

## Submission Form for CAP Post 2020 Consultation

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### 1. Simplification:

*How can the CAP be simplified for beneficiaries and administrators, while maintaining an appropriate balance in terms of public accountability and value for money for EU taxpayer's funds?*

ICOS welcomes the new delivery model, which is at the core of the Commission's communication on "The Future of Food and Farming", believing that it will bring greater simplification to the CAP policy. However, we stress that this simplification must be seen not only at an EU level, but also at a national level and by farmers. Efforts must be made within the national CAP Strategic Plan to ensure that it does not add a new layer of constraint, but rather provides flexibility. Additionally, we stress that ensuring the integrity of the single market must be a priority concern.

A key area where simplification is needed is within the green architecture of the CAP policy. While we very much support the intentions and goals of the current greening, cross compliance and rural development agri-climate-environment schemes included within this, the bureaucracy and administrative burden which they have brought is excessive and inefficient. Farm inspections in particular are extremely complicated, time consuming and inefficient in terms of cost/benefit. A single audit system should be introduced to harmonise controls and reduce the level of bureaucracy involved for these measures across both CAP pillars.

An increased use of digitalisation, remote sensing and ICT, can also improve efficiency, accuracy, quality and timeliness of controls and audits as well as improve the collection of data for the purposes of risk management, whilst reducing red tape. Therefore, access to these tools must be enabled through grants and financial instruments and "connected farmers" rewarded.

## **2. Direct Payments**

*Having regard to both the Food wise 2025 and the CAP ambition to support economic development and employment creation, particularly in rural areas, that are your views on potential proposals to target direct payments differently?*

Firstly, it must be noted that direct payments are the key tool which sustains agricultural production across the different sectors in Ireland, making up over 100% of the income of up to 60% of Irish farmers. It also a central protection against volatility in market prices. Therefore, maintaining Pillar 1 direct payments and the funding to sustain them at least at their current levels must be a top priority for the Irish government in the upcoming reform.

In order to ensure a sustainable agricultural sector and a fair allocation of support funding, we believe the CAP must better target direct payments towards “genuine”, active, commercial farmers. These farmers have the greatest burden in terms of compliance within the CAP policy and are also subject to the greatest costs, due to the high degree of investment and running expenses which are incurred by specific demands concerning labour, traceability, hygiene, climate demands, animal welfare, and food safety.

ICOS therefore opposes degressive direct support or redistribute payments, as well as any moves towards flat rate per hectare payment. We believe that these measures would only serve to divert funding from active farmers, who are most in need of this support, and would instead benefit inactive landowners and non-commercial farmers.

Smaller farmers should be supported through a targeted measure within Pillar 2 of the CAP, rather than through redistributive payments. In addition, we support top-up payments for young farmers as a means of encouraging generation renewal and supporting new entrants to farming.

### **3. The Environment**

*What do you believe should be the environmental priorities under the next CAP?*

*Bearing these priorities in mind and considering Ireland's ambition for the sustainable development of the food sector, how should pillar I (direct payments) and pillar II (rural development) combine with private sector funding post 2020, to help the sector contribute to National climate change obligations and increase its contribution to water quality and biodiversity?*

Irish farmers and cooperatives fully acknowledge their environmental responsibilities and the challenges ahead. However, we believe that efforts must be made to ensure that the environmental measures contained within the CAP are practical for commercial farmers, in order to ensure their support, broad uptake and in effect, their success.

We would support a more results and action-based approach to CAP environmental schemes within this context, which would reward farmers on the basis of undertaking measures to achieve the best environment for biodiversity, good water quality and reduced climate emissions, as proposed within the Commission Communication. Priority environmental areas to be addressed include water quality, climate change mitigation, air quality and biodiversity. In this regard, the effective and widespread transfer of "win-win" solutions that generate efficiencies at farm level and benefits for the environment, must be the top priority. These actions should therefore include nutrient management planning, habitat management planning, agro-forestry initiatives, renewable energy activities, etc.

We therefore welcome the focus within the Commission's Communication on knowledge sharing and advisory supports for farmers, as a key element within the upcoming reform. These must reinforce and support industry-led environmental initiatives to promote and provide advice in the implementation of best practice measures, to best amplify their effect.

#### **4. Risk Management**

*What sort of risk management measures for primary producers should be considered under the next CAP and how should they complement current EU measures such as intervention, Aids to Private Storage and Exceptional Measures?*

Over the last few years farmers have been confronted with increasing price volatility, as a result of price fluctuations on global markets and uncertainty caused by macroeconomic developments, external policies, sanitary crises and more frequent extreme weather events in the EU.

We strongly believe that the most effective way of combatting this volatility is through maintaining and enhancing the current market support tools, such as private storage aid and public intervention, in order to provide an effective and adequate safety net for the market.

In particular, seasonality is a key issue for Irish dairy production, that must be addressed in order to stabilise market prices throughout the year. To achieve this, Private Storage Aid should be redefined as a market management tool (rather than a crisis tool) and support opened for applications during peak season each year.

ICOS also calls for the development of a European futures market, as a key tool which would enable co-operatives to manage volatility on behalf of their members, through entering a financial hedge. The current European futures market lacks liquidity. To address this, its use needs to be encouraged, training and advisory service provided for co-operatives so that they might effectively use it as a risk management tool and reliable market data made available more quickly, in order to drive its functioning.

Furthermore, we welcome the proposal within the Commission's Communication for member states to enable the development of private income stabilisation tools, through agri-taxation measures. Such measures include ICOS's proposed 555 income deferral scheme, which would allow farmers to defer a small proportion of their income in a good year and draw it down in a bad one. We strongly encourage the Irish government to therefore introduce such a scheme.

Additionally, improving market access globally must be a key focus within future CAP and we welcome the emphasis within the Commission's Communication on trade, as well as its commitment to furthering EU policy to promote EU food quality and standards worldwide. This policy will be critical to overcoming the challenges posed to the Irish agri-food sector by Brexit and providing greater market stability.

To better support EU businesses, including co-operatives, in expanding to new global markets, we believe that export financing, such as loans, guarantees and insurance policies should be developed. Entering new markets can put a strain on cashflow, due to upfront logistical, marketing and regulatory costs. EU backed export finance, would ensure businesses have affordable and secure finance to manage cashflow and reduce risks.

## **5. Young Farmer Supports**

*How should the CAP encourage young people into farming, the exit of the older generation and facilitate succession planning*

In Ireland, figures show only 6.75% of the farming population are under 35. Within co-operative boards, the average farmer director's age is approximately 60. Encouraging young farmers and new talent to enter into the agri-industry is a priority for cooperatives, which need active farmers and generation renewal in order to grow and to ensure the continuation of the business.

To achieve this, a comprehensive approach must be developed, including top-up payments under Pillar I and targeted measures in Pillar II, such as the provision of training and advisory services in key skills, such as business management, as well as land mobility services and retirement schemes, in order to incentivise farmers to pass on their farming operations.

## **6. Research, Innovation, Technology Transfer**

*How can the CAP be used to build a smarter agriculture, and to translate research outcomes into real technology adoption that contributes to improved margins, greater resilience and better environmental impact on farm?*

*What role should vehicles like advisory services and producer organisations play?*

We support the continuation of dedicated agricultural research and innovation funding within the CAP. However, we believe that further improvements must be made in order to transform the results of this research into best practice and reality "on the ground", through greater transparency of research results, facilitated by EU-wide agricultural extension services and by knowledge exchange and training services.

It is also imperative that these research projects and innovation tools promote a multi-actor approach, with farmers and their co-operatives at its' center. Ensuring this access will allow for real product and process innovation and better enable its widespread adoption.

In addition, CAP funding in the form of grants and financial instruments should be provided to agricultural co-operatives to improve access to new technology and smart farming tools. It is often the case that Irish farmers, due to their size and structure cannot afford or make full use of many of these technologies alone. Co-operatives should therefore be enabled and supported to provide digital farming tools and machinery for their members use and benefit.

## **7. On Farm Investment**

*What should the on farm investment priorities be in the next CAP and how can financial instruments (or loans) play a role?*

Priorities for on-farm investment under the future CAP policy should include tools and technology to support farm safety, greater work-life balance, the protection of water quality and climate change mitigation.

For this purpose, ICOS fully supports the development of Financial Instruments within the future CAP policy. However, we wish to emphasise that these tools should only be used complementary to rural development grants, not instead of them, as many farmers are already under pressure from sizable debt. In order for these financial instruments to be attractive to farmers and other beneficiaries, they need to be designed and implemented in a simple, accessible and flexible manner (with consideration for the volatile nature of agricultural markets). In this regard, the temporary Agriculture Cashflow Support Loan Scheme introduced by the Irish government and the Strategic Banking Corporation of Ireland, leveraging EU support funds, was effective for these reasons, in the short period that it was available.

## **8. Strengthening the socio-economic fabric of rural areas**

*How can the CAP complement other European Structural and Investment Funds and the Government's Action Plan for Rural Development to support the social and economic development of rural communities, including through the development of new value chains such as clean energy, the emerging bio-economy, the circular economy or rural tourism?*

Irish co-operatives are key actors in their communities, providing job in rural areas, and contributing to the improvement of local infrastructure and services. Therefore, the CAP policy must promote and protect the development of agri-co-operatives businesses, through the measures detailed in point #10.

In particular, we wish to see a future rural development policy which focuses on fostering investment and innovation in rural areas, through various different tools, including the provision of financial instruments and grants for businesses to set-up, and to provide bioeconomy, circular economy and digital economy services. These areas provide new business opportunities, would create diverse employment in rural areas and allow for economic growth.

## **9. Health, Nutrition, Food Waste and Animal Welfare**

*Can the focus of the CAP in these areas be sharpened, and can it complement other measures in emerging areas of concern such as food waste or anti-microbial resistance and if so how?*

The CAP can be better focused to address many areas of citizens' concern, including health, nutrition, food waste and animal welfare.

Critical health issues such as antimicrobial resistance are already being addressed within the agricultural sector, under the "One Health" approach, guided by the national action plan 2017-2020. However, implementing this plan requires widespread training of farmers on appropriate use of antibiotics, as well as further research and investment in monitoring technology. This research and the dissemination of results as well as best practices would best be carried out by advisory services and knowledge sharing initiatives, both private and public led, supported by the CAP.

In terms of promoting healthier nutrition, ICOS supports the continuation of CAP funded School Schemes for fruit, vegetables and dairy products. These schemes promote the consumption of nutritious local products and help children to develop healthy dietary habits.

Promotion funding and information campaigns to highlight to consumers the current high standards of European agriculture and the health benefits of agricultural food remains highly necessary. In particular these campaigns should emphasis for example that the Irish dairy system is almost exclusively pasture based, making it one of the most carbon efficient in the world, and providing numerous benefits for the environment and human nutrition.

As mentioned above, the provision of grants and financial instruments for farmers and cooperatives, to improve access to digital tools and precision agriculture technology would also contribute to the aims of reducing food waste, improving animal health and reducing environmental impacts.

Additionally, CAP funding must be provided to cooperatives to support the development of the bioeconomy, circular economy and digital economy, which aims to reduce waste as well as our overall environmental footprint and improve efficiency. The average Irish farm does not have the capacity or scale to invest in digital tools, renewable energy or waste removal tools, such as anaerobic digesters, and therefore cooperatives can play a role in the provision of these services to their farmers members.

## **10. Position of the Farmers in the Supply Chain**

*Can the CAP post 2020 do more to complement other measures to strengthen the position of farmers in the supply chain and if so how?*

The CAP can and should do more to strengthen the position of farmers in the food supply chain through guaranteeing them a fair share of added value, by supporting the creation and further development of cooperatives and strengthening transparency in agricultural markets.

ICOS welcomes the Commission's comments within its Communication on the effective role which producer organisations can have in strengthening the position of farmers in the food supply chain. However, we reiterate that cooperatives are the most effective, socially responsible and sustainable form of producer organisation. They integrate the role of producer, processor and the marketer, helping to rebalance the food chain and bringing viable incomes to their members as well as offering a level of protection from volatility. The Irish government should therefore call for cooperatives to be encouraged and protected within the upcoming policy reform, through their automatic recognition as a producer organisation. Multisectoral cooperatives must also be facilitated in this regard, within the recognition criteria for producer organisations. In addition, further support funding should be provided to cooperatives across all sectors to help them develop their business, in particular with regard to environmental activities, action within the bioeconomy and the provision of smart farming technology, to enable them to better support farmers and rural economies.

Furthermore, ICOS believes that greater market transparency, through such reliable and "real-time" data, can provide many benefits for all operators in the supply chain, ensuring greater bargaining power for producers and cooperatives and helping to combat market volatility. Clear, precise and timely information on market signals is necessary for farmers and businesses to react to market imbalances, enable the functioning of a European Futures Market and therefore ensure a better and more stable price. We therefore support extending the role of the current EU Market Observatories to establish an EU Price, Margins and Markets Observatory covering the entire food chain, using clear criteria for data collection and harmonised methodologies in data processing and analysis. In order to achieve this, information must be collected in all links of the food supply chain, namely at farm gate level, traders, at primary processors level, at other levels of processing (where applicable), at wholesale level, at retail level and consumer level. The focus must be on data which is appropriate to the needs of market players- for example data (volumes and prices) regarding production, imports, exports, intra-EU trade, stock levels, internal consumption (food, feed, fiber, biomass, ...) must be available. Customer information and point of sale data recorded by retailers is also of particular importance for a food chain analysis. The use of so-called "big-data" should be explored to aid and simplify this process of collecting data, helping to reduce any associated costs while also guaranteeing individual business confidentiality.



## 11. Any Other Information

In order for the CAP to be effective in addressing the many important challenges discussed above, increased finance, or at least maintenance of current funding level is necessary. It is essential that Ireland, and all EU Member States continue to recognise the importance of the CAP in delivering food security, high quality and traceable food for consumers and ensuring a fair standard of living for farmers, their families and rural communities.

Cutting funding would devastate Irish agriculture and have inestimable consequences for agri-food markets and rural economies, which are already under more pressure than ever before.

Market volatility is increasing risk within the sector, threatening generation renewal. Brexit brings an additional pressure, especially for Irish co-operatives, as the market for 40% of our agri-food exports, and together with the continued Russian import ban threatens market prices across all agricultural sectors. Farmers also face increasing demands from a number of different policy areas, including climate emission restrictions, animal and plant health and water quality. Increased financing is needed to support them in addressing these issues. Additionally, farmers provide an ever-increasing number and standard of public goods and services that give society recreational, cultural, environmental and health benefits, which must also be adequately accounted for in terms support.

Thank you for taking the time to make a submission. It should be sent by email to [cap\\_post2020@agriculture.gov.ie](mailto:cap_post2020@agriculture.gov.ie) or by post to EU Division, Department of Agriculture, Food and the Marine, Floor 6 Centre, Agriculture House, Kildare Street, Dublin 2, marked "Submission on CAP post 2020". **The deadline for receipt of submissions is 23<sup>rd</sup> March 2018.**

**Please note your submission may be subject to a Freedom of Information request.**