

PUBLIC CONSULTATION ON THE STRATEGY FOR THE IRISH AGRI-FOOD SECTOR TO 2030

RESPONSE FORM

SUBMISSION BY THE IRISH CO-OPERATIVE ORGANISATION SOCIETY (ICOS)

Question 1

How important has Food Wise 2025 and previous strategies been in providing strategic direction for the agri-food sector? How do you think it could be improved in the new strategy?

ICOS agrees that Food Wise 2025 and previous strategies have been important in providing strategic direction for the Irish agri-food sector.

Each strategy has provided a roadmap for the sector to follow, informed by current industry and market requirements.

Their successful development and implementation require a co-ordinated approach involving farmers, industry, the Department and State agencies.

The development of Food Wise 2025 and previous strategies recognise the strategic importance of the agri-food sector to the Irish economy, which is Ireland's largest indigenous economic sector.

The co-ordinated approach of Food Wise 2025 and previous strategies is admired by our partners at EU and international events and fora.

Of course, there is a constant need to review and improve the strategy for the sector, taken into account new challenges but also opportunities.

Environmental sustainability is a central theme running throughout Food Wise 2025. However, it is self-evident from the needs of society and the marketplace that the next iteration of the strategy to 2030 will have to deliver an even stronger focus on environmental protection, while maintaining economic competitiveness and growth.

The next strategy will be developed in the context of Brexit (an event which occurred after the publication of Food Wise 2025) and a changing global trade environment, which has become more complex and uncertain.

Furthermore, the next strategy should re-focus on the income crisis affecting primary producers in the livestock and tillage sectors, the extreme income volatility affecting dairy farmers and the position of the primary producer in the food supply chain.

Question 2

Do you think that the five cross-cutting themes (environmental sustainability, human capital, competitiveness, innovation and market development) should continue to feature in the next strategy? Are there alternative approaches or themes that you would suggest?

ICOS supports a new strategy that evolves the current one in a complementary way, as each strategy represents a rolling multi-annual approach.

The five cross cutting themes in Food Wise 2025 are suitable baselines to develop an industry wide strategy with associated recommendations and actions.

The themes are still largely relevant to the current needs of the agri-food sector.

However, whether they remain as the lead themes for the next strategy will depend on the revised vision and targets set out in the new strategy.

In addition to the current themes, the new strategy will have to address the following issues, to name but a few:

- The position of the primary producer in the food supply chain.
- The viability of the UK market post Brexit and market diversification.
- Evolving consumer preferences, choices and diets.
- Rewarding primary producers for the adoption of sustainable farming practices.
- The Bioeconomy.

Question 3

What do you think should be the absolute priority for the agri-food sector strategy to 2030?

ICOS believes that the absolute priority for the agri-food sector strategy to 2030 is to establish a clearly defined national plan for agricultural development in Ireland over the next ten years.

Its purpose is to provide farmers, industry and the Government with a strong and forward-looking roadmap and vision.

The strategy must not be opaque but provide purposeful direction to all stakeholders given the range of challenges facing the sector such as environmental sustainability.

Question 4

Do you agree that these are the most important challenges and emerging trends for Irish agri-food in the period to 2030? Are there others that should be considered?

The list provided is comprehensive and covers many of the important issues and emerging trends facing the Irish agri-food sector.

ICOS would like to add the following to the list provided:

1. Generational Renewal & Land Mobility. There are acute challenges related to generational renewal as more than 50% of farmers are over 55 years of age, many without an identified successor. There is a policy dimension required to ensure the introduction of a flexible farmer retirement scheme, in addition to continued and greater support for the range of initiatives that foster land mobility and collaborative farming structures.
2. The position of the primary producer in the food supply chain. The next strategy should support and enhance the position of the primary producer in the food supply chain by supporting the development of livestock producer co-operatives. The implementation of the unfair trading practices directive will provide an important framework.
3. Finance & debt levels. At primary producer level, ensuring access to affordable and flexible finance is essential. For example, the national roll out of innovative initiatives such as 'milkflex' is a positive development. However, ensuring sustainable levels of debt at farm level is paramount over the next 10 years in order to retain our international competitiveness. Dairy farm level debt increased by €7,000 on average between 2008-15 to €75,000. However, debt repayments per kilo of milk solids have reduced over the same period. This is a strong indication that the expansion of the dairy herd at farm level is sustainable economically but the situation should be monitored carefully over the years ahead.
4. Market Diversification: At industry level, product and market diversification is taking place in response to Brexit. The next agri-food strategy should ensure appropriate business level supports and state aids to ensure Irish dairy processing remains innovative, efficient and competitive.
5. Animal Welfare especially dairy calf welfare. The increase in dairy herd expansion has resulted in the increase in lower value male dairy calves. The new strategy must prioritise actions that will protect Ireland's international reputation for best in class animal husbandry and care. Recommendations such as the establishment of a permanent sexed semen lab located in Ireland and the promotion of the ICBF Dairy-Beef Index are vitally important.
6. One Health: A co-ordinated approach to antimicrobial resistance and anthelmintic resistance should be included within the next agri-food strategy.

Question 5

What do you think could be done to improve resilience to risks across the sector, from 'farm to fork'?

There are several measures that should be examined to improve the resilience to risks across the entire sector.

- **Reputation:** The next strategy must ensure that the reputation of the agri-food sector in the eyes of international customers and society is strengthened positively over the next 10 years. This will require an intensive, collective effort by all stakeholders to ensure climate change targets in the All of Government Climate Action Plan are achieved, water quality standards improve, ammonia emissions are reduced and an improvement in biodiversity levels are achieved. Furthermore, animal welfare and calf management practices must be maintained to highest possible standards.
- **Brexit:** The next strategy must ensure a long-term approach to Brexit, in which the UK market will be a more competitive marketplace in the medium to long term due to third country imports from outside the EU, the cost of doing business will increase due to currency, tariffs and SPS checks and the UK consumer will be poorer due to the long-term economic implications of Brexit.
- **Income volatility:** The proposed reduction in the CAP budget and the implications of Brexit will worsen the impact of income volatility over the next 10 years. The Irish dairy co-op sector are world leaders in developing fixed milk price contracts for milk suppliers, which have provided a degree of certainty during periods of extreme milk price fluctuations. However, additional measures are urgently required including an income stabilisation measure based on the ICOS "5-5-5" proposal. The measure proposed by ICOS, if implemented, would allow a farmer to use periods when market returns are higher to create a modest "rainy-day" fund, to support them during periods when market returns are weaker. The measure will permit a farmer to voluntarily defer up to 5% of their gross receipts in any one year. The deferred funds can be drawn down at any time within 5 years and subject to income tax at the time of draw down, but in any case, must be drawn down within 5 years.
- **Climate Change Adaptation:** The extreme weather events experienced in 2017-18 highlight the risk climate change poses to Irish agriculture. The Minister for Agriculture established an Inter-Agency Fodder Committee in 2018, which proved to be an effective body in terms of formulating key communication messages to farmers and advice and recommendations during the most recent fodder crisis. The Fodder Inter Agency Committee issued short-term and long-term conclusions when the extreme weather ended. The implementation of the long-term conclusions in particular should be prioritised in the context of the next Agri-Food strategy. Recommendations included the carrying out of a national fodder census in July and November each year, farmers should plan to carry a reserve of silage 2 months in excess of that required for a normal winter, improved soil fertility should be encouraged and promoted, expanding farmers should match stocking rate to average grass growing capacity, contract farming arrangements

and a more joined up approach between farming systems (e.g. livestock and tillage sectors) should be encouraged and promoted.

- **Food Safety & Authenticity:** Ireland's best in class food safety and traceability systems are key to preventing potential risks to the sector and enhancing our global reputation.

Question 6

What do you think the vision for the sector to 2030 should be?

ICOS believes that the vision for the sector to 2030 should be to ensure the advancement of an internationally focused, competitive, innovative sector delivering safe, nutritious, quality assured, grass fed and climate friendly food for a growing global population.

Question 7

What do you think will be the most important contribution(s) of farmers/fishermen and the food industry to Irish society in the period 2020 to 2030?

- **Contribution to growth & economic success:** As a small open economy, the agri-food sector plays an important role in driving economic growth as Ireland's largest indigenous sector. Agri-food exports were valued at €13.7 bn in 2018 (+73% increase since 2009). The sector employs 172,800 people with a greater proportion employed in the agri-food sector situated outside the greater Dublin region. When expenditure in the Irish economy is considered, the impact of the agri-food sector is much deeper than the multinational sector. For example, the dairy industry exports valued at €4.2 bn while Irish economy expenditure by the dairy industry was €3.8 bn, resulting in a 91-cent expenditure in the Irish economy per euro export. The equivalent measure for multinational exports is a 10 cent spend in the Irish economy per euro exported. The agri-food sector over the period 2020-30 will continue to make an important contribution to the economic success of the Irish economy, employment opportunities and balanced regional development. Additionally, ensuring balanced regional development by supporting a vibrant rural economy will prevent further pressures on transportation, health, education and housing in urban areas.
- **Contribution to a sustainable, low carbon economy:** The agri-food sector has enormous potential to contribute to a sustainable low carbon economy over the period 2020-30. The underlying sustainability credentials of the Irish agri-food sector is based on a grass-fed model of production. Irish society recognises that this model of production is more sustainable, climate friendly and welfare friendly than confinement-based systems commonly found in the US and Europe. In milk production, 80% of milk globally is produced in confinement systems, compared to Ireland where cows are at grass for up to 300 days a year. The contribution of Ireland's grass-based system to carbon sequestration must be accounted, measured and verified. The agri-food sector can also make a valuable contribution to a low carbon economy through afforestation including agro-forestry and renewable energy.

Question 8

What do you think would be the key words that you would wish to associate with the agriculture, fishing, forestry and food sector in 2030?

The key words ICOS would like associated with the sector in 2030 are as follows:

- Innovative
- Dynamic
- Adaptive to change
- Agile
- Competitive
- Best in Class
- Sustainable
- Climate Friendly
- Grass Fed
- Trusted
- Family Farm
- Farmer Owned & Controlled

Question 9

What can be done to improve the extent and rate of uptake of practices that improve water and air quality, mitigate greenhouse gas emissions and protect biodiversity? What are the barriers to uptake of those practices?

Teagasc deserve significant credit for identifying the practices that improve water and air quality, mitigate greenhouse gas emissions and protect biodiversity through detailed research work. For example, the Teagasc Marginal Abatement Cost Curve is an important body of work that outlines 25 climate change mitigation measures.

The practices are known but now need early and widespread adoption over the period 2020-30.

Furthermore, the Government's All of Government Climate Action Plan has set specific targets for the sector including increasing the usage of protected urea from 1% of the straight N market today to 50% by 2030, increasing the usage of trailing shoe technology for slurry spreading from 10% to 50% by 2030, increasing the average EBI from €70 today to €230 by 2030, doubling average afforestation rates from 5,500 ha per annum today to 10,000 ha per annum by 2030, rewetting organic soils from 0 ha to 40,000 ha by 2030 and measures to improve grassland management (450,000ha).

The extent and rate of uptake of these practices will be achieved through a combination of industry led initiatives (e.g. Origin Green and the ASSAP programme), regulation (e.g. the 2019 review of the Nitrates Derogation) and policy (e.g. the CAP post 2020).

The main barriers to the uptake of these practices in our view include:

- Knowledge Transfer: In 2018, ICOS published a report called “Positive steps towards a low carbon future for the Irish dairy sector”. The report identifies knowledge sharing as the number one challenge to overcome. The report calls for a structured knowledge sharing programme on climate change mitigation including one to one engagement, discussion groups and pilot farms. The gap between research and the adoption of these practices at farm level must be closed urgently through knowledge transfer actions.
- Cost: ICOS acknowledges that many of the practices recommended in the Teagasc MACC are cost beneficial as they result in improved efficiency at farm level. For example, a €100 investment in lime will return approximately €725 to the farmer through extra grass production. The challenge in this instance is to ensure the uptake of cost beneficial measures through increased investment in knowledge transfer. However, there are measures that will incur costs and require financial support through grant aid. For example, grant aid under TAMS II is provided for low emission slurry equipment. However, there is a possibility that this funding may cease for an important cohort of farmers if the application of slurry using low emission slurry equipment becomes mandatory in 2021 for farmers under the Nitrates Derogation.
- Farm structure and income: The age profile of farmers and the prevalence of part time farming are possible barriers to the uptake of practices. Targeted knowledge transfer programmes should be developed to ensure the widespread uptake of mitigation measures by all farmers. In addition, low incomes in the cattle, sheep and tillage sectors are clearly factors preventing the uptake of mitigation measures and must be addressed by strengthening the position of the farmer in the food supply chain. The proposed reduction to the CAP budget is a negative development and efforts must be made to maintain a strongly resourced CAP post 2020. A reduced CAP budget will have a detrimental impact on the ability of the agri-food sector to adopt climate change and other environmental mitigation measures.
- Policy Coherence: There are clear policy challenges preventing the adoption of environmental measures. This is clearly evident in the forestry sector. Despite significant levels of funding for new forestry, planting levels are lagging behind the targets set by Government. ICOS recommends the removal of the re-planting obligation, which is a significant barrier preventing farmers from converting agricultural land into forestry. Another policy failure relates to renewable energy including the lack of incentives for community renewable energy projects such as tariffs and price supports for community projects generating renewable energy. In addition, inflexible rules concerning eligible areas under the Basic Farm Payment has resulted in biodiversity loss. As an alternative, farmers should be rewarded not penalised for maintaining biodiversity rich areas on their farms including hedgerow networks, transitional grassland areas and greenways.

Question 10

How can circular agriculture, the blue economy and the bioeconomy be integrated into the next strategy to build new value chain opportunities?

ICOS recognises the importance of the bioeconomy and circular agriculture as a key component of a low carbon and resource efficient economic model. The bioeconomy will be a future source of new employment, contributing to a more sustainable future for rural Ireland.

ICOS affiliated member co-ops have a good track record in the bioeconomy and circular agriculture. For example, Carbery in the late 1970's developed the first whey to ethanol plant. In more recent times, Carbery have established a small scale biorefinery project at its Shinagh Farm, which breaks up grass into components to be used as feed or fertilizer. In addition, the Glanbia led research initiative "AgriChemWay" is a project that converts whey permeate into high value products including biodegradable plastics.

The adoption of the National Policy Statement on the Bioeconomy is a welcome development. The next agri-food strategy must be aligned to the bioeconomy and the National Policy Statement, leverage public and private research funding, create networks and develop awareness, education and skills within industry and primary producers on the bioeconomy and circular agriculture.

ICOS strongly believes that the co-op model is the most appropriate business structure to enable the growth and development of the bioeconomy, while providing farmers with an opportunity to own and directly benefit from new opportunities.

Question 11

What do you think the main drivers and barriers will be for improving the economic viability and performance of farms, fishing businesses and agri-food businesses in the period to 2030?

In the period to 2030, the main drivers for improving economic viability and performance across the agri-food sector include:

1. **Driving efficiency improvements**: At farm and processing level, driving efficiencies will be the key driver underlying economic performance over the next 10 years. For example, at farm level, there is scope for further improvement in terms of grassland management and soil fertility, which will complement sustainability objectives. Currently, it is estimated that about 8 t grass (DM/ha) is utilised on dairy farms, with the best commercial farms and research farms indicating that there is significant scope for improvement. The Teagasc Grass10 campaign is playing a critical role in promoting improved grass production and efficiency.
2. **Education and skills**: Continued investment in agricultural education through agricultural colleges, third level institutions and through industry continuous professional development will be vital in terms of driving economic performance over the next 10 years. The development of new apprenticeship models for the agri-food sector will also be important.

3. People Development: The ICOS skillnet programme since its inception has trained over 17,000 individuals in the co-op sector at personnel and board level, with co-ops investing over €5 million. The continued focus on people development, career pathways and high-quality training programmes in the agri-food sector will be critical in terms of retaining and attracting the best talent into the sector.
4. Adoption of new technologies: The adoption of new approaches and technologies will be vitally important. For example, on dairy farms each one unit increase in EBI results in an increase of €2 in net margin per cow per lactation. In addition, greater grassland utilisation using grass measurement techniques drive economic performance at farm level.

In the period to 2030, the main barriers for improving economic viability and performance across the agri-food sector include:

1. Global market volatility and uncertainty: The global economic outlook is challenging due to global trade conflicts, the possibility of a crash out No Deal Brexit and increasing geopolitical tensions. The dairy sector since the removal of EU market supports in the mid 2000's has operated in the context of global market volatility. However, due to the uncertain global environment, over the next ten-year period, the volatility cycle may be much deeper and longer than experienced previously. This warrants specific attention in the next agri-food strategy including support for the development of risk management tools such as the ICOS '5-5-5' income stabilisation measure and a workable EU futures market.
2. Availability of skilled labour: The People in Dairy Project estimates that the Irish dairy industry will require up to 6,300 new entrants over the next decade. The next agri-food strategy must ensure that the recommendations endorsed by the Minister of Agriculture and all stakeholders are implemented including the provision of career pathways for new entrants into the dairy sector.
3. Regulation: Over the next decade, the challenges related to compliance with climate change, ammonia, water quality and biodiversity targets must be carefully considered against the contribution made by the agri-food sector to global food security through the production of the most climate efficient milk and meat products. The recent expansion of the Irish dairy industry according to Teagasc has reduced the global footprint of milk production by approximately 4 million tonnes of carbon, assuming that Irish milk displaced milk with a global average carbon footprint.

Question 12

Innovation is now widely recognised as a key driver of long-term growth and sustainable development. What type of approaches and processes could assist the Irish agri-food innovation system to address economic and societal challenges and facilitate increased networking, collaboration and investment in sustainable growth areas?

There are several exciting initiatives within the Irish agri-food sector aimed at fostering innovation. The Irish dairy co-op sector are key partners in the Enterprise Ireland led Dairy Processing Technology Centre, Food for Health Ireland (FHI) and Teagasc Moorepark Technology Ltd. The VistaMilk initiative is another important example of collaborative innovation and is designed to translate research into precision pasture dairying.

Research demonstrating the health benefits of pasture-based milk products is critically important in demonstrating our sustainability credentials with credibility.

That said, further improvement in innovation and collaboration is needed. Low levels of investment in R&D measured by spend per turnover is holding the sector back when competing in the global marketplace.

More must be done within the next agri-food strategy to ensure research is converted into commercial applications.

Question 13

What actions need to be taken to ensure Irish agri-food captures more value in both our domestic and export markets?

With the abolition of milk quotas in 2015, the Irish dairy sector has invested over €1.5 billion in new processing capacity with a strong pipeline developing. Furthermore, the larger dairy processors typically spend €40-50 million in annual capital expenditure.

The investment at processing level has been matched by a commensurate investment at farm level. The multi-million investments made by dairy co-ops has future proofed the processing capacity in the medium term and has ensured that the growth ambitions of dairy farmers have been realised.

Over the next decade, the industry is focused on leveraging its investments in new and more efficient processing capacity to produce more value-added products and brands. This will involve additional investment in processing capacity, product diversification in response to Brexit, brand development, partnerships and joint ventures with global nutrition and dairy companies and more R&D investment.

Question 14

Are there any other learnings or best-practice examples in other economic sectors or other countries that could be applied to improve the competitiveness and innovation of the Irish agri-food sector?

ICOS in recent years has visited the Danish Food Cluster based in Aarhus, Denmark. It is an innovation hub with 75 food businesses and 25 start ups co-located in the one campus including the Arla Foods Global Innovation Centre. The Danish Food Cluster model is one ICOS would recommend as a best practice example to improve competitiveness and innovation from another country.

Question 15

What measures need to be taken in the period to 2030 to improve the social sustainability of Irish farms?

The next agri-food strategy shouldn't pay mere lip service to social sustainability but develop clear objectives and actions. The following are important social sustainability criteria for the sector:

1. **Farmer Ownership and Control**: The co-operative sector has served the well being of its members by providing a range of supports and services including price support during challenging market periods. There is an important trust factor between member suppliers and the business they own and use to sell their produce. The crisis in the beef sector has served as a reminder of the importance of the co-operative movement, which the Government and State agencies must support and promote in the next agri-food strategy.
2. **Family Farm Structure**: The next agri-food strategy must ensure a viable future for the family farm model. This includes support for sole traders such as the ICOS '555' proposal.
3. **Work-Life Balance**: The sector must ensure a sensible work-life balance for farm families and workers if the sector is to thrive and attract new talent into the sector. This will require the incorporation of useful labour efficiency metrics when measuring farm performance and industry led initiatives like the Dairygold leanfarm programme.
4. **Farm Safety**: The level of on farm fatalities and accidents remain at an unacceptable high level. On farm deaths are far higher than any other economic sector. All the stakeholders including farm organisations, co-ops, industry, Teagasc and the Health and Safety Authority must ensure a significant improvement in farm safety over the period 2020-30.

Question 16

Given the relatively slow progress being made in generational renewal on farms, what type of policies could be implemented to speed this up?

The next agri-food strategy should encourage additional support for policies and programmes that facilitate land mobility. The increased availability of land will facilitate further expansion with less pressure on stocking rates and the need for increased supplementary feed. Policies and programmes that will support collaborative farming arrangements to a greater extent such as contract rearing, share farming and partnerships need specific attention in the next agri-food strategy. The development of Ireland's CAP strategic plan post 2020 will be important to ensure continued support for young farmers under both pillars 1 and 2 of the CAP. ICOS also believes that it is worth considering the re-introduction of a retirement scheme for older farmers that will be based on a flexible and phased approach.

Question 17

Businesses are increasingly being measured by society not only on their economic performance but also on their corporate and social performance. What should the Irish agri-food industry be doing to address this? What key words would you wish to associate with a socially responsible agri-food sector?

ICOS firmly believes that the Irish agri-food sector has positioned itself as a partner of choice for sustainably produced grass-fed milk and meat products. In the dairy sector, the Sustainable Dairy Assurance Scheme is the foundation underpinning the sustainability credentials of the sector. The independent audit process, systematic approach and the inclusion of key sustainability criteria as part of SDAS are essential in meeting customer and societal expectations. However, SDAS will need to evolve and improve over the next decade to maintain trust with customers and society. The dairy sector has also co-funded with Government an innovative water quality improvement programme – the Agricultural Sustainability Support and Advisory Programme.

The key words ICOS would wish to associate with a socially responsible agri-food sector include:

- Trust
- Credibility
- Openness & Transparency
- Grass based
- Low carbon, water and energy footprint
- Family Farm
- Green supply chain

Question 18

Societal concerns around ethical and sustainable practices, including animal welfare and the use of medicines and other inputs, as well as broader food and feed safety and authenticity concerns, have been growing in prominence and some have connected this with a social licence to farm/fish. How do you think the next strategy should address this to further enhance our credentials in these areas?

The expansion of the Irish dairy herd has resulted in increasing challenges for the health and welfare of male dairy calves. There are more births from the dairy herd, with compact calving resulting in a more pronounced peak. Other dairy producing industries have struggled to maintain their social licence i.e. public perception of agricultural practices, largely due to the development of a mainstream bobby calf industry. ICOS believes that in recognition of our very positive reputation with customers and the need to maintain our social licence, the processing of young calves is not a sustainable practice and efforts must be made to discourage it, through the provision of appropriate alternative outlets for low value male calves. The Irish dairy industry must support and develop calf rearing and breeding policies, whereby each calf born must be treated with equal importance for the duration of their life, regardless of their economic value. The establishment of a permanent sexed semen lab must be prioritised in the next agri-food strategy to 2030 and the use of the Dairy-Beef Index to select beef AI bulls must be promoted. The DBI ranks beef bulls, for use in the dairy herd, according to their genetic merit for calving and carcass performance traits. Expressed in euros, each €1 increase in DBI can be interpreted as a €1 expected increase in profit for that bull's progeny. ICOS supports the continuation of a best in class live export trade for the livestock sector that adheres the highest animal welfare standards. We also believe alternative options must be examined by the sector including a viable calf rearing business model for livestock farmers and an assessment into the feasibility of establishing an indigenous veal industry.

The dairy and livestock sectors are acutely aware of the importance of antimicrobial resistance for human and animal health. The co-op sector has removed/de-stocked the highest priority critically important antibiotics (CIAs) for human health and adhere to the DAFM policy on their use. In the first instance, improving animal health will reduce the need for antibiotics. In this regard, the co-op sector has been responsible for significant improvements in udder health through co-op mastitis programmes and the national cellcheck programme through AHI. The sector is committed to transitioning to selective dry cow therapy as an alternative to blanket dry cow therapy. However, this will require an increase in milk recording from current levels and policies and supports will be needed to assist the industry in its transition, ensuring the positive improvements in milk quality are continued over the next decade.

-ENDS-



Contact:

Eamonn Farrell,
Agri-Food Policy Executive,
The Irish Co-operative Organisation Society
eamonn.farrell@icos.ie