A revised Withdrawal Agreement was agreed between the European Union and the United Kingdom on 17 October 2019.

€110 million made up the first tranche of DAFM supports in the event of a no deal Brexit.

A political agreement on the EU-Mercosur Free Trade Agreement was announced on 28 June 2019.

7.1 Overview
The EU and International Agricultural Policy Chapter offers an overview of the international factors and Irish Agriculture, including the influence of EU agricultural policy and Brexit. In addition, this chapter will incorporate data generated by the Organisation for Economic Cooperation and Development (OECD), which monitors and advises on international trade policy and benchmarks the level of EU agricultural supports.

7.2 Brexit
The agri-food sector is of critical importance to the Irish economy. Its regional spread means that it underpins the socio-economic development of rural areas in particular. The agri-food sector employed 164,400 people, representing 7.1% of total employment in 2019. There are ambitious plans to further develop the sector under the Food Wise 2025 strategy, which would see the creation of 23,000 direct and indirect jobs and growth of 85% in the value of our exports over the ten-year period to 2025.
However, Brexit poses enormous challenges for the agri-food and fisheries sectors by virtue of their exposure to the United Kingdom (UK) market, as evidenced by various studies including those by the ESRI, Central Bank, Department of Finance and Copenhagen Economics.

The UK is Ireland’s largest export destination for agri-food products with the Central Statistics Office trade statistics valuing this trade at approximately €5.5bn in 2019, i.e. 38% of agri-food exports, while Ireland is also the UK’s largest export destination with agri-food with products imported into Ireland valued at €4.6bn in 2019.

The most immediate impact of Brexit has been the difficulties caused by the significant volatility in the value of sterling against the euro. For much of 2015 the euro was valued at between 70 to 75 pence sterling. In 2016 following the referendum vote by the United Kingdom to leave the EU, the value of the euro rose to between 84 to 90 pence. It has remained there since apart from a number of times each year when it breeches the 90 pence mark, which has traditionally been a benchmark beyond which exporters to the UK find the cost difficult to absorb. The longer-term impacts relate to the need to conduct Sanitary and Phytosanitary (SPS) controls on animals, plants, and products of animal and plant origin being imported on a daily basis from the UK, the certification of Irish agri-food exports to the UK, and the possibility of a hard Brexit, resulting in the imposition of tariffs on trade, as well as a myriad of sectoral obligations.

Things will change for our agri-food industry, particularly for importers and exporters. As the UK becomes a ‘third country’, customs and regulatory requirements will have to be adhered to from the end of the transition period. From a regulatory point of view, new requirements in relation to the carrying out of documentary, identity and physical checks on imports of animals, plants, and products of animal and plant origin, as set out in EU legislation, will be applied to trade with the UK.

Export certification requirements will also have to be fulfilled, and DAFM continues to closely monitor the evolving position in this area. DAFM and its agencies, in conjunction with other Departments, will ensure that the necessary controls are conducted in a manner that ensures the minimum possible disruption to trade flows.

**Revised Withdrawal Agreement**

A revised Withdrawal Agreement was agreed between the European Union and the UK on 17 October 2019, together with the Political Declaration setting the framework of the future EU-UK partnership. The Agreement consists of two main documents:

- The Withdrawal Agreement itself, including a Protocol on Ireland and Northern Ireland;
- A Political Declaration setting out the framework for the future relationship between the United Kingdom and the European Union

The Withdrawal establishes the terms of the UK’s orderly withdrawal from the EU, in accordance with Article 50 of the Treaty of the European Union. The Withdrawal Agreement entered into force on 1 February 2020, following the ratification by both the UK and European Parliaments, which resulted in the UK leaving the EU on 31 January 2020.

The UK will continue to follow EU rules and the EU will continue to treat it as if it were a Member State, with some limited exceptions, during the transition period, which is due to end on 31 December 2020. There was a provision to allow this transition period to be extended once for one or two years by joint decision between the EU and United Kingdom before 1 July 2020. However, the UK Government was clear that it did not wish to seek an extension and therefore the transition period will end on 31 December 2020.

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Whatever the outcome of the EU-UK Future Partnership negotiations, the status quo will not remain and there will be considerable adjustment, particularly for business trading with the UK, and Great Britain in particular.

As noted above, the Withdrawal Agreement includes a dedicated Protocol on Ireland/Northern Ireland and this will become fully applicable at the end of the transition period, unless it is superseded by a subsequent agreement between the EU and the UK. These arrangements include the alignment of Northern Ireland to Single Market rules to the extent required to avoid a hard border, the provisions of which will come into force from the end of the agreed transition period (i.e. 31 December 2020). Northern Ireland will remain in the UK customs territory but will continue to apply the rules of the European Union Customs code. The practical detail of how this will work will be clarified during the transition period by the EU and the UK, working together in the Joint Committee.

The negotiations on the new partnership between the EU and the UK are premised on the effective implementation of the Withdrawal Agreement including the Protocol on Ireland/Northern Ireland.

**Future Relationship Negotiations**

Despite the uncertainties that surround Brexit, DAFM has been very clear on its ‘asks’ in any negotiations on the future with the UK, which are:

- continued free access to the UK market, without tariffs, and with minimal additional customs and administrative procedures;
- minimisation of the risk from UK trade agreements with third countries; and
- maintenance of existing reciprocal access to fishing waters and resources.

DAFM has been working within a whole of Government effort to ensure the best possible outcome for the agri-food sector.

The EU negotiating mandate was adopted at the General Affairs Council in Brussels on 25 February 2020. The EU Mandate is clear in expressing the Union’s desire to have as close as possible a partnership with the UK in the future, embodied in an economic sense by an “ambitious, wide-ranging and balanced economic partnership”. The ‘United Kingdom Mandate’, on the other hand, is much less ambitious and more limited in scope, and gives rise to clear potential for friction in future trading arrangements.

A number of rounds of negotiations on the EU-UK Future Partnership took place since early March 2020 however, progress on reaching substantive agreement may take some time. Significant gaps remain between the two sides’ approaches, including in a range of areas including fisheries. For more information on Fisheries and Brexit please see the Fisheries chapter.

Until the conclusion of the transition period at the end of 2020, there will not be immediate changes for business and citizens. However, a Free Trade Agreement is very different to membership of the EU Customs Union and Single Market. Whether there is a Free Trade Agreement or not there will be customs and regulatory controls, and goods will need to comply with the new regulatory regime. These controls will be imposed on trade between the EU and Great Britain with the Northern Ireland Protocol covering trade between the Republic and Northern Ireland.

**Departmental preparedness**

DAFM has been preparing for Brexit for over four years to be as ready as possible for all potential outcomes to Brexit, including for various potential ‘No Deal’ dates on 29 March, 12 April and 31 October 2019. These preparations have been iterative in nature and preparations for earlier potential Brexit deadlines have subsequently been improved upon, refined and further strengthened.
The focus has primarily been on developing infrastructure in ports and airports, recruiting, training and re-deploying staff and developing a robust IT system and the testing of these systems and processes.

An interagency approach to the implementation of customs and sanitary and phytosanitary (SPS) controls on imports from Great Britain has been agreed between Revenue, DAFM, the Department of Health, HSE Environmental Health Service (EHS) and the Food Safety Authority of Ireland (FSAI), to ensure regulatory compliance and optimal goods traffic flows. These controls will undoubtedly add costs, delays and complexity all along the supply chain. This will be particularly challenging for businesses in the agri-food sector.

**Budget & supports**
The most immediate impact of Brexit on the agri-food sector has been the drop in the value of sterling. In order to help mitigate against this and other impacts, and to assist in reducing farm gate and business costs as well as improving competitiveness, the Department has introduced a range of measures in its most recent Budgets.

These measures cover the introduction of low-cost loan schemes for farmers and small and mid-size enterprises (SMEs), along with significantly increased funding for Bord Bia and other agencies. The Government and the EU Commission recognise that if there is a no-deal Brexit, more supports will be needed.

**Budget 2020**
€110 million was set out in the Budget through the DAFM vote to provide the first tranche of supports in the event of a no deal Brexit arising. €85m of this was to support farmers finishing cattle for slaughter, €14m to go towards a tie-up scheme for fishing vessels, €6m in investment aid to improve competitiveness and increase environmental efficiency for other livestock farmers and the mushroom sector, and €5m (with further funding provided by the Department of Business Enterprise and Innovation) to support a Food Transformation capital investment scheme for product and market innovation.
In 2019 the Beef Exceptional Aid Measure (BEAM) scheme was introduced, half-funded by the Commission and half-funded by the Exchequer. BEAM was provided in light of the difficult circumstances that Irish beef farmers have been facing as a result of market volatility caused by a number of factors, including uncertainty arising from Brexit. Under the BEAM scheme €78 million was paid out to more than 33,000 beef farmers.

Other activities
In addition, DAFM has led an intensified series of trade missions to develop and grow new markets to increase the sector’s global footprint across the world, and to reduce our dependence on the UK market. DAFM has appointed a number of additional attachés throughout the globe to further develop and deepen market access. Increased supports have been made available for Bord Bia and Teagasc to assist food companies prepare for Brexit, including through market diversification and innovation.

Consultations, Communications and Stakeholder Engagement
Significant communications and stakeholder consultation took place in 2019 and this work will continue in 2020. DAFM, as part of the whole-of-Government approach, has engaged with stakeholders to inform and encourage them to take the necessary steps to allow their trading arrangements with the UK to continue. DAFM is encouraging relevant operators to register with them so that they will receive relevant information directly.

A series of Brexit-related Ministerial bilateral meetings were held in 2019 with French, German, Polish, Danish, Dutch, Belgian, Lithuanian and Slovakian counterparts, also meeting with the then Agriculture Commissioner Hogan and with Fisheries Commissioner Karmenu Vella. There was also a bilateral with Robert Goodwill, the UK Minister for Agriculture, Fisheries and Food.

The purpose of these engagements was to ensure that the Withdrawal Agreement would be ratified and that meaningful negotiations would get underway as soon as possible. The specific areas of interest to the Irish agri-food sector were highlighted, as well as the impacts a no-deal Brexit would have on the agri-food sector in Ireland.

Brexit Outlook for 2020
At the outset the timeline for negotiations on the future relationship was always going to be challenging and it was always likely that the negotiations would be demanding and difficult, as Brexit negotiations have been to date. As set out in the Political Declaration, the aim is for a deal that avoids the need for tariffs or quotas and provides for deep regulatory and customs cooperation. The complications caused by COVID-19 bring further significant logistical challenges to the negotiating process.

It is still the case that the UK has left the EU, and this will bring change once the transition period ends. Whatever the outcome of the forthcoming EU-UK Future Partnership negotiations, it will not be the status quo and will involve considerable adjustment, particularly for business trading with Great Britain.

It is important that Ireland and its citizens and businesses are ready for that change. DAFM is continuing its work to make sure that the agri-food and fisheries sector is prepared for the end of the transition period.

There remains the possibility that the talks on the EU-UK future relationship could break down, which would result in another cliff edge Brexit deadline on 31 December 2020.
7.3 EU Developments

Overview

Romania and Finland shared the role of the President of the Council of the European Union in 2019. Romania from January to June and Finland from July to December. The key issue discussed by Member States, including Ireland, throughout 2019 was the ongoing negotiations of the Common Agricultural Policy post 2020. A significant number of meetings were held by both Presidencies at technical, official and Ministerial level in a bid to reach agreement on the CAP proposals.

Other key issues discussed during 2019 included the Bioeconomy Strategy; international trade issues, in particular the EU-Mercosur Free Trade Agreement and the consequences of the Airbus-Boeing WTO dispute for the EU agri-food sector; EU-African Union co-operation; forestry-related matters such as the European Commission’s Communication on Stepping up EU action to protect and restore the world’s forests, and the EU Forest Strategy post 2020. In addition, the new President of the European Commission launched the European Green Deal in December. The EU Green Deal is a cross-cutting sectoral policy initiative with the aim of achieving a climate neutral economy by 2050.

Towards the end of 2019, the Commission proposed two CAP Transitional Regulations with the aim to provide legal certainty for farmers and Member States on the continuity of Direct Payments and payments under the Rural Development Programme beyond 2020. The proposed one-year transition period ensures there is no gap between the current CAP 2014-2020 and the new CAP post 2020. The first Regulation pertaining to the Direct Payments was adopted on 31 December 2019, while the second, more detailed, Regulation pertaining to the Rural Development Programme is not expected to be adopted until the summer of 2020.

In addition, the Commission approved a 7th amendment to Ireland’s Rural Development Programme 2014 – 2020, approving two alterations to current LEADER arrangements.
EU Institutional Changes

European Parliamentary Elections

A key feature during 2019 was the European Parliamentary Elections which took place between 23 - 26 May. The outcome of the European elections was reflective of the significant changes within the European political landscape. There was a strong show of support for the Greens in North and Western Europe, as well as a solid result for the far-right and the emergence of a stronger centrist block of politics. The results also see a shift in the balance of power within the newly formed Parliament, with the traditionally two largest parties, the European People’s Party (EPP) and the Socialist & Democrat Party (S&D), no longer having the majority. It remains to be seen how the new Parliament will consider existing legislative proposals (including the CAP post 2020 proposals) that had not been agreed as part of the co-decision process, as well as new legislative proposals from the Commission.

The newly elected MEPs, including 11 Irish MEPs, took up their seats in the European Parliament on 2 July 2019. As a result of the UK’s withdrawal from the EU, Member States gained additional MEPs. Ireland gained two extra MEPs but they could not take their seats in the European Parliament until 1 February 2020 i.e. after the UK’s withdrawal from the EU on 31 January 2020.

One of the first tasks of the new European Parliament was to elect a new President of the European Commission. The successful candidate was Ursula von der Leyen, who took over from Jean Claude Juncker.

New European Commission

The new European Commission came into effect on 1 December 2019. President von der Leyen appointed three Executive Vice Presidents, all charged with responsibility for a broad thematic area of the Commission’s work programme. These three thematic areas are also identified as the President’s key priorities:-

- Frans Timmermans, Executive Vice-President for the European Green Deal – with responsibility for climate related issues, including the strategy for sustainable food, the circular economy and the introduction of climate related tax policies;
- Margrethe Vestager, Executive Vice-President to make the European Union fit for the digital age;
- Valdis Dombrovskis, Executive Vice-President for economic and financial affairs, with a focus on inclusivity.

The new College of Commissioners also came into effect on 1 December 2019, following approval by the European Parliament. Each Commissioner was assigned responsibility for specific policy areas by the President of the European Commission.

Each Member State may nominate a candidate for a Commissioner role. Ireland’s nominated candidate, Phil Hogan, was appointed the Commissioner for Trade. He held the role of Commissioner for Agriculture with the previous Commission. The new Commissioner for Agriculture is Polish Commissioner, Janusz Wojciechowski.

Also in 2019, there have been leadership changes to the other EU institutions, the European Council and the European Parliament:-

- Charles Michel has taken over from Donald Tusk as President of the European Council;
- David Sassoli replaced Antonio Tajani as President of the European Parliament.
7.4 EU Policy Developments

Bioeconomy Strategy
Discussions on the Bioeconomy Strategy have been taking place at EU level since 2018. These discussions intensified during 2019, culminating in the adoption of Council Conclusions on the Bioeconomy Strategy. The Strategy applies a cross-sectoral holistic approach, with aims to connect the potential of renewable natural resources; the needs of society; and, to protect, maintain and restore eco-systems and biodiversity. The Council Conclusions also includes references to the CAP, in particular, the potential use of CAP rural development instruments namely EIP-AGRI, AKIS and LEADER, to support the deployment of a local sustainable and circular bioeconomy.

Forestry Developments
EU Forest Strategy
The current EU Forest Strategy runs from 2014 – 2020. In 2019, the need for a new, updated and stronger Forest Strategy for the EU was recognised by forest sector stakeholders, the Agri-Fish Council, the Committee of Regions and the European Economic and Social Committee. In addition, sustainable forest management and the cross-cutting importance the forest sector and forestry has in delivering on our climate challenges, it is also seen as playing an integral role in the new European Green Deal. As forestry policy is a national competence, Member States are closely involved in designing the new Forest Strategy. Council conclusions on a new EU Forest Strategy were adopted in April 2019. Preparations for a new EU Forest Strategy will continue in 2020.

Stepping up EU Action to Protect and Restore the World’s Forests
The European Commission adopted its Communication on Stepping up EU Action to Protect and Restore the World’s Forests on 23 July 2019. The Communication set out to protect and improve the health of forests (especially primary forests) as well as to significantly increase sustainable, bio-diverse forest coverage worldwide. The Communication includes five priorities:

1. Reduce the EU consumption footprint on land and encourage the consumption of products from deforestation-free supply chains in the EU;
2. Work in partnership with producing countries to reduce pressures on forests and to “deforestation-proof” EU development cooperation;
3. Strengthen international cooperation to halt deforestation and forest degradation, and encourage forest restoration;
4. Redirect finance to support more sustainable land-use practices;
5. Support the availability of, quality of, and access to information on forests and commodity supply chains, and support research and innovation.

In December 2019, the Council of the European Union adopted Conclusions on the Commission Communication. The conclusions:-

- noted that current actions are not enough to halt deforestation and forest degradation;
- endorsed the objectives and scope of the European Commission’s Communication; and
- called for coherent implementation between the five priority areas.
European Green Deal
The European Green Deal was launched by new Commission President Ursula von der Leyen on 11 December 2019. The Green Deal presents a roadmap of actions to boost the use of efficient resources and covers all economic sectors, including agriculture, with the aim of achieving a carbon neutral economy within the EU by 2050. Further details of the Green Deal will emerge in 2020, however, it is intended to increase the EU’s emissions targets by 2030, as well as introducing several strategies in 2020 to help achieve our climate and environmental ambition. These strategies include a Biodiversity Strategy to 2030 and a Farm to Fork Strategy for sustainable food systems. Elements contained within the European Green Deal and the Farm to Fork Strategy will also need to be reflected in Member States CAP Strategic Plans (which form an integral part of the CAP post 2020 proposals), and which will be approved by the European Commission.

Rural Development Programme
In August 2019, the Commission approved the 7th amendment to the Irish Rural Development Programme 2014 – 2020 introducing two alterations to current LEADER arrangements to ensure the continued smooth running of the Programme. The first ensured that, after the transfer of some geographical areas from Cork County Council to Cork City Council in May, all areas would remain eligible for LEADER. The second allowed for the reallocation of an amount, originally intended for a REDZ / rural town initiative, to the best performing Local Action Groups.

EU/African Union co-operation
Task Force on Rural Africa
The European Commission set up the Task Force on Rural Africa in May 2018, with the aim of providing recommendations on how to strengthen the African rural sector and maximise the role of the EU in creating jobs and fostering economic development in the African agriculture, agribusiness and agro-industries. The work of the Task Force is part of the wider set of actions launched by the Commission in the framework of the ‘Africa-Europe Alliance for Sustainable Investment and Jobs’.

The Task Force Rural Africa reported to the Commission in March 2019 on how best to contribute to sustainable development and job creation in Africa’s agri-food sector and rural economy, and recommended four strategic areas for action:-

1. A territorial approach for income and job creation;
2. Sustainable land and natural resources management and climate action;
3. Sustainable transformation of African agriculture;

African Union – European Union Agriculture Conference
The third African Union – European Union Agriculture Ministerial Conference which was held in UN FAO, Rome, on 21 June 2019, was co-hosted by the Agricultural Commissioners from the EU and the African Union. Both Commissioners signed a political declaration, endorsed by all Member States, along with an Action Agenda, designed to strengthen the intercontinental partnership at all levels of the food supply chain (multiannual cooperation programme with African continental, regional & national farmer organisations, food safety and research & innovation). The declaration provides for a range of actions from tackling climate challenges to a farmers’ cooperation programme.
CAP Transitional Regulations
The Transitional regulations require amendments to seven specific regulations, including the four CAP Regulations. The Regulations aim to provide certainty and continuity in the granting of support to European farmers and ensuring the continuity of support for rural development in the transitional period for those Member States who have used their 2014 – 2020 EAFRD allocations, by extending the current legal framework until the new CAP becomes available.

The Commission proposed two regulations to fulfil these aims. The first, and most urgent regulation, is the financial flexibility regulation which was adopted on 31 December 2019. The second, and more substantial regulation proposes a number of changes to the Rural Development Programme. Member States have raised a number of queries around these changes and discussions will continue into 2020. The Commission expected the transitional arrangements to be in place by mid-summer 2020, subject to agreement on the Multi-annual Financial Framework post 2020, which will clarify the position regarding the future EU budgetary allocations.
**CAP post 2020**

Discussions on the CAP post 2020 proposals continued in 2019 under the Romanian and Finnish Presidencies. Good progress has been made on the CMO Regulation and on the Horizontal Financial Regulation. However, many issues remain outstanding in the CAP Strategic Plan Regulation.

The Romanian Presidency pressed strongly for a Partial General Approach and engaged with Member States intensively on this. However, due to the complex nature of the proposals and the number of outstanding issues raised by Member States, the Romanian Presidency instead presented a Progress Report at their final Agri-Fish Council in June of the work done during their Presidency, outlining the state of play with each of the draft Regulations.

Work on the CAP proposals continued under the Finnish Presidency. Member States were invited to submit written comments on the draft Regulations by 25 June and these were provided by the Romanians to the Finnish Presidency. Ireland submitted a full position on all Regulations at this time.

At the outset of their Presidency, the Finns undertook to present revised consolidated texts for all three draft Regulations at the very least. At best, they hoped to achieve Council General Approach. However, this was very much dependent on the parallel budgetary negotiation process on the Multiannual Financial Framework (MFF) post 2020.

The Finnish Presidency made great efforts to address Member States concerns, in particular, on the New Delivery Model and the increased climate and environmental ambition.

Despite their best efforts, it was not possible for the Finns to achieve Council General Approach. However, at December Agri-Fish Council they presented a Progress Report which set out the work done to date on the CAP proposals.

The Finns prepared consolidated revised text on all three draft regulations. Two of the Regulations – the Horizontal Regulation (financing, managing and monitoring) and the Amending Regulation (amending the current CMO Regulation) are considered to be largely stable. However, it was accepted that there are elements within each of these Regulations that cannot be fully agreed until the MFF negotiation process has been concluded.

The CAP Strategic Plan Regulation has proved the most problematic for Member States to consider and there are many outstanding issues that will need to be resolved before agreement can be achieved.

**Multiannual Financial Framework (MFF) post-2020**

Both the Romanian and Finnish Presidencies sought to advance the MFF post 2020 proposals as far as possible in the hope of reaching a consensus. Agreement on the MFF proposals is a matter for Heads of State and Government, followed by adoption by the Council of Ministers with the consent of the European Parliament.

Despite holding extensive discussions with Member States, the Romanian Presidency could not bridge the diverging views amongst Member States on the appropriate level of the budget. In December, the Finnish Presidency presented a revised proposal with updated figures for Member States to consider. Member States were unhappy with the revised proposal and agreement could not be reached.

EU leaders asked the President of the European Council, Charles Michel, to take the negotiations forward with the aim of reaching a final agreement. Technical and political bilateral meetings with Member States resulted in an agreement being reached on the 21st of July 2020. Combining the multiannual financial framework (€1074.3 billion) and a recovery effort known as the Next Generation EU (€750 billion), the package will help the EU to rebuild after the COVID-19 pandemic and will support investment in the green and digital transitions.
7.5 Organisation for Economic Cooperation and Development

Organisation for Economic Cooperation and Development (OECD)

The OECD Committee for Agriculture provides a forum for senior policy officials to share experiences and improve mutual understanding of agriculture, trade and agri-environmental policies, and to enhance policy performance and effectiveness at both the domestic and international levels. The Committee produces two annual flagship publications: the OECD-FAO Agricultural Outlook (summarised below) 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.

To augment this work, DAFM hosted a joint seminar with the OECD in 2019. Topics discussed included medium-term prospects and challenges for global agriculture, the impact of climate change mitigation policies in agriculture and the changing landscape of agricultural markets and trade.

OECD-FAO Agricultural Outlook 2020 – 2029

Macroeconomic Outlook

For the coming decade, per capita income of 1.7% per annum is expected for OECD countries. Growth is projected to slow for China but accelerate in India compared with the past decade. The macroeconomic shocks created by the COVID-19 pandemic are predicted to put downward pressure on agricultural commodity prices. An expanding global population remains the main growth factor although the consumption profiles and projected trends vary depending on the development status of individual countries.

Consumption

It is expected that per-capita food expenditure will expand globally, but fall as a share of income, most significantly in middle income countries. The share of food in total household expenditure is expected to fall from about 8% in the base period to 6% in high income countries by 2029. The absolute decrease is expected to be larger in the emerging economies of upper and lower middle income countries, where food expenditure shares are expected to fall from 21% to 17% for lower middle income countries, and from 19% to 14% for upper middle-income countries by 2029 (note, the proportion is 11.7% for Ireland). The proportion of household income spent on food is projected to remain on average at 43% in 2029.

The highest consumption growth rate is projected for fats at 9% over the coming decade. Due to the ongoing transition in global diets towards higher consumption of animal products, fats and other foods, the share of staples in the food basket is projected to decline by 2029 for all income groups. Consumers in middle-income countries are expected to use their additional income to transform their diets from staples to higher-value products (including animal proteins). However, in high-income countries, environmental and health concerns are expected to support a transition from animal-based protein towards alternative sources, as well as the more immediate substitution away from red meat towards poultry and fish.
Figure 7.1 Per capita consumption of main food groups (calorie equivalent), by income group

Note: The 38 individual countries and 11 regional aggregates in the baseline are classified into the four income groups according to their respective per-capita income in 2018. The applied thresholds are: low: < USD 1 550, lower-middle: < USD 3 895, upper-middle: < USD 13 000, high: > USD 13 000. Staples includes cereals roots and pulses. Animal products include meat, dairy products (excluding butter), eggs and fish. Fats include butter and vegetable oil. The category others include fruits, vegetables etc.


An expansion of 11% in the global population (an increase of 842 million people between 2017-19 and 2029), along with an increase in per capita income in all regions, is expected to increase total consumption of food commodities by 15% by 2029, as measured on a calorie basis. Asia Pacific, the world’s most populous region, will continue to play the most significant role in shaping global demand for food over the outlook period as it is projected to account for 53% of the global population in 2029 (i.e. 4.5 billion people).

Growth in animal protein consumption will be particularly pronounced in upper-middle and lower-middle income countries. Income-driven growth in demand for meat and fish in China, which is expected to see an 11% increase in daily per capita availability, will be the main contributor to the upper-middle income country group.

By 2029, consumption of dairy products is projected to expand by 1.0% p.a over the medium-term, while meat and fish consumption is expected to increase by 12% and 16.3% respectively, 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 with a shift towards a demand for quality products in high-income countries.

Protein from animal sources will continue to account for the most protein consumption in high-income regions such as North America, Europe and Central Asia. Global consumption of meat is projected to increase by 0.5 kg retail weight equivalent by 2029, with most of this increase due to the increased consumption of poultry meat. Demand is shifting for dairy fat products from fresh dairy products in Europe and North America and may reflect consumers look on the health benefits of dairy fat consumption and the preference to consume less processed foods.
**Production**

Global agricultural production is projected to increase over the coming decade leading to a further decline in real commodity prices. Global livestock production is expected to expand by 14%. Poultry production will account for about half of the projected increase in total meat output. The expansion of pig meat production will be largely concentrated in China, which is expected to recover from the ASF outbreak by 2025. Aquaculture production is projected to continue its expansion and by 2024 it is projected to overtake capture fisheries as the most important source of fish worldwide. The Outlook projects global crop production to increase by almost 15% by 2029, mostly due to yield improvements through intensive use of agronomic inputs and technical efficiency improvements.

Livestock production is predicted to expand by nearly 14%. Poultry is expected to be the fastest growing meat, with a projected increase in production of 16%. The projected increase of 14% in sheep meat output will mainly be supported by strong demand growth in China and Africa, most of which will be sourced locally. Globally, beef production is projected to expand by about 9% with most of this increase originating from Asia Pacific, China and Pakistan, in particular, and from Latin America, together accounting for more than half of global output growth. Beef production will also expand in North America supported by low feed costs and positive price expectation due to sustained domestic demand. In the European Union, however, the low profitability of the beef sector, together with large efficiency gains in the dairy is expected to result in a decrease of 6% in the beef output over the next ten years. Pigmeat production is projected to grow by 9% by 2029, with China expected to account for nearly 60% of global output growth over the coming decade. While the African Swine Fever outbreak is projected to continue to negatively impact pork production in China and in other countries in East and South-East Asia in the first years of the projection period, pigmeat output is expected to gradually recover by 2025.

**Figure 7.2 Growth in global livestock production**

Among all livestock commodities, dairy is expected to experience the strongest growth over the next decade in response to strong demand for fresh dairy products in Asian countries, but also with higher-value dairy products such as cheese and butter. Milk production is projected to increase by 20%, with India and Pakistan accounting for 60% of global output growth.

Over the outlook period, world fish production is projected to grow at 1.3% p.a. Asia Pacific, the main producing region, will account for 80% of the global increase.

**Prices**

Over the coming decade, most commodities are expected to see real price declines of less than 1% with the exception of meat. Over the coming decade, meat prices are projected to decrease more strongly (-1.8% p.a.), partly as a reflection of their current high levels, while crops prices will experience a more modest decline (-0.3% p.a.).

**Figure 7.3** Average annual real price change for agricultural commodities, 2020-2029

![Average annual real price change for agricultural commodities, 2020-2029](image)

It is expected that SMP prices will remain stable in real terms throughout the projection period. Annual butter prices peaked historically in 2017 and have been declining since. Butter prices are expected to continue to decline slightly in real terms, in line with most other agricultural commodities over the projection period. World prices for WMP and cheese are expected to be affected by butter and SMP price developments, in line with the respective content of fat and non-fat solids.

**Trade**

Over the next decade, agricultural trade will grow at a lower rate mainly because there will be a slowdown in demand growth from China. Aggregate trade for the commodities covered in this Outlook is projected to grow at 1.2% p.a. over the projection period, compared to 2.8% p.a. over the previous decade. Latin America and the Caribbean are expected to increase exports with North American exports to be muted. Europe has moved from being a net importer to a net exporter partly due to a static population and constant per capita consumption.
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/

7.6 International Trade Developments

Russian Ban on EU Products
There are essentially two bans in place. The Russian Federation imposed a temporary ban on importation of pigs, pork and reproductive material certified from the EU after 26 January 2014 in response to the discovery of two cases of African Swine Fever in wild boar in Lithuania.

A general ban on the importation of agri-food products was imposed by the Russian Federation in August 2014 on countries (including the EU) which had adopted sanctions against Russia in the context of the situation in Ukraine. Although partially lifted (since 1 June 2016) in respect of imports of beef, poultry and vegetables intended for use in baby food manufacturing, the overall ban remains in place until 31 December 2020.

Ireland has consistently urged the European Commission to intensify engagement with the Russian authorities with a view to the lifting of its embargo. While efforts to secure real engagement from the Russian authorities continue, the broader task of securing alternative market outlets for EU food products continues in parallel.

EU-US
US Tariffs arising from WTO Airbus/Boeing Dispute
The US and EU have been in a long-running dispute regarding subsidies to their respective major Aircraft manufacturers, Airbus (EU) and Boeing (US). Both sides have taken individual cases to the WTO. The WTO Appellate Body has passed judgment on both, with the EU and US both being found at fault.

The WTO arbitration ruling on 2nd October 2019 allowed the US to levy tariffs of $7.496 billion against EU exports into the US. The equivalent WTO ruling permitting EU tariffs against US exports is due in mid-2020.

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. This list levies 10% tariffs on the aircraft industries of the EU countries (FR, DE, UK, ES) that subsidised Airbus as well as a 25% tariff on all EU MS across a range of targeted products.

The value of Irish exports impacted, in 2018 figures, is approximately, €366 million attracting €91.6 million in additional tariffs. The precise selection of product categories means that Ireland is ranked first in terms of tariffs imposed as a percentage of GDP and per capita, and sixth in terms of the absolute value of tariffs.

On the 2nd of December 2019, the USTR issued a statement outlining that they were considering increasing the tariff rates and subjecting additional EU products to the tariff regime under this dispute. They initiated this process due to the result of the ‘reverse compliance panel case’, which the EU lost in the WTO. On the 15th of February 2020, the USTR released the list of additional EU products to the tariff regime. There was no additions or changes to the Irish products that were originally subjected to additional tariffs.
The EU Commission has consistently communicated to the US that the EU is ready to work with them on a fair and balanced solution for our respective aircraft industries. Ireland’s preference is for a negotiated settlement to be reached without tariffs being imposed on either side.

**Autonomous ’EU 481 grain fed beef’ quota**
The European Commission reached an agreement with the US on the autonomous ‘EU 481 grain fed beef’ quota, which was set up to resolve a hormone use dispute between the EU, US and Canada. The existing hormone-free beef quota of 45,000 tonnes will remain at exactly the same level, with the change being 35,000 tonnes of quota being “ring fenced” for the US, with this US allocation being phased in over a 7-year period. The Agreement entered into force on the 1st of January 2020.

**EU-US Trade Negotiations**
The Transatlantic Trade and Investment Partnership (TTIP) talks remain on hold. The European Council approved mandates, on the 15 April 2019, for an agreement on the elimination of tariffs for industrial goods and on conformity assessment. The US administration has also requested the inclusion of agriculture in these discussions. Ireland and the EU remain fully committed to a continued strong partnership with the US as equal partners. Ireland has supported the EU Commission in its view that agriculture should remain excluded from the scope of any future agreement with the US, as per the Juncker-Trump agreement.

**EU-MERCOSUR**
A political agreement was announced on 28 June 2019 marking the end of a twenty-year period of negotiations on the EU-Mercosur Free Trade Agreement. During this time Ireland consistently raised concerns about the very negative impact that an agreement would have on the EU’s agriculture sector, and particularly the beef sector. This agreement includes a significant Tariff Rate Quota for beef - 99,000 tonnes Carcase Weight Equivalent (CWE). To assist farmers with the challenges of market disturbance from the deal, the Commission will make available a fund of €1 billion.

The Commission has described the agreement as one of the largest Free Trade Agreements in the world. From an EU perspective, it establishes improved access to a market of more than 260 million people with a saving of €4 billion in tariffs annually for European exporters.
The inclusion in the agreement of quotas for EU exports of cheese, milk powders and infant formula, as well as full liberalisation in the case of spirits, chocolate and other goods, provides opportunities for Irish exporters to experience growth and increased exports, dairy produce being an example. While the agreement provides for Mercosur countries to establish legal guarantees protecting 357 EU GIs, including Irish Whiskey and Irish Cream Liqueur.

The Agreement also includes a detailed chapter on sustainability and recognises the need to address the urgent threat of climate change and the role trade has in that regard, as well as underscoring the importance of both parties implementing provisions of the Paris Agreement. Importantly the Agreement also includes a chapter on SPS standards and upholds the strict EU rules on SPS that protect food safety, animal and plant health and animal welfare, as well as EU consumer’s interests. Regarding food safety and consumer protection, all EU imports have to comply with EU standards.

Further to the announcement of the EU Mercosur political agreement, a whole-of-government review on the impact on Ireland of the EU Mercosur Political Agreement was announced. This research is being led by the Department of Business, Enterprise and Innovation, who have overall responsibility for Irish Trade policy, with specialist input and assistance from DAFM. Following a tender process, Implement Consulting Group were commissioned to deliver an Economic and Sustainability Impact Assessment (ESIA) for Ireland of the EU Mercosur Trade Agreement. A final report is expected at the end of August 2020.

At present, the Agreement is undergoing legal scrubbing and translation. The European Commission is expected to bring the Mercosur deal to the Trade Council in Q3 or Q4 2020. The outcome of the ESIA study will inform Ireland’s approach to this Trade Council. The provisional application of those aspects of the Agreement which the Commission has exclusive competence (including trade) will require the agreement of the Trade Council (Qualified Majority Voting) and ratification by the European Parliament.

Allowing for the phasing-in of the beef tariff rate quota arrangements over a period of five years, it could take six years before the agreement is fully in place. The formal ratification process for the wider Agreement - which requires ratification by individual Member States because it is one that contains elements which fall under both EU exclusive competence and Member State competence - is likely to prove challenging at both European Parliament and national levels.

EU-Australia & New Zealand
The Council of the European Union authorised opening negotiations for a trade agreement between the EU and New Zealand and between the EU and Australia on 22nd May 2018. The talks with Australia and New Zealand started on the 18th and 21st June 2018 respectively.

Seven rounds of negotiations have been completed with between the EU and New Zealand. The most recent round took place between the 30th March and 3rd April 2020 by video conference. One of the most challenging files in these negotiations will be agriculture. It is a key offensive interest for New Zealand to secure market access for their beef and sheep meat and dairy produce - the EU has not yet presented its offer in this regard. Further progress on these items will be very much linked with progress in the overall negotiations.

Six rounds of negotiations have taken place between the EU and Australia with the most recent round taking place in Canberra on the 10th to 14th February 2020. In August 2019, the Australian Government opened a public objections procedure concerning the terms proposed by the EU for the protection of geographical indications under any Australia-EU Free Trade Agreement. The published list included 236 spirit terms and 172 food terms proposed by the EU. Submissions were received up to 13 November 2019. Ireland had three items on the list namely: Irish Cream Spirit, Irish Poteen and Irish Whiskey. Ireland will continue to insist that these GIs are protected in any future agreement.

During the 5th round of negotiations in October 2019, the EU presented an offer to Australia. This initial EU offer excluded most of our most sensitive agricultural tariff lines. These exclusions
included live cattle, sheep/goats, all beef/sheep/goat meat, sugar, all dairy products except several cheeses and caseins, most egg products, some fruit and vegetables and a number of Processed Agricultural Products. Ireland was, in general, pleased to note that our most sensitive products (other than some cheeses and caseins) had been excluded from this offer. Regarding cheeses, our most sensitive lines appear to have also been excluded i.e. Cheddar and Cheeses of a fat content by weight of <=40%.

Ireland has strong relationships with Australia and New Zealand and enjoys good cooperation on a bilateral and a multilateral level with both countries. Ireland is open to trade deals, however, as with any trade deal, there will be both defensive and offensive interests in negotiations, and these must be balanced and have due regard to our special sensitive sectors, such as beef, sheep meat and dairy.

EU-INDONESIA
The Council gave the Commission the green light to start negotiations for an FTA with Indonesia on 18 July 2016. The most recent round took place on the 2nd December 2019 in Brussels. The 10th round was due to take place in March 2020 in Bali. However due to the Covid 19 crisis, this was cancelled with no future round yet scheduled.

To date, detailed discussions have been held on all chapters of the potential agreement with good progress made on trade facilitation, SPS and sustainability issues. Initial market offers were exchanged during the 5th round of negotiations. The EU offered to liberalise 78% of tariff lines at Entry Into Force (EIF) with a further 12% to be liberalised over a 7-year period. The Indonesian offer was similar with 79% of lines liberalised at EIF and another 11.3% over a 7-year period. Most agricultural products including meats, animals, fish, fruit and vegetables would be fully liberalised at Entry into Force. In July 2019, during the 9th round of negotiations, a second offer was exchanged on tariff liberalisation. However, this offer contained no alteration by either side to the initial tariff offers on agricultural products. This round also saw the publication for opposition of the respective lists of geographical indications and the commencement of detailed discussions on product specific rules.
EU-JAPAN
The EU-Japan negotiations for a Free Trade Agreement were launched in March 2013. On 8 December 2017, the EU and Japan finalised the Economic Partnership Agreement (EPA). The EU and Japan signed both agreements at a summit on 11 July 2018 in Brussels with the agreement coming into force on 1 February 2019.

The agreement represents a major boost for the EU and Irish agri-food sector, with considerable additional market access provided for in relation to beef, pigmeat and dairy (cheeses) products. Over 200 Geographical Indications are protected under the deal including Irish Whiskey and Irish Cream liquor – another boost to the Irish beverage industry which has seen steady increases in recent years. The agreement is particularly timely as Ireland secured enhanced beef access to Japan in 2019. Furthermore, during the June 2019 Ministerial Trade Mission to Japan agreement was reached in principle on market access for Irish sheepmeat with full access subsequently achieved in July 2019.

EU-Mexico
On 21 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). Technical issues have now been resolved and the full legal text has been finalised. The announcement of an agreement in principle consolidates and strengthens the EU/Mexico relationship. Discussions on public procurement at sub-central level are ongoing and once finalised, the text of the full Agreement will be sent for translation into all EU official languages before it is transmitted to the Council and the European Parliament for signature, provisional application and conclusion.

From an EU perspective, significant market access improvements were agreed for core exports of cheese and dairy products to Mexico. There will be a considerable improvement of market access conditions for EU’s exports for pork and poultry.

For food and processed agricultural products, this agreement will achieve liberalisation of all processed agriculture products with rapid or immediate tariff dismantling for key products such as pasta, chocolates, confectionery and chocolates, biscuits, lactose and lactose syrup. This should result in improved market access to both parties and cheaper imports for consumers. Full protection of 99% of European Union Geographical Indications has also been assured, including Irish Whiskey and Irish Cream Liqueur.

Comprehensive Economic and Trade Agreement with Canada
The Comprehensive Economic and Trade Agreement with Canada (CETA), which removed over 99% of tariffs, concluded in September 2014. From an Irish agri-food perspective, the outcome was generally satisfactory; although increased access to the EU market was granted for Canadian beef, greater access to the Canadian market for EU beef and dairy products (notably cheese) was secured. The agreement allows immediate 100% tariff-free market access for EU beef to Canada. There is a TRQ of 18,500 tonnes for cheese and industrial cheese, which is managed by an import licensing system. This is made up of 17,700 tonnes plus 800 tonnes which Canada relocated from its WTO TRQ in the first year.

Following a process of legal review, the agreement was signed on 30 October 2016. On 15 February 2017, the European Parliament gave its consent for CETA and on the 21 September 2017 the agreement provisionally entered into force. As such, most of the agreement now applies. The agreement will enter into force fully and when all EU MS parliaments have ratified the agreement. To date 12 EU Member States have ratified CETA: Austria, Croatia, Czech Republic, Denmark, Estonia, Finland, Latvia, Lithuania, Malta, Portugal, Spain and Sweden.

EU-Singapore
Negotiations for an EU-Singapore FTA were launched in March 2010 and completed on 17 October 2014, when the FTA entered the legal review phase. However, the approval process by the Council of Ministers and the European Parliament was put on hold pending the outcome of proceedings in the European Court of Justice on whether the Commission had the necessary
competence to sign and conclude the agreement alone, or whether the participation of Member States was necessary in respect of certain aspects (mixed competence).

On 16 May 2017, the European Court of Justice ruled that the Singapore agreement could not be ratified at EU level without the approval of all Member States. It added that any trade deal that includes an out-of-court dispute settlement system would require ratification by the EU’s 38 national or regional parliaments.

The draft trade agreements were signed on 19 October 2018 and received the consent of the European Parliament on 13 February 2019. Following the EP’s consent and Singapore concluding its own internal procedure, the Free Trade Agreement entered into force on the 21st of November 2019. The Investment Protection Agreement (IPA) will need to be ratified by all EU Member States before entering into force.

**EU-Vietnam**
In July 2015 the Commission announced a provisional agreement with Vietnam covering the full dismantling of 99% plus of tariffs over 7 years for EU and 10 years for Vietnam.

Negotiations had been launched with Vietnam in December 2012. The provisional FTA provides the elimination of significant tariffs and the addressing of other non-tariff barriers to trade. The Trade and Investment agreements were signed on 30 June 2019. Both sides then began their respective ratification process. This process is almost complete following European Parliament consent on 12 February 2020 and with the Council subsequently adopting a decision on the conclusion of the free trade agreement (FTA) on the 30th March 2020. This Council decision clears the path, on the EU side, for the entry into force of the agreement. Once the Vietnamese National Assembly also ratifies the FTA, the agreement can enter into force, most likely in summer 2020. However the IPA will further need to be ratified by all EU Member States according to their own national procedures before it can enter into force.

**EU-Turkey**
EU-Turkey Customs Union entered into force on 31 December 1995. In December 2016, the Commission proposed to the Council that the Customs Union be modernised. The Council commenced deliberations on the Commission’s proposal in January 2017. The proposal was further discussed, in early 2017, in Council Working Groups, as well as the European Parliament. The Council must adopt the Negotiating Directives before negotiations can commence. Currently no further work towards the modernisation of the EU-Turkey Customs Union is foreseen.

**US China Phase 1 Trade Deal**
US President Donald Trump & China’s Vice-Premier Liu He signed a trade deal in Washington on the 15 January 2020, with the promise of increased Chinese imports of US goods. The deal means that China will buy an average of at least $40bn a year of US food, farm & seafood products, reaching a total of $80bn over the next two years.

The agreement between the US and China on a Phase 1 Trade Deal could result in the US gaining a competitive advantage over Ireland in the Chinese market as China will import a wider range of beef and pork products as well as recognising USDA oversight of US meat and dairy infant formula processing facilities. It should be noted that the tariffs currently imposed on agricultural goods by the US and China will remain in place until further Phase 2 discussions.
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 full data series, charts, tables and analysis can be found on the OECD website.

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 2020 edition contains a useful summary range of the range of agriculture and food policy measures taken by countries across the globe in response to Covid-19.

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 (note that while data is available for 2019 and can be found at the links above, as it is provisional it is not included here).

**Producer Support Estimate (PSE)**

Of the countries selected in table 7.1, Japan has the highest PSE in 2018 at almost 47% 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 (53-62%) when expressed as a percentage of gross farm receipts. In contrast, the EU’s PSE, 20%, is substantially lower, although slightly above the OECD average of 19.2%. 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 for a selection of countries and regions, 2016 - 2018

<table>
<thead>
<tr>
<th>Country</th>
<th>€ million</th>
<th>% of Gross Farm Receipts</th>
<th>€ million</th>
<th>% of Gross Farm Receipts</th>
<th>€ million</th>
<th>% of Gross Farm Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>5,379</td>
<td>3.9</td>
<td>3,657</td>
<td>2.4</td>
<td>1,942</td>
<td>1.5</td>
</tr>
<tr>
<td>China</td>
<td>199,763</td>
<td>16.2</td>
<td>187,033</td>
<td>15.5</td>
<td>174,951</td>
<td>14.3</td>
</tr>
<tr>
<td>EU 28</td>
<td>88,152</td>
<td>20.1</td>
<td>88,376</td>
<td>19.1</td>
<td>93,472</td>
<td>20.0</td>
</tr>
<tr>
<td>Japan</td>
<td>38,350</td>
<td>45.9</td>
<td>37,592</td>
<td>46.9</td>
<td>35,435</td>
<td>46.7</td>
</tr>
<tr>
<td>New Zealand</td>
<td>147</td>
<td>0.9</td>
<td>144</td>
<td>0.9</td>
<td>75</td>
<td>0.5</td>
</tr>
<tr>
<td>USA</td>
<td>32,954</td>
<td>9.5</td>
<td>29,996</td>
<td>8.6</td>
<td>37,543</td>
<td>12.2</td>
</tr>
<tr>
<td>OECD (Total)</td>
<td>208,898</td>
<td>18.6</td>
<td>202,693</td>
<td>17.7</td>
<td>209,024</td>
<td>19.2</td>
</tr>
</tbody>
</table>


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 -42% in 2018. 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, 2016 - 2018

<table>
<thead>
<tr>
<th>Country</th>
<th>€ million</th>
<th>% of Consumption Expenditure *</th>
<th>€ million</th>
<th>% of Consumption Expenditure *</th>
<th>€ million</th>
<th>% of Consumption Expenditure *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>-1,418</td>
<td>-1.55</td>
<td>-338</td>
<td>-0.38</td>
<td>31</td>
<td>0.05</td>
</tr>
<tr>
<td>EU 28</td>
<td>-15,343</td>
<td>-4.41</td>
<td>-14,416</td>
<td>-3.96</td>
<td>-18,857</td>
<td>-5.05</td>
</tr>
<tr>
<td>Japan</td>
<td>-46,844</td>
<td>-40.70</td>
<td>-46,081</td>
<td>-41.60</td>
<td>-44,279</td>
<td>-42.19</td>
</tr>
<tr>
<td>New Zealand</td>
<td>-113</td>
<td>-4.44</td>
<td>-114</td>
<td>-4.30</td>
<td>-54</td>
<td>-2.14</td>
</tr>
<tr>
<td>USA</td>
<td>31,693</td>
<td>15.39</td>
<td>29,230</td>
<td>13.45</td>
<td>25,474</td>
<td>11.74</td>
</tr>
</tbody>
</table>

*Net of taxpayer transfers


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 1.77%. At the other extreme, New Zealand has the lowest absolute and relative TSE. In almost all countries, policy transfers to individual producers dominate total support, accounting for approximately 72% of the total support provided to the agricultural sector in 2017-2019.
Table 7.3 Total Support Estimate for a selection of countries and regions, 2016 - 2018

<table>
<thead>
<tr>
<th>Country</th>
<th>€ million</th>
<th>% of GDP</th>
<th>€ million</th>
<th>% of GDP</th>
<th>€ million</th>
<th>% of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>8,283</td>
<td>0.51</td>
<td>6,786</td>
<td>0.37</td>
<td>4,819</td>
<td>0.30</td>
</tr>
<tr>
<td>China</td>
<td>233,889</td>
<td>2.31</td>
<td>220,994</td>
<td>2.04</td>
<td>205,769</td>
<td>1.77</td>
</tr>
<tr>
<td>EU 28</td>
<td>99,115</td>
<td>0.66</td>
<td>99,201</td>
<td>0.65</td>
<td>104,530</td>
<td>0.67</td>
</tr>
<tr>
<td>Japan</td>
<td>46,815</td>
<td>1.05</td>
<td>45,964</td>
<td>1.06</td>
<td>43,211</td>
<td>1.02</td>
</tr>
<tr>
<td>New Zealand</td>
<td>489</td>
<td>0.29</td>
<td>495</td>
<td>0.27</td>
<td>402</td>
<td>0.23</td>
</tr>
<tr>
<td>USA</td>
<td>83,928</td>
<td>0.50</td>
<td>80,581</td>
<td>0.47</td>
<td>84,172</td>
<td>0.48</td>
</tr>
<tr>
<td>OECD (Total)</td>
<td>290,472</td>
<td>0.67</td>
<td>283,188</td>
<td>0.64</td>
<td>284,005</td>
<td>0.64</td>
</tr>
</tbody>
</table>

COVID-19 & GLOBAL FOOD SYSTEMS

Even before the outbreak of COVID-19, global food systems were faced with a formidable “triple challenge” of simultaneously providing food security and nutrition to a growing global population, ensuring the livelihoods of millions of people working along the food chain from farm to fork, and ensuring the environmental sustainability of the sector.

The OECD presents the three elements of the challenge facing the food system as follows:

- The world population has grown from 3 billion in 1960 to about 7.5 billion today, and there is more food available per capita than ever before. Still, globally, over 800 million people are undernourished and an even greater number are either overweight or obese. Further, the world’s population is expected to reach almost 10 billion in 2050, requiring a significant increase in the production of affordable, healthy and nutritious food.

- The process of technical and structural change has seen consumers benefiting from lower prices and high quality, nutritious food. At the same time, this process has put pressure on the incomes of farmers who are not able to compete.

- The tripling of agricultural production since 1960 has been achieved primarily through improved yields and productivity growth, with only modest overall change in agricultural area. Nevertheless, production growth has imposed stresses on soil and water resources, and direct emissions from the agricultural sector accounts for 11% of global GHG emissions.

The OECD has recommended that policies and approaches to address both the dramatic short-term shocks and to enhance long-term resilience are required, and those that encourage global food systems rather than domestic self-sufficiency will be more effective at meeting the triple challenge. In a recent policy paper, they have made a series of Covid-19 related recommendations under the heading of the triple challenge and these are presented below.

**Challenge 1: Ensuring food and nutrition security during Covid-19**

- COVID-19 containment measures have disrupted food production and trade, although global food availability has held up remarkably well so far.

- The necessary health and safety measures to protect the workforce from exposure to COVID-19 have affected the availability of farm labour and led to reduced productivity in food processing and distribution plants.

- For international food trade, food safety and certification checks and new biosecurity arrangements are increasing costs and time at borders. Transport and logistics have been slower and are more expensive due to a reduction in available drivers, the reduction in international air cargo and unforeseen port closures.

- Effective responses to COVID-19 should first ensure that global food systems remain open and operational, so that food can move to where it is needed. This task cannot be achieved by any country acting alone: international co-operation is essential.

- In the shorter-term, well-functioning social safety nets are needed to ensure that the most vulnerable in society have access to food.

**Challenge 2: Protecting livelihoods along the food chain**

- Impacts are likely to hit farmers especially hard in regions where food production systems are more labour intensive. Farmers in both developing and developed countries may also have lower off-farm income due to the pandemic.

- Huge reductions in demand from the food service sector have created challenges for food producers and processors. Pivoting towards supplying food retail is not always straightforward, as food destined for the food service sector is sold in much larger quantities and package sizes.
Over the medium-to-longer term, shifts in consumer demand due to confinement measures may have sustained effects on patterns of food consumption. Reducing human contact will be a high priority for consumers, who are likely to increasingly use click and collect, meal delivery, drive through, or curb-side delivery options.

Demand for high-value, specialised agricultural and fisheries products is also likely to remain depressed, as consumers reduce their household spending.

These shifts in consumer demand will require many actors along the food supply chain to adapt or reinvent their business models, and some may never recover.

A first challenge will thus be to provide necessary short-term support to affected producers in a way that ensures that basic productive capacity is not lost. But a second, equally important challenge is to avoid temporary measures to support livelihoods becoming entrenched, preventing the necessary adjustments and reducing long-term resilience of global food systems.

Examples of positive policy interventions include more timely market information for actors in the chain, including on consumer behaviour; marketing supports including website design, e-sales, etc; flexibilities for payment deadlines; etc

**Challenge 3: Environmental sustainability**

Given the urgency to address the COVID-19 public health crisis, there is a risk that environmental policies are weakened or abandoned.

Better policies, in combination with efficiency gains, offer considerable scope to limit or reduce the environmental impact of global food systems.

Policy makers should take the opportunity to reform existing policies that jeopardise sustainability and reduce resilience; revisit current resilience toolkits for farmers faced with shocks to ensure they promote sustainable practices going forward; and ensure that global food systems are able to produce food where it can be done most efficiently and with the least damaging environmental impact.