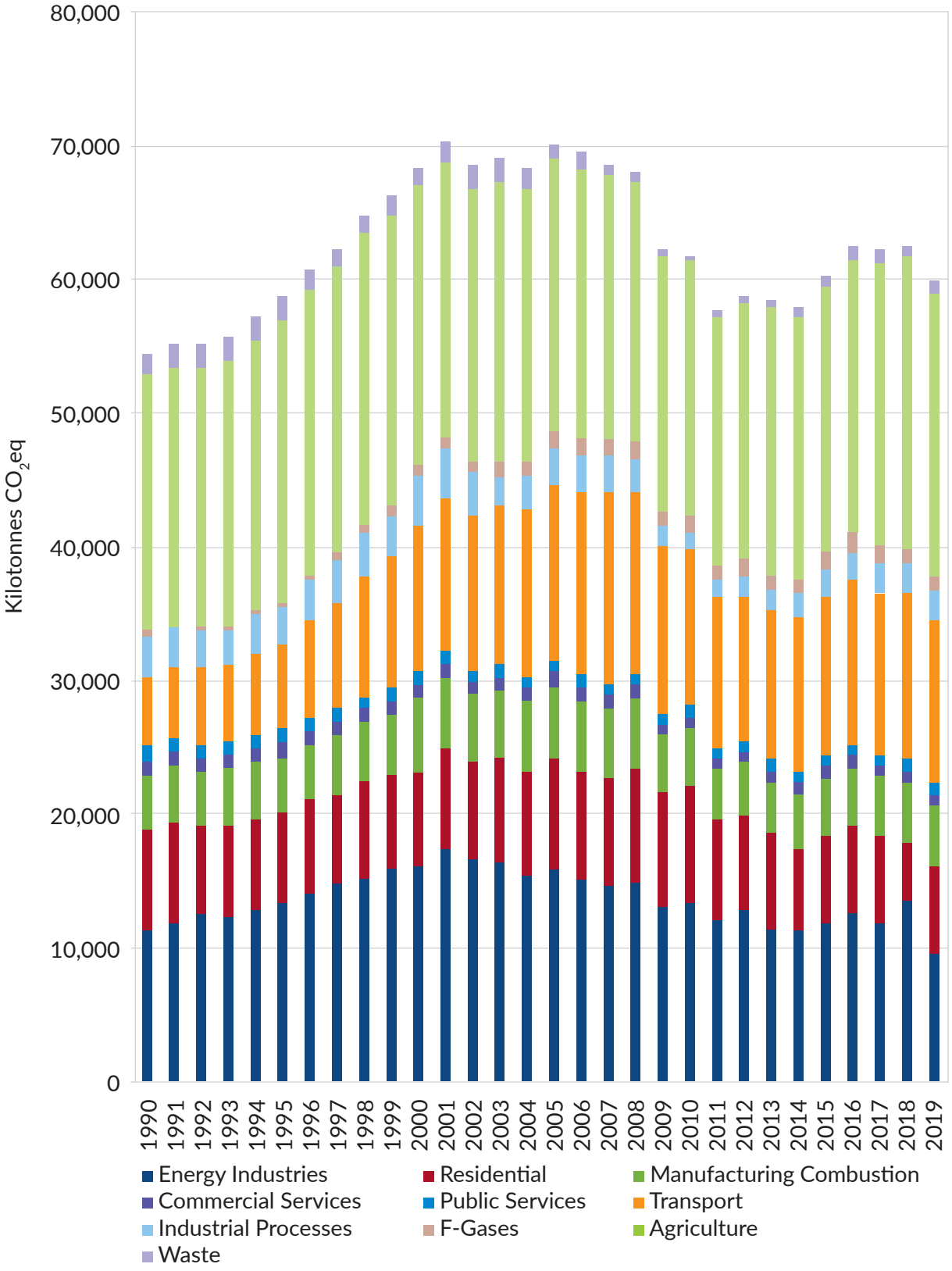

**Source:** Environmental Protection Agency Ireland's Provisional Greenhouse House Gas Emissions 1990-2019 (2020)

Very positively, agriculture emissions decreased by 3.9% or 0.86 Mt $CO_2$eq in 2019. The most significant drivers for the decrease in emissions in 2019 were the reduced usage of chemical nitrogen (-10.1%) and lime (-25.4%) on land, together with a reduction in the levels of concentrates fed to livestock.

The reduction in usage of chemical fertiliser and concentrates follows high levels of usage in 2018 as a result of the extensive drought of summer 2018 (higher levels used to compensate for the fodder shortage). Contributing to increases in emissions were the increased numbers of dairy cows (4.1%) in 2019, which is the ninth year in a row of increases, coupled with an increase in milk production of 5.3% for 2019.

The EPA has updated their model for calculating emissions from agriculture to include more up-to-date and improved data sources. Using this new model and data, the EPA have recalculated the total figures for GHG emissions from agriculture for 2018 at 22.01MT, up from the previous reported total of 20.60MT.

**Figure 8.3** *Ireland's Greenhouse Gas Emissions by sector 1990-2019*




**Source:** Environmental Protection Agency Ireland's Provisional Greenhouse House Gas Emissions 1990-2019 (2020)

**Table 8.2:** *Agriculture-related Greenhouse Gas emissions, as measured by the EPA (excl. $CO_2$ from agricultural combustion activities) and Agricultural Ammonia ($NH_3$) emissions.*

| Year | GHG (Mt $CO_2$ eq) | NH3 (kt $NH_3$) |
|---|---|---|
| **1990** | 18.59 | 109.48 |
| **2005** | 19.42 | 110.49 |
| **2015** | 18.93 | 109.44 |
| **2016** | 19.94 | 114.97 |
| **2017** | 20.62 | 117.33 |
| **2018** | 21.42 | 118.31 |

**Source:** Environmental Protection Agency Ireland's Provisional Greenhouse House Gas Emissions 1990-2019 (2020)

**The Clean Air Strategy** for Ireland is coordinated by the Department of Environment, Climate and Communications (DECC). It provides an opportunity to address air pollution in Ireland, containing a suite of policies and legislative proposals to update and modernise EU clean air legislation. A key component is a revised National Emission Ceilings Directive (NECD) with more ambitious and protective national emission ceilings for key pollutants which sets tighter limits in 2030 for five air pollutants - particulate matter (PM10 and PM2.5), sulphur dioxide ($SO_2$), nitrogen oxides ($NO_x$), ammonia ($NH_3$) and volatile organic compounds (VOC).

DAFM continues to engage with DECC in relation to the development of Ireland's Clean Air Strategy as a nationally coordinated strategy to implement the EU NECD 2016. The NECD entered into force on 31st December 2016 and Ireland transposed it into national legislation with S.I. No. 232 of 2018 (European Union (National Emission Ceiling) Regulations 2018. The Department collaborated closely with DECC to develop the agriculture components of Ireland's National Air Pollution Control Programme (NAPCP) submitted in April 2019.

**EU Methane Strategy** - The European Green Deal has identified excessive methane emissions as an important and urgent issue requiring action. In October 2020, the European Commission published its EU Methane Strategy. The strategy highlights the role the EU should play in ensuring methane emission reductions at global level.

### Outlook

In February 2021 an update of the 2019 NAPCP was published. This report included the programmes and measures that were finalised after the previous NAPCP was submitted. These have now been included in the most recent national air pollutant emission inventory and projection data, which was prepared and reported by the Environmental Protection Agency (EPA) in 2020. The report also includes additional information in relation to proposed measures for ammonia, setting out a pathway to compliance.

## 8.6 International Research Affiliation

DAFM continues to engage in the Koronivia Joint Work on Agriculture which was established under Conference of the Parties (COP) in Bonn in 2017. This work focuses on improved soil health & fertility, improved nutrient use & management and improved livestock management systems.

In April 2020 the COP 26 United Nations Framework Convention on Climate Change (UNFCCC) was postponed due to the worsening impact of the COVID-19 pandemic, and subsequently rescheduled until November 2021 in Glasgow, United Kingdom. In light of the disruption caused by the ongoing pandemic, the decision to reschedule this important event was taken to ensure adequate time be given to all parties for the necessary preparations to be undertaken. As a result of commitments under COP 23 held in Bonn, issues related to agriculture are addressed under the Koronivia Joint Working Group (KJWG). This group works with constituted bodies under the Convention and takes into consideration the vulnerabilities of agriculture to climate change and approaches to addressing food security. In November 2020 the secretariat of the KJWG held two workshops with contributions by DAFM. These workshops set out to consider:

- Improved livestock management systems.
- Socioeconomic and food security dimensions of climate change in the agricultural sector.

As part of commitments given under decision 529/2013/EU, Land Use, Land-Use Change and Forestry (LULUCF) by Ireland, DAFM provided updated information on current LULUCF actions to limit or reduce GHGs and maintain or increase removals of these emissions. This report provides historical GHG emission and removal trends for the LULUCF sector and outlines policies and measures to maintain and enhance the mitigation potential of the national forest estate and also the soil carbon pools under agricultural management.

Ireland was a founding member of the Global Research Alliance (GRA) on Agricultural Greenhouse Gases, which was launched in December 2009 and now has 62 member countries from all regions of the world. The Alliance is focused on coordinating research, development and extension of technologies and practices that will help deliver ways to grow more food (and more climate-resilient food systems), without growing greenhouse gas emissions. The ninth Global Research Alliance Council Meeting was held in Bali, Indonesia alongside the fifth Global Science Conference on Climate Smart Agriculture.

### Outlook

DAFM will continue to participate in research and relevant international groups and collaborate closely with the EPA in research calls of relevance to sustainable Intensification and sustainable land use.

DAFM continues to engage internationally as part of the EU AFOLU framework to ensure that we are the heart of policy making when it comes to issues of national importance. In 2020, DAFM agreed to participate on a new FAO-led technical working group on methane emissions. This high-level group will look at a number of important issues in relation to methane, namely the issues of metrics and also mitigation options.

Throughout 2020, DAFM participated in a number of different events organised by the Global Alliance of Climate Smart Agriculture to outline the significant progress that has been made to date on reducing emissions within the sector

DAFM remains committed to the objectives of the Paris Agreement, which encourages sustainable agricultural systems, while also ensuring food security for both developed and developing nations. This position will be reflected through our engagement as part of the rescheduled COP 26, where it is anticipated the future of agricultural systems will be widely discussed.


Photography by Gerry Fitzmaurice

## 8.7 Highlights & Challenges – Climate Change

### Highlights

- Climate Action Plan 2019 - DAFM and its agencies achieved 95% of the measures to be delivered for the Agriculture, Forestry and Land Use Sector.
- Ag Climatise was published in December 2020. This roadmap takes the 10-15% emission reduction target within the Climate Action Plan and sets out a series of 29 actions to deliver on this objective out to 2030. The roadmap also sets out a long term vision to transition the sector towards climate neutrality by 2050.
- Signed up as partner and co-financier to EDEN Irelands application to EU Life Integrated Projects regarding work on restoring peatlands in the midlands.
- Modelling Agriculture with Climate Change for Food Security (MACSUR) Science-Policy Pilot initiative engagement as a core member with other EU Member States to model 2030 and 2050 GHG emission scenarios.
- Food Vision 2030, the new stakeholder-led strategy for the sustainable development of the agri-food sector, was launched. One of its high-level missions required to fulfil its ambition is "A Climate Smart, Environmentally Sustainable Agri-Food Sector" with an overall target of a climate-neutrality by 2050, with verifiable progress by 2030, encompassing emissions reductions, carbon sequestration, improvements in air quality, restoration and enhancement of biodiversity, improvements in water quality, development of diverse forests, enhanced seafood sustainability and exploring the potential of the bioeconomy.

### Challenges

The 2020 Programme for Government commits Ireland to more than halving our greenhouse gas emissions over the course of the decade and to achieving net zero emissions by 2050. This increased ambition will significantly impact on all sectors of the economy, including the agriculture sector, making it even more important that the targets in the Climate Action Plan are met and that the actions contained in Ag Climatise are implemented effectively. Added to this at a European level is the Green Deal and the move to at least a 55% reduction of GHG emissions at EU level by 2030. It is still to become clear how this will translate into the Farm to Fork, Biodiversity, and Methane Strategies and the upcoming negotiations on the Effort Sharing Regulation.

It is important to note that there will always be residual emissions in agriculture because of the biological nature of food production. However, through the publication of Ag Climatise, the sector is already taking action by developing a national climate roadmap to allow us to deliver on our national and international obligations and ensuring that the agriculture, forestry and land-use sector continues to play its part in addressing the climate challenge. The long-term objective is to reduce the global warming impact of methane emissions from the livestock herd to zero, reduce nitrous oxide emissions as much as possible and balance these remaining

emissions through land use change such as increased afforestation and the rewetting of peat-based soils. The Department and its agencies continue to actively engage with the farming sector on a large range of measures and actions focused on the environment and climate, which support the continued transition towards a climate neutral economy and society.

## 8.8 Biodiversity & Nitrates

### Biodiversity

DAFM plays an active role in development of biodiversity policy for agriculture and in the regulation of relevant environmental legislation, such as the Environmental Impact Assessment (Agriculture) Regulations. DAFM works closely with other Departments and a number of multi-agency working groups and steering committees dealing with a wide range of issues regarding the conservation of biodiversity, such as the Biodiversity Working Group comprising of other Departments, agencies and other bodies that have a role in implementing the National Biodiversity Action Plan 2017-2021.

While the Department of Housing Local Government and Heritage (DHLGH) is primarily responsible for oversight of the implementation of the National Biodiversity Action Plan, it is an over-arching Government policy that is comprised of a suite of objectives, targets and actions that aim to achieve Ireland's Vision for Biodiversity.

That Vision is *"That biodiversity and ecosystems in Ireland are conserved and restored, delivering benefits essential for all sectors of society and that Ireland contributes to efforts to halt the loss of biodiversity and the degradation of ecosystems in the EU and globally".*

The Biodiversity Policy section is responsible for input and support on the development of schemes and measures for CAP post 2020 and aligning biodiversity objectives and targets with the EU Green deal, the EU Biodiversity Strategy 2030, as well as National Policy objectives such as the Prioritized Action Framework.

Across DAFM biodiversity is supported through a variety of schemes and programmes at national and local scale.

### The Green, Low-Carbon, Agri-Environment Scheme (GLAS)

The Green Low Carbon Agri-Environment Scheme (GLAS) pays farmers to promote biodiversity, protect water quality and to help combat climate change on their farms. GLAS was launched in 2015 and has paid around €950 million to around 50,000 farmers to manage lands of conservation value. GLAS includes priority actions targeted at vulnerable habitats and commonage, threatened farmland species and also measures that will have wider biodiversity benefits.

### The Burren Programme

The Burren Programme began in 2016 and builds on the progress of previous farming for conservation projects. A two-tier approach, with payments for actions and payments for results, delivers agricultural results and environmental benefits. There are now over 300 farmers working towards the conservation and sustainable management of habitats and species in the Burren supported by payments of about €5 million since 2016.

### European Innovation Partnerships (EIPs)

European Innovation Partnership projects are being rolled out by DAFM under Ireland's Rural Development Programme 2014-2020. Ireland's EIP programme is amongst the most ambitious of any EU member state. These projects have a common approach of being locally-designed and led, providing local flexibility in responding to the particular environmental challenges in different areas. Farmers, with scientists, are encouraged to use sustainable farming practices and devise innovative solutions to local environmental and other challenges, from the bottom-up. Many of these projects will pilot Results Based Payments Schemes as part of their project design, further advancing Ireland's progress in this area in preparation for the next CAP.

Two large EIP Schemes focus on areas already agreed with the EU Commission – the Hen Harrier and the Freshwater Pearl Mussel. A budget of some €35 million has been allocated for these schemes over the full period of the Rural Development Programme (RDP).

The Hen Harrier Project, launched in 2017, is based on priorities identified nationally and focuses specifically on farmers managing habitats in the six Hen Harrier Special Protection Areas (SPAs), with the aim of testing new approaches towards conservation of the bird, building a new relationship with farmers and improving the socio-economics in these areas. The Hen Harrier Programme signed up almost 1,600 farmers by the summer of 2020. These farmers manage 37,000 ha of land, representing over 65% of the total agricultural area of the SPA network.

The Freshwater Pearl Mussel Programme (PMP) was launched in March 2019. By November 2020 the scheme had signed up a total of 455 farmers in eight selected catchments for PMP in Ireland, covering 35,000 ha. The project works with these farmers through a results-based payment scheme on restoring the hydromorphology of the species' aquatic habitat while also improving the quality of semi-natural terrestrial and wetland habitats.

A total of 23 EIP projects have now been awarded through the process of two 'Open Calls' with a total budget €24 million. The majority of these open call projects awarded to date focus on priority 4 (a) of the RDP, 'restoring, preserving and enhancing biodiversity' and address a wide range of habitats and species from uplands, peatlands and grasslands to pollinators and the curlew.

## Pollinators

In response to the current threat to our pollinators and the importance of their role for agriculture, DAFM has taken a proactive approach to supporting policy development and increasing awareness and exploring potential measures and actions for pollinators for agri-environmental schemes in the next CAP.

As part of the EIP funding stream under the Rural Development Programme, DAFM awarded €1,194,697 to the Protecting Farmland Pollinators EIP. This project began in 2019 and is led by the National Biodiversity Data Centre. The project aims to develop a flexible mechanism that encourages all farmers to make their whole farm more pollinator friendly in a way that is measurable and will not impact productivity.

DAFM continue to support the All-Ireland Pollinator Plan (AIPP) and as a member of the steering committee, has worked to develop the new five year AIPP, which was launched by



Ministers O'Brien, Noonan and Hackett on the 26th March 2021. This new AIPP 2021-2025 builds on the success of the first plan. It has 186 actions outlining increased ambition adding to the work done over the last five years. DAFM has provided €60,000 in funding for the role of Farmland Pollinator officer to support the implementation of farmland actions.

## Nitrates and Water Protection

The Good Agricultural Practice for Protection of Waters (GAP) Regulations, otherwise known as the Nitrates Regulations, gives legal effect to the Nitrates Directive and to the Nitrates Action Programme (NAP).

Member States are required to review their NAP at least every four years. Ireland's NAP was reviewed in 2010 and 2013 and the third review took place in 2017, with a full public consultation. Ireland agreed with the European Commission in October 2017 the fourth NAP for the period 2018 -2021. The new NAP builds on the significant progress made under the previous Programmes by addressing pathways for nutrient losses, soil fertility problems and targeting improved implementation of the regulations. Further information on the fourth NAP is available in the Nitrates Explanatory Handbook.

The Nitrates Directive requires that farmers comply with a stocking rate limit of 170kgs of nitrogen per hectare per year. This is the equivalent of two dairy cows per hectare. DAFM provides farmers with detailed nitrogen and phosphorus statements on holdings. Nitrogen and phosphorus statements are available online on the DAFM's website to all farmers (registered users). A renewal of our nitrates derogation for the period 2018-2021 was approved by the EU Nitrates Committee in December 2017. The derogation allows intensive farms to maintain higher stocking rates subject to certain conditions. Derogation is justified on the grounds that the vast majority of Ireland's agricultural area is grassland, and that this grassland has a long growing season.

## Agricultural Catchments Programme

The primary function of Agricultural Catchments Programme (ACP) is the evaluation of the effectiveness of the measures contained in Ireland's NAP. The programme is operated by Teagasc and funded by DAFM. Ireland's agriculture and food landscape has evolved rapidly during the life of the project. The ACP is constantly reviewed to take account of the changing policy environment.

The ACP works in partnership with over 300 farmers in six intensively farmed catchments and this farmer engagement, which is built on the relationships of the advisers with their farmer clients, facilitates the research elements of the programme. The research work is carried out according to a single experimental design which is implemented rigorously in each catchment. A range of biophysical and socio-economic parameters are used to evaluate the impact of the NAP measures and the derogation implemented by farmers under the Nitrates Directive. The outcome of this research provides a valuable insight into the processes that determine the impact of agricultural activity on water quality in these catchments.

ACP research shows substantial changes in nutrient management on farms. The proportion of fields with excess soil phosphorus has declined in four out of the five catchments. Fields with very low or low phosphorus have increased, indicating an overall decline of levels in soils thus reducing risk of phosphorus loss to water – this reflects national trends. However, soil type and geology can override soil phosphorus index as a predictor of phosphorus loss risk, therefore, a 'one size fits all' approach that does not take account of soil type may not adequately address phosphorus loss risk mitigation. Climate pressures can override both source and soil type - excessively wet years and wet pulses following dry periods have become more common patterns during the ACP monitoring period.

Overall, evidence from the ACP indicates that the provision of technical advice to farmers on the management of nutrient applications is the area with the greatest potential to improve outcomes for water quality on Irish farms. This should deliver increased efficiencies for the farmer while reducing risk of nutrient loss to water

Phase 4 of the ACP (2020-2023) commenced in January 2020. Phase 4 is enhanced to now include research on GHG, Carbon sequestration and this is both relevant and vital for DAFM in the context of the All of Government Action Plan to Tackle Climate Disruption. These new developments will assist in achieving the targets under the Climate Action Plan.

The Agricultural Sustainability Support & Advisory Programme (ASSAP) is also now included in the ACP. ASSAP is an innovative collaborative initiative, supported by DAFM, the Department of Housing Planning and Local Government and the sector itself in order to achieve farmer behavioural change for the protection of water in order to meet Water Framework Directive objectives. The ASSAP provides free advice and support to farmers to assist with complying with the nitrates regulations, provide solutions for critical source areas and to improve water quality

This is a new approach to achieving improvements in water quality and supports the goals of Food Vision 2030 and Ag Climatise, facilitating increased productivity hand-in-hand with a more sustainable sector. This will be achieved by advisors working with farmers and focusing on improved nutrient management with more targeted use of fertiliser, better farmyard practice and appropriate measures for identified critical source areas. Over time, more widespread sustainability approaches developed by Teasasc will be implemented focusing on climate change and biodiversity.

It is a whole-of-Government, whole-of-sector approach, to provide direct advice to farmers in 190 areas-for-action for the protection and improvement of water quality. Thirty sustainability advisors are assigned to this programme, 20 provided by the Government and 10 by the dairy co-ops. These 30 advisors are working within a unified partnership structure which encompasses Teagasc, the Co-ops and LAWCO (Local Authorities Water and Communities Office).



Case Study

## Peatlands and Heathlands

Peatlands and heathlands are of huge cultural and economic significance to the nation of Ireland. Many rural households have been heated from turf that was cut from peatlands. However, when we use the peatlands in this way, we can disrupt their natural structure and function. If the water levels are disturbed, this can have a negative impact on biodiversity and the control of carbon emissions.

In 2018, the CSO conducted a study to ascertain the size and location of Irish peatlands and heathlands and to illustrate the spatial extent under restoration/rehabilitation programmes. To do this they used two sources for their information -the CORINE Land Cover dataset and the data reported by the National Parks and Wildlife Service (of the Department of Housing, Local Government and Heritage).

Peat bogs, moors & heathlands covered nearly 16% of the national territory in 2018 and 66% of these were located in 4 counties: Donegal, Galway, Kerry and Mayo. Worryingly, the spatial extent of peat bogs, moors & heathlands decreased slightly in the years between 2012 and 2018. This is due to the reduction in the area of peat bogs. This land has changed to burnt areas and transitional woodland area.

The European Union has two directives aimed at creating nature conservation areas: the EU Directive on the Conservation of Habitats, Flora and Fauna (92/43/EEC) and the EU Directive 2009/147/EC of the European Parliament and of the Council of 30th November 2009 on the conservation of wild birds. Theses directives identify threatened habitats and species which need special conservation measures. This is done through the designation of Special Areas of Conservation (SAC) - peatlands and heathlands are included on this list. Nationally, the Wildlife Amendment Act of 2000 grants statutory protection to Natural Heritage Areas (NHAs). Irish peatlands have been a primary target for designated SACs and NHAs areas.

The 2015 National Peatlands Strategy detailed the importance of protecting and conserving our peatlands. The Strategy aims to sustainably manage peatlands in order to maximise their social, environmental, and economic contributions to human well-being. Since then, restoration and rehabilitation work has been carried out throughout Ireland. Restoration work includes re-wetting peatlands and reintroducing vegetation. Rehabilitation consists of more extensive re-wetting in peatland areas that are too damaged to undergo restoration- these usually take place in areas where new habitats have developed.

More than 20,000 hectares of peatlands underwent rehabilitation projects up to 2020. Between 2016 and 2020, the majority of rehabilitation works have been conducted under the Biodiversity Action Plan of Bord na Móna. In November 2020, Bord na Móna launched the Peatlands Climate Action Scheme. Under this scheme, it is planned that 33,000 hectares of peatlands, in 80 bogs, will be rehabilitated between 2021 and 2025. The Scheme's primary aim is to optimise climate action benefits of rewetting the former industrial peat production areas by creating soggy peatland conditions. This will encourage compatible peatland habitats to redevelop. This is great news for our environment as peatlands store more carbon than any other terrestrial ecosystem- they contain 25-33% of global soil organic carbon while covering only 3-6% of land surface. This restoration will also benefit biodiversity as new or further habitats will be created for a range of species. With all this restoration in mind, the outlook for peatlands and heathlands in 2020 is very positive. These unique ecosystems are integral for Ireland's health and heritage, so it is fitting that they are now getting they attention and care that they require.

## 8.9 Rural Development

The Rural Development Programme 2014-2020 (RDP) provides support to deliver on the objectives of the EU Common Agricultural Policy (CAP), namely, to create a sustainable agricultural sector and develop vibrant rural areas. The Irish RDP was formally adopted by the EU Commission in May 2015 and contains a suite of measures to address needs in the farming sector and provide support for community-led local development through the LEADER measure. The Programme is co-funded by the European Agricultural Fund for Rural Development (EAFRD) and the national exchequer. Up until the end of 2020, EU support for the RDP through the EAFRD amounted to €2.19 billion and was supplemented by exchequer funding to bring the total support available under the RDP to approximately €4.1 billion. Ireland had spent over 80% of the EU funds by the end of 2020, the second highest spending programme in the EU.

Due to a delay in the adoption of the new CAP proposals and the EU Budget for the 2021-2027 period, the European Commission proposed transitional arrangements to allow for the extension of the RDP into 2021 and 2022, providing certainty and continuity of support to farmers and rural communities. The transitional arrangements were finalised at the end of 2020 providing almost €700m of EAFRD funding and just under €190m of European Union Recovery Instrument (EURI) to the RDP for 2021 and 2022.This will bring the level of funding for the RDP to over €5.4bn for the duration of the programme.

The RDP has been amended nine times since its initial approval:

- The first amendment to the RDP covering, among other things, a new tillage investment support scheme, a new biodiversity scheme for the Burren region and changes to specifications for the Green Low-Carbon, Agri-Environment Scheme (GLAS), was approved by the European Commission in June 2016.
- A second amendment to the RDP, introducing new schemes (the Sheep Welfare Scheme, European Innovation Partnerships and support for Beef Producer Organisations) and further modifications to GLAS specifications was approved by the European Commission in January 2017.
- The third RDP amendment, approved by the EU Commission in October 2017, was purely technical in nature and concerned some strands of capital investments under the Targeted Agricultural Modernisation Scheme (TAMS), the Sheep Welfare Scheme, an indicator for High Nature Value farmland and support under the Technical Assistance budget.



- The fourth amendment, approved by the Commission in August 2018, included changes to the Measure 1 description regarding training for the Burren scheme, changes to the LEADER Food Initiative to clarify eligibility criteria, changes to the RDP Performance Framework to reflect more recent information and changes to payment rates for Areas of Natural Constraint (ANC) & the Financial Plan to increase annual funding to the ANC scheme by €25 million.
- The fifth amendment, approved by the Commission in October 2018, amended two GLAS actions to address fodder shortages owing to exceptional weather conditions.
- The sixth amendment which introduced new Areas of Natural Constraints (ANC) designations based on bio-physical criteria under Measure 13, was approved by the Commission in February 2019. In addition, the Scheme allocation was significantly increased for 2019 and 2020, bringing the overall Measure 13 budget to €1,491 million.
- The seventh amendment, approved by the Commission in August 2019, covered changes related to the definition of Rural Areas and LEADER Simplified Cost Options (SCOs).
- The eight amendment, approved by the Commission in July 2020, increased the investment threshold for the Pig and Poultry Investment Scheme under TAMS, streamlined the procedure for approval of EIPs and allowed for the movement of unused funds between Measures to ensure full expenditure is achieved.
- The ninth amendment, approved by the Commission in December 2020, ensured the roll-over of existing multi-annual schemes into 2021 as provided for under the transitional arrangements and also updated payment rates for participants of the Burren Programme.

**Table 8.3** *EAFRD and national funding for the 2014 -2020 Rural Development Programme*

| | | Allocation |
|---|---|---|
| **Measure 1** | Knowledge transfer and information actions | €95.8m |
| **Measure 2** | Advisory services, farm management and farm relief services | €8.3m |
| **Measure 4** | Investments in physical assets | €425m |
| **Measure 7** | Basic services and village renewal in rural areas | €6m |
| **Measure 10** | Agri-environment-climate | €1,531m |
| **Measure 11** | Organic farming | €56m |
| **Measure 12** | Natura 2000 | €48.3m |
| **Measure 13** | Payments to areas facing natural or other specific constraints | €1,546m |
| **Measure 14** | Animal welfare | €100m |
| **Measure 16** | Co-operation | €62m |
| **Measure 19** | Support for LEADER local development | €250m |
| **Measure 20** | Technical assistance | €8.1m |
| **Measure 113** | Early Retirement Scheme (Transitional) | €9.2m |
| **Total** | | **€4,145m** |

**Source:** DAFM

Transitional funding arrangements are the norm for scheme expenditure spanning two RDP programming periods and featured between the 2007-2013 and 2014-2020 programmes. Transitional funding is included in the above table for Measures 4, 10, 12 and 13. Measure 12 is programmed exclusively to provide for ongoing Natura 2000 commitments under the 2007-2013 RDP. In addition, the current RDP financial plan also includes transitional funding allocated to a discontinued measure (i.e., the Early Retirement Scheme) in the 2007-2013 Programme. 2020 saw additional funds allocated to Measure 13 – Areas of Natural Constraint from elsewhere in the RDP in order to meet the high demand for the Scheme. Also, the Pig and Poultry Investment Scheme (PPIS), part of Measure 4 – TAMS, saw its investment ceiling increased to €200,000. Arrangements were made for new EIP-AGRI Operational Groups to be set up.




### Measure 1 – Knowledge Transfer and information actions (€95.8m)

Knowledge Transfer (KT) discussion groups are farmer meetings facilitated by qualified agricultural advisors for the purpose of sharing information and best practice across the beef, sheep, dairy, equine, poultry and tillage sectors. Approximately 18,600 participants enrolled in around 1,100 groups, facilitated by some 460 advisors. Under this measure, farmers in the Beef Data and Genomics Programme (BDGP) and the GLAS scheme are trained by DAFM-approved advisors in order to optimise the effectiveness of scheme implementation. BDGP training was completed by the end of 2018 and GLAS training in 2019.

### Measure 2 – Advisory Services (€8.3m)

Continuous Professional Development (CPD) for Agricultural Advisors aims to enhance the knowledge base of agricultural advisors by ensuring that they are familiar with the latest techniques and regulatory requirements. A variety of CPD courses have been funded under this measure, the most recent being training for advisors on advanced facilitation skills. The provision of further CPD training will be considered in response to stakeholders' requests.

Animal Health and Welfare Training provides training to private veterinary practitioners (PVPs) to enable them to provide on-farm advice on animal health and welfare. Animal Health Ireland is responsible for setting up and organising the provision of specialist advice to farmers by trained PVPs. The diseases falling within the remit of the service include Bovine Viral Diarrhoea, Johne's Disease, Infectious Bovine Rhinotracheitis and mastitis in dairy herds, as well as animal and public health issues in the pig and poultry sectors. Over 4,800 investigations and nearly 700 bio-checks have been completed under the scheme as of December 2020.

A scheme (worth €0.3m) funding the provision of start-up advice to prospective Producer Organisations of active beef suppliers is operational since 2018. Two Beef Producer Organisations (BPOs) were approved in 2019 and the first drawdowns on the scheme were completed by the end of 2020.

## Measure 4 – Investments in Physical Assets (€425m)

The Targeted Agricultural Modernisation Schemes (TAMS II) provides grants to farmers to stimulate capital investments, infrastructure, facilities and equipment which will promote increased competitiveness and sustainability in relevant sectors. Nearly 36,000 approvals were issued to scheme applicants. Over the last three years, 2018 to 2020 almost €220 million has been paid to farmers under this Scheme.

Seven broad categories of investment are supported under the scheme:

- Young Farmers Capital Investment Scheme - €104 million.
- Dairy Equipment Scheme - €39 million.
- Organic Capital Investment Scheme - €1.9 million.
- Animal Welfare, Safety and Nutrient Storage Scheme - €36 million.
- Low Emission Slurry Spreading - €20 million.
- Pig and Poultry Investment Scheme - €1.4 million.
- Tillage Capital Investment Scheme - €16 million.

Support under this measure is also provided for 'non-productive investments' made under the GLAS. As these non-productive investments are part of the GLAS tier 3 list of actions, they form part of GLAS applications.

## Measure 7 – Rural Services and Renewal (€6m)

The objective of the GLAS Traditional Farm Buildings is to ensure that traditional farm buildings and other related structures contributing to the character of the landscape, and of significant heritage value, are conserved for agricultural use. Participation in GLAS is a prime eligibility condition for this Scheme. Available grants range from €4,000 to €25,000 and can cover up to 75% of the cost of works.

Applications are invited at regular intervals throughout the programming period ending in December 2020. The Scheme is administered by the Heritage Council on behalf of DAFM and a total of 392 projects have been supported by the Scheme from its inception to December 2020.

## Measure 10 – Agri-environment-climate (€1,531m)

GLAS has a three-tier structure designed to produce environmental benefits in the areas of climate change, water quality and the preservation of priority habitats and species. There are currently almost 48,300 farmers active in GLAS. By December 2020, total GLAS payments to eligible applicants were nearly €940 million.

The Beef Data Genomics Programme (BDGP) requires farmers to undertake a range of actions designed to accelerate genetic improvement in the quality of the beef herd leading to associated climate benefits, such as reduced emissions intensity. Central to this approach is the establishment and maintenance of a large-scale data collection system from commercial suckler cow herds. Collated data feeds into a genomics-based breeding index that ranks the efficiency of animals according to a star-based system. Overall, the Scheme assists farmers in selecting more efficient suckler cow and bull replacements. Around 24,000 farmers are currently participating. By December 2020, over 23,500 farmers had received €221 million in respect of BDGP payments since its inception.

The Burren Programme, which is an expansion of an earlier conservation scheme previously funded outside the RDP, has 324 participants at present. Participants receive a performance-related payment for the management of species-rich grasslands and associated grazed habitats. They can also be reimbursed a proportion of the costs of capital investments (e.g., feeding and water equipment), which improve the environmental dividend delivered by the holding.

### Measure 11 – Organic Farming (€56m)

The Organic Farming Scheme (OFS) encourages farmers to convert from conventional farming by applying organic methods and maintaining them after the initial conversion period. Its overall objective is to deliver enhanced environmental and animal welfare benefits and to encourage producers to respond to market demand for organically-produced food. The total number of active organic farmers being funded under the RDP is around 1,500, managing about 72,000 hectares of land. While the OFS has met all targets for the present programming period in terms of intake and area, a Strategic Review of the sector was carried out to assess the justification for reopening the OFS looking to best economic and environmental outcomes. Consequently, the Scheme was reopened in December 2018, for a limited period, focusing on areas that have a supply deficit and where market demand is growing such as organic horticulture, tillage and dairy. Sixty applicants were successful and were offered contracts to December 2023.

### Measure 12 – Natura 2000 payments (€48.3m)

This measure is not part of the current Programme because Natura areas are targeted under Measure 10. It is programmed exclusively to provide for ongoing commitments from the previous programming period. Total scheme expenditure at the end of 2018 amounted to €46.4 million.

### Measure 13 – Areas facing natural constraint (€1,546m)

The Area of Natural Constraints (ANC) measure is based on the previous Less Favoured Areas Scheme and the Disadvantaged Areas Scheme. It compensates farmers for income foregone and additional costs linked to the disadvantage of the area concerned. A separate category of support is available for island farmers in recognition of the specific constraints on production faced by farmers in those areas.

Under EU regulation, Less Favoured / Disadvantaged Areas (with the exception of the islands) were replaced by newly designated Areas of Natural Constraints from 2019, with eligible areas being designated using a set list of bio-physical criteria such as slope, soil texture, soil rooting depth, soil moisture and drainage. The review of the areas and the fine-tuning process allowed under the EU rules was concluded in 2018 and submitted to the EU Commission for approval. Approval was received in February 2019.

The outcome of the review project can be summarised as follows: The vast majority of land that was eligible under the existing scheme remained eligible under the new approach. Some 700 townlands, which were previously eligible, became ineligible under the new designation. Farmers who were negatively affected by the change received a degressive phasing out payment in 2019 and 2020. Over 2,000 newly designated townlands became eligible for a scheme payment. In 2020, 96,000 farmers received nearly €242m.

### Measure 14 – Animal Welfare Scheme (€100m)

The Sheep Welfare Scheme is aimed at improving the Irish sheep production system. Sheep farmers with breeding ewes can apply for support based on two actions they choose to undertake from a menu of options appropriate to their flock type (i.e., hill or lowland). The scheme was launched in December 2016 and almost 18,250 farmers were paid €16.8 million for their participation in the scheme during 2020. Farmers are paid on the number of eligible breeding ewes owned, subject to the fulfilment of all scheme criteria.

### Measure 16 – Co-operation (€62m)

European Innovation Partnerships (EIPs) aim to create greater linkages between research and on-farm implementation. There are currently 23 projects approved for support under this measure: 12 from the first call for proposals launched in December 2016 and nine from the second call for proposals launched in August 2017, together with two projects prioritising the conservation of endangered species in core areas.

The vast majority of land that was eligible under the existing scheme remained eligible under the new approach.



Locally-led schemes for the conservation of the Hen Harrier and the Freshwater Pearl Mussel are included under the EIP framework. Winning teams have been selected and contracts signed for both projects. Nearly 1,600 participants have signed contracts for the Hen Harrier Project with the first payments being made in 2018. Over 450 contracts have been signed for the Pearl Mussel Project with the first payments having been made in 2019. As of December 2020, nearly €14m has been spent of the total budget of €35 million available for these schemes during the lifetime of the current programme.

Other locally-led schemes follow a 'bottom-up' approach. On the basis of open calls for proposals, certain projects are selected and shortlisted for funding – initially for the development of detailed project plans and then shortlisted again for full project support. Although administered using the same process, there are two distinct streams of EIP projects. The first stream, with three approved projects, focuses on themes such as farm viability, economic performance, sustainable forest management and innovative technologies. The second stream, with 18 approved projects, focuses on challenges related to environmental, biodiversity and climate change issues.

**Collaborative Farming** grants are intended to address some of the structural, economic, and social challenges facing Irish agriculture such as a lack of land availability, small average farm size, work/life balance, development of the knowledge base and intergenerational transfer. All new registered farm partnerships are eligible to receive a contribution of up to 50% towards the legal, accounting and advisory costs involved in setting up the partnership, subject to a maximum grant of €2,500. At the end of December 2020, a total of €1.97 million had been paid to support the formation of 1,460 registered farm partnerships under the first seven tranches of the scheme.

### Measure 19 – LEADER (€250m)

LEADER supports actions in rural areas targeted at addressing local needs under the broad themes of economic development, social inclusion and rural environment. Local communities direct where this funding is provided through the formation of, and participation in, Local Action Groups (LAGs), and the design and implementation of Local Development Strategies (LDS).

LAGs have been selected in all 28 sub-regional areas and funding agreements signed with all groups. A LEADER Forum was hosted for stakeholders in May 2017 to explore areas where operational requirements could be improved and simplified. In response to suggestions from the Forum, the Department of Rural and Community Development is implementing 31 actions to improve measure delivery with the majority of these already implemented and bearing fruit.

The level of LEADER project activity has increased significantly over the last number of years which has given rise to a continued rise in project approvals. Currently over 4,200 projects have been approved for funding of approximately €179 million. There are also another 328 projects going through the application process seeking funding of over €19 million.

### Measure 20 – Technical Assistance (€8.1m)

The main items of expenditure relate to payments for the running of the National Rural Network, the administration of the Burren Programme, several evaluation studies (e.g., a longitudinal study of the GLAS) and other ancillary costs.

### Measure 113 – Early Retirement Scheme (€9.2m)

Outstanding commitments on unexpired scheme contracts from the previous programming period are being funded from the current RDP. All contracts expired at the end of 2019 and expenditure on this measure was €7.63 million at the end of 2019.

### *Rural Development Programme evaluation*

The 2014-2020 Rural Development Programme (RDP) is subject to rigorous monitoring and evaluation requirements including the submission of an Annual Implementation Report (AIR) on RDP implementation to the European Commission.

The RDP has also been subject to a number of evaluations, to assess the effectiveness and impact of the Programme.

The evaluations include:

- Mid-term evaluation by Indecon International Economic Consultants.
- Longitudinal study of the Green Low-Carbon Agri-Environment Scheme (GLAS) by ADAS RSK Ltd.
- An evaluation of the economic, social and environment impact of the Burren Programme.
- Spending Reviews by the Department of Public Expenditure and Reform of the Beef Data and Genomics Programme (BDGP), GLAS and the Targeted Agricultural Modernisation Scheme (TAMS II);

An ex-post evaluation of the RDP, to assess full programme effects and impacts, will be required in 2026.

## Burren Programme

AECOM Ltd. were contracted in early 2020 to assess the economic, social and environmental impacts of the Burren Programme. The Burren Programme is a locally-led agri-environmental scheme, which works with farmers to help them to conserve the Burren's environment whilst allowing them to continue producing quality livestock. It was developed in the Burren, for the Burren, by working with local farmers and building on the success of the Burren LIFE and the Burren Farming for Conservation Programme.

The evaluation found that the Burren Programme has been successful in encouraging sustainable grazing and feeding systems and removing encroaching scrub on over 23,000 hectares, providing space for rare flowers, such as orchids and gentians, to flourish. It estimates that the value of habitat and landscape improvements delivered amount to €32.8 million since 2010, and highlights that the Burren Programme is an efficient and effective model for delivering environmental improvements.

In addition, it estimated that the Burren Programme and its predecessor, the Burren Farming for Conservation Programme, also provided a boost to the local economy and generated €30.3 million in economic activity since 2010. The report notes that the local economic impact has been particularly high, as farmers are encouraged to use local contractors, businesses and crafts-people.

It noted the significant social impacts, and its success in strengthening ties among farmers in the Burren, as well as fostering a shared Burren farming identity. The Programme has also been successful in strengthening ties between farmers and other stakeholders and organisations outside of the region, including with DAFM.

# THE BURREN PROGRAMME

**2005** BurrenLIFE → **2010** Burren Farming for Conservation → **2016** The Burren Programme

*The Burren Programme is a locally-led agri-environment scheme that aims to incentivise sustainable farming practices in the Burren. The Programme has helped to deliver a range of **environmental**, **social** and **economic** benefits for farmers, the local community and wider society.*

Incentivising sustainable grazing and feeding systems and removing encroaching scrub on **328 farms** over **23,000ha,** providing space for **rare flowers,** such as orchids and gentians, to flourish

Delivering **water quality** improvements by reducing **point-source pollution** from participants' farms

Repairing over **130,000 metres** of fallen dry-stone walls and installing **199** traditional Burren Gates

At least **€33 million** worth of landscape and biodiversity improvements since 2010

Preserving **ancient** farming practices and traditions, and encouraging their use on **modern** farms

Importance of strong **local leadership** and providing representation for **Burren farmers**

**Respect** for farming knowledge and traditions, alongside growing confidence in the role of **farmers as educators**



**Knowledge sharing** and creation of **networks** between farmers and agricultural, environmental, cultural and educational groups **in Ireland and internationally**

**€9.4 million** paid directly to local farmers since 2010, with an average direct results-based payment of **€2,613** in 2019

Ensuring the continued use and **viability** of Burren farms by funding **land access improvements**, **water infrastructure** and **scrub clearance**

**€23 million** generated in the local economy

Supporting an average of **20 local jobs** each year among Burren businesses, contractors and craftspeople

Promoting opportunities for **agri-tourism** and contributing to the Burren's appeal as a **visitor destination**

**Source:** AECOM Ireland Ltd

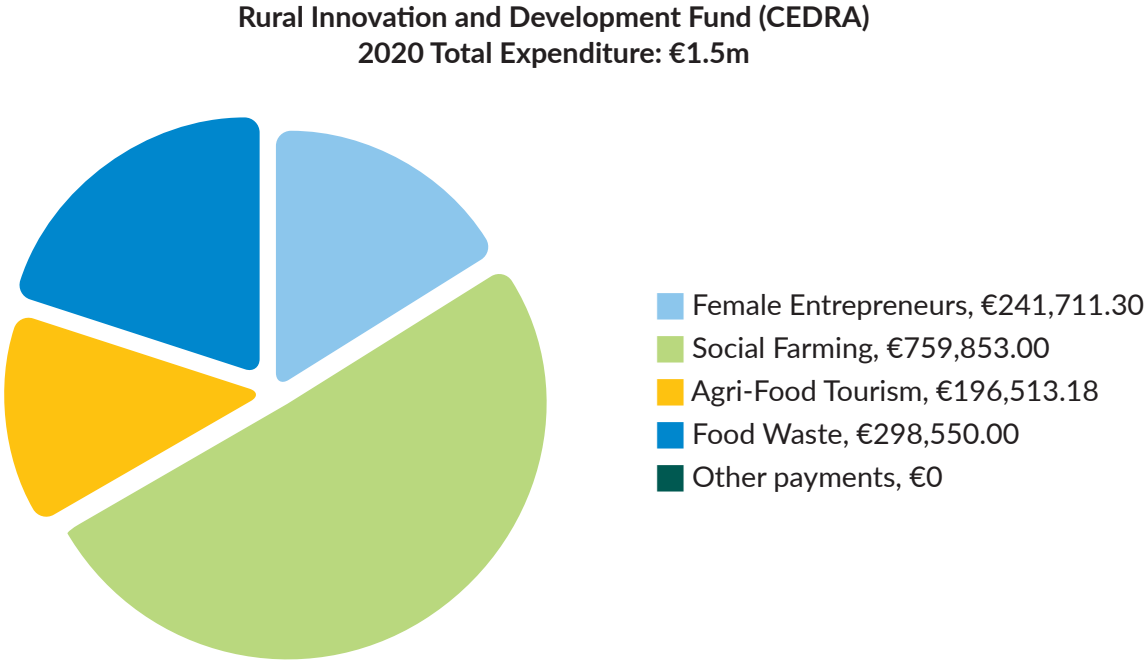
## 8.10 Rural Innovation and Development Fund

The report of the Commission for the Economic Development of Rural Areas (CEDRA) contained a recommendation that a Rural Innovation and Development Fund (RIDF) should be developed, to support "innovative, small scale pilot initiatives that explore the diverse range of potential identified through the CEDRA process".

A range of projects under the Rural Innovation and Development Fund (RIDF) were funded by the Department over 2020. Funding of almost €1.5m was provided to support the following areas:

- **Rural Female Entrepreneurs:** Funding has helped develop the ACORNS training programme which is now in its sixth year. The programme is aimed at providing early-stage female entrepreneurs living in rural Ireland with the knowledge, support and networking opportunities to develop and grow sustainable businesses, increase employment and to make a real contribution to their local communities. The 'ACORNS' programme has provided peer support and learning for women with start-up businesses in rural areas each year. Support is also provided to previous participants through the Acorns community. The National Strategy for Women and Girls 2017 – 2020 published by the Department of Justice and Equality in April 2017 includes an action to provide support for rural female entrepreneurs at start-up stage and DAFM is the responsible body. This is also a key deliverable in the Government's Action Plan for Rural Development.
- **Social Farming:** 2020 has seen the continuation of funding in this area to enable the design, development and implementation of a national social farming network and a number of model social farms across Ireland. The intention is to encourage and generate national benefits for disadvantaged groups and to support farm diversification in the rural community. Social farming involves offering, on a voluntary basis, farming and horticultural participation in a farming environment as a choice to people who avail of a range of therapeutic day support services. These operations are run in a number of settings ranging from working family farms, local community initiatives through to more institutional frameworks. This is one of the key deliverables in the Governments Action Plan for Rural Development.
- **Agri-Food Tourism:** This area, has provided funds to support both the development and expansion of the agri-food network in rural areas. Agri-food tourism broadly is the practice of offering an activity or activities in rural areas to visit areas of well-known agricultural produce and to sample and taste the local or regional cuisine or specialties. Agri-food tourism includes a wide variety of activities that involve the links between agriculture and the food produced at the local or regional level. It may involve staying on farm or touring food trails and events, participation in agricultural endeavours or buying produce direct from a farm or market. Agri-food tourism also encompasses local food, farmer and artisan market schemes that support and are paired with local and seasonal food producers and artisan crafts.
- **Food Waste Reduction:** Funding has been provided to a number of projects to support activities that relate to the promotion and/or development of innovative food waste reduction techniques with associated environmental benefits. These projects aim to address the problem of food waste through surplus food redistribution and to carry out pilot initiatives to promote food waste reduction and prevent food waste with associated environmental benefits. Ireland generates over one million tonnes of food waste each year. Of this, over 300,000 tonnes come from commercial businesses and over 400,000 tonnes are generated by the food-producing sector.

**Figure 8.4:** *Rural Innovation and Development Fund (CEDRA) 2020 Total Expenditure*






Case Study

## Green Outlook

Before starting her own business, Fiona Smiddy, a Chartered Accountant, worked as Senior Accountant with a renewable energy company in Dublin. In mid-2018, the company closed, and Fiona was made redundant.

She took it as an opportunity to explore the world and went travelling for five months, before moving to Allen, Co Kildare in December 2018 with an idea for a sustainable business.

It was while travelling in South America that she became increasingly conscious of how our daily lifestyle choices impact the environment and came up with the idea for her own sustainable business.

In March 2019, she set up Green Outlook as a one-stop shop for eco-friendly products with a focus on Irish made. The website now has 250 sustainable products including shampoo bars, natural deodorants, reusable razors, bamboo toothbrushes, natural skin care, reusable sanitary products, cloth face masks and sustainable eco-friendly gifts. Green Outlook currently has over 260 5-star reviews on Google and Facebook.

ACORNS provided Fiona with a platform to network with like-minded and supportive business women and helped her to develop her business ideas.

Fiona is the Secretary for Network Ireland Kildare Branch 2020 and she is also a co-lead of the Climate Action workstream within the Irish FinBiz2030 Taskforce. The goal of the Taskforce is to establish an active and engaged finance and business community that is dedicated to achieving the UN Sustainable Development Goals (SGDSs) by 2030.

Green Outlook is determined to continue its growth in both the consumer and corporate sectors, while Fiona encourages more people to adapt a sustainable lifestyle through an expanding product range and educational content.

## 8.11 Research Projects

Dr Angela Feechan
University College Dublin

**Lead Institute:**
University College Dublin

**Collaborating Institutions:**
National University of Ireland Galway, Trinity College Dublin, Teagasc

**Funding:**
€1,999,570.28

**BioCrop: Biostimulants and Biopesticides for Crop production.**

Cereal production is dependent on fossil-based fertilisers and pesticides. Biocrop will identify new biostimulants and low risk biopesticides, while engaging with industry to test existing biostimulants.

The efficacy of these biobased products will be compared to conventional fertiliser applications and the potential for disease control assessed. Any environmental impacts will be considered throughout the bioproduct lifecycle, from production through to use and disposal. Economic modelling will assess the impact of these biobased products on production costs and the profitability for Irish growers.

Therefore, BioCrop will find alternatives for farmers in the face of EU regulations to reduce fertiliser use and the ongoing loss of plant protection products. These biostimulants and biopesticides have the potential to reduce the environmental impacts of crop production such as greenhouse gas (GHG) emissions and the loss of biodiversity.

Dr Mark Fenelon
Teagasc

**Lead Institute:**
Teagasc

**Collaborating Institutes:**
University College Cork, Queens University Belfast, National University of Ireland Maynooth, National University of Ireland Galway, University of Limerick

**Funding:**
€2,986,591.90

**U-PROTEIN - Unlocking Protein Resource Opportunities to Evolve Ireland's Nutrition**

This is focused on the sustainable development and exploitation of existing and novel protein resources within the Irish agro-ecological system and the development of the Irish Bioeconomy.

The potential of crop (grassland, cereals, legume, oilseed and niche crops) and marine resources will be examined as alternative protein sources, with post-processing biomass used to generate value added food and non-food biobased streams, delivering circularity throughout the production system.

U-PROTEIN's ambition is to build a new food enterprise that can co-exist with Dairy, Meat and Cereal sectors. It will leverage established nutritional and technological expertise to study alternative protein sources, selected on the basis of environmental, social and economic sustainability within the supply chain.

It will generate protein resource opportunities for Ireland, to create a diverse agri-ecosystem with a lower carbon footprint, which in turn will accelerate Ireland's path to becoming a global leader in the responsible supply of nutritious food solutions and biobased products.

Prof Mick Morris
Trinity College Dublin

**Lead Institute:**
Trinity College Dublin

**Collaborating Institutions:**
University College Dublin,
National University of Ireland Galway,
University College Cork,
University of Limerick

**Funding:**
€2,989,001.00

**BioCrop: Biostimulants and Biopesticides for Crop production.**

The Irish forestry/wood sector is a key contributor to Ireland's economy and a critical component of our climate strategy. There is considerable opportunity to improve its economic benefit by developing high-value products such as biobased polymers, chemicals and nutrients from forestry and, in particular, forestry residual and waste materials.

This could transform the industry, boost the rural economy and deliver a green biobased vision for new technologies in Ireland but requires significant research and development.

There has been a low level of research in bioeconomy and forestry relevant areas in Ireland and this proposal centres on development of a research ecosystem that will:

1) Launch higher-value wood and wood-derived biobased products into the market.
2) Generate innovation and unique wood materials/ biobased chemicals that can be exploited.
3) Develop a highly-trained work force that can enter the Irish workforce and foster the uptake of those emerging technologies and
4) Sponsor development of science to help fulfil Ireland's sustainability targets.

# Statistical Annex

**Table 1** *Output, Input and Income in Agriculture – Preliminary Estimates, 2019 - 2020*

| Estimated Value (at current prices) | | |
|---|---|---|
| **Description** | **2019 € Million** | **2020 € Million** |
| **Livestock (incl. stock changes)** | 3,380.7 | 3,577.0 |
| Cattle | 2,151.1 | 2,279.7 |
| Pigs | 543.0 | 602.4 |
| Sheep | 260.8 | 301.1 |
| Horses | 255.5 | 216.1 |
| Poultry | 170.4 | 177.6 |
| **Livestock products** | 2,683.0 | 2,827.8 |
| Milk | 2,601.9 | 2,746.1 |
| Other livestock products | 81.2 | 81.7 |
| **Crops (incl. stock changes)** | 1,897.1 | 1,823.6 |
| Cereals[1] | 314.7 | 224.0 |
| Forage plants | 1,064.0 | 1,093.9 |
| Other crops | 518.5 | 505.8 |
| **Goods output at producer prices** | 7,960.9 | 8,228.5 |
| Contract work | 461.2 | 461.2 |
| Subsidies less taxes on products | 99.5 | 94.9 |
| **Agricultural output at basic prices** | 8,521.7 | 8,784.7 |
| **Intermediate consumption** | 5,647.7 | 5,657.5 |
| Feeding stuffs | 1,489.9 | 1,525.4 |
| Fertilisers | 578.3 | 527.8 |
| Energy and lubricants | 439.6 | 405.3 |
| Forage plants | 1,058.4 | 1,088.3 |
| Contract work | 461.2 | 461.2 |
| Other items of intermediate consumption | 1,620.2 | 1,649.5 |
| **Gross value added at basic prices** | 2,874.0 | 3,127.2 |
| **Fixed capital consumption** | 970.1 | 970.1 |
| Net value added at basic prices | 1,903.9 | 2,157.0 |
| Other subsidies less taxes on production | 1,737.6 | 1,683.6 |
| **Factor income** | 3,641.5 | 3,840.6 |
| Compensation of employees | 586.2 | 620.0 |
| **Operating surplus** | 3,055.2 | 3,220.7 |
| Interest less FISIM | 82.1 | 79.6 |
| Land rental | 306.4 | 306.4 |
| **Entrepreneurial income** | 2,666.7 | 2,834.7 |

[1] Commercial sales of Wheat, Barley and Oats

**Source:** CSO, Output, Input & Income in Agriculture Preliminary Estimates, 2020

**Table 2** *Direct Payments to Farmers (National and EU) Calendar Year 2019 - 2020*

| | 2019 € Million | 2020 € Million |
|---|---|---|
| **SCHEME** | | |
| Basic Payment Scheme | 1,204.0 | 1,187.5 |
| Areas of Natural Constraint | 248.6 | 247.3 |
| Sheep Welfare Scheme | 17.4 | 16.8 |
| Beef Data & Genomics Programme | 42.0 | 42.7 |
| Beef Exceptional Aid Measure | 75.9 | 2.0 |
| Beef Environmental Efficiency Pilot | 15.4 | 40.9 |
| Beef Finishers Payment | - | 46.5 |
| Burren Programme | 1.4 | 1.3 |
| Hen Harrier Scheme | 3.5 | 3.2 |
| Pearl Mussel Project | 0.7 | 0.7 |
| Blackstairs Farming Futures | 0.1 | 0.3 |
| Sustainable Uplands Agri-Environment Scheme | 0.0 | 0.1 |
| Sustainable Agricultural Plan for the MacGillycuddy Reeks | 0.0 | 0.1 |
| GLAS Traditional Farm Building Scheme | 1.1 | 1.1 |
| Bovine Tuberculosis Eradication Scheme | 17.7 | 20.7 |
| Brucellosis Eradication Scheme | 0.0 | 0.0 |
| Forestry Premia | 57.8 | 45.4 |
| Rural Environment Protection Scheme | 0.0 | 0.0 |
| AEOS | 0.6 | 0.0 |
| Organics | 9.5 | 8.4 |
| GLAS | 213.8 | 202.6 |
| **Total Direct Payments to Farmers (National and EU)** | **1,909.4** | **1,867.4** |

**Source:** Department of Agriculture, Food and the Marine.

**Table 3** *EU-funded expenditure Managed by the Department of Agriculture, Food and the Marine 2019-2020*

| | 2019 € Million | 2020 € Million |
|---|---|---|
| **European Agricultural Guarantee Fund (EAGF)** | **1,250.8** | **1,189.9** |
| Direct Payment/Single Payment Scheme | 1,204.0 | 1,187.0 |
| Intervention/Aid to Private Storage | -12.0 | 0.0 |
| Other market supports | 61.8 | 6.9 |
| Other | -3.0 | -4.0 |
| | | |
| **Co-funded receipts (measures co-funded by EU)** | **334.0** | **314.0** |
| European Agricultural Fund for Rural Development (EAFRD) | 324.0 | 306.0 |
| Veterinary fund | 9.0 | 7.0 |
| Other co-financing receipts | 1.0 | 1.0 |
| | | |
| **Fisheries** | **23.0** | **19.0** |
| EMFF and EFF Fisheries Programme | 23.0 | 19.0 |
| | | |
| **Total** | **1,607.8** | **1,522.9** |

Note: Only the EU co-funding on these programmes is shown in this table.

**Source:** Department of Agriculture, Food and the Marine.

**Table 4** *Expenditure on Agriculture, Food and the Marine, 2019-2020*

| | 2019 € Million | 2020 € Million |
|---|---|---|
| **European Agricultural Guarantee Fund (EAGF)** | 1,251.0 | 1,190.0 |
| Basic Payment/Direct Payment Scheme | 1,204.0 | 1,187.0 |
| Intervention/Aid to Private Storage | -12.0 | - |
| Other Market Supports | 62.0 | 7.0 |
| Other | -3.0 | -4.0 |
| **Voted Expenditure (excluding Administration)** | **1,361.0** | **1,389.0** |
| Rural Development1 | 611.0 | 606.0 |
| Structural Measures1 | 85.0 | 87.0 |
| State Bodies | 266.0 | 279.0 |
| Horse and Greyhound Fund | 84.0 | 84.0 |
| Animal Health | 93.0 | 104.0 |
| Research Quality and Certification | 25.0 | 26.0 |
| Market Support Costs | 8.0 | 7.0 |
| Forestry and Bio-Fuels | 90.0 | 80.0 |
| Fisheries | 42.0 | 30.0 |
| Food Aid / World Food Programme | 25.0 | 26.0 |
| Brexit Response Loan Scheme | - | 26.0 |
| Other | 32.0 | 34.0 |
| **Administration** | **274.0** | **286.0** |
| Total Voted Expenditure (including Administration) | 1,635.0 | 1,675.0 |
| **Total DAFM Expenditure** | **2,886.0** | **2,865.0** |

Note: (1) EAFRD Rural Development measures and certain Structural Development measures are part financed by the EU and the Exchequer. These figures are total expenditure on these measures in the calendar year.

**Source:** Department of Agriculture, Food and the Marine.

**Table 5** *Expenditure on Agriculture, Food and the Marine, 2019-2020*

| County | Average Farmer Payment - rounded | Total Payments by County |
|---|---|---|
| Carlow | €19,000 | €35 million |
| Cavan | €13,000 | €61 million |
| Clare | €15,000 | €91 million |
| Cork | €17,500 | €227 million |
| Donegal | €13,500 | €109 million |
| Dublin | €17,500 | €14 million |
| Galway | €13,500 | €160 million |
| Kerry | €15,500 | €120 million |
| Kildare | €18,000 | €39 million |
| Kilkenny | €20,500 | €67 million |
| Laois | €18,000 | €47 million |
| Leitrim | €13,000 | €44 million |
| Limerick | €15,500 | €79 million |
| Longford | €14,500 | €34 million |
| Louth | €16,500 | €25 million |
| Mayo | €12,500 | €137 million |
| Meath | €17,500 | €62 million |
| Monaghan | €12,000 | €46 million |
| Offaly | €18,000 | €48 million |
| Roscommon | €13,000 | €70 million |
| Sligo | €12,500 | €48 million |
| Tipperary | €19,000 | €133 million |
| Waterford | €21,000 | €48 million |
| Westmeath | €16,500 | €54 million |
| Wexford | €19,000 | €79 million |
| Wicklow | €20,000 | €41 million |
| **State** | **€15,500** | **€1.9 Billion** |

**Source:** Department of Agriculture, Food and the Marine.

**Table 6** *Total Payments (Direct and Capital) to Farmers by DAFM by Province in 2020*

| County | Average Farmer Payment - rounded | Total Payments by Province |
|---|---|---|
| Ulster | €13,000 | €218 million |
| Munster | €17,000 | €699 million |
| Leinster | €18,000 | €550 million |
| Connaught | €13,000 | €462 million |
| **State** | **€15,500** | **€1.9 Billion** |

**Source:** Department of Agriculture, Food and the Marine.

## Note

While every effort has been made to ensure the accuracy of the data contained in this publication, in view of the volume of statistical data, some errors may occur. Where these anomalies are identified, the Department will liaise to amend as required.


## Acknowledgement

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## Notes:

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