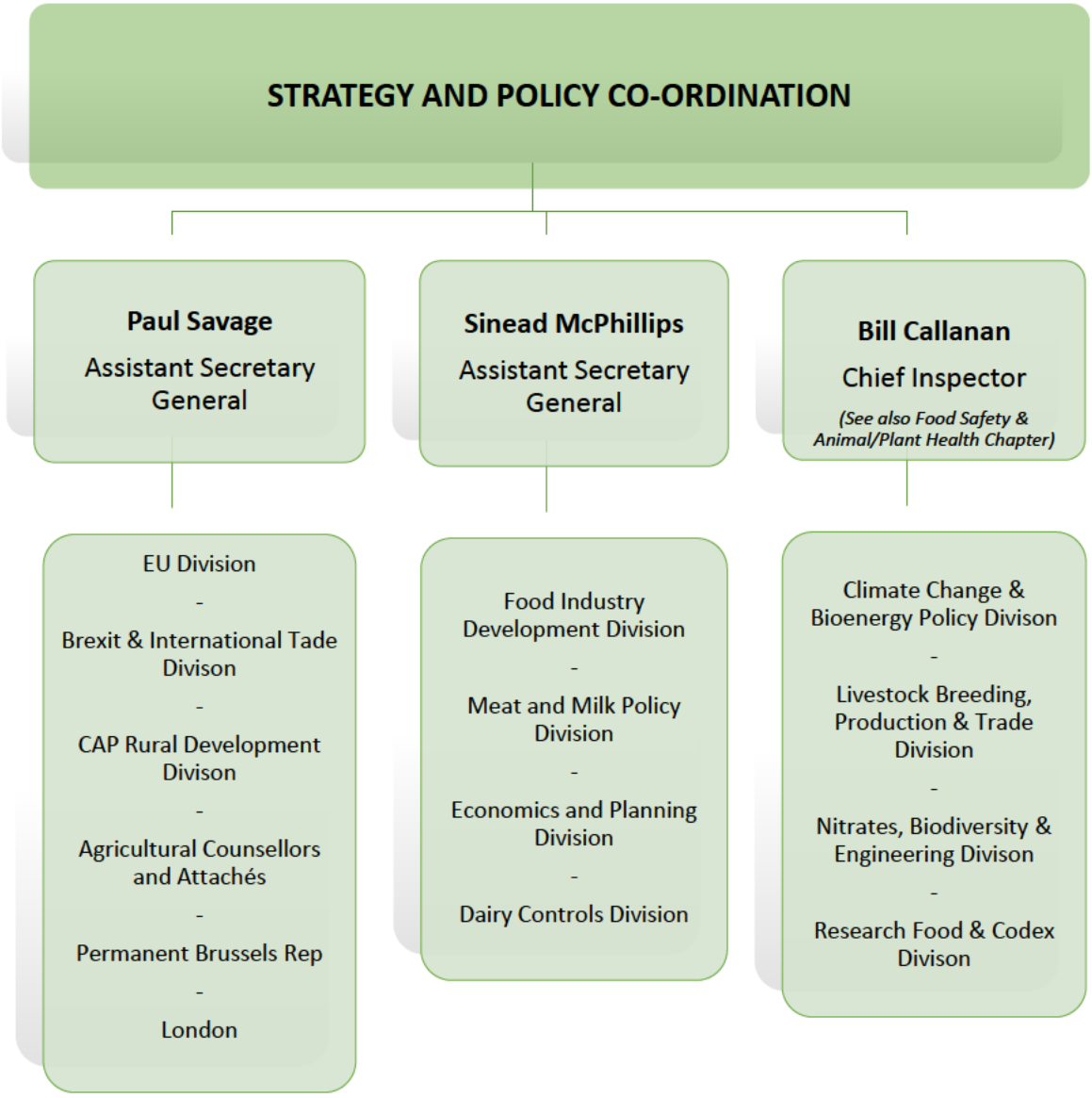
STRATEGY AND POLICY CO-ORDINATION
Paul Savage
Assistant Secretary General
Sinead McPhillips
Assistant Secretary General
Bill Callanan
Chief Inspector
(See also Food Safety & Animal/Plant Health Chapter)
EU Division
-
Brexit & International Tade Divison
-
CAP Rural Development Divison
-
Agricultural Counsellors and Attachés
-
Permanent Brussels Rep
-
London
Food Industry Development Division
-
Meat and Milk Policy Division
-
Economics and Planning Division
-
Dairy Controls Division
Climate Change & Bioenergy Policy Divison
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Livestock Breeding, Production & Trade Division
-
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Responsible for the following Divisions

Division	Head of Division	Office No	Mobile No
EU Division	Sharon Murphy	01 607 2186	[redacted]
Brexit and International Trade Division	Louise Byrne	01 607 2719	[redacted]
CAP Rural Development Division	Corina Roe	01 607 2508	[redacted]

EU DIVISION

Head of Division: Sharon Murphy, Principal Officer

The mission of the Division is to support the Minister and the Secretary General to achieve the optimum policy framework for the agri-food sector, the rural economy and the natural environment at EU level, including the future of the Common Agricultural Policy (CAP).

Role of Division

EU Division is responsible for the development and co-ordination of policy in relation to EU matters, including the co-ordination of briefing for high-level EU meetings such as the Council of Agriculture Ministers and the Special Committee of Agriculture. The Common Agricultural Policy is the primary policy focus, with attention now centred on the policy framework post 2020.

EU Division also contributes to the broader EU agenda in coordination with other Government Departments on wider issues such as the Europe 2020 Strategy for economic recovery and growth, the European Semester process, and improving Ireland's engagement with, and staffing in, EU institutions and international organisations.

The Division also has responsibility for ensuring the correct implementation of EU Community Guidelines and Regulations governing State Aid across the Department.

A summary of current/topical issues is provided below. Also attached, for information as an Annex, is an overview of the EU legislative process.

ISSUES

CAP Post-2020

Overview

The legislative proposals for the next CAP 2021 – 2027 were launched on Friday 1 June 2018 by the European Commission. The proposals have been under discussion for some two years but agreement has not yet been achieved. A number of key elements including the proposed "green architecture" concerning environmental aspects are not yet finalised.

The proposals describe a new way of working, shifting from the current compliance-based format, to a results-based approach. The current two Pillar structure, as we know it, will remain. Pillar I (European Agricultural Guarantee Fund - EAGF) provides direct support for farmers and market support measures, and is 100% financed by the EU. Pillar II (European Agricultural Fund for Rural Development - EAFRD) supports farmers through a number of interventions, including agri-environmental measures, in accordance with Member States' Rural Development Programmes, and is co-financed by the Member State and the EU.

For the first time, Member States will be required to submit a CAP Strategic Plan, for which all interventions under Pillar I and Pillar II (including sectoral interventions under the CMO) are to be delivered as part of one single plan.

Member States will be afforded greater flexibility when it comes to designing interventions, which must achieve the common EU objectives. Member States can design their interventions in such a way as to meet their own specific environmental needs and considerations within defined parameters.

In recognition of the climate change challenges facing us, and the EU's international commitments in relation to climate action, the new CAP proposals also outline a greater

environmental ambition post 2020. Three out of the nine objectives for the CAP are directed at improving environmental and climate ambition. This ambition is further highlighted by the fact that 40% of the EU's overall budget for the CAP is expected to contribute towards climate action. Member States have a separate target to dedicate a minimum of 30% of Pillar II (Rural Development) funding to climate and environment-related measures. New ECO schemes will be introduced as part of the Pillar I Direct Payments.

The proposals also outline that funding under the new CAP can only be made to the 'genuine farmer'. This will need to be defined at Member State level, to ensure that support is not provided to those whose agricultural activity forms only an insignificant part of their overall economic activities, or, whose principal business activity is not agricultural. However, the Commission has stated that part time *pluriactive* farmers should not be excluded from supports.

Key Elements of the CAP Proposals

New Delivery Model

There will be major changes in how Ireland will draw down, and be held accountable for the disbursement of, EU CAP funding. Member States will be required to draw up CAP Strategic Plans covering all expenditure under Pillar I and Pillar II. The focus will be on outputs achieved and targets met. Preparing the plan and setting definitions and targets will be a major task.

Extensive consultation with stakeholders is required and this work has been underway for some time.

Greater National Flexibility

There will be some greater flexibility for Member States in setting definitions and targeting schemes within defined parameters.

Genuine Farmer

Funding can only be provided to a "genuine" farmer. This is to be defined nationally to ensure that support is not provided to those whose agricultural activity forms only an insignificant part of their overall economic activities or whose principal business activity is not agricultural. The Commission has stated that part time *pluriactive* farmers should not be excluded from supports. The majority of Member States have expressed concerns about the definition and whether it is implementable.

Greater focus on environmental aspects

Under the proposals the competent authority for the environment must participate in drawing up the national CAP Strategic Plan. Plans must commit to a more significant environmental achievement than the current CAP supported schemes. The Strategic Plan should demonstrate a coherent design of schemes to support environmental objectives. An ex ante assessment for the plan must incorporate a strategic environmental assessment. There will be greater environmental conditionality attached to direct payments, with links to requirements from other areas, including the Water Framework Directive and mandatory nutrition management plans. A new mandatory ECO scheme must be introduced as part of Direct Payments which will require farmers to undertake additional environmental actions. Forty per cent of the overall CAP budget at EU level must contribute to climate mainstreaming. Thirty per cent of the Rural Development Programme, excluding payments for areas of natural constraints, must be focused on biodiversity / environment / climate related measures.

The launch of the new EU Farm to Fork and Biodiversity Strategies will have implications for the environmental aspects of the new CAP Strategic Plans. The ambitious strategies include a number of targets including reductions in pesticides and fertilizer use. The Farm to Fork Strategy states that recommendations will be issued to each Member State with regard to their CAP Strategic Plans. Furthermore the Commission has confirmed that they will now propose, during trilogue discussions, the inclusion of an EU wide agreed percentage allocation of Direct Payments to be allocated to ECO schemes, in order to meet the aims of the Strategies.

Payment changes

The proposals for capping included a cap of between €60,000 and €100,000 on direct payments must be set, with minimum percentage reductions provided for in three tranches between €60,000 and €100,000. There is a requirement to use any funding from capping for a redistributive element which is proposed to be compulsory. However, as part of the Multiannual Financial Framework (MFF) negotiations it was agreed that capping should be voluntary and apply at €100,000 to the BISS payment only. Ireland's farm structures will mean that this cap on direct payments will only result in relatively small funding being available for any such redistribution if one were implemented. However it is not the case that redistribution can only come from this funding. Member States should allocate necessary funding if implementing.

Other Measures

Support may be made available for area-specific disadvantage resulting from mandatory requirements, compensation payments relating to areas subject to Natura 2000, the Water Framework Directive and environmental commitments related to forestry. Member States will also be allowed to establish financial instruments supporting the availability of working capital for young farmers.

Current situation with the CAP post 2020 negotiations

The CAP legislative proposals have been discussed at length during each of the Presidencies (Austria, Romania, Finland, Croatia and the current German Presidency) since their introduction in June 2018. Two out of the three legislative proposals are considered to be largely stable i.e. the Horizontal Regulation (financing, management and monitoring) and the Amending Regulation (amending the current CMO Regulation). However, certain elements of the Horizontal Regulation will be dependent on the outcome of the CAP Strategic Plan Regulation.

The CAP Strategic Plan Regulation has proved the most problematic for Member States to consider, and there are a number of outstanding issues, both technical and political, that need to be resolved before agreement can be achieved.

New Delivery Model: This is the new way that Ireland will report on CAP spending and ensure compliance with financial reporting requirements. It moves from a compliance based model to a results based model. It is a complex area and will involve considerable change for Member States who are still struggling to see how it can operate and remain concerned about the administrative burden. Ireland along with a number of Member States proposed a solution regarding key difficulties. At the end of the Croatian Presidency a revised model was proposed by the Presidency which would resolve a number of issues. However the Commission has indicated their difficulties with this. Discussions continue under the German Presidency.

Pillar I Payments: These issues were discussed in detail in earlier Presidencies and they have not been considered since before the Croatian Presidency. The recently agreed MFF post 2020 proposals, sees the CAP Pillar I payments capped at EUR 100,000. This will only apply to the Basic Income Support for Sustainability (BISS). Member States may deduct labour-related costs from the BISS before applying capping.

Green Architecture: There is still no overall agreement on this key issue. There has been considerable discussion on conditionality but it is not finalised. Currently there is no agreement by Member States to include the proposed Strategic Management Requirements (SMRs) which is a significant difficulty for Ireland, and there are a number of Good Agricultural Environment Conditions (GAECs) which are poorly understood. There are differences on the role of ECO schemes. They are still not accepted by all Member States, many of whom see acceptance directly related to the size of the budget. The issue of how to manage potential loss of funds if there is poor take up of ECO schemes has still to be resolved. The proposal made in late 2019

for a Single Environmental percentage to cover both Pillars was explored by the Croatian Presidency but as it could not be agreed it has been withdrawn.

The European Green Deal was unveiled by Commission President, Ursula von der Leyen on the 11 December 2019. This new growth strategy aims to overcome the existential threat of climate change and environmental degradation to Europe and the rest of the world and achieve a climate neutral economy by 2050. The Commission plan includes the new Farm to Fork strategy which was launched in May 2020. The new strategy aims to achieve a green and healthier agriculture system by reducing the use of chemical pesticides, fertilisers and antibiotics. The content of Farm 2 Fork will have implications for the CAP. The European Commission has outlined that measures contained in Member States CAP Strategic Plans must be aligned with the ambitions set out in the European Green Deal and the Farm to Fork Strategy, and that specific recommendations will be issued to Member States in this regard. The Commission intend to engage in a strategic dialogue with Member States regarding these recommendations.

DAFM Consultation Process

DAFM has consulted widely on the CAP proposals since early 2018. A key element in drafting the CAP Strategic Plan is stakeholder and public consultation.

The Department carried out an eight-week public consultation process from 26 January – 23 March 2018. As part of that process, Minister Creed and Minister Doyle attended a total of six public meetings held in various locations around the country during February 2018. The Department received 164 written responses to its public consultation process, the majority of which were from farmers/farming community. The need for a strong CAP budget was a common theme in the responses received.

Minister Creed hosted a seminar on the new CAP legislative proposals for interested stakeholders, including farm bodies, state agencies and the environmental pillar, on 4 July 2018.

In addition, the Department has also held a series of meetings with key stakeholders.

In May 2019, Minister Creed established a CAP Consultative Committee to facilitate on-going consultation with key stakeholders. Eight meetings of the Committee have taken place to date, further meetings planned.

Minister Creed launched a 4-week public consultation process on the draft SWOT analysis over the period 9 September to 11 October 2019. Over 115 submissions were received. The Department also ran a series of townhall meetings, on 28 September in Mitchelstown, 2 October in Sligo and 3 October in Portlaoise. In addition, stakeholders were also invited to a SWOT-specific workshop on 4 October in Tullamore.

Consultation with stakeholders is continuing and online mechanisms are being used to support consultation and engagement. This work has continued despite the COVID restrictions. Recent meetings of the CAP Consultative Committee taking place virtually. This work will continue in support of the SWOT and Needs assessment.

Budgetary Issues – MFF post 2020

The CAP draft legislative proposals come against the background of proposals for the next Multi-annual Financial Framework (MFF) period 2021 – 2027, which were launched on 2 May 2018. The MFF 2018 proposals represented a 5% cut to the overall CAP budget. The total EU CAP budget (EAGF and EAFRD) would be approximately €365 billion over the 7-year period. Pillar 1 (EAGF – Direct Payments) account for approximately €286 billon, with Pillar 2 (EAFRD – Rural Development Programme) accounting for approximately €79 billion. This represents

approximate cuts of 3.9% to Pillar 1 and 15% to Pillar 2. The CAP share of the EU budget will reduce from 37.6% to a 28.5% share of the post-2020 MFF.

For Ireland, the original proposals would mean that our allocation of CAP funding for the 2021 – 2027 period is €8.148 billion in direct payments, and €1.853 billion in rural development funding. This compares to €8.49 billon over the period 2014-2020 for direct payments and €2.190 billion for rural development funding.

The retention of a sufficient budget for the CAP is an essential requirement for Ireland, not only in enabling the agri-food sector to continue to adapt to market demands and respond to challenges such as Brexit, but also in light of the considerable additional environmental demands being made of farmers.

The MFF post 2020 negotiation process is ultimately a matter for Heads of State and Government to agree on, however, DAFM has fed into the process with our colleagues from Departments of Finance/Foreign Affairs/Taoiseach. The CAP budget is a key requirement for Ireland with 80% of Ireland's receipts from the EU going into the CAP. In turn, Pillar 1 payments represent 80% of CAP allocations. Negotiations have been challenging, as unanimity is required by all Member States and there are diverging views amongst our European colleagues when it comes to agreement on the budget.

Current situation with the MFF post 2020 negotiations

The European Council agreed the MFF budgetary proposals (including the CAP post 2020 budget) for the period 2021 – 2027, at the European Council on 22 July 2020. The proposal put forward by European Council President, Charles Michel, was closely aligned to the new MFF proposal announced by Commission President Ursula von der Leyden on 27 May 2020. The agreed proposal takes into account the current COVID-19 pandemic and is targeted towards the EU's recovery plan in the next programming period. The recovery plan includes a re-inforced multiannual financial framework for 2021-2027 of some EUR 1,074.3 billion, boosted by an

emergency European Recovery Instrument, otherwise known as the 'Next Generation EU', of some EUR 750 billion, giving an overall MFF total of EUR 1,824.3 billion (in 2018 prices).

The proposal outlines some EUR 336.444 billion for the CAP, while the Next Generation EU sees the EAFRD benefitting from an additional EUR 7.5 billion, the latter of which will be targeted towards delivering on the increased climate and environmental ambition set out in the European Green Deal. In addition, Ireland receives a special rural development allocation of EUR 300 million in recognition of the structural challenges that are facing our agricultural sector. (All figures quoted above are in 2018 prices).

Negotiations are undertaken in 2018 and there are no official current prices figures available from the Commission. However, Ireland's CAP allocation, including the Next Generation EU supports, is estimated to be some EUR 10.7 billion (in current prices). However, full details of the proposals are required so that we can fully understand their implications for the next CAP and have certainty regarding Ireland's allocation.

The MFF process now moves to trilogue discussions with the European Parliament. The German Presidency consider that they have should finalise all aspects of the budget by end October.

Transitional measures

The EU Commission prepared two proposals for CAP transitional rules. Such transitional measures are normal practice between consecutive programming periods, to provide legal and financial certainty where a gap arises due to any delays in finalising a new EU Budget and CAP regulations. The first proposal was a short technical regulation extending rules on flexibility which was adopted at the end of 2019. The second, more complex proposal, provides the option to extend the current Rural Development Programme, in certain circumstances. It aims at providing certainty on the process around granting of support for the year 2021. Trilogue discussions with the European Parliament have commenced on this Regulation, but the Council will revisit the issue regarding the possible length of the transitional period at an appropriate

juncture. The European Parliament's Committee of Agriculture, COMAGRI, have voted on the proposal and have included an automatic two year transition period that would be triggered if the budget is not agreed by October.

COVID-19 – EU Response

Following the outbreak of the COVID-19 pandemic in the European Union, the Commission engaged in a series of unprecedented measures to address the health and socio-economic consequences of the crisis. These measures include:-

- The Temporary State Aid Framework to enable Member States to use the full flexibility foreseen under State aid rules to support the economy in the context of the COVID-19 outbreak, in accordance with Article 107(3)(b) of the TFEU. Under the framework Member States can grant aid of up to EUR 100,000 to primary agriculture producers and EUR 120,000 to undertakings active in the fisheries and aquaculture sector. Undertakings active in the processing and marketing of agricultural products can receive aid of up to EUR 800,000. The Temporary Framework is in place until 31 December 2020.

- The Commission further extended the Temporary Framework by adding support possibilities for additional aid measures, including research & development; testing and upscaling infrastructures to develop COVID-19 products; and, investment aid for the production of COVID-19 products.

- The Coronavirus Response Investment Initiative (CRII) which concentrated on the immediate mobilisation of structural funds to facilitate a prompt response to the crisis. The CRII consisted of 3 main elements:-
    - Up to EUR 8bn of immediate liquidity to accelerate up to EUR 37bn of EU public investment;
    - Flexibility in the application of EU spending rules; and

- Extending the scope of the EU Solidarity Fund.

- The CRII+ package which contains a number of elements aimed at supporting European farmers, including:
  - extending the deadline for lodging direct payment applications (by one month, from 15 May to 15 June);
  - higher advance payment rates for direct payments (up from 50% to 70%) and rural development payments (up from 75% to 85%) - payments no earlier than 16 October;
  - flexibility around on-the-spot checks in respect of direct payments and rural development;
  - use of rural development funding to support public investment in medical facilities and small-scale infrastructure in rural areas;
  - use of rural development funding to support stand-alone working capital through financial instruments, providing loans or guarantees up to €200,000.

- In April 2020, the Commission announced further measures in the form of exceptional measures to support the agri-food sector. The Commission's announcement is in response to increased pressure from Member States, most notably the Joint Statement sent to Commissioner Wojciechowski (initiated and drafted by Ireland) for which all EU Agriculture Ministers signed. In addition, MEP's in COMAGRI also wrote to the Commissioner urging him to activate emergency clauses and directly intervene in the agricultural markets.

- The proposed measures include:-
  - private storage aid in the meat and dairy sectors;
  - flexibility for market support programmes for wine, fruits & vegetables, olive oil, apiculture and the EU school scheme; and,

- exceptional derogation from EU competition rules applicable to the milk, flowers & potato sectors under Article 222 of the CMO Regulation.

- The most recent proposal by the Commission is a proposed amendment to the Rural Development Regulation regarding specific measures to provide exceptional temporary exceptional support under the EAFRD in response to the Covid-19 outbreak.

The Commission continues to approve state aid notifications by Member States under the Temporary State Aid Framework. To date over 100 measures have been approved by DG COMP, including a further approval of a €200 million Irish scheme – the "Sustaining Enterprise Scheme" - to support companies affected by the coronavirus outbreak. From an agri-food sector perspective the Commission has approved 11 separate measures to support the SME's in the agri-food and fisheries/aquaculture sector. The approved measures will provide aid in the form of direct grants, subsidised interest rates on loans, state guarantees on investment and working capital loans, and, grants and repayable advances through the EU Structural Funds. DAFM recently submitted a state aid notification under the Temporary State Aid Framework worth some EUR 50 million. The 'Beef Finishers Scheme' provides support to farmers in a beef finishing enterprise who have suffered from market disturbance arising from the Covid-19 pandemic.

Impact of COVID-19 on Council business

The COVID-19 pandemic has had an unprecedented impact on EU Council business. Every Member States is affected by the crisis and with restrictive measures in place, in particular social distancing and travel restrictions, has affected the structure and organisation of the majority of EU related meetings.

The priority for the Council has been to ensure the safety and wellbeing of staff and delegates, while at the same time allowing the Council to carry out its vital functions. Under the Croatian Presidency (to the end of June) the priority was to focus on “essential meetings”, which resulted in a very limited number of physical meetings taking place, of approximately two meetings per day.

From an agricultural perspective, all Working Group meetings were initially cancelled from mid-March. With the CAP post 2020 negotiation process still ongoing, much of the decision making was moved to written procedures. Working Groups by Video Link commenced in June. Since then, the German Presidency held two Working Group meetings, by video-conference, in July. SCA meetings are taking place in person. Under the Croatian Presidency, a number of High Level Video Conference meetings of EU Agriculture Ministers have taken place. The first physical Council meeting of Agri-Fish Ministers under the German Presidency took place in July at which Ireland attended. It is the German Presidency’s intention to continue to hold physical Agri-Fish Council meetings for the duration of its Presidency.

However, Member States, including Ireland, are at varying levels when it comes to the pandemic, including the easing of restrictions and quarantine rules. The Agri-Fish Informal Council meeting of Ministers took place on 30 August – 1 September and not all Ministers were in a position to attend in person, due to Covid-19 and their own national guidelines that are in place to address the pandemic. It may be the case that physical attendance at each meeting will have to be considered on a case by case basis, closer to the time the meeting is due to be held.

ANNEX

EU LEGISLATIVE PROCESS

All policy proposals originate in the Commission and are forwarded simultaneously to the Council and Parliament. Significant proposals are presented by either the Commissioner for Agriculture, Rural Development and Fisheries or the Commissioner for Health and Consumer Protection at a Council meeting, and the Presidency makes the arrangements for their examination by an appropriate Working Party of Member State experts. Minor proposals go directly to the Special Committee on Agriculture (SCA), where the Presidency proposes the examination procedure, i.e. to be dealt with by a Working Party or, in the case of a very straightforward or non-technical proposal, to be discussed at a subsequent SCA.

CO-DECISION PROCEDURE FOR CAP LEGISLATION

Since entry into force of the Treaty of Lisbon (TFEU) on 1 December 2009, all CAP legislation is subject to co-decision with the European Parliament except for measures on fixing prices, levies, aid and quantitative limitations, which are the exclusive competence of Council.

The co-decision process (ordinary legislative procedure as it is also known) is a parallel process where the European Parliament (EP) and the Council both study the proposal and reach their own opinion. The Council gets its Member State experts to study the proposal at Working Group where it identifies and resolves various technical difficulties and returns the proposal through the Special Committee on Agriculture to the Council. The EP operates a similar system. Once the Council and the EP have adopted a general approach to the proposal, discussions begin between the Parliament, Commission and Council in order to find common ground to reach agreement. The rotating Presidency represents the Council at these negotiations, known as trilogues.

When agreement has been reached between the EP and Council the legislation is adopted, and results in a Directive or Regulation of the European Parliament and of the Council. If it has

been established at SCA that a qualified majority can accept the proposal, it can be adopted as an 'A' point (no discussion) on the Council agenda (see voting weights below).
The Parliament votes on its opinion in plenary session **(1st Reading).** If the Council can accept the outcome of that first reading, the legislative act is adopted.

However, if the Council, acting on a qualified majority, does not accept the outcome of the Parliament's first reading, the process continues. The Council reaches **political agreement** on the proposal, including the Parliament amendments, if any, that it can accept. As the political agreement normally entails adjustment of the text by Jurists/Linguists, the **common position** of the Council is usually adopted as an 'A' point at a subsequent Council and forwarded to the Parliament with a statement of reasons for its position.

The Parliament has up to 4 months to consider the Council's common position and will in the normal course propose amendments to it **(2nd Reading)**. The Council then has up to 4 months to consider those amendments.

In the event that the Council does not approve all of the Parliament's amendments, the **Conciliation Committee** meets with a view to reaching agreement on the dossier. This Committee is composed of the Member States represented by officials but **led by the President of the Council** and of a **Vice President of the Parliament** and 15 MEPs.

CO-DECISION PROCEDURE FOR OTHER AREAS

Measures in the veterinary, phytosanitary and animal feed areas also follow the **co-decision procedure** with the European Parliament set out above. The deliberations of the Council Working Groups come back to Council through **Coreper I** (Committee of Deputy Permanent Representatives) instead of the SCA.

Although certain EU legislation requires unanimous agreement of all Member States, all agriculture and food safety legislation is based on qualified majority voting.

Voting System in the Council from 1 July 2013 (following accession of Croatia) to 2017

The Treaty of Lisbon provides from 1 November 2014 for the new weighted voting system requiring a double majority – both under the Council weighted voting system (55% of Member States, representing at least 15 Member States) and representing at least 62% of the EU population. A blocking minority must include at least 4 Members.

BREXIT and INTERNATIONAL TRADE DIVISION

Head of Division: Louise Byrne, Principal Officer

Contents

Role of Division

The Division has two distinct Units – the Brexit Unit and the International Trade Unit.

Brexit

Brexit Unit support the Minister and the Secretary General in responding effectively to the UK decision to leave the EU, and in achieving the optimum policy framework for the Irish agri-food sector and the rural economy in the wake of Brexit and in the context of developments in the international trading environment more widely, including EU Free Trade Agreements with third countries and WTO agreements.

A dedicated Brexit Unit was established within the Department shortly after the UK Referendum vote in June 2016. The Brexit unit currently comprises thirteen staff (including 5 Clerical Officer Portal Inspectors recruited for front line Brexit controls and temporarily redeployed to Brexit unit) working on the specific co-ordination of Brexit related policy matters within the Department and across the whole of Government, reporting to the Head of Brexit & International Trade Division.

As well as its role of gathering, coordinating and analysing information and data relating to Brexit, the Unit also engages in both internal and external Brexit planning and communications, as part of a co-ordinated Whole of Government approach. There is close communication and engagement with the Department of Foreign Affairs and Trade, DPER, Revenue, D/Health & HSE as well as other relevant Departments, State Agencies, EU institutions and a wide range of stakeholders, on issues ranging from the staffing resources and physical infrastructure required to carry out import controls, to the EU-UK future relationship negotiations and implementation of the Ireland-Northern Ireland Protocol.

Current State of Play- Brexit

The UK formally left the EU on 1 February 2020, following agreement between the EU and the UK on the Withdrawal Agreement and revised Protocol on Ireland/Northern Ireland. The Withdrawal Agreement was also accompanied by a Political Declaration on the Framework for the Future Relationship between the EU and the UK.

Under the Withdrawal Agreement a number of EU-UK Committees have been established to take forward implementation work. A Joint Committee, made up of UK and EU representatives, is responsible for the implementation and application of the Withdrawal Agreement. Specialised Committees will take forward work on the specific Protocols attached to the Withdrawal Agreement, including one on the Protocol on Ireland/Northern Ireland. Furthermore, that Protocol also envisages a Joint Consultative Working Group which will report to the Specialised Committee.

The UK is now in a transition period, effectively maintaining the status quo until the end of 2020, but without UK participation in EU institutions and governance structures. This transition period could have been extended once for up to 1 or 2 years by a decision of the Joint Committee however the **UK Gov formally confirmed that it would not be seeking an extension of transition period,** provided for in Withdrawal Agreement, so 1 January 2021 will be day one of new EU-UK future relationship.

From 1 January 2021, therefore, things will change for our agri-food industry, particularly for importers and exporters of agri-food products, who will have to comply with new customs and regulatory requirements. From a regulatory point of view, new sanitary and phytosanitary (SPS) requirements in the form 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 Great Britain. Export certification requirements will also have to be fulfilled. The UK

published its Border Operations Model in July 2020 and a revised version is due in September. As written, the UK require that all products of animal origin have full health certification, and this would put a significant strain on DAFM resources. A close eye will need to be kept on the evolving UK 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.

Brexit also poses enormous challenges for the agri-food and fisheries sectors by virtue of their exposure to the UK market. Several studies, including those by the ESRI, Department of Finance and Copenhagen Economics have confirmed this view. The most immediate impact has been in the form of the difficulties caused by the significant drop in the value of sterling against the euro. The longer term impacts relate to the imposition of tariffs on trade, as well as a myriad of sectoral obligations.

EU-UK Negotiations

- The Political Declaration on the Future Relationship agreed between the EU and the UK in October 2019 sets out the parameters for 'an ambitious, broad, deep and flexible partnership' between the EU and the UK.

- On 25 February, the EU adopted its mandate for the negotiations, which provided that the future relationship negotiations are premised on effective implementation of the Withdrawal Agreement. It also included a specific reference to Ireland's unique geographic situation, and the issues arising from it.

- Despite the uncertainties that surround Brexit, the Department has been very clear on our 'asks' in the negotiations on the future relationship with the UK, which are:
    - **continued free access to the UK market, without tariffs and quotas 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.**

In the longer term, the future relationship negotiations will be particularly important to help secure existing UK market share and to ensure that the competitiveness of Irish agri-food is not undermined on the UK and EU markets.

- Following consultations with Member States, the European Commission published a draft legal text of an agreement on 12 March, based on the negotiating mandate.

- The UK, which envisages a series of separate legal agreements covering different aspects of the future relationship, also prepared legal texts which were shared initially with only the UKTF, but on the 20th May the UK side published these texts.

[redacted]

- The Fisheries negotiations are ongoing in tandem with the broader negotiations on the FTA but there are serious challenges to be faced. The EU and the UK positions are quite far apart. [redacted] Ireland's position included:

  - fisheries negotiations must remain intrinsically linked with the FTA negotiations;

- the EU negotiating mandate set down and agreed by the EU27 be followed to '*uphold existing reciprocal access conditions, quota shares and the traditional activity of the Union fleet*';
- the interests of European fisheries would be seriously harmed if the UK position set down in their draft text were to be followed.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

- [redacted]

- [redacted]

[redacted]

- [redacted]

- [redacted]

- [redacted]

- [redacted]

- [redacted]

[redacted]

- Ireland will continue to work as part of the EU27 to ensure that our collective approach to these negotiations reflects our values and interests.

See also Brexit briefing provided by Sea Fisheries Policy Division Clonakilty.

Protocol on Ireland/Northern Ireland

The Withdrawal Agreement includes a dedicated Ireland – Northern Ireland Protocol. This Protocol will remain in place regardless of the outcome of the Future Relationship negotiations, unless explicitly replaced in whole or in part. The Protocol will come into effect at the end of the transition period. The provisions of the Protocol are central to delivering Ireland's objectives of protecting the Good Friday Agreement, including avoiding a hard border on the island of Ireland, and protecting the integrity of the Single Market and Customs Union and Ireland's place in them.

Two meetings of the Specialised Committee on Ireland and Northern Ireland took place on 30 April and 16 July. The Specialised Committee meetings took stock of work to implement the Protocol on Ireland/Northern Ireland, with the UK side appearing committed to implementation. However, there are concerns at the lack of progress on moving to practical operational arrangements for the implementation of the Protocol, which must be in place at the end of the transition period. Effective implementation of the Protocol is a key priority for Ireland and the EU in order to protect the integrity of the Single Market.

[redacted]

- [redacted]
- [redacted]
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UK Approach to Implementation of the Protocol

On 20 May the UK Government published a paper setting out more detail on its approach to implementing the Protocol on Ireland/Northern Ireland. This is an important step. Implementing what was agreed by the EU and the UK in the Protocol is vital. Clarity on this work is particularly important to give reassurance and certainty to people and businesses. More technical guidance on how goods would be moved between Northern Ireland and Great and the EU under the terms of the Northern Ireland Protocol was published on 7 August. Further updates to this guidance are expected areas in which a decision must still be made by the Joint Committee.

Agri-food Trade and Tariffs

Trade

The agri-food sector has greatly increased the value of food and drink exports over the last number of years. In 2019 overall exports were €14.5 billion which is an increase on the €13.7 billion seen during the same period in 2018. At the same time our overall imports were €10.025 billion which is an increase of 2.17% on our 2018 figures.

The UK remains our largest market with exports of €5.47 billion in 2019 which represents 38% of the total agri-food exports in 2019. Those exports included:

- €1.009 billion of Beef (43% of our overall beef exports)
- €1.032 billion of Dairy exports including €308.6 million of cheddar cheese (20% of our overall dairy exports)
- €1.182 billion of Prepared Consumer Food.

The UK also remains our largest import market with imports of €4.599 billion in 2019 which was down €138m, or 2.1% compared to 2018.

Exports to other EU states amounted to €4.73 billion, up 6% on the 2018 value. Strong growth can be seen in the dairy sector, with €1.75 billion in exports in 2019, up considerably on the €1.6 billion in 2018 with strong growth in dairy exports to France, Netherlands and Spain being the main driver behind this increase.

In 2019, Ireland's food and drink exports to countries outside of the EU were valued at €4.3 billion (compared with just €1.8 billion in 2010). International markets represent 30% of the total exports.

Impact of UK Global Tariff Regime on Agri food sector

On the 19th of May the UK Gov announced its new applied Global Tariff Regime which has been developed following a public consultation process launched in February. UK Gov has stated that this regime will replace the current EU External Tariff regime at the end of Brexit transition period on 1 January 2021.

UK has submitted this applied tariff schedule to WTO and this is the tariff regime which will apply to imports of goods to UK on a MFN basis, i.e. imports which are not subject to preferential rates set out in UK 3rd country free trade agreements.

[redacted]

Full detailed analysis can be provided.

The potentially serious implications for the Irish agri-food sector under the UKGT scenario remains, especially for beef, where the UK market accounts for approximately half of total exports.

[redacted]

DAFM Preparedness for Brexit

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 businesses trading with GB. Even the best possible FTA will impact supply chains and trade flows and result in checks and controls in both directions on EU-UK trade.

It is important that Ireland is ready for that change, both for our citizens and our businesses. The Government is continuing its work to make sure that Ireland is prepared for the end of the transition period. The planning already undertaken and the lessons learned from our earlier no-deal planning remain valuable.

No set of arrangements will be able to replicate the access and benefits of the UK being a member of the EU and within the Single Market and Customs Union. Ireland will face these changes with the mutual solidarity and support of our EU partners and with all of the strength that EU membership brings.

DAFM has been preparing for Brexit for over three years to be as ready as possible for all scenarios. The focus has been on 1) infrastructure in ports and airports, 2) staffing, and 3) the development of robust IT support systems.

- **Infrastructure**

  [redacted]

  - DAFM facilities in Dublin Port include a central documentary and identity check facility with 8 seal check booths and 128 spaces for HGVs (80 parking and 48 queuing), two large warehouses to provide [redacted] inspection bays [redacted], a live animal border control post, a pet checking facility, and additional space for parking HGVs.
  - DAFM facilities in Rosslare Port include a central documentary and identity check facility with 2 seal check booths and 38 spaces for HGVs, [redacted] a live animal inspection facility.
  - The facilities available in Dublin and Rosslare Ports have seen additional capacity become available throughout 2019 as OPW has finalised refurbishments and new construction.

  Additional infrastructural works are being progressed in 2020 at Dublin and Rosslare Ports. [redacted]

- **Staff**

Approximately 262 front-line staff would have been required to carry out import controls in a no deal Brexit scenario. This estimate was based on providing a 24-hour service in Dublin Port, and an extended hours service in Rosslare Port, throughout the year. Sufficient staff were available to carry out these controls on 31 Oct, and staff recruited for Brexit have since been redeployed to other Divisions while continuing to undergo training on import controls and export certification.

A review of staff requirements is ongoing [redacted] recruitment and redeployment will again be a major element of Brexit preparedness work in 2020 in order to ensure that sufficient staff are available for the permanent arrangements that will apply from the end of transition. Training of existing and new staff will also feature strongly in 2020, especially in light of the potential impact of COVID-19 on working arrangements.

- **IT**

New IT systems have been developed to process documentation post-Brexit. These include an import pre-notification and inspection system, and an export certification system to meet the Day 1 No-deal requirements for certification of plants and plant products, and seafood catch certificates. These systems are being refined and added to during 2020. In relation to the export certification system, it requires significant development considering the current UK position regarding reciprocal certification. This will be critical given the significant volume of consignments of Products of Animal Origin exported to GB.

Full compliance with the Union Customs Code (UCC) is due this year. DAFM and Revenue have had a number of technical engagements to clarify how existing Revenue-DAFM IT processes will be adapted to new requirements under the UCC. Key to the smooth movement of imports, exports, and goods moving through the UK as a

landbridge, is the successful adaptation of these systems to comply with the UCC. DAFM have, and are continuing, to provide the necessary detail to Revenue to facilitate ongoing technical work to ensure Revenue's IT system is able to meet the new requirements. Refinement of DAFM's IT systems to facilitate import controls is ongoing.

[redacted]

[redacted]

Landbridge

Irish agri-food exporters to the EU use the UK as a landbridge, with the IMDO estimating that there are approximately 150,000 landbridge movements annually.

It is anticipated that the UK landbridge may be subject to severe delays after the end of the transition period. This would add significant costs for agri-food businesses and jeopardise

contracts with buyers on the continent. This will inevitably have downstream consequences for other operators (even if these are fully compliant with the new processes), most visibly through severe traffic and port congestion issues.

The UK's accession to the Common Transit Convention is welcome, as it provides for the electronic tracing of transit movements and protects the Union status of the goods meaning no tariffs/taxes and only minimal checks (usually electronic) on re-entry to the EU. However, it requires a financial guarantee for each consignment to cover the potential customs duties and other taxes at risk during the movement. The cost of providing a guarantee and lodging transit declarations will make moving goods across the UK landbridge more expensive.

[redacted]

Budget & supports

Financial and budgetary preparations have been undertaken to help the agri-food and fisheries sector over the last three budgets. These measures have been aimed at enhancing competitiveness and market diversification in light of Brexit and include:

- A €300 million **Brexit Loan Scheme** for Brexit-impacted SMEs. DAFM funding ensures that at least 40% of the fund will be available to food businesses. To date 990 loans have been approved of which 270 to the value of approx. €54.6m have been sanctioned. 41 of these, to the value of €9.7m relate to food businesses. The scheme is still open for applications.

- The DBEI/DAFM "**Future Growth Loan Scheme**" will bring up to €300 million of long-term strategic investment loans available to eligible Irish businesses, including farmers and the

agri-food & seafood sectors. To date 3,364 loans have been approved of which 1064 are farmers, and 394 are food companies. 1,060 loans to the value of €229.3m have been sanctioned and of these 430 are farmers with a total sanction amount of €53.2m, and 90 are food companies for €28.5m. The scheme is still open for applications.

- The **Beef Exceptional Aid Measure (BEAM)** scheme, with a potential budget of €100 million, was co-funded by the Commission and the National Exchequer**.** €78m was approved out of a potential €100m. There were approximately 34,500 participants and payments issued in mid-December 2019.

- **Budget 2020 -** €110m 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 DBEI) to support a Food Transformation capital investment scheme for product and market innovation.

<u>Other activities</u>

- A market prioritisation exercise undertaken by Bord Bia has identified priority markets across several key food and drinks categories.
- The Department is supporting Teagasc in the development of a new National Food Innovation Hub in Fermoy to assist in product diversification.
- Tailored supports and analysis are being provided to food companies through Enterprise Ireland's Brexit Scorecard and Bord Bia's Brexit Barometer/Readiness Radar.
- An intensified series of trade missions led by the Minister to develop and grow new markets.

Stakeholder engagement/Communications

The Department, 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. Stakeholders are encouraged to register with the Department so that they will receive relevant information directly, and to register with Revenue to obtain an EORI number.

DAFM held a Brexit Stakeholder Consultative Committee meeting on 27 May, which included updates from DFAT on the future relationship negotiations and the Ireland/Northern Ireland Protocol, and from Revenue on Rules of Origin. DAFM will host further meetings of this stakeholder forum over the coming months as well as meeting individual stakeholders at their request.

DAFM and Revenue have liaised on a Joint Brexit Communications planner for 2020. This was originally developed before the impact of COVID-19 and is being refined in light of this. Q3 and 4 of 2020 will see a focus on ensuring that relevant and appropriate material is available online for stakeholders. [redacted] Revenue has agreed to send a more detailed DAFM notice to traders who may be trading in animals and SPS goods. These activities will be monitored, and augmented as appropriate, during 2020.

International Trade

International Trade Section has four staff at HQ who are responsible for the development and co-ordination of policy on International Trade matters, notably in relation to Free Trade Agreements between the EU and third countries, and in relation to World Trade Organisation (WTO) negotiations, with a view to ensuring that Irish agri-food interests are effectively represented. The area also has primary responsibility for the organisation of all Trade Missions (typically planned and executed with the assistance of the Department of Foreign Affairs and Trade, Bord Bia, Enterprise Ireland and Sustainable Food Systems Ireland) as well as inward visits by visiting political and official delegations. It also develops and represents Ireland's position in relation to EU Enlargement.

Overseas Attaché network

The work of International Trade Section includes the management of the Department's network of officials, at Agricultural Attaché and administrative level. These officials are assigned to Irish Embassies in London, Paris, Rome, Berlin, Washington, Beijing, Tokyo, Abu Dhabi, Moscow, Mexico City and Seoul (commencing 2020), and to the Permanent Representation of Ireland to the EU in Brussels, and to the UN in Geneva.

Trade Missions

During 2019, Minister Creed led successful agri-food missions to Turkey in March, China in both May and November, and Japan and South Korea in June. Market access for Irish sheepmeat to Japan was agreed during the Trade Mission as well as confirmation of enhanced beef access to Japan with removal of 30 month age restriction. Efforts to expand the global reach of Irish food and drink exports in China received a further significant boost in November 2019 with the approval of 14 additional beef plants to supply product to the Chinese market. This brought to 21, the total number of Irish plants listed with the General Administration of Customs in China.

The announcement also marked a step change in Ireland's capacity to supply the Chinese market. 2019 also saw visits to more traditional markets including to the Netherlands in November where the Minister met representatives of the Dutch Veal Industry, visiting their facilities and receiving re-assurances both on animal welfare and capacity issues. The Minister concluded his 2019 schedule in December in the Netherlands and the UK, meeting key multi-national supermarket groups.

Inward trade visits

In addition to outward Ministerial trade missions, the Department hosted high level visiting delegations from a wide range of countries in 2019 including China, Japan, South Korea, USA, Australia, New Zealand, Mongolia, Mexico, Iran, Turkey, Egypt, Thailand, Georgia, Qatar, Vietnam, Morocco and the UAE.

Ministerial Trade Missions 2020

A Ministerial Trade Mission schedule is devised on foot of discussions between DAFM and Bord Bia and in particular having due regard to Bord Bia's market diversification and prioritisation exercises. The 2020 Trade Mission schedule has been impacted significantly by the Covid-19 pandemic. The Trade Mission to Algeria and Egypt took place in February 2020.

The Trade Mission planned for China in September 2020 will not occur although officials consider that it would be important to keep the opportunity open to visit China (safely) shortly with current open issues for discussion.

The Trade Missions planned for Vietnam and the Philippines in November 2020 are highly unlikely to occur and after consultation with Bord Bia, Virtual Trade Missions are being planned for Indonesia, Malaysia, Vietnam, The Philippines and Thailand in November 2020.

The Minister was also due to partake in promotional events for Irish trade, in Chicago, as part of the Government St. Patrick's Day overseas programme. However, with the advent of the Covid 19 pandemic, the Minister did not attend.

US Tariffs arising from WTO/Airbus 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 issued its arbitration ruling on 2nd October 2019 allowing 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 late September 2020 and will further escalate trade tensions.
- 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 of 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 2019 figures, is approximately, **€422 million**, which at a rate of 25% would attract **€105 million** approximately in additional tariffs in a full year. The precise selection of product categories will result in **Ireland being ranked 1st in terms of tariffs imposed as a percentage of GDP; ranked 1st in terms of tariffs imposed per capita and ranked 6th in terms of absolute value of tariffs**. Ireland though not a party to the original Airbus-Boeing dispute but on a per capita basis Ireland is being hit 3.7 times harder than the Airbus countries – with rural Ireland most affected.
- It is not clear to what extent such tariffs can be absorbed in full or in part by the producers or their US clients, or to what extent the additional costs could be recovered in the US market. Consequently, it is not possible to quantify the damage the tariffs might do to Irish exports of the most affected products which equate in 2019 value as

follows **butter (€190.2m), cheese** (**€43.7m) and Irish liqueurs and cordials including Irish Cream (€184m).**

- The wider agenda is that the US would like agriculture included in any Free Trade negotiations with the EU. Some believe that the current tariff dispute is US leverage to get agriculture onto the agenda for Free Trade negotiations.
- 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.

Breakdown of Irish Agri-food impact

Irish food exports subject to US tariffs, in 2019 terms, are:

- Liqueurs - worth €184m and representing 49% of total liqueurs exports. Irish Cream makes up close to 70% volume and 60% value of liqueurs exported from the EU to the US.
- Butter - worth €190.2m which represents 17% of total butter exports. Butter accounts for 17% of EU dairy products imported into the US for consumption, 88% of which is from Ireland, predominantly [redacted] It should be noted [redacted] is a premium product with no equivalent US competitor, so these tariffs are of no benefit to either the US farmer or consumer.
- Cheese exports to the US were valued at €43.7m representing almost 5% of total cheese exports from Ireland.
- Tariffs were applied from October 18, 2019 on goods that have not cleared US Customs. There was no grace period for products on the water in transit.

“Carousel” approach review

In line with US Trade law, a “carousel” review of tariffs is required initially 120 days after the tariffs’ imposition, and every 180 days thereafter. This review entitles the USTR to rotate items on the tariff list or adjust the tariff rates applied to items on the list.

The USTR published it’s first “carousel” review on 14th February 2020, to apply from 18th March 2020. This updated tariff list increased the additional duty rate imposed on aircraft imported from the ‘Airbus 4’ countries – France, Germany, Spain and the United Kingdom - from 10% to 15%. Additionally, a number of other minor adjustments were made, but these adjustments had limited aggregate impact on Irish exports.

On 26th June 2020, the USTR opened a public consultation for the second review of the tariff schedule in this dispute. In addition, USTR has published an additional range of products from the ‘Airbus 4’ countries that could potentially face tariffs following the conclusion of the public consultation process. These include malt, chocolate, biscuits, gin vodka and beer. **The results of this “carousel” review issued on 12th August 2020 with no change in the selection or tariff rates of Irish agri-food exports.** [redacted] The use of this "carousel" review approach is damaging as it creates ongoing market uncertainty for companies on both sides of the Atlantic.

Parallel Case: EU measures in the Boeing-Airbus Dispute

Separately on 29th March 2019, the WTO's Appellate Body confirmed the EU's position that the US has failed to remove the massive and trade distorting subsidies it is granting to Boeing. The Appellate Body dismissed all the US appeal points. The EU does not accept a US unilateral assertion that it has fully implemented the Dispute Settlement Board recommendations and rulings in this dispute by a Senate Bill passed in May 2020. With the U.S. having imposed tariffs on EU goods, the US is pushing the EU into a situation where there will be no other option but

to retaliate with tariffs when the results of the WTO arbitrator's panel issue in late September 2020.

To date the US is not exclusively targeting EU countries directly supporting Airbus. Innocent parties, possibly for political leverage, are having tariffs applied to their exports. The EU is fully engaged in proposing to the US a fair and balanced agreement resolving these two cases in a manner that fully complies with the World Trade Organisation verdicts. The EU has underlined the point that mutual retaliation is in neither side's interest and are ready to negotiate a balanced solution in this dispute.

EU-MERCOSUR

Ireland has a negative trade balance with the 3 of the 4 members of MERCOSUR: -

	EXPORTS		IMPORTS	
	Jan-Dec 2019		Jan-Dec 2019	
Country	€ 000	Tonnes	€ 000	Tonnes
Argentina	4,456	1,756	178,755	635,878
Brazil	8,929	3,653	127,943	394,945
Paraguay	2	0	5,224	10,791
Uruguay	2,353	701	843	1,342
Grand Total	15,741	6,109	311,765	1,042,956

- 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.
- Ireland has 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 South American beef - 99,000 tonnes Carcase Weight Equivalent (CWE) of beef.

- Commissioner Hogan, when in DG AGRI, announced a fund of €1 Billion that would be made available to assist farmers with the challenges of market disturbance associated with the deal.
- The Agreement includes a chapter on Sustainability Development goals and recognises the need to address the urgent threat of climate change and the role trade has in this regard, as well as underscoring the importance of both Parties implementing provisions of the Paris Agreement.
- The Agreement includes a chapter on Sanitary and Phyto-Sanitary (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 consumers interests. These EU standards will not be relaxed in any way and will be applied to all imported goods under this deal – they shall remain **"non-negotiable"** so no hormone beef or GMOs will be allowed.
- Bilateral Safeguard Measures are included in the political agreement, Ireland will be in a position to invoke the safeguard clause in the EU-Mercosur agreement in a case where market conditions deteriorate significantly.
- The '*precautionary principle*' is upheld in the agreement and ensures that the EU and Mercosur countries can continue to regulate, including on environment or labour matters, even if this affects trade, also in situations where scientific information is not conclusive.
- The Commission engaged the London School of Economics to carry out a "Sustainability Impact Assessment" on the agreement. A draft final report issued in July 2020.
- The then Taoiseach Leo Varadkar T.D. announced a whole of government review on the impact on Ireland of the EU Mercosur Political Agreement. The Department of Business, Enterprise and Innovation, in collaboration with this Department, has commissioned Implement Consulting Group to carry out an Economic and Sustainability Impact Assessment (ESIA) for Ireland. This report is due imminently.
- The Agreement is undergoing legal scrubbing and translation. The Commission expect to bring the Mercosur deal to Trade Council in 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 for (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 on beef 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.

Beef Concerns

Ireland has consistently maintained the entry of a fiercely competitive player such as Mercosur is likely to have a significant negative impact on Irish beef exports, particularly given that Mercosur is likely to target the EU high-value cuts market (about 6% of the volume, but 25% of the value, of an animal). Ireland's concerns during the negotiations were substantiated by various economic analysis. These studies outlined the vulnerability of specific agricultural sectors in the face of growing imports following increased market access, especially for beef, rice and, to a lesser extent, poultry and sugar.

Mercosur countries already export significant volumes of beef into the EU. **In 2018 Mercosur exported 268,988 tonnes of beef CWE to the EU and in 2019 they exported 215,786 tonnes CWE to the EU.** Under the agreement, the EU will allow 99,000 tonnes of beef, equivalent to 76,154 tonnes of cuts, 55% of which is for "fresh", high quality beef, and the remaining 45% for "frozen" beef - to enter its market with a 7.5% duty, phased in over 5 years from entry into force. This represents 1.2% of the total European beef consumption of 8 million tonnes every year. It will take 5 years until this amount is reached. It is expected that rather than creating an equivalent increase in imports, the safeguard mechanism along with the new quota for "fresh" beef will replace some of the imports that are already taking place (current beef imports

coming in at high duty rates will have access to the EU market at lower rates) and will limit the impact on the already delicately balanced EU beef market. European consumers are increasingly focused on high quality food products that comply with stringent safety, quality and sustainability requirements. European beef producers are best placed to meet these requirements. Assuming provisional application, then, allowing for the phasing-in of the beef tariff rate quota arrangements over a period of five years, it could take six/seven years before the agreement is fully in place. The filling of this quota is expected to operate on a first come first served basis.

Benefits of the EU-Mercosur Agreement for Ireland

The Agreement between the EU and Mercosur is 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 an estimated 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, provide opportunities for Irish exporters to experience growth and increased exports, dairy produce being an example of a sector. *A Forfas study (2011)* suggested that a trade agreement between the EU and Mercosur will benefit the Irish economy overall, and the advantages gained by indigenous and multi-National companies in goods and services trade will outweigh the negative impact on agriculture. The agreement provides for Mercosur countries to establish legal guarantees protecting 357 EU GIs including Irish Whiskey and Irish Cream Liquer.

EU-US Trade negotiations

There are trade tensions between the EU and the current US administration.

On 31st May 2018, the US announced that it would impose tariffs on steel (25%) and aluminum (10%) imports to the US from the EU from the 1st June 2018 following a Section 232

investigation by the US Department of Commerce into the effect of imports of steel and aluminum on US national security and a number of temporary exemptions from the original Presidential Proclamations imposing these tariffs from the 23rd March 2018.

On the 22nd June 2018, the EU introduced re-balancing tariff measures by removing existing tariff concessions and applying 25% duties on a number of US imports to the EU. The value of the US measures was estimated at €6.4 billion yet the EU's response was a targeted set of countermeasures valued at €2.8 billion.

On the 25th July 2018, to prevent further escalation of these trade tensions between the EU and US, then Commission President Juncker and President Trump met in Washington to launch a new phase in the trade relationship between the US and the EU. 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.

At a national level, we continue to monitor the impact of the trade measures taken and being contemplated by the US. The US has sought to use the threat of tariffs as leverage to obtain trade concessions from the EU.

Ireland and the EU remain fully committed to a continued strong partnership with the US as equal partners and supports the adoption of the sector specific mandates on conformity assessment and the removal of tariffs on industrial goods.

On 11 January 2019, the US published its negotiating objectives for a trade deal with the EU. The US side would like to see Agriculture included in the negotiations. On 18 January 2019, the EU Commission published its draft negotiating directives for EU Council approval to commence trade negotiations with the US, excluding agriculture. On 14 March 2019, the EU Parliament considered its non-binding resolution for commencing talks with the US and issued a "no

opinion" on the negotiations. The European Parliament will have a binding vote on the approval of any final Trade Agreement.

The former EU Commissioner for Trade, Phil Hogan, made it a priority to reset the EU trade relationship with the US. In this regard, he visited Washington DC twice during his first three months of 2020.

Trade negotiations have began on sector specific mandates on conformity assessment and the removal of tariffs on industrial goods. As stated, the US side would like to see agriculture included in any negotiations with some parties feeling this may be feeding into the US rationale for their imposition of tariffs in the Airbus/Boeing dispute. Ireland has made it clear to the EU Commission that agriculture must remain excluded from the scope of any future agreement with the US, although it may be opportune to review this position.

State of Play in EU Free Trade Agreement Negotiations

Under Negotiation

EU-AUSTRALIA/NEW ZEALAND

As can be seen in the following table, Ireland has a positive trade balance with Australia but a negative trade balance with New Zealand. Most Irish exports to Australia in 2019 are beverages (€22m) and pigmeat (€24m). Imports from Australia are in the main wine (€30m).

In 2019, Irish exports to New Zealand were mainly dairy (€8m) and beverages (€4.5m). As with Australia the vast bulk of imports from NZ were wine (€24m).

	EXPORTS				IMPORTS			
	Jan-Dec 2018		Jan-Dec 2019		Jan-Dec 2018		Jan-Dec 2019	
Country	€ 000	Tonne	€ 000	Tonne	€ 000	Tonne	€ 000	Tonne
Australia	58,820	25,322	72,705	21,009	38,711	33,717	40,577	55,888

New Zealand	16,454	8,523	18,230	13,729	29,780	9,568	24,588	11,589
Grand Total	75,274	33,844	90,934	34,738	68,781	343,339	75,165	67,478

Negotiations for a comprehensive and ambitious EU trade agreement with Australia commenced on 18 June 2018 and with New Zealand on 21 June 2018. Ireland is open to trade deals with New Zealand and Australia. However, as with any trade deal, there will be both defensive and offensive interests in these negotiations, and these must be balanced and have due regard to special sensitive sectors, such as beef, dairy and sheep-meat.

High Level Summary- New Zealand

- [redacted]
- [redacted]
- [redacted]
- [redacted]

Australia

High Level summary

- [redacted]
- [redacted]
- [redacted]

EU-INDONESIA

Ireland has a positive trade balance with Indonesia, with €28m exported there in 2019, up on €15m in 2018. Most exports are in the dairy sector, with €26m worth exported in 2019.

Imports from Indonesia amounted to €15m in 2019, a decrease on €31m in 2018. The main commodity is animal foodstuffs at €4m in 2019 (€19m worth imported in 2018).

The Council gave the Commission approval to start negotiations for an FTA with Indonesia on 18 July 2016.

[redacted]

Completed and Stalled Negotiations

International Trade Unit can provide briefing on completed negotiations and stalled negotiations involving the EU and third countries on request.

Other International Developments

US China Phase 1 Trade Deal

US President Donald Trump & China's Vice-Premier Liu He signed this 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 per annum, reaching a total of $80bn over the next two years.

The agreement between the US and China on a Phase 1 Trade Deal will result in the US gaining a competitive advantage over Ireland in the Chinese market as China will import a wider range of beef, pork and dairy products from the USA as well as recognising USDA oversight of US dairy and meat processing facilities. This is a major change and will result in US meat and dairy products having far greater access to the Chinese market than those from other countries, including Ireland.

Many doubt the US capacity to produce $40 billion of agriculture products per year for export to China. 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. China is also eliminating the cattle age requirements for

the importation of US beef and beef products. Both countries agreed not to impose food safety requirements that are not science-based.

Director General of the World Trade Organisation

There is a widely held view that the WTO is in crisis, with the multilateral system under threat from an increasing trend towards bilateral and plurilateral arrangements, and the Dispute Resolution Mechanism undermined by the ongoing US blockage of appointments to the Dispute Settlement Appellate Body. Reform of the organisation is considered essential.

On 14 May 2020, the Director General, Robert Azevedo (Brazil), unexpectedly announced that he would resign his post on 31 August 2020, 3 years into his second 4-year contract.

Process to appoint a new DG

There is a tentative agreement to progress the appointment of a DG more rapidly than the normal but given the number of candidates and the summer recess it appears unlikely that the identity of the new DG will be known before the end of October at the earliest.

Nominations closed on 8 July with eight candidates. The candidates gave presentations to WTO members between 15-17 July and have been lobbying member during the summer recess. WTO Ambassadors will individually meet the WTO facilitators (the Chairs of the General Council, the Dispute Resolution Body and the Trade Review Body) between 7-16 September to nominate the member's 4 preferred candidates. Once members' preferences are tallied, the three candidates with the least support will be asked to withdraw from the process. The process with be repeated with WTO members identifying their 2 or 3 preferred candidates and three candidates with the least support will be asked to withdraw. The facilitators will then try and find a consensus about the member for one of the remaining two candidates.

The European Commission is trying to co-ordinate EU Member States individual voting intentions so that the EU can exert maximum influence on the process but it is difficult as Member States are still trying to decide their preferred candidates.

Ireland's preferred candidates will be decided by the Department of Business, Enterprise and Innovation who hold the trade portfolio however, the Department is providing views on the various candidates.

CAP RURAL DEVELOPMENT DIVISION

Head of Division: Corina Roe, Principal Officer

CAP Rural Development Division, as the 'Managing Authority', is responsible for the management and implementation of Ireland's 2014-2020 Rural Development Programme (RDP).

Most recently, it has been tasked with the development of the CAP Strategic Plan for the CAP post 2020.

The Rural Development Programme 2014 – 2020 (RDP)

The Programme is part of the Common Agricultural Policy (CAP) and is co-funded by the EU's European Agricultural Fund for Rural Development (EAFRD) and the national exchequer. Ireland's 2014-2020 RDP was formally adopted by the EU Commission in May 2015 and contains a suite of extensive measures that support the farming sectors and support community led local development.

EU support for the RDP via the EAFRD will amount to €2.19 billion over the 7-year Programme lifespan. This EU funding will be supplemented by exchequer funding to bring the total support available under the RDP to €4.146 billion. The RDP measures, as outlined in Table 1, are designed to meet the three overriding objectives for RDP funding set out in EU legislation i.e., enhancing the competitiveness of the agri-food sector, achieving more sustainable management of natural resources, and ensuring more balanced development of rural areas and economies. Measures are made up of schemes/supports. Transitional funding to cover commitments from the previous RDP 2007-2013 is included in the figures in Table 1.

These general long-term goals are given more detailed expression in six Rural Development Priorities which, in turn, identify specific areas for intervention known as Focus Areas. Schemes are designed and implemented within this overarching framework. For example, Measure 10's Agri-environment-climate schemes – GLAS; the Burren Programme; Beef Data Genomics Scheme – come under Priority 4 *Restoring, Preserving & Enhancing Ecosystems* and Priority 5 *Resource-Efficient, Climate-resilient Economy*. To date, €1.31bn has been paid under this Measure, with over 45,000 beneficiaries receiving 2019 payments for GLAS alone. Measure 13's payments to those in Areas facing Natural or other Specific Constraints (ANCs) have also exceeded €1.25 billion over the course of the programme so far, including €248.6m paid to 97,200 farmers for 2019.

Measures 1 and 2, on the other hand, aim to foster knowledge transfer, training and continuous professional development. Measure 1's Knowledge Transfer Groups across six sectors, facilitated by qualified agricultural advisors for the purpose of sharing information and exchanging best practice, reached 18,600 participants at a cost of €59.4m.

Measure 16, Co-Operation, with a budget of €62m for the RDP period, funds two types of European Innovation Partnerships, a unique bottom-up collaborative approach to address topical issues, contributing between them to Focus Areas within 4 of the 6 Priorities. The Measure also covers Collaborative Farming grants.

Elsewhere, LEADER Projects, under Measure 19, have been part of the policy framework for rural development in Ireland since the 1990s, aiming to support actions in rural areas targeted at addressing local needs under the broad themes of economic development, social inclusion and rural environment. Under the scheme, which is administered by the Department of Rural and Community Development, almost 3,000 projects have been approved and €92.5m has been disbursed to the Local Action Groups charged with determining the needs in their local areas.

Table 1: Total Funding allocation (EAFRD and national) following the 8th amendment to the RDP

Measure	**€**
Measure 1 - Knowledge transfer and information actions	95,800,000
Measure 2 - Advisory services	8,300,000
Measure 4 - Investments in physical assets (TAMS)	425,000,000
Measure 7 – Rural Services and renewal – Traditional Farm Buildings	6,000,000
Measure 10 - Agri-environment-climate (GLAS, BDGP, Burren Programme, transitional REPS/AEOS)	1,531,005,630
Measure 11 - Organic farming	56,000,000
Measure 12 – Natura	48,250,000
Measure 13 - Payments to areas facing natural or other specific constraints (ANCs)	1,546,000,000
Measure 14 – Animal Welfare	100,000,000
Measure 16 - Co-operation – EIP AGRI (European Innovation Partnerships)	62,000,000
Measure 19 - Support for LEADER local development	250,000,000
Measure 20 - Technical Assistance	8,145,000
Early Retirement Scheme Transitional	9,207,547
TOTAL	**4,145,708,177**

The Department of Agriculture, Food and the Marine (DAFM) has overall responsibility for delivering the RDP and ensuring that its administrative and control systems protect the financial

interests of the EU and the State. Within DAFM, Rural Development Division (RDD) is the Managing Authority for Ireland's RDP and is responsible for managing and implementing the Programme, in an efficient and effective manner, in line with governing EU Regulations. It ensures the completion of progress reports to the European Commission (in the form of annual implementation reports and control reports), evaluation of the RDP, and it chairs the Monitoring Committee, comprising relevant stakeholders. Other divisions within DAFM implement the schemes and supports in the RDP and make payments to the beneficiaries of these schemes.

Finance Division, within DAFM, is the accredited Paying Agency for the RDP, and is responsible for certifying EAFRD claims, submitting and recouping funds from the European Commission. It has overall responsibility for overseeing the financial management and control system of the RDP.

The Department of Rural and Community Development and a network of 29 Local Action Groups (LAGS) are responsible for the delivery of the LEADER programme within the RDP. LEADER funding is awarded to projects which support the sustainable development of a local area in line with a Local Development Strategy. The Paying Agency's responsibilities have been delegated to them.

Amendments of the RDP

Ireland's 2014-2020 RDP was formally adopted by the EU Commission in May 2015. Changes to the Programme are governed by a legislative process, under which formal approval must be sought from the Commission. Rural Development Division engages directly with the EU/DG AGRI in this regard. All Amendments which change schemes or include new schemes must fit within the intervention logic of the RDP and must meet the legislative requirements. Eight amendments have been approved to date. The most recent eighth amendment approved by the European Commission allows for::

- The introduction of a more streamlined application process for European Innovation Partnership for Agricultural productivity and Sustainability (EIP-AGRI) to facilitate additional calls at the end of the programme to address pressing matters. (A call for rewetting of peatlands is currently underway.)
- An increase in the investment super-ceiling to €200,000 for the Targeted Agricultural Modernisation Schemes (TAMS) for the Pig and Poultry Investments Scheme (PPIS).
- Moved unused funds from Measure 1 – Knowledge Transfer (€30m), and Measure 12 – transitional REPS/AEOS (€25m) so that a combined €55m was added to M13, to allow the full annual spend of €250million to be provided for ANC in 2020

Ireland is performing very well in terms of implementation of the Rural Development Programme and is currently second only to Finland in drawing down EU funds. Implementation and spending are kept under constant review. In June 2018, a review of the financial projections of the RDP was published on the Department's website and was presented by the Minister to the Joint Oireachtas Committee on Agriculture, Food and the Marine. An update review of financial projections will be carried out as part of the transitional amendment later in the year.

Monitoring and Evaluation

A key component of the RDP is the monitoring and evaluation of the programme and its effectiveness, which includes the following evaluations:

- a mid-term evaluation by Indecon International Economic Consultants in 2019,
- an ongoing (longitudinal) study of the GLAS,
- an ex-ante assessment on possible introduction of Financial Instruments,
- Spending Reviews by DPER of the BDGP, GLAS and TAMS,
- Case studies on LEADER projects and EIP Operational Groups,
- an ex-post evaluation of the RDP, to assess full programme effects and impacts, will be required in 2024.

Mid-Term evaluation

The mid-term evaluation, by Indecon International Economic Consultants, was completed in June 2019 and has been published on the Department's website. The key findings from the mid-term evaluation include:

- Rural expenditure impact of RDP is expected to be €3.217 billion (direct & indirect). Impact is €3.629bn, if induced effects (additional spend by households) are included.
- Expenditure impact of RDP expected to result in approx. 4,881 jobs nationally, 4,178 in the rural economy.
- RDP has performed well against its key targets.
- Some overall impacts of RDP not fully observable yet.
- Competing objectives between different measures were found, e.g. TAMS investment increasing output which may lead to negative environmental impacts.
- ANC: found to mitigate land abandonment, estimate of landscape value generated by RDP is around €285 million per annum.
- BDGP: more time needed to assess impacts, but early evidence suggests that some objectives are being fulfilled (earlier calving of BDGP cows).
- TAMS: positive impact on farm output of 6-7%. Increased productivity of 5-6%.
- KT Groups: positive impact on farm output and agri incomes. Evaluation results indicate that many would not have participated in KT Groups without the RDP support, suggesting low levels of deadweight.
- GLAS: related to ADAS' findings (see below).
- Other schemes: not evaluated as it was too early in the implementation (e.g. EIPs), but continued support of EIPs and organics is recommended.

GLAS evaluation

ADAS RSK Ltd. were contracted in 2015 to conduct a longitudinal study of the impact of GLAS actions across three thematic areas i.e. biodiversity, climate change and water quality.

- The contribution of GLAS actions to scheme biodiversity goals is being assessed by means of a field survey of over 300 GLAS farms repeated three times over the duration the scheme. The latest field survey of GLAS biodiversity actions found that most actions have been well implemented and that some implementation problems have arisen due to issues of understanding of prescriptions and/or capacity to implement and maintain actions. The evaluators consider it much too early to measure outcomes for most actions but the evidence of likely outcomes is generally positive.
- Impacts on water quality and climate are difficult to measure directly and the contribution of GLAS actions to those objectives is assessed through a proprietary modelling approach developed by the contractor. The latest modelling suggests that GLAS delivers moderate nitrate, phosphorus, nitrous oxide and methane reductions. It was found that overall contribution to reduction in pollutant loads and climate change mitigation is modest at a national scale and higher impacts would require a greater proportion of intensive farmers to enter the scheme and take up relevant actions.

The findings from the GLAS evaluations reports will be used to inform arrangements for agri-environment-climate schemes in the transitional period and in the CAP Strategic Plan.

Financial Instruments (FIs)

The ex-ante assessment for use of FIs (within Ireland's RDP and EMFF Programmes) was completed by Indecon and is available on Department's website. The Assessment report was presented to the RDP Monitoring Committee in September 2017. Public consultation was later held to hear stakeholder views on proposed use of FIs. The revised version of the Ex-ante assessment report (dated 2 February 2018) was prepared by Indecon and is on the DAFM website.

In April 2019, Minister Creed announced that an FI would not be introduced for the RDP/EMFF at this time. Lessons learned from this ex-ante assessment and consultation will be considered

in the design of the CAP Strategic Plan 2021-2027, and the next Operational Programme for the EMFF. It is intended that an update of the ex-ante assessment for the use of FIs will be considered in the ex-ante evaluation of the CSP 2021-2027, and the next Operational Programme for the EMFF.

National Rural Network (NRN)

The establishment of an NRN is an EU legislative requirement as part of Ireland's Rural Development Programme. Irish Rural Link, in partnership with the Wheel, NUI Galway and Philip Farrelly and Co., is the Network Support Unit which set up and runs the NRN. The running of the NRN is funded under the technical assistance elements of Ireland's 2014-2020 Rural Development Programme; payment and oversight of the NSU is carried out by Rural Development Division.

The role of the NRN is to:

- Increase the involvement of stakeholders in the implementation of the rural development programme;
- Improve the quality of implementation of the rural development programme;
- inform the broader public and potential beneficiaries on rural development policy and funding opportunities;
- Foster innovation in agriculture, food production, forestry and rural areas.

Project Ireland 2040

Project Ireland 2040 sets out the Government's ambition for the long-term development of Ireland. It rests on twin pillars – the National Planning Framework (NPF) and the National Development Plan (NDP). The RDP 2014-2020 contributes to the National Strategic Objective 3 in the NPF: Strengthened Rural Economies and Communities. RDD was involved in the planning

and publicity for the launch of the rural aspect of Project Ireland 2040, along with the Department of Rural and Community Development (DRCD) and sits on the Advisory Board for the €1 billion Rural Regeneration and Development Fund, which is under the aegis of DRCD.

CAP Post 2020

Detailed briefing on the proposals will be provided by EU Division, who lead on the negotiations.

This Division's role is twofold - it is tasked with the development of the CAP Strategic Plan (CSP) for the CAP post 2020, as well as contributing to the negotiations by leading on the rural development, new delivery model, monitoring and evaluation, and CSP aspects. The Division is contributing to the negotiations, in particular in relation to the New Delivery Model, including attendance at Council Working Party meetings, and bilaterals with other Member States and the Commission.

Regarding the development of the CAP Strategic Plan, a significant change in the new CAP is that direct payments, rural development and sectoral programme measures will come under one CAP Strategic Plan. This has implications for the structure of the Department, as one Managing Authority will have to cover both areas. Currently, Rural Development Division, as the Managing Authority for the RDP, has responsibility for implementation and evaluation of the RDP.

The plan must be developed using the Strategic Planning approach as outlined in the Commission draft legal texts. This involves carrying out a SWOT analysis and Needs assessment, and developing the intervention logic, with a strong focus on results and setting targets and milestones. This will all be subject to an ex ante evaluation by an independent consultant, prior to submission of the new CAP Strategic Plan. The evaluation will contribute to the development of the CSP and ensure that it is in line with the needs identified during the SWOT and needs assessment, and also in line with the EU general and specific objectives.

Work is already well advanced on the plan. The initial drat SWOT analysis was prepared following a public consultation process. The Department subsequently engaged in a series of bilateral discussions with other relevant Departments and agencies, and consulted closely with a specially-formed Stakeholder Consultative Committee. The process is now moving into the Needs Assessment phase, which will, in turn, form the basis for the design of the interventions - or measures - that will ultimately be included in the new CSP. We expect to have further formal public consultation at other stages in the process – on the draft CAP Strategic Plan and on the Strategic Environmental Assessment (SEA) of the draft plan.

The original expected date for submission of the plan was at the end of this year. However, there has been a significant delay in reaching agreement on the CAP and EU Budget with negotiations still ongoing. The Commission has proposed transitional arrangements for 2021, while the Council and European Parliament favour a two-year transition period. In any event, there is considerable work to be done in the intervening period and the Commission has indicated that it will take some time to approve the plan after the date of submission.

Common Agricultural Policy (CAP) Strategic Plan

Background to the new Regulations

In June 2018 the Commission published three draft Regulations regarding the CAP post 2020, setting out rules on (i) support for CAP Strategic Plans, (ii) on the financing, management and monitoring of the CAP, and (iii) rules establishing a common organisation of the markets in agricultural products.

The emphasis in the new programming period is moving from the old compliance-based system to a performance-based system, the so-called 'New Delivery Model', which is outlined below. For the first time, Member States will also be required to include all schemes (interventions) under Pillar 1 (direct payments and sectoral programmes) and Pillar 2 (rural development) in the one CAP Strategic Plan (CSP).

New Delivery Model

Member States will be required to set for each scheme (intervention):

- annual planned outputs (e.g. number of farmers to be supported, number of hectares etc.);
- annual planned unit amounts (e.g. €/ha, €/beneficiary etc.,);
- annual indicative financial allocation for all interventions in the CAP Strategic Plan (i.e. annual planned outputs * annual planned unit amounts); and
- annual milestones and programme targets for result indicators (e.g. x% agricultural area under management commitment to reduce GHG emissions).

To get approval for the CSP, Member States will need to justify the programme targets for the result indicators based on the SWOT analysis and needs assessment. Member States will also need to outline the expected impact of the programme targets on any national targets (e.g. x% agricultural area under management commitment to reduce GHG emissions is expected to

reduce GHG emission by x% by 2027). The clearance of accounts by the Commission will be done on the reporting of outputs and results (not impacts). The impacts will be assessed by way of more rigorous monitoring and evaluation.

General objectives of the CAP post 2020

The CAP post 2020 has three general or overarching objectives;

- foster a smart, resilient and diversified agricultural sector ensuring food security;
- to bolster environmental care and climate action and to contribute to the environmental and climate related objectives of the Union;
- to strengthen the socio-economic fabric of rural areas.

CAP specific objectives

The CAP post 2020 has nine specific objectives, and Member States must design their interventions (schemes) around these specific objectives;

a) support viable farm income and resilience across the Union to enhance food security;
b) enhance market orientation and increase competitiveness, including greater focus on research, technology and digitalisation;
c) improve the farmers' position in the value chain;
d) contribute to climate change mitigation and adaptation, as well as sustainable energy;
e) foster sustainable development and efficient management of natural resources such as water, soil and air;
f) contribute to the protection of biodiversity, enhance ecosystem services and preserve habitats and landscapes;
g) attract young farmers and facilitate business development in rural areas;

h) promote employment, growth, social inclusion and local development in rural areas, including bio-economy and sustainable forestry;

i) improve the response of EU agriculture to societal demands on food and health, including safe, nutritious and sustainable food, food waste, as well as animal welfare.

Cross-cutting objective

The cross-cutting objective is to modernise the sector by fostering and sharing knowledge, innovation and digitalisation in agriculture and rural areas, and encouraging their uptake.

Content of the CSP

Each CAP Strategic Plan should contain the following;

Progress to date on the development of the CSP

In relation to the development of the CSP, there is a formal process set out in the draft proposals which the Department is currently following.

The initial draft SWOT analysis was prepared following a public consultation process. The Department subsequently engaged in a series of bilateral meetings with relevant Government Departments (including DPER, DPHLG, DCCAE, DCHG, DRCD), agencies (Bord Bia and Teagasc), and with a specially-formed CAP Stakeholder Consultative Committee. The next phase is the development of the needs assessment, which, in turn, will form the basis for the subsequent design of the interventions required to address the needs identified.

As part of the development of the CSP the Department is also required to outline the targets and financial plans for each intervention. However, this work will be dependent on the finalisation of the negotiations, and of the negotiations on the EU Multiannual Financial Framework for the period 2021-2027.

The draft CSP will also be subject to an ex-ante assessment, a Strategic Environmental Assessment (SEA) and an Appropriate Assessment. Following a tendering process, the Department has appointed RSM Ireland to conduct this work.

Ex-ante assessment

The draft CSP regulations require each Member State to carry out an ex-ante evaluation of their draft CSP before submitting to the Commission. The ex-ante evaluation must be carried out by an independent expert, and must provide assurances to the Commission that the Plan will deliver on the stated objectives. This evaluation will contribute to the development of the CSP and ensure that the intervention logic and financial allocations are in line with the needs identified during the SWOT and needs assessment, and also in line with the EU general and specific objectives. An ex-ante assessment has been carried out on previous Rural Development Programmes. However this will be the first time to include Pillar 1 schemes and sectoral programmes.

Strategic Environmental Assessment

Before submission to the Commission for approval, the draft CSP will be subject to a public consultation on the SEA. The key role of the SEA is to identify, describe and assess the likely effects on the environment of the implementation of the proposed interventions outlined in the draft CSP. The findings of the SEA should be reflected in the ex-ante assessment.

Appropriate Assessment

The draft CSP will most likely be subject to an Appropriate Assessment which will assess the impact that the implementation of the proposed interventions, as outlined in the draft CSP, may have on the conservation objectives of Natura 2000 sites and the development, if necessary, of mitigation measures.

Public consultation

There are several opportunities for public consultation on the content of the CAP Strategic Plan.

In 2019, the Minister established a CAP Consultative Committee to facilitate on-going consultation with key stakeholders in relation to the reform of the CAP post-2020. The Committee comprises representatives of the main stakeholders including farm bodies, NGOs, industry representatives and academia. It also includes Government Departments and Agencies, including DPER, DRCD, DCCAE, DPHLG, DCHG (NPWS), Bord Bia, Teagasc and the EPA. The Committee has met on ten occasions, and the current focus of activity (Q3 2020) is on moving from the SWOT analysis phase to the identification of needs.

The Department also facilitated a public consultation on the draft SWOT analysis over the period 9 September to 11 October 2019. Over 115 submissions were received, and these are all available on the Department's website. The Department also ran a series of town hall meetings in September and October 2019 in Mitchelstown, Sligo and Portlaoise. Stakeholders were also invited to a SWOT-specific workshop in October 2019 and more recently, in June 2020, stakeholders considered the needs arising from the SWOT.

Regulations allowing for transitional measures between the current Rural Development Programme and its successor

The successor to the current (2014-2020) Rural Development Programme (RDP), the CAP Strategic Plan, will cover both EU funding pillars under the CAP (Pillar 1 – Direct Payments and Pillar 2 - Rural Development). These two pillars were previously accounted for and administered separately. There has, however, been a delay in the adoption of the CAP proposals for the 2021-2027 period, as well as in agreeing the EU Multiannual Financial Framework (MFF) for the same period. This delay leaves a gap in the legal and financial framework for the existing CAP measures, including direct payments, rural development, sectoral interventions and the LEADER programme. In particular, for the annual rural development measures such as Areas of Natural Constraint, or multi-annual contracts under agri-environmental measures which are due to conclude, this leaves a gap. In addition, new commitments will not be possible for the measures due to finish in 2020 without the necessary transitional rules.

In order to address this, in November 2019, the Commission proposed CAP transitional rules. The draft regulation provides the option to extend the current rural development programme, in certain circumstances. It aims to provide certainty on the process around granting of support for Rural Development for the year 2021.

The main elements of the proposed transitional arrangements are as follows:

1. An optional extension of 1 year for the current RDP to 31 Dec 2021, with financial support as set out in the current MFF 2021-2027 proposals for Rural Development for 2021 (RDP period is effectively changed to 2014-2021).

2. Approvals and payments for certain measures can be made under the N+3 rule to 2023 under the existing RDP, or to 2024 if the Member State decides to extend the programme by 1 year.

3. If the Member State decides to extend, then the entire Programme is extended. However, Member States have some flexibility on what specific measures to extend, but overall environmental ambition must be maintained.

4. Option of a **one**-year extension to end of 2021 for **existing** multi-annual commitments in the RDP (agri-environment-climate, organic farming and animal welfare measures).

5. Option to have new commitments, including new commitments following existing commitments, for agri-environment-climate, organic farming and animal welfare, commencing from 1 January 2021 for a maximum of 3 years (the Council position is more flexible and allows for a longer period than 3 years for agri-environment and climate measures based on the nature of commitments and environmental objective sought. In relation to organics, the Council position provides for new maintenance commitments in 2021 for 1-3 years and new conversion commitments for longer than 3 years. It is also possible to have new commitments for maintenance of existing organics for 1-3 years in the transitional period, if the Member State has RDP funds available).

The proposals are the subject of ongoing, detailed discussion at European level. The Council agreed a general approach in April. The European Parliament (EP) adopted its report in mid-May and in June agreed a partial general approach with the Council. Some issues are still outstanding, including the budget and the length of the transitional period. The exact budget for the transitional period can only be definitively set when the MFF is agreed with the EP. The latest timeframe for this agreement is October. If agreement on the MFF is further delayed then an alternative EU budgetary mechanism will be required. On the length of the transition

period, the Council and the Parliament favour a two-year timeframe, while the Commission favours a period of one year.

The DAFM Management Board is kept apprised of all developments in this area. It has recently considered the issue of transitional funding, including reviewing the latest expenditure figures under the current RDP, and is considering how these would influence the options available for the transitional period.

We expect to have further formal public consultation at a number of stages in the process, and we will advertise these through all our usual platforms. The next stage of formal consultation is under consideration, and its timing will be related to the progress of the discussions on the proposals. This consultation may involve requests for written submissions, stakeholder forums as well as meetings with individual stakeholders.

The Department continues to engage with relevant stakeholders and interest groups on the CAP negotiations and development of the CSP via the CAP Consultative Committee as well as other existing forums and structures to update them on the progress of discussions and to hear their views.

CSP Submission

The Department is currently working towards the development of the CSP with a view to submission to the Commission by their current deadline of 1 January 2021. However, due to the pace of progress on the MFF and CAP negotiations at EU level, this date is now in some doubt. Commission transition regulation proposals are aiming for the CAP Strategic Plan to commence on 1.1.2022 but this would be dependent on a swift conclusion of the MFF and CAP negotiations. In addition, the Council and European Parliament favour a transition period of two years' duration. Under the Regulations the Commission must approve Member States'

plans within an eight-month period following receipt. The clock stops each time the Commission raises a query on the draft submitted.

Recent Developments

The EU Green Deal, Farm to Fork (F2F), Biodiversity Strategy, Bio-economy Strategy and the EU Recovery Programme will need to be considered and reflected in the development of the CAP Strategic Plan. This applies in particular to the level of ambition and related targets outlined for areas such as pesticide and fertiliser use, and organic farming. The Commission has indicated that it will provide Member States with recommendations in Quarter 4 2020 to be taken into consideration in the development of the CAP Strategic Plan. This is quite late in the process as we are moving from the SWOT to the needs assessment currently. However, the development and approval of the CAP Strategic Plan is an iterative and negotiated process between Member States, the Commission and stakeholders. The Commission reaffirmed this stance in July, with the offer of a formal structured dialogue with Member States on the recommendations.

In relation to the impact of the Green Deal, F2F and Biodiversity Strategy on this process, the Commission has conducted an impact assessment and considers that the CAP proposals are already closely aligned with the new ambitions outlined. This is based on the objectives outlined for the CAP, its so-called 'green architecture' across both pillars, the percentage of funding expected to be spent on environment and climate ambition, the need to address EU and national legislation and targets on environment and climate, and the reporting indicators included in the New Delivery Model for the main F2F targets, such as, organic farming area, and pesticide and fertiliser usage. The Commission's impact assessment also noted that the CAP will not be the only delivery mechanism for the higher levels of ambition (new technologies, innovation, integrated pest management, and driving consumer demand will also have a role).

Sinéad McPhillips, Assistant Secretary General

Office phone No: 01 607 2384

Mobile No: [redacted]

Responsible for the following Divisions

Division	Head of Division	Office No	Mobile No
Food Industry Development Division	Angela Robinson	01 607 2662	[redacted]
Meat and Milk Policy Division	Maria Dunne	01 607 2795	[redacted]
Economics and Planning Division	Sean Bell	01 607 2175	[redacted]
Dairy Controls	Nicholas Finnerty	01 607 2578	[redacted]

FOOD INDUSTRY DEVELOPMENT DIVISION

Head of Division: Angela Robinson

The Division's mission is the strategic development and promotion of a competitive, sustainable, market and consumer orientated food and drinks industry, through the formulation of EU and National polices and the management of regulatory and corporate governance responsibilities for Bord Bia.

Food Industry Development Division has responsibility for:

- Policy and strategy for the Irish drinks sector, with particular responsibility for the controls system for Irish Whiskey and Irish Cream;
- Policy and strategy for the Prepared Consumer Foods sector, and supports for the wider food processing industry and the artisan food sector.
- Initiatives to improve information along the supply chain, including the transposition of the EU Directive on Unfair Trading Practices (UTP).
- Controls and policy for the protection of GI (Geographical Indicators) in Ireland, including work on the development of a PGI for Irish beef.
- Bord Bia - its governance, regulatory and corporate oversight by the Department, its primary Exchequer Grant funding as well as support for its marketing and promotion activities, including the Origin Green sustainability initiative.
- Administration of EU schemes, including the School Schemes to promote consumption of fruit and vegetables and milk in Irish schools, and EU promotion schemes for food and drinks.

The Division works closely with other DAFM Divisions, Bord Bia, Enterprise Ireland, Teagasc, industry partners, and other Government departments and agencies including the Department

of Business, Enterprise and Innovation (DBEI), the Department of Health, the Health Service Executive (HSE) and the Food Safety Authority of Ireland (FSAI).

Sections:

I. Protected Spirits GIs & Alcohol Policy;
II. Food Industry and Prepared Consumer Foods;
III. Food Marketing, Policy and Promotion, Bord Bia.

I - PROTECTED SPIRITS GIs & ALCOHOL POLICY SECTION (Niall McKeon, AP)

The Department of Agriculture, Food and the Marine (DAFM) is the Competent Authority in Ireland responsible for policy on Geographical Indications (GIs) at National and EU level and for the purposes of Regulation No 110/2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks. As required under this Regulation, Technical Files detailing the product specifications for our three spirit drink Geographic Indications - Irish Whiskey, Irish Cream and Irish Poitín were submitted to the EU Commission in February 2015 and registered in March 2019. These GIs are recognised on an all-island basis and the Technical file(s) are a shared responsibility with the UK Authorities.

DAFM works closely with industry as well as other Government Departments and State Agencies such as the Revenue Commissioners (Revenue), Food Safety Authority of Ireland (FSAI) and the Health Service Executives Environment Health Service (HSE-EHS) on regulation of the industry and with Bord Bia, Teagasc and Enterprise Ireland to promote and develop the spirit drinks sector in Ireland. We also liaise with other agencies (the Commission, TTB, WIPO etc) in relation to protection of the three GIs.

With the agreement of Department for Environment, Food & Rural Affairs, United Kingdom (DEFRA), DAFM has been the lead administrative agency insofar as the three Irish GIs are concerned. Thus, we co-ordinated the submission of the technical files to the EU, have answered follow-up queries from the Commission and have provided clarification and guidance to industry and others in relation to specific technical elements of the files.

The spirits industry is represented by the Irish Whiskey Association and Drinks Ireland, both based within IBEC who operate on an all-island. The industry employs c. 900 people directly and exported €810mn of Irish Whiskey and €363mn of Irish Cream in 2019 and has a target of increasing its production from 12mn cases in 2020 to 24mn by 2030.

Irish Whiskey is undergoing a revival with new distilleries opening up and exports increasing. The distilling industry has grown from 3 distilleries in 2014, to 31 by the end of 2019, with a further 32 being proposed. Volume growth in the sector is largely driven by continued double-digit demand for Irish Whiskey in many markets and a sustained growth in the Irish Cream liqueur category. 20 Irish whiskey distilleries and 6 Irish Poitín producers, were verified in 2019 by the Revenue Commissioners for the production of these products. 36 other premises were verified for the maturation, bottling and labelling of these protected spirits. 5 Irish Whiskey distilleries, 2 Irish Poitín producers and 2 Irish Cream plant were verified by Her Majesty's Revenue and Customs (HMRC) in Northern Ireland.

The drinks processing sector directly employs 6,600 (NACE code 11, CSO, 2019). The 17 Irish Whiskey Distillery visitor centres and brand homes directly employed 409 staff in 2019, up from 356 in 2018. These form an integral part of the tourism sector. In 2019, there were 1.02 million visitors to Irish Whiskey Distilleries, up 10.5% on 2018 figures of 923,000. The Irish drinks industry also provides a strong underpinning for the wider hospitality sector, a major source of employment, particularly in rural areas.

ISSUES

(1) BREXIT IMPACTS:

ALL-ISLAND LINKAGES: Though mainly focused in export terms on international markets, the drinks industry is very exposed to Brexit in terms of on-island linkages with tens of thousands of truck movements, sharing of facilities and free movement and sourcing of inputs within the single market. In addition, the minimum three-year maturation period for Irish Whiskey can be completed in either or both jurisdictions, making it hugely important to have no interruption between the present arrangements within the EU and conclusion of an EU-UK trade agreement listing the mutual recognition of the three all island spirit drink GIs. Brexit could also impact significantly on the industry in terms of additional regulatory requirements and costs.

ALL IRELAND GI CONTROLS: As the spirit GIS are All Ireland, DAFM has regular bilateral meeting with HMRC and DEFRA regarding the respective regulatory controls in both jurisdictions. Following Brexit this will continue, however, other challenges may arise should separate Trade Agreements be negotiated for the category of Irish Whiskey produced in NI by the UK.

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(2) OFFICIAL CONTROLS FOR SPIRIT DRINK GIs

PROTECTION: Protecting the Irish brand remains a key focus – especially spirit drink GI's. As Irish Whiskey's popularity grows and attracts a premium value, the opportunities for fake or inferior quality spirits that claim to be Irish Whiskey or make references to Irish Whiskey will increase. GIs are a defined and protected type of intellectual property distinguished as names of regions, specific places or in exceptional cases, country names. GIs are protected by EU legislation and by the World Trade Organization (WTO) in international agreements on Trade Related aspects of Intellectual Property Rights, referred to as TRIPS Agreement.

Free Trade Agreements provide opportunities for legally binding protection such as the recently agreed EU and Japan's Economic Partnership Agreement. Irish Whiskey and Irish Cream is protected in Singapore, Japan, Vietnam and Canada under trade deals or arrangements with the EU. In addition, the European Commission is seeking to negotiate protection for both products in Turkey, New Zealand and Mercosur (Brazil, Argentina, Uruguay and Paraguay) as well as Irish Cream in Korea (Irish Whiskey is already protected).

DAFM protection of GIs activities include, following up on domestic and international complaints, such as investigating products attempting to pass for genuine Irish Protected Spirits, market surveillance, and working closely with other parties at EU and national level to ensure that protected spirits names from other countries are not misused.

BULK EXPORTS AND THE BULK MOVEMENTS CONTROL SYSTEM FOR IRISH WHISKEY: EU Regulations require that a GI spirit drink must be verified as compliant with the product specific Technical File, before it is placed on the market. These verification check apply to any person or business who **(a)** is involved in any of the five Irish Whiskey production processes (i.e. fermentation; distillation; maturation; blending; bottling and labelling/labelling only), or **(b)** who receives Irish Whiskey in bulk or who markets or intends to market their product as Irish Whiskey.

To protect the Irish Whiskey GI spirit category and to enhance our traceability systems additional controls are being introduced by DAFM in 2020, for the purpose of enhancing the control of and the verification of Irish spirits exported in bulk for bottling, both within the Union and to third countries. The introduction of the bulk movement control system will represent an enhanced control to protect the authenticity of the Irish Whiskey GI spirit category on the international market.

DG SANTE AUDIT The Commission Audit Services, DG SANTE, carried out an audit of Geographical Indications (both Food and Spirit Drinks) in early September 2019, with the draft audit report received in December 2019. While the draft report is broadly positive, it highlighted the area of 'Sampling and Analysis' as a weakness in Ireland's controls. As part of Ireland's response, the Department has developed and agreed a National Sampling Programme of the three protected Irish Spirit Geographical Indications GIs. Commencing in 2020, the Programme will specifically include chemical analysis by the State Laboratory of the samples taken by DAFM, the establishment of a database on GI Spirit Drinks and in cases of potential non-compliance, the provision of independent advice on chemical analysis.

LABELLING OF GEOGRAPHICAL INDICATIONS: Food labelling including spirit drinks is a matter for the Department of Health (DOH) and the Food Safety Authority of Ireland (FSAI). The new Spirit Drinks Regulation (EU) 2019/787 was published on 17 May 2019 and entered into force 7 days later. However, it will only apply from 25 May 2021 with respect to its production and labelling provisions. The purpose of the new Guidelines is to ensure its uniform application for the benefit both of national administrations and spirit drinks producers as concerns certain labelling provisions laid down therein. It is strictly limited to the practical explanation of provisions concerning in particular the use of 'legal names', 'compound terms' and 'allusions', but also of 'mixtures' and 'blends'.

The Department is working closely with Industry to ensure that the rules on compound terms are interpreted correctly in line with the legislation, and should not be interpreted in a way which permits, for example, a flavoured category of whiskey which could undermine Ireland's GI for Irish Whiskey.

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ALCOHOLIC BEVERAGES – GENERAL INFORMATION

- Ireland has strengths across the value chain and in particular in terms of product and process development, manufacturing and distribution.
- Ireland has a strong pedigree, tradition, and growing domestic and international demand. Since 2009 approximately €600mn has been invested in the Irish drinks /distilling sector with the number of distilleries growing from only 3 a number of years ago to 25 in 2019. Significant further investment will be required to deliver future growth.
- Irish Whiskey generated exports of €810mn in 2019 and brought cumulative growth of the category to over 193% in the seven years since 2012. The most important market was the

United States showing a 35.45% volume growth in 2019 and accounting for 63.87% of all whiskey exports. Irish Whiskey is the fastest growing whiskey category in the USA.

- Irish Cream exports totaled €363mn in 2019 and brought cumulative growth of the category to over 124% in the four years since 2016. The United States is the biggest export destination for Irish Cream, with exports of €183mn in 2019.
- Irish Gin exports have continued to show exceptional growth, from a €0.25mn in 2015 to €9.78mn in 2019. In 2018 there were 3.88 million bottles of Gin sold in Ireland. This represents a one-third increase on the previous year's sales. Irish gins have built a reputation for quality and are exported to several countries such as USA, Germany and Canada.
- Irish beer exports are valued at €322 million in 2019. Irish beer exports are quite exposed to Brexit as most of the beer produced in Ireland is exported to the UK.
- Irish cider exports are valued at just under €49 million. This represents a significant decline in cider exports from over €200 million in 2009. Over 85 percent of Irish cider exports goes to the UK.

II - FOOD INDUSTRY AND PREPARED CONSUMER FOODS SECTION (Siobhan Ball, AP)

- Prepared Consumer Foods (PCF) Sector, SME Capital Investment Fund, Small/Micro Businesses, Food GIs and Unfair Trading Practices.

Prepared Consumer Foods (PCF) Sector

The PCF sector plays a pivotal role in the Irish agri-food sector. It contributes in a significant way to the wider economy, particularly in regional and rural areas through the provision of jobs, the sourcing of raw materials and procurement of ancillary services, such as training. In 2019 it was estimated that around 22,000[1] people were directly employed in the sector.

[1] IBEC/Food Drink Ireland

The Prepared Consumer Foods sector accounted for over €2.7 billion in agri-food sector exports in 2019, and €3.8 billion in imports. This resulted in a trade deficit of just over €1 billion. Between the period 2012 – 2019 prepared consumer food exports increased by 35% from €2 billion to over €2.7 billion. This overall continued growth indicates the continued resilience of the sector.

COVID-19 – Effect on PCF Sector

The PCF Sector experienced a purchasing surge following the Taoiseach's announcement regarding the pandemic on 17 March. However PCF stocks have now stabilised but higher than average sales of products with longer shelf life continue. Some companies have increased production and taken on more staff to deal with this and to allow for changed shift patterns.

Some PCF companies with significant dependence on food service customers have put a number of staff on the COVID-19 employers scheme. Some are also looking at ways to repurpose their products. A temporary pragmatic approach by relevant authorities (DAFM, DOH and FSAI) on the application and control of EU Food Law, in particular in relation to labelling has been agreed, which will help with this.

The sector is concerned about disruption to food supply chains and availability of labour but overall companies are not reporting any major issues or difficulties at present. New priorities are also emerging for PCF companies at this juncture, regarding:

- The need for liquidity to get the domestic food supply chain back to full operation (including food service and hospitality supply chains) and improve resilience of exporters. While the sector welcomes the schemes already put in place by the Government they consider further flexibility would be useful, such as, e.g. state guarantees, export credit insurance.

- The importance of restoring consumer confidence and demand through planned and sustained re-opening of the economy and resumption of commercial activity, particularly food service / hospitality market.

BREXIT RESPONSE

Prepared Consumer Food Centre, Teagasc, Ashtown – The PCF sector traditionally had low levels of research, development and innovation. This was an area identified for attention in FoodWise 2025. To help address this weakness the Prepared Consumer Food Centre (PCFC) was established in 2018 by DAFM in consultation with Teagasc, Food Drink Ireland's Prepared Consumer Food company members, Enterprise Ireland and Bord Bia, to support research, development and innovation in the Prepared Consumer Food sector.

Funding of €10m was provided for the Centre by DAFM in Budgets 2018 (€5m) and 2019 (€5m). This money was used for the purchase of specialist equipment, providing PCF companies with the opportunity to pilot equipment, to scale up their own production and to enable adoption of novel technologies to meet evolving consumer demands and expectations. Companies can also avail of the specialist knowledge and expertise of Teagasc staff in piloting and developing food products.

A further €5m was allocated for 2020; it is proposed to provide additional incubation units to assist companies who are scaling up their production, in addition to the purchase of equipment for nutritional measurement, and quality and sensory analysis.

The investment allows Teagasc to deliver a more responsive service for the Irish PCF sector, through specialist expertise, state of the art facilities and innovative research by Teagasc and industry partners. It enables researchers and industry to collaborate in private and public research projects in the prepared consumer foods arena.

Capital Investment Fund - As a direct response to Brexit a "Brexit Food Capital Investment fund" for SMEs was introduced in 2018 with a budget of €5m, which is administered through Enterprise Ireland. The fund provides grants for capital investment by food companies challenged by Brexit. Between 2018 and 2019, 9 applications valued at €2.08m under the scheme have been approved by EI, but with limited drawdown to date.

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Leader Food Initiative

In 2018 €15m was allocated to this scheme. The Initiative provides financial supports to Artisan, small and micro food businesses. Eligible funding includes the renovation and extension of production facilities, the purchasing of processing equipment, as well as supporting businesses in the artisan food and beverage sector in areas such as market development, competitiveness, and innovation.

This scheme is administered through the Department of Rural and Community Development using the LEADER methodology.

In 2018 and 2019, a total of 37 projects were approved, with a grant value of just over €2m (full value of projects is approx. €4m). Take up, and subsequent drawdown of funds, under the scheme has been slow to date. However, it is expected to pick up in 2020 as other LEADER funding is expended.

EU QUALITY SCHEMES

Food Geographical Indications (GIs)

Under EU Regulation 1151/2012 foodstuffs may be registered as PDO (Protected Designation of Origin) with a strong link to the area, PGI (Protected Geographical Indication) where at least one production step happens in the area. The area can be a region, specific place or exceptionally, a country.

GI recognition enables consumers to trust and distinguish quality products while also helping producers to market their products better. Recognised as intellectual property, GIs play an increasingly important role in trade negotiations between the EU and other countries.

Ireland has eight food designations:

PDO:	**PGI**:
Oriel Sea Salt (2016); Oriel Sea Minerals (2016); Imokilly Regato Cheese (1999):	Sneem Black Pudding (2019); Waterford Blaa (2013); Connemara Hill Lamb (2007); Timoleague Brown Pudding (2000 – not presently in production); Clare Island Salmon (1999 – not presently in production).

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III - FOOD POLICY, MARKETING & PROMOTION, BORD BIA (Maeve Lynch, AP) – *See also Bord Bia (State Bodies Section)*

The EU School Scheme

The EU School Scheme comprises the EU School Fruit and Vegetables Scheme (SFVS) / Food Dudes and the School Milk Scheme. DAFM (FIDD) as the competent authority drives and oversees the policy aspects of both schemes.

It is widely accepted that promoting a healthy balanced diet with fruit and vegetables is important in tackling obesity. Children are encouraged to form healthy eating habits at an early stage via these two programmes. It is seen that Food Dudes and the School Milk Scheme can play a complementary role in supporting programmes specifically aimed at tackling obesity –

hence our inter-Departmental collaboration with Dept Children & Youth Affairs and Dept Health via the Early Years Strategy, under the Healthy Ireland cross Government initiative.

EU School Fruit & Vegetables Scheme (SFVS) / Food Dudes - This Scheme is implemented in primary schools through **Food Dudes**, an incentivised, evidence-based programme, based on repeat tasting, small rewards and role models to increase fruit and vegetable consumption long-term. It is free of charge to schools/schoolchildren. Funded by DAFM (€5m, of which €1.8m EU recoupable) and managed by Bord Bia, Food Dudes extended to 700 schools and 117,000 children in the school year 2018/2019. All evaluations have shown that Food Dudes increases fruit and vegetable consumption and that this is sustained.

EU School Milk Scheme: The SMS has operated in Ireland since 1982, with the objectives to promote the consumption of milk amongst school children to ensure their long-term consumption, and to improve the nutritional properties of school children's diets. This Scheme provides for the supply of milk products (mostly drinking milk) at a reduced price to school pupils on each school day (currently €1 per child per week). Funded by DAFM (€1,283m, of which €1.0m EU recoupable) and managed by the National Dairy Council, the School Milk Scheme extended to 570 schools and 52,000 children in the school year 2018/2019. For the 19/20 school year, in line with our 6-year EU approved strategy, FIDD will carry out several pilots based on the recommendations of the report commissioned by FIDD and carried out by UCD - "*State of Play of the School Milk Scheme*". One of the pilots will be a collaborative project with the DCYA at Montessori / pre-school level (Early Years Strategy).

EU Promotion Policy for Agri-Food products

EU funding is available on a competitive annual basis to a wide range of bodies, such as trade bodies, producer organisations and agri-food groups responsible for promotion activities, for generic promotion of the quality, safety, nutrition or production methods of EU agricultural products. This is a highly competitive fund with EU co-financing of 70 – 85% available for high scoring proposals for projects aimed at funding new markets and promoting EU agri-food

products either third country markets or within the EU. FIDD has oversight and policy responsibility for this regime. Ireland currently has 6 programmes running valued at €33.13m, mainly through Bord Bia and also the National Dairy Council (NDC)..

Artisan, Local and Speciality Food

FIDD supports the development of artisan, local and speciality food through annual funding of the Diploma in Speciality Food Production in UCC via annual bursary course funding to student's p/a (c €50,000). This part-time Diploma is unique to UCC and is the only one of its kind in Ireland and the UK. It is designed for those who are starting or wish to further develop an artisan or specialty food business and for those involved in this sector including farmers, producers, retailers, culinary specialists, and those in support agencies. The Diploma falls within national policy recommendations of Food Wise 2025 and CEDRA 2019 – for the future development of the Irish artisan and speciality food sector as part of the wider agri-food industry.

MEAT AND MILK POLICY DIVISION

Head of Division: Maria Dunne, Principal Officer

The role of Meat and Dairy Policy Division is: *"to develop a policy, regulatory and administrative framework that promotes the development of competitive, sustainable and consumer-oriented meat and milk sectors, that facilitates trade in these products and that maximises the return for operators in the sectors and for the wider economy".*

The Division has responsibility for development of policy in the dairy and meat sectors (beef, sheepmeat, pigmeat and poultry), for market access for meat and dairy products to third countries, and for a range of cross cutting functions, including input where relevant into Food Wise 2025/ Agri-Strategy 2030, EU, trade and climate discussions. The Division is divided into six units, the functions of which are summarised below:

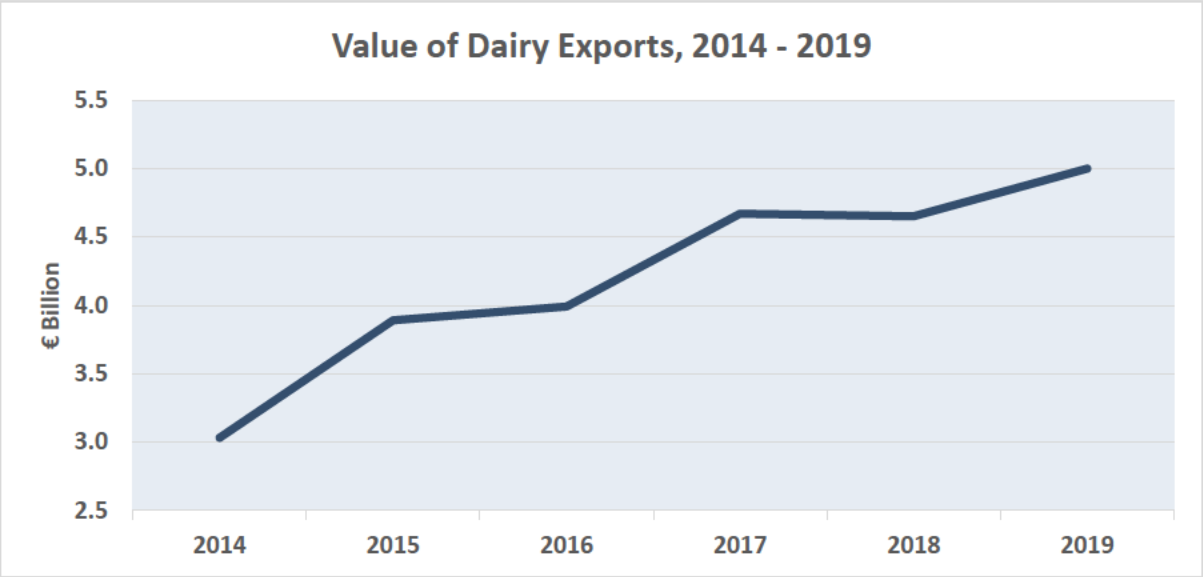
Unit	Priority Tasks
Dairy Policy and Trade Unit	Advance the competitive development of the dairy sector. Representation at EU Committees on dairy policy. Certification of dairy exports (29,253 certificates in 2019, slight increase on 2018 and an increase of 10% on 2017) Market Access
Beef and Sheep Policy Unit	Advance the competitive development of the meat sectors (beef and sheep). Promote measures to improve drystock farm viability and sectoral development. Continued monitoring and analysis of markets and other developments to inform strategic policy development. Secretariat to the Beef Taskforce and regulation of Beef Producer Organisations.
Farm Partnerships Unit	Representation at EU Committees on dairy policy.

	Regulation of Registered Farm Partnerships and Succession Partnerships. Promote measures to improve farm viability and sectoral development.
Pigmeat and Poultry Policy Unit	Continued monitoring and analysis of markets and other developments to inform strategic policy development. Advance the competitive development of the pigmeat and poultrymeat sectors. Promote measures to improve farm viability and sectoral development including secretariat to the Pig Industry Stakeholder Group and co-ordination of National Pig Salmonella Control programme.
Meat Market Access Unit	Securing access to new third country markets and maintaining and enhancing access to existing third country markets for beef, sheepmeat, pigmeat and poultry. Engagement with industry, Bord Bia and Irish Embassies abroad on market priorities. Implementation of 7 Point Action Plan On Market Access.
Food Safety Liaison Unit	Single point of contact with FSAI; supporting implementation of the DAFM-FSAI service contract.

Dairy Sector – Industry overview and current issues

There are approximately 18,000 dairy farmers in Ireland. More than 85% of Irish dairy production is exported and in general there are few restrictions on our dairy produce exports. In 2019, Ireland exported dairy products to approximately 140 countries with a value exceeding €5 billion, this represented a +12.4% volume growth and +9.9% value growth compared to the

same period in 2018. The value of dairy exports has increased by approximately 127% since 2010.



Butter is our leading dairy product in terms of value of exports and had an exceptional year in 2018 – in both the US and continental Europe – and for the first time the value of Irish butter exports exceeded €1 billion in the year, a 22% increase on 2017 value. However the imposition of tariffs by the US on Irish dairy exports in Q4 2019, as well as a general reduction in butter prices resulted in a year on year increase in exports by volume of 19.5% translating into a much more modest increase in value of only 1.6% in 2019.

In terms of product mix, looking at the year 2019, Fat Filled Powders were Ireland's leading export by volume, accounting for 22% of the dairy exports (15% by value) followed by Cheese (19% by volume and 20% by value), Butter (17% by volume and 23% by value), SMP (10% by volume, 6% by value) and Infant Formula (9% by volume and 18% by value).

Looking at market destinations, the EU 28 account for 55% of the value of Irish dairy exports with 45% going to international markets.

The UK was the single most valuable market, accounting for 20% of the value of dairy exports, followed by the Netherlands at 14% and China at 11%.

Irish milk production stood at 7.9 billion litres in 2019, an increase of 5.3% compared to 2018 and an increase of 54% over the Food Harvest 2020 baseline (Food Harvest, published in 2010, forecast a post-quota increase of 50% in production by 2020). Irish milk production represented approximately 5% of total EU milk production in 2019.

The long-term fundamentals of the global dairy market are strong, with growing global demand projected from fast developing countries with increasing middle classes and growing demand for protein. Whilst significant challenges (price volatility, market turbulence, balancing supply/demand and changing societal tastes and demands) have continued throughout recent years, there is confidence that the Irish and EU dairy sector is well placed to gain from the opportunity presented by expanding global demand.

Current Issues

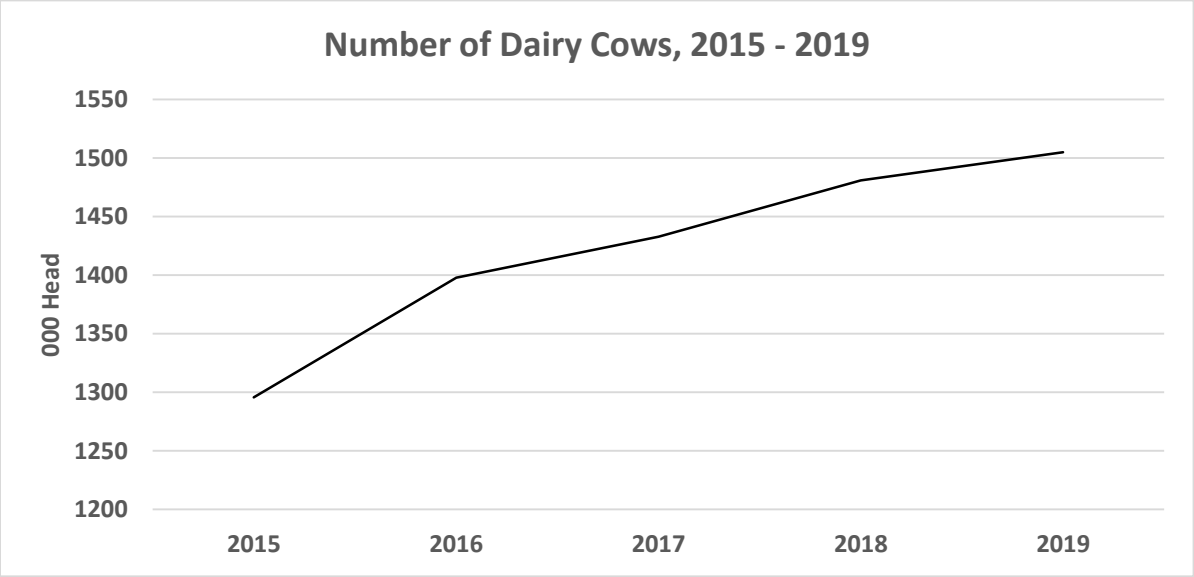
Market Situation /Prices

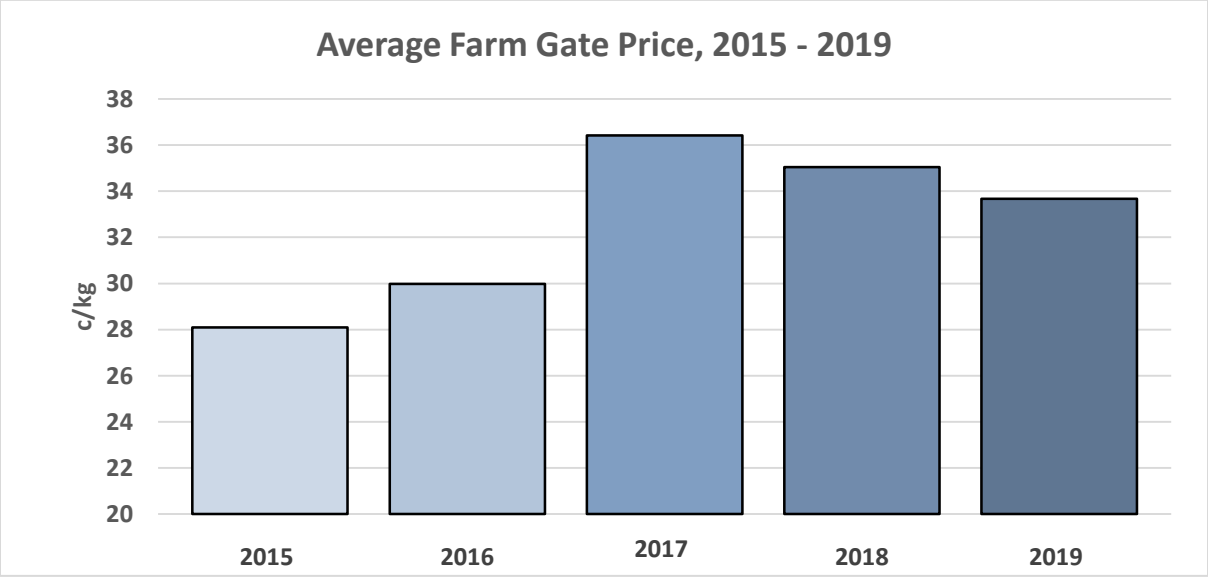
Estimated raw milk price for Ireland reported for July 2020 (these are the latest figures as reporting is approx. one month in arrears) was 32.53c/kg up from 31.7c/kg. This compares to an EU average for July of 32.5c/kg. Farm gate prices are approx 3 c/l lower than February but have been rising slowly since May

Global supply for Q1 2020 is ahead slightly of Q1 2019 and some market commentary is highlighting the risk additional global milk supplies for the remainder of the year poses for market recovery from the impact of Covid 19.
Dairy exports for H1 have increased by 8% in volume terms and 5% in value terms. Note contracts for storage of Butter, Cheese and SMP under the Private Storage Aid scheme will start to expire in H2 which may impact markets in H2.

SMP and Butter prices are significantly lower than pre Covid but the rate of decrease has slowed in the last 2 months.

Price volatility will continue to be a feature of international markets. DAFM will need to continue to work with industry, with other member states and with the EU Institutions to consider how to refine and improve mechanisms to help farmers to cope with downward price cycles when they arise.





Brexit

The United Kingdom including Northern Ireland represents Ireland's biggest dairy export market by a considerable distance, accounting for 20% of export value (23% of volume). An important issue in terms of the Northern Ireland dimension is that a de facto all island milk

market currently exists. Significant volumes of manufacturing milk or primary processed ingredients (such as skim milk, cream, buttermilk, skim concentrate and butter) are taken in from Northern Ireland for further processing. A number of processors also have significant cross border catchment areas in terms of their farmer suppliers.

Future certification for importation of raw milk and product for further processing will depend on the nature of the trading relationship emerging in UK-EU Brexit negotiations.

Market Access and Dairy Export Certification

Non EU countries generally require official certification of dairy produce being exported and the Department provides health and veterinary certificates for such third country exports. Meat and Milk Policy Division facilitates international trade in milk products by securing access to additional third country markets for dairy products, by the efficient administration of the export certification regime, and by keeping exporters apprised of trade and certification issues. In 2019, the volume of certificates at over 29,253 a slight increase on 2018 and a 10% increase on 2017. There has been a consistent annual increase in the number of export certificates issued for the dairy products in recent years.

Environmental Considerations

Since the removal of milk quotas according to June CSO livestock survey figures, the number of dairy cows in Ireland has increased by 16% to approx. 1.5 million, (note the number of dairy cows increased by 40% in the 2010-2019 period). This increase in the size of the Irish dairy herd in the context of Ireland's overall climate change obligations will require on-going consideration into future.

Changing Societal demands and tastes

The need to be able to adapt and respond effectively to changing societal and consumer trends and concerns regarding sustainability, alternative protein sources, the environment and animal welfare.

Dairy Forum

The last meeting of the Dairy Forum was held 25 September 2017. Due to a number of dairy stakeholder engagements on a range of matters including Brexit over the last two years, no formal meeting of the Dairy Forum has taken place in that time. A provisional date of 30th September 2020 am has been set for the next meeting of the Dairy Forum.

Structural Issues - Farm Partnerships/ Collaborations

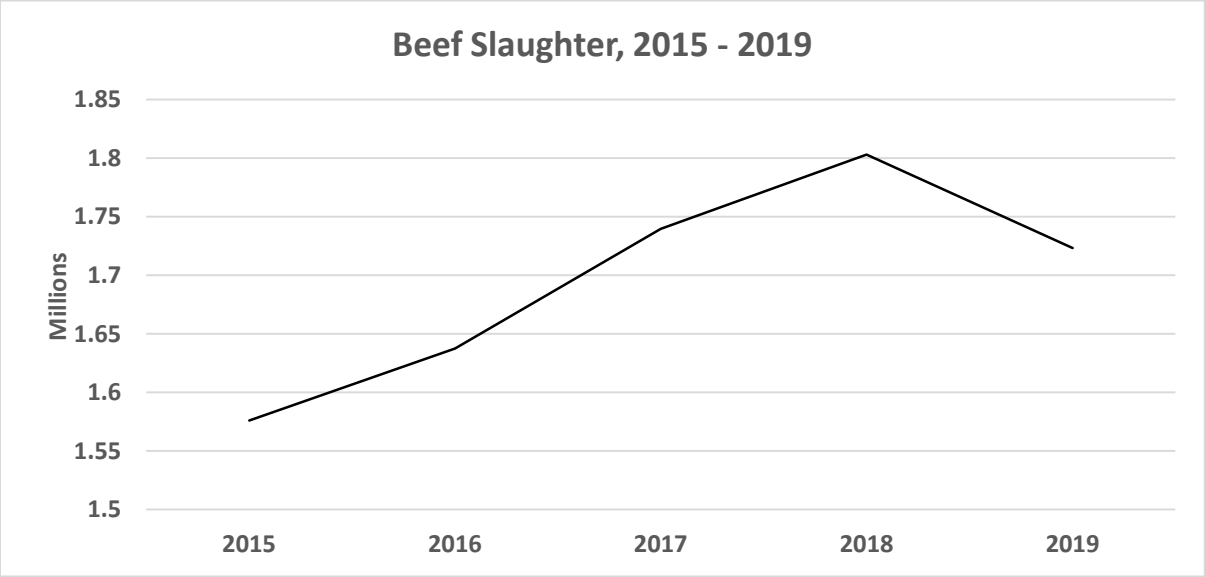
During the Milk Quota regime DAFM introduced the Milk Production Partnerships Scheme, to assist in intergenerational transfer, improve efficiency and bring about economies of scale at farm level. Following the ending of the Milk Quota Regulations in 2015, DAFM established a new Farm Partnership Register. There are now over 3,000 active registered farm partnerships. Supports include preferential stock relief; a start-up grant scheme; and favourable terms for partnerships in DAFM Schemes.

In June 2017 the Department launched the Succession Farm Partnership (SFP) Register aimed at encouraging best practice in intergenerational land transfer in order to address, among other things, the issue of lack of experience on transfer. An annual income tax break of €5,000 is provided for up to five years and the farmer commits to transferring a minimum of 80% of the partnership assets to the successor between 3 and 10 years into the agreement. At present (May 2020) there are approximately 60 such SFPs in operation.

DAFM also provides support to the Macra Land Mobility Service, a match making service for farmers who wish to engage in collaborative working arrangements but who have no readily identifiable collaborator. DAFM provided funding of €50,000 per year to the service from 2017 – 2019 inclusive to support the efforts of Macra and Industry to capitalise on potential efficiency gains from collaborative working.

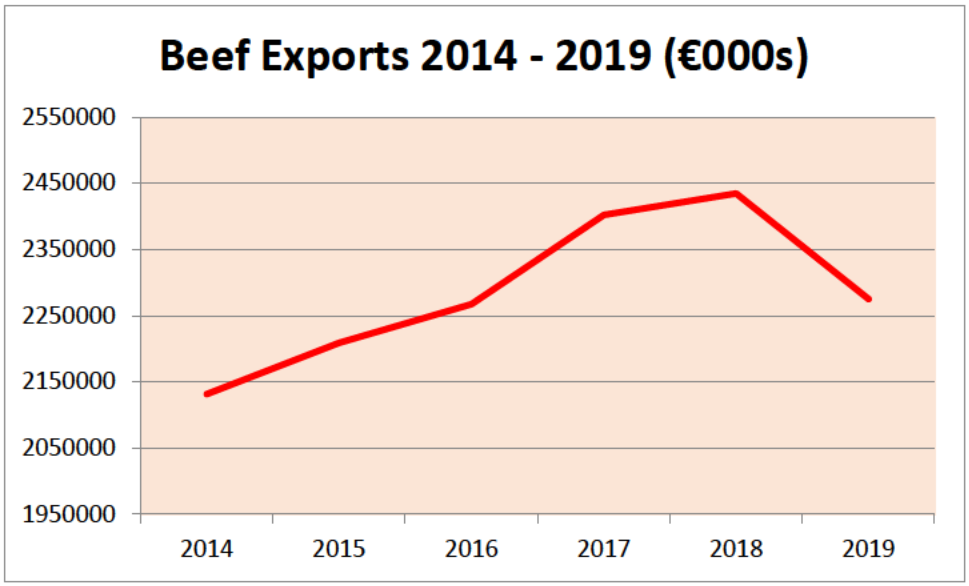
Beef – Industry overview and current issues

The Irish beef sector represents a key Irish indigenous industry accounting for 20% of the total agri-food exports. There are 78,300 specialist beef farms in Ireland (CSO 2018); the main enterprise types are Cattle Rearing (mainly suckler farming) and Cattle Other (mainly cattle finishing farms). At the end of December 2018 there were just over 950,000 suckler cows recorded. The average size of the suckler herd was 15 cows per farm.



There are currently 32 DAFM approved beef slaughter plants in Ireland with additional smaller local authority plants authorised by the HSE to slaughter bovines. 1.7 million cattle were slaughtered in DAFM approved plants in 2019 which is a 4.4% reduction on 2018 levels. It is estimated that in the region of 15,000 jobs are directly provided by meat processing across rural Ireland with additional associated jobs in distribution, transport and services.

Beef worth €2.3 billion (535,000 tonnes) was exported in 2019 which was a decrease of 4% from €2.4 billion in 2018. In volume terms, exports decreased by 1% on 2018. The UK accounted for 50% of exports in 2019. France, the Netherlands, Italy and Germany are also key export destinations.



Live Exports

301,563 live cattle were exported during 2019 which represented a 22% increase on the 2018 number of 246,629 head. The main exports markets were Spain, the Netherlands, Italy, and Northern Ireland.

Recent and current Supports

The Beef Data and Genomics Programme (BDGP) forms part of Ireland's Rural Development Programme 2014-2020. It involves funding of €300 million over the six year programme, and addresses widely acknowledged weaknesses in the maternal genetics of the Irish suckler herd, makes a positive contribution to farmer profitability and reduces the greenhouse gas intensity of Ireland's beef production. A second programme, BDGP II, was launched in 2017 and will run until 2022. There are currently approximately 24,000 herds covered between the two schemes. The genetic benefits, which are permanent and cumulative, will continue to make a positive contribution to the national herd beyond the lifetime of the scheme.

The Beef Exceptional Aid Measure (BEAM)

The Beef Exceptional Aid Measure (BEAM) provided temporary exceptional adjustment aid to farmers in the beef sector in Ireland subject to the conditions set out in EU Commission Implementing Regulation (EU) 2019/1132.

BEAM is funded by a combination of EU aid and Exchequer support, provided in light of the difficult circumstances that Irish beef farmers have been facing as a result of the market volatility and uncertainty. 23,374 farmers participated in BEAM resulting in payments of almost €78 million.

The Beef Environmental Efficiency Pilot (BEEP) 2019

The objective of the Beef Environmental Efficiency Pilot (BEEP) was to further increase economic and environmental efficiency in the suckler herd through better quality data on herd performance, supporting decision making on farm. 19,135 valid applications were received for the Pilot in 2019 with 16,424 of those subsequently carrying out the required actions and receiving payments totalling €15.3 million.

BEEP-S (Sucklers) 2020

With an overall budget of €35 million, BEEP-S builds on the BEEP Pilot of 2019 and targets the measurement of weaning efficiency with optional welfare measures included to promote best practice whilst providing income support. Payments of up to €90 for the first 10 calf cow pairs and €80 thereafter to a maximum of 100 pairs (max payment/herd of €8,100) is available. Over 27,000 applications were received when the scheme closed on 15th May 2020.

Other supports which are available for suckler farmers under Pillar II of the CAP include GLAS, (Green Low-Carbon Agri-environmental Scheme) ANCs (Areas of Natural Constraint) and Knowledge Transfer Groups. Suckler farmer also benefit from the Basic Payment Scheme (BPS) and Greening payments under CAP Pillar I. Examination of appropriate measures to support all

agri food sectors, including the suckler sector, is underway in DAFM in preparation for the next iteration of the CAP.

Beef Finisher Payment 2020

With an overall exchequer funded budget of €50 million, BFP provides support for beef finishing enterprises who were most affected by the market disturbance caused by the COVID-19 pandemic. The scheme, which opened for applications in mid August will pay in the region of €100 per animal to beef finishers who slaughtered animals in ROI between 10/20/20 and 12/06/20 up to a maximum of 100 head/herd. Payments will be made in Q4 2020. The scheme was notified to the EU commission under the COVID temporary state aid framework.

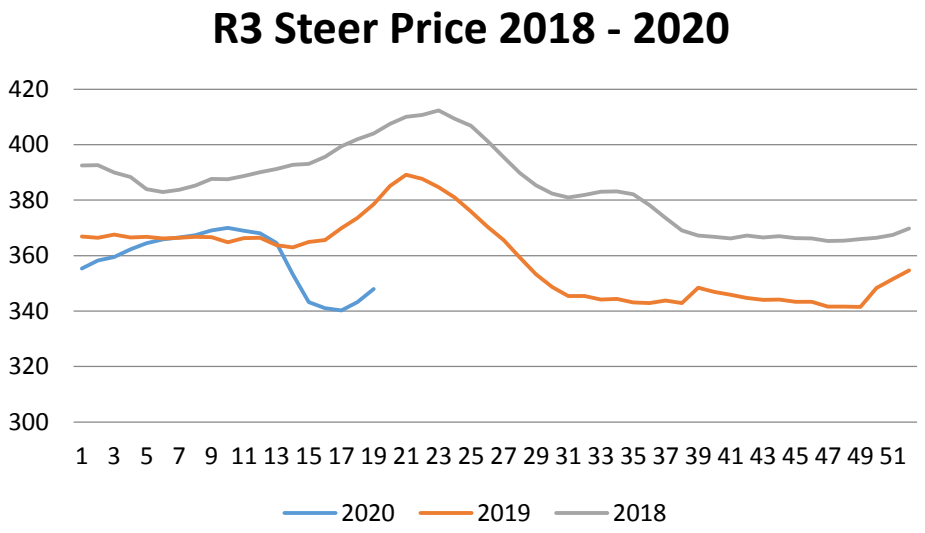
Current Issues

Changing Societal demands and tastes

The need to be able to adapt and respond effectively to changing societal and consumer trends and concerns regarding sustainability, alternative protein sources, the environment and animal welfare.

Market Situation/Prices

During 2019, an average of just over 33,000 cattle were slaughtered each week in Department-approved meat plants as compared to 34.4k in 2018 and 33.5k in 2017. The price for an R3 Steer, which there is an EU requirement to report, is the best guideline as to how balanced the market is. The average price for R3 Steers in 2019 was €359c/kg as compared to €382c/kg in 2018. In 2020 in the midst of the COVID prices reduced to €340c/Kg in April and May. However, prices have recovered somewhat in the intervening period; it is still difficult to assess what the longer term trend will be.



Economic Sustainability

There is a broad acknowledgment of the value of the beef industry to the rural economy, however the challenge of a low margin industry heavily dependent on export markets was acutely felt in 2018-2019. The low level of income and profitability in Irish beef farming in general limits the potential of the sector to absorb shocks. The long supply cycle associated with suckler beef compared to other protein sources also means that there is no short-term mechanism to adjust supply in response to shocks.

From the autumn of 2018 to the end of 2019, prices came under pressure due primarily to increased production levels, exacerbated by a general increase in supply across the EU due to increased EU production, increased imports and decreased exports, with Brexit uncertainty and sterling weakness being significant factors.

Short- and medium-term forecasts indicate that even notwithstanding the impact of COVID, lower levels of price are likely to be the continuing reality. The global situation (for example predicted increased output from US, Brazil and Argentina) is likely to put pressure on producer prices throughout Europe but most especially in those Member States dependent on exports, such as Ireland. The challenges faced by Ireland as a major exporter of beef with a high degree of dependency on the UK market must also be acknowledged in the light of Brexit uncertainty.

Increased DAFM supports for the beef sector in 2019 through BEEP and BEAM as well as a reduction in input costs relative to the previous year has resulted in an increase in farm income in 2019 following difficulties in 2017/8. The average gross margin on suckling and cattle finishing farms increased by 8% and 9% respectively, primarily due to the introduction of BEEP and BEAM.

Beef Taskforce

The Irish Beef Sector Agreement was reached between stakeholders on 15 September 2019. As part of this agreement, the Beef Taskforce was established to monitor the implementation of the commitments entered into and as a platform for strategic engagement with key stakeholders.

Broadly the agreement contains two strands: a number of interventions which provided an immediate benefit for beef producers including changes to the bonus structure and longer-term objectives and structural reform of the sector.

The key current activities include a series of studies which Grant Thornton is conducting on behalf of the Department as follows:

- an independent review of market and customer requirements, specifically in relation to the four in-spec bonus criteria currently in operation in the Irish beef sector;
- an independent examination of the price composition of the total value of the animal, including the fifth quarter, along the supply chain. The results will inform future actions as necessary. The beef industry will co-operate in providing data; and
- a summary of competition law issues as relevant to the Irish beef sector.

A scientific review of the Quality Payment Grid by Teagasc; the first stage of the review, a desktop analysis of the pricing structure of the grid on the basis of meat yield/conformation, was presented to the Taskforce in January and the main finding was that there was insufficient evidence to justify a reconfiguration of the QPS grid. Following discussion in the Taskforce, Teagasc are currently scoping a more in-depth study.

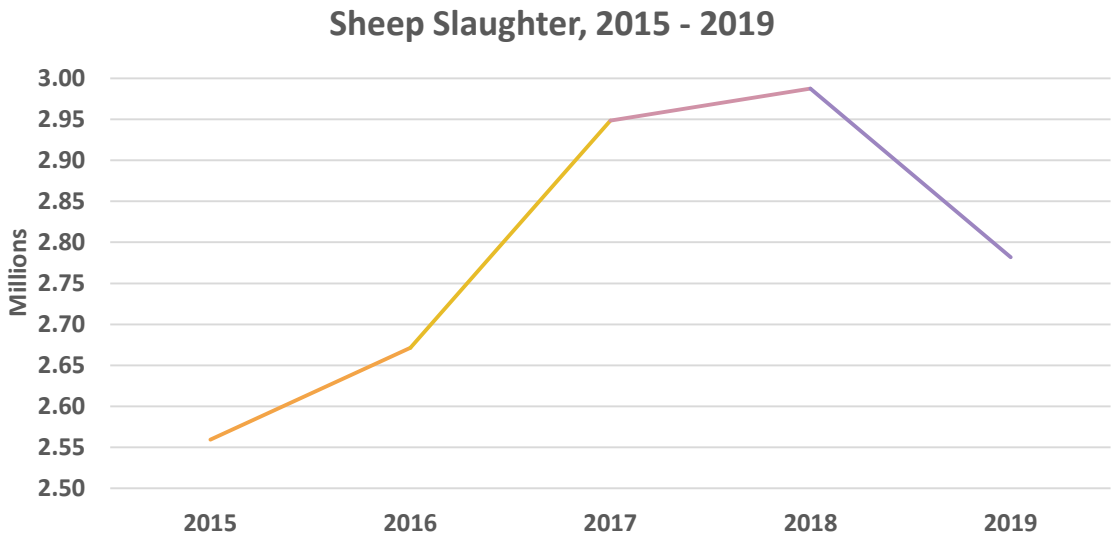
DAFM is proactively engaging with several potential beef Producer Organisations and providing guidance on the application process. Two beef producer organisations were recognised by DAFM in 2019.

SEE ALSO TOPICAL ISSUES

Sheepmeat – Industry overview and current issues

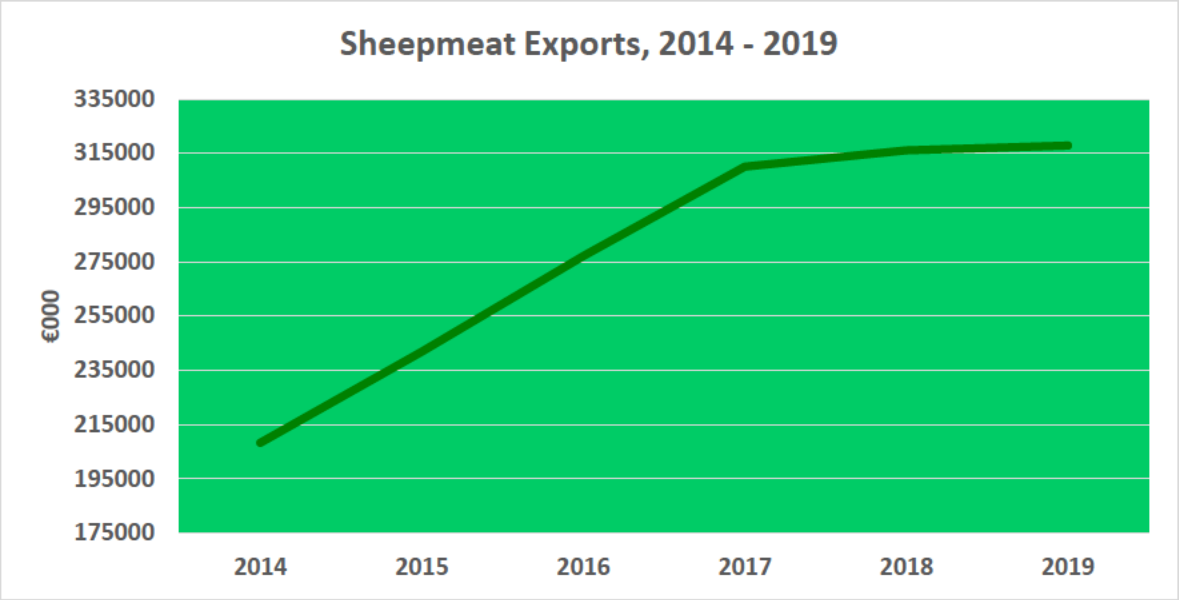
At the end of 2019 Ireland had 3.8 million sheep (a 2% increase on 2018) of which 2.57 million were breeding ewes, 82,000 rams and 1.15 million other sheep spread across 34,938 flocks. The average number of sheep per flock is 106; however, 69% of flocks contain less than 109 sheep.

Slaughtering increased by 1% in 2018 to just under 3 million head from 2.97 million head in 2017. There was approximately 2.8 million head slaughtered in 2019 and 61,941 tonnes of meat worth €317,751 was exported, mainly to France and the UK. This represented a 3% increase in volume and a 1% increase in value on 2018 exports.



There are currently 9 DAFM approved sheep slaughter plants in Ireland with a number of smaller local authority approved plants also authorised to slaughter ovines.

Ireland is the fourth largest sheepmeat exporter in the world, and the second largest in Europe. Sheepmeat worth over €317 million was exported in 2019. Volume increased by 3% in this period while the value on the same period in the previous year increased by 1% according to CSO data.



The sheep sector is export-focused as the domestic consumption is generally only about 30% of overall production. In a challenging trade environment, Irish sheepmeat exports to the UK grew in value by 3% in 2019 due to reduced supplies from New Zealand. In volume terms exports to the UK increased by 8%. EU market share was somewhat displaced by UK sheepmeat which was aggressively pushed in continental Europe in the months preceding the Brexit deadline of 31 October. Declines were experienced in both traditional and newer EU markets: with the exception of Sweden which saw a 19% increase in the value of sheepmeat exports and a 22% volume increase.

Current Issues

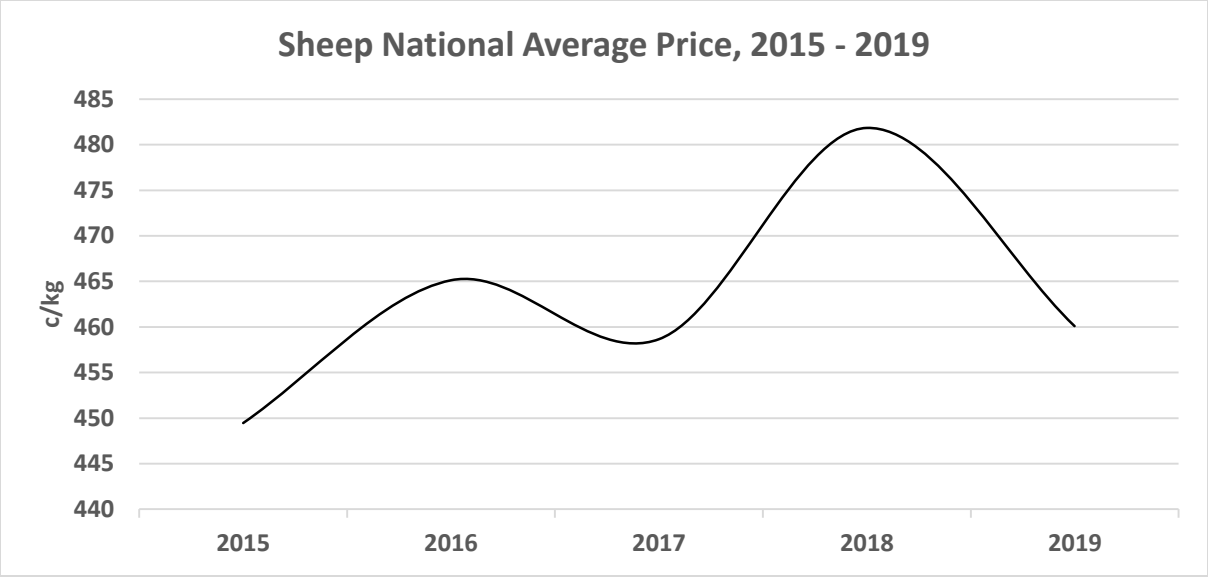
Many of the same economic and income issues that impact on the beef sector are also reflected in the sheep sector. Currently there is a sheep welfare scheme which boosts income. Additionally, in 2019 – 2020 there is an increased focus on diversifying market access for sheepmeat and improving traceability and control programmes to support this. With the advent of Covid19 sheepmeat prices saw an immediate shock; both prices and production dropped but have recovered since. Prices not significantly impacted by Covid19 to date; it is still difficult to assess what the longer-term trend will be.

Sheep Welfare Scheme

The Sheep Welfare Scheme was launched in December 2016 in order to provide support for sheep farmers in improving welfare standards in the national sheep flock. Participating farmers are paid €10 per eligible ewe, and to date some €52m has issued to farmers in respect of the first three years of the Scheme.

Market Situation/Prices

The national average price in 2018 was € 481.85/100kg, a 1.1% increase on the previous year. The national average price in 2019 was €460.10/100kg. The short and medium term forecasts from the OECD and EU Commission indicate that prices are expected to remain broadly stable and there may be some modest growth opportunities in emergent markets.



Economic Sustainability

According to the Teagasc National Farm Survey for 2018, there is heavy reliance in the sheep sector on direct payment, accounted for 143% of Family Farm Income (FFI) in 2018.

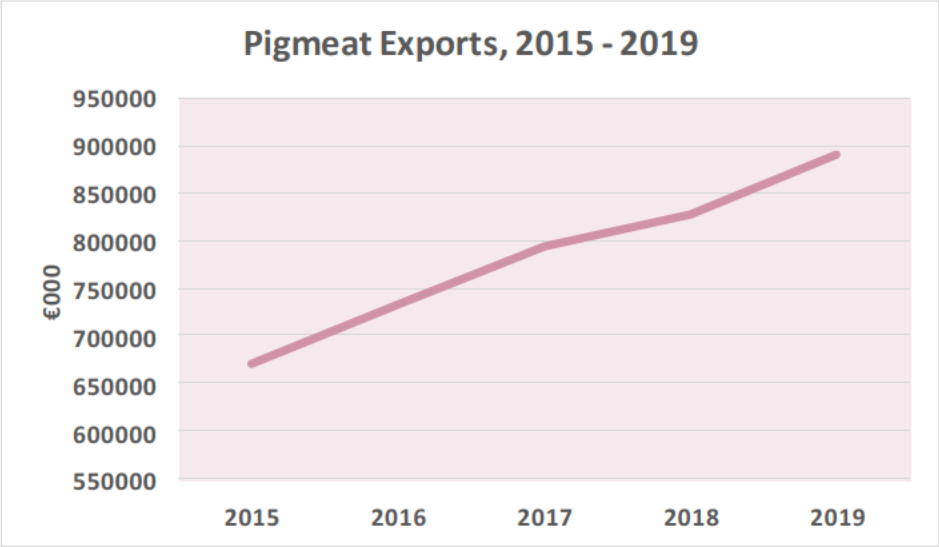
Brexit

While there are challenges presented to the Sheep sector by Brexit there are also opportunities presented particularly in the EU market. A significant issue is the dependence of the Irish processing sector on livestock imports from Northern Ireland, Ireland imports in the region of 500,000 sheep from Northern Ireland for processing annually.

Pigs – Industry overview and current issues

Pigmeat is now the third most valuable sector of the Irish agri-food industry behind dairy and beef and it has shown remarkable growth in recent years. Exports grew by 8% in value terms in 2019 reaching €890 million according to the CSO. This equates to 8% of overall food, drink and horticulture exports. While the UK a 53% share of exports, third country markets rose to 29% of total share in 2019. This is illustrated by the significant expansion in Ireland's pig meat exports to Asia, and to China in particular, where export values more than doubled on foot of increased

export demand as a result of African Swine Fever (ASF). Domestic retail sales came in at €412m for the year, largely due to Ireland's 28kg per capita consumption rate, which is high by international standards.



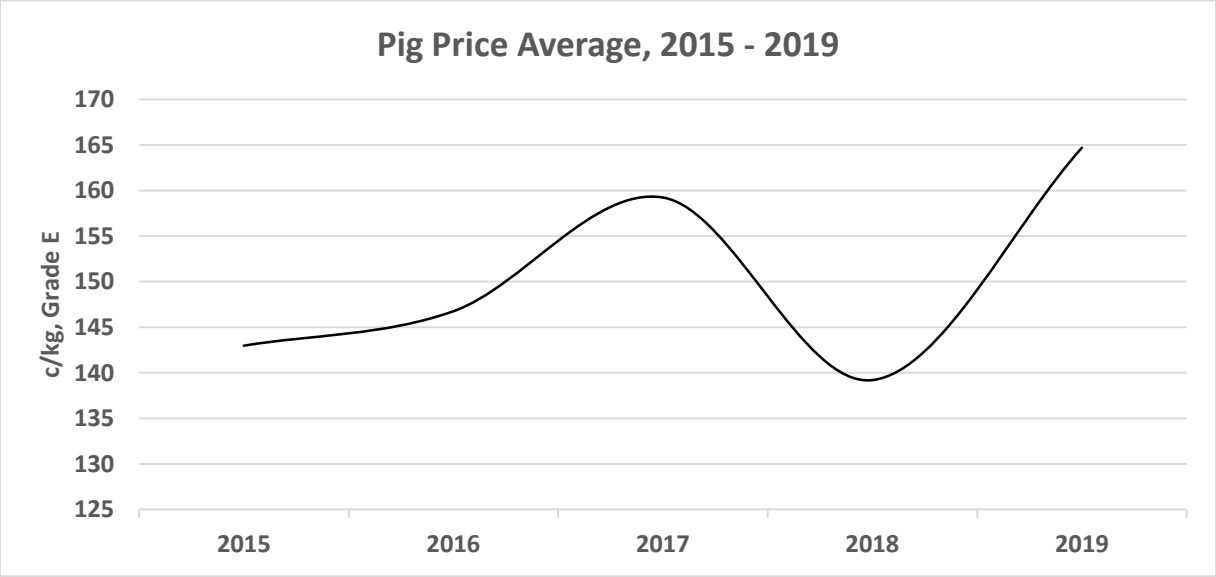
Brexit lends an even greater importance to the expansion of access to international markets. In May 2020 Ireland gained access to Mexico; the fourth largest global importer of chilled and frozen pork. The spread of ASF is undoubtedly both the biggest challenge and largest opportunity for the Irish industry, as the continuing spread of the disease and consequent culls in the Chinese herd creates unprecedented demand for imports.

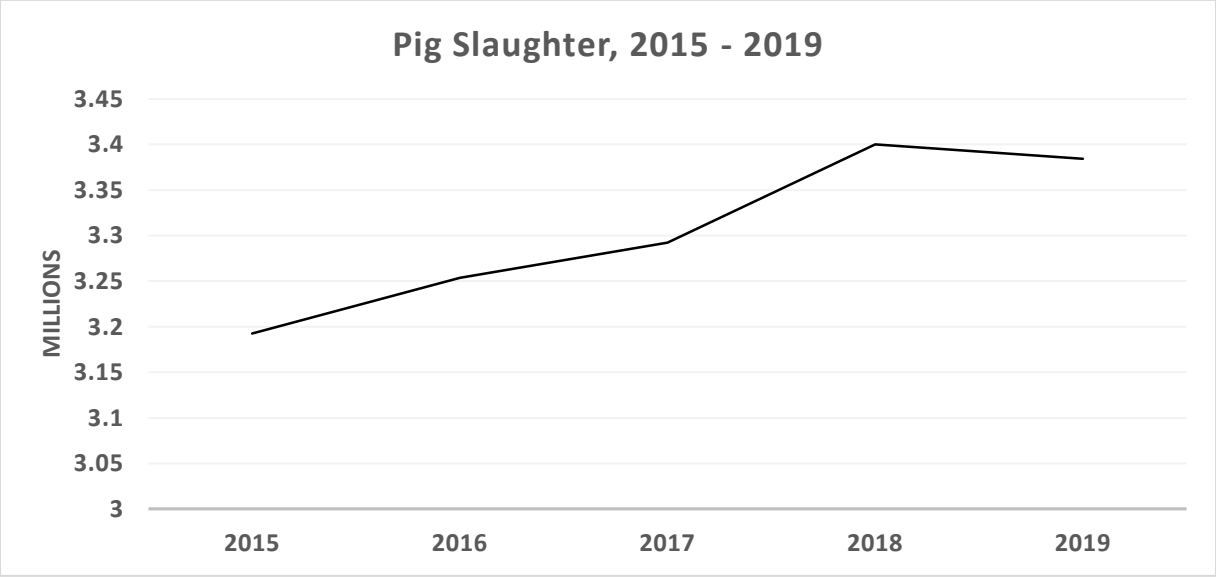
Current Issues

Market Situation/Prices:

Following on from a poor year for prices in 2018, last year saw record highs reached throughout the second half of the year, with €1.90c/kg reached in December. Coupled with a favourable feed price, last year was a very good one for Irish pig producers. However, the Covid-19 crisis has seen a sharp fall in prices, with a decline to approximately €1.65/kg reached by June, where it has held since. This situation is mirrored across the EU with prices declining across the board

in early summer, followed by a period of stabilisation from June onwards. Just under 3.4m head were slaughtered in 2019, holding steady against 2018's total. Production stood at 304,000 tonnes, a rise of 0.5%. Thus far in 2020, slaughter numbers are 1% higher when compared to 2019, standing at 2.23m at the end of August.





In terms of outlook, much will depend on the continuing African Swine Fever situation both within China and across the EU, whereby exporting EU nations which remain ASF-free will take advantage of the upheaval in the Chinese pig sector and ensuing import demand. The importance of this factor cannot be overstated – before ASF spread to China, it produced

almost half the world's pork and some estimates (Rabobank) suggest that as much as 50% of the Chinese herd (equating to a third of the world's pigs) may be culled, with the industry taking as long as five years to recover. ASF is present across much of eastern and central Europe, and in Belgium, and cases have been identified in Poland less than 10km from the German border. The long-term effects of the Covid-19 crisis cannot be known at this point, however the pigmeat industry is faring relatively well despite a decline in pricing. The price a producer receives for their animals remains well above the cost of production, and exports to China are expected to remain at high levels for the foreseeable future.

Pig Industry Stakeholder Group (PISG)

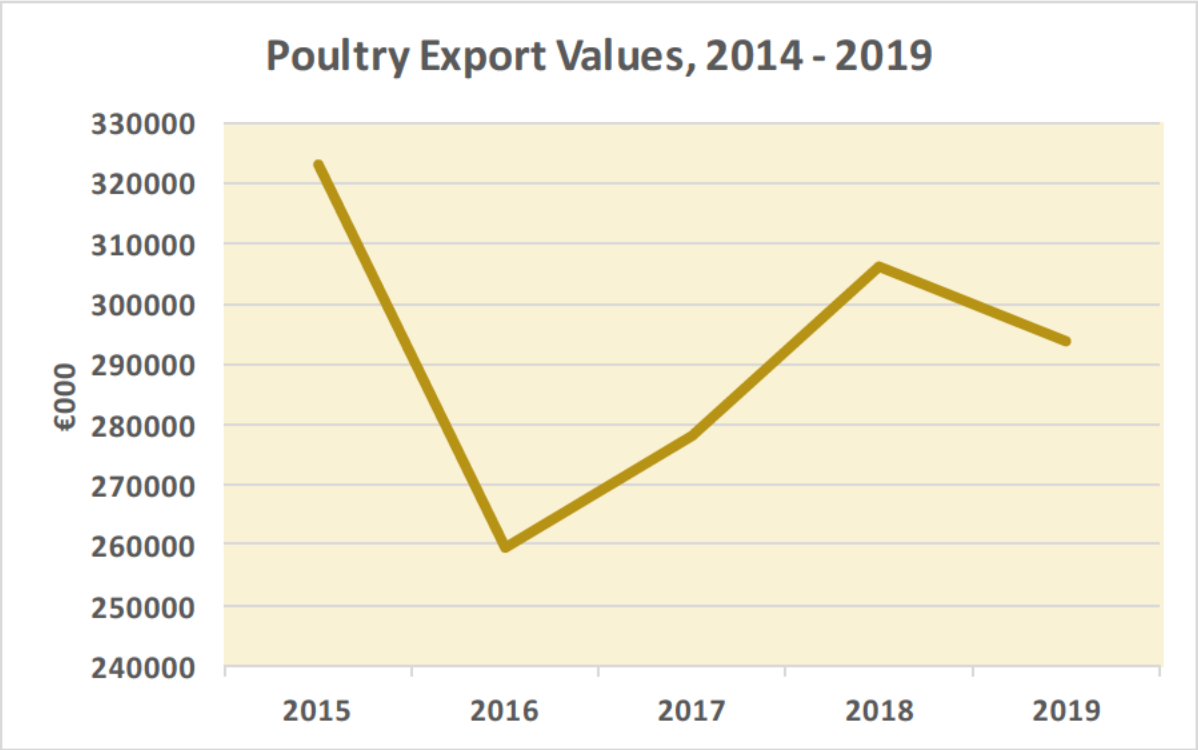
The PISG report contains 65 recommendations across a range of themes including biosecurity, animal welfare, antibiotic usage, animal health, quality assurance, and marketing. The implementation group, chaired by Dr Sean Brady, has met since 2015. As of January 2020, 56 of the 65 actions are in progress. The group made a lot of progress in 2019, with recent developments made in the areas of salmonella control, biosecurity, animal welfare, animal health (Animal Health Ireland commenced work in the sector in late 2019), the Lean Programme for the pig sector, Quality Assurance and TAMS funding

See also topical issues

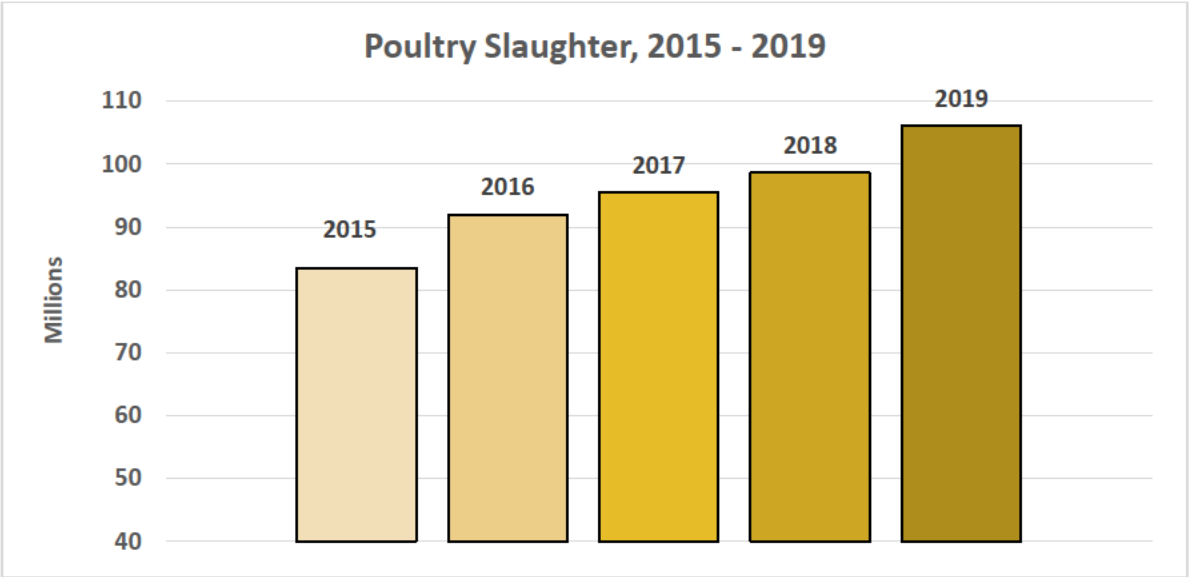
Poultry – Industry overview and current issues

The Irish poultry industry consists of the rearing of birds for meat, the keeping of table-egg laying flocks, a network of breeding flocks and hatcheries to support these activities, the packing of eggs and the poultry slaughter and processing sector. The industry supports in the region of 6,000 jobs, primarily in rural areas.

See also topical issues



A record total of 106m birds were slaughtered in 2019, a rise of just under 5% in annual terms. The value of poultry exports for the full year rose by 5% to reach €306m, with the UK accounting for 71% of that figure. France, Denmark, The Netherlands and South Africa also feature prominently as export destinations. In addition to EU markets, Ireland exports poultry meat to some 40 third-country markets.



See topical issues

Meat Market Access

One of the Department's priorities, particularly in the context of Brexit, is to further increase the market opportunity for Irish food and drink internationally. Trying to gain new market access, or enhance and improve existing market access, has been a particularly prominent feature of recent Ministerial Trade Missions. Meat and Milk Policy Division works in close cooperation with Bord Bia and the embassy network of the Department of Foreign Affairs and Trade to secure new markets for meat. The Division hosts a consultative group with Industry which meets quarterly. Updates on some key markets are highlighted below.

China

In April 2018, the first tranche of three beef plants were approved to export frozen boneless beef to the People's Republic of China. As of January 2020, 21 Irish beef plants have approved to export to China as well as five pigmeat plants. DAFM is currently seeking agreement for sheepmeat access. A successful sheepmeat systems audit was conducted in late August/ early September 2019 (simultaneously with the inspection of 14 applicant beef plants who were subsequently approved in October 2019). DAFM is currently working towards signature of a sheepmeat protocol and also on expanding access for beef.

See also topical issues

USA

Ireland was the first EU MS to secure beef market access in January 2015 and in July 2016 received approval to send BIFG (Beef Intended for Grinding) to the USA. A total of 11 Irish beef plants are now USDA approved. 10 have been approved for the export of raw intact beef to the US, of which 3 are also approved for BIFG. The eleventh plant was approved in May 2019 for processed beef, which may also be called manufactured beef or beef patties. The USDA's Food Safety Inspection Service carried out a successful re-instatement audit in June 2019 on beef &

pigmeat. DAFM is seeking sheepmeat access to the US, but will not be able to progress until the US lifts a TSE (scrapie) ban on EU sheepmeat.

South Korea

The process for beef market access has been ongoing for a number of years and Ireland is currently at step five in an eight step process. Ireland, along with France, is the most advanced in process beef market access application of EU Member States seek to Korea, following Denmark & the Netherlands' approval in July 2019. Once step five is completed (Korean National Assembly process) DAFM will need to agree import veterinary health requirements with the Korean authorities. Should Ireland be successful in gaining market access for Irish beef, Korea will return to inspect individual plants that want to export to Korea. DAFM is also currently in discussions with the Korean authorities in relation to poultry access.

Japan

The Japanese market was opened to exports of beef from Ireland in December 2013. Trade consists mainly of frozen beef offal, tongues in particular. In May 2019, the 30 month age restriction on cattle slaughtered for beef exported to Japan was lifted. Following a successful sheepmeat systems audit in April 2019, sheepmeat access was agreed in principle during a Ministerial trade mission to Japan in June 2019, the details and certification was finalised in July 2019.

Mexico

Securing pigmeat access to Mexico was a priority in 2019/2020 following an audit in November 2018. Market access to Mexico for frozen pigmeat was achieved on 8 May 2020. 5 processing plants and 5 cold stores have been approved.

Gulf States

In July 2018 DAFM finalised a veterinary health certificates for meat (beef, sheepmeat and poultry) with Qatar. Agreement covers boneless beef less than 30 months and for sheepmeat

and poultry boneless and bone in product of any age is covered. In October 2018 DAFM also finalised a veterinary health certificates for meat (beef, sheepmeat and poultry) with Kuwait.

Saudi Arabia

DAFM is currently seeking a finalised agreement with the Saudi Food and Drug Authority on a sheepmeat export certificate, once it is finalised a number of Irish sheepmeat plants are already listed as approved to export to Saudi Arabia.

Malaysia & Indonesia

November 2019 DAFM hosted a team of Malaysian auditors for a poultry systems and plant inspection audit. No plant has achieved approval to export to date. DAFM is also currently in discussions with Indonesia in relation to poultry access – both competent authority and FBO questionnaires have been submitted.

Vietnam

DAFM is currently in discussions with the Vietnamese authorities in relation to beef access and enhancing existing pigmeat access.

7 Point Action Plan on Market Access

The 7 Point Action Plan on market access was launched on 24 April 2017, key actions include:

- The establishment of a High-Level Market Access Committee within the Department
- The allocation of additional market access resources in the Department
- The DAFM Online International Market Access Portal launched in 11 May 2018 which brings together in the one location the full range of open markets and products, and the relevant conditions certification in a user-friendly manner for exporters.
- Bord Bia market profiling exercise for potential third-country and EU markets for Irish exports, 'Prioritising Markets: Opportunities for Growth' published in May 2018. The final report identifies 15 markets by sector that are likely to present growth

opportunities for meat, dairy, prepared consumer foods, beverages, and seafood over the next 5-10 years, against the capability of Ireland to supply those markets.

- An intensified programme of trade missions to promote Irish food and drink on EU and third country markets, since April 2017 10 Ministerial Trade Missions to 10 Third Country markets have taken place.

ECONOMICS AND PLANNING DIVISION (EPD)

Head of Division: Seán Bell, Chief Economist

The mission of Economics and Planning Division (EPD) is to provide a quality service to the Minister and Department on economics, statistics and strategic policy planning; and to contribute effectively to cross-Government policy, international agricultural policy and international development co-operation.

The Division is made of five main areas:

1. **Food Wise 2025, Agri-Food 2030 & Cross-Government Strategies**
2. **Economic and Statistical Analysis**
3. **Access to Finance and Agri-taxation**
4. **Evaluation, CAP and Brexit Analysis**
5. **International Development & SDGs**
6. **OECD**

1. Food Wise 2025, Agri-Food 2030 Development & Cross-Government Strategies

Food Wise 2025

Food Wise 2025 is the current ten-year strategy for the agri-food sector, agreed by a committee of stakeholders and published in 2015. The agri-food sector has benefited from an approach to strategic planning through the development of ten-year stakeholder-led strategies, updated every five years. Since their inception twenty years ago, up to the current Food Wise 2025 plan,

these strategies have ensured that the sector has a coherent, stakeholder-led vision and strategy to underpin the sector's continued development.

Food Wise 2025 underlines the sector's unique and special position within the Irish economy and illustrates the potential for further development. It has a vision of thriving primary producers and agri-food businesses at the heart of vibrant communities across the country and was built on five cross cutting themes environmental sustainability, human capital, competitiveness, market development and innovation. Food Wise 2025 identifies ambitious and challenging growth projections for the industry to 2025 including:

- 85% increase in exports to €19bn;
- 65% increase in primary production value to €10 billion;
- 70% increase in the sector's value addition to the economy to over €13 billion; and
- The creation of 23,000 additional jobs all along the supply chain from producer level to high-end value-added product development.

Implementation process

The Implementation process for Food Wise is driven by the High Level Implementation Committee (HLIC), chaired by the Minister, and made up of the relevant State agencies (Bord Bia, Bord Iascaigh Mhara (BIM), Enterprise Ireland (EI), Teagasc and the Environmental Protection Agency (EPA)) and other Government Departments (Department of Business, Enterprise and Innovation (DBEI), Department of Public Expenditure and Reform (DPER) & Department of Communications, Climate Action and Environment (DCCAE)), with participation from DAFM and stakeholders as required. The secretariat is provided by EPD. An Environmental Sustainability Sub-Group focuses specifically on monitoring and driving the sustainability recommendations.

The Food Wise 2025 High Level Implementation Committee met five times in 2019 and three times so far in 2020 (primarily to discuss the agri-food sector's response to COVID-19). The

Committee has met 27 times in total since 2015. Steps to Success 2019, the fourth annual progress report on Food Wise implementation, was published in July 2019. Of the 376 actions under the implementation plan commenced or ongoing, 87% have been achieved or substantial action has been undertaken, and a further 13% have commenced and are progressing.

Issues:

- Although the timeframe of each strategy is ten years, they are reviewed and renewed every five years. The 2030 agri-food strategy process is well underway (see below).
- Food Wise has "Human Capital" as one of its themes:
    - Pre-COVID the sector, along with other parts of the economy, had seen labour shortages developing in certain areas. EPD has responsibility for dealing directly with DBEI on employment permits for non-EU workers. In 2018, DBEI commenced a pilot scheme for the provision of 750 permits for meat processor operatives. A quota of 500 permits for horticulture workers, and 50 permits for dairy farm assistants were also announced. Since then, a further 1,750 permits have been sanctioned for meat processing operatives, 100 permits for dairy farm assistants, and 300 permits for knifemen/de-boners in meat processing. Engagement with DBEI remains ongoing in relation to further quotas for these occupations as the need arises; potential new quotas for other agri-food occupations; and revisions to the over-arching employment permit legislations. The job losses nationally and across the EU will influence further decisions in this regard. Work is ongoing on a new seasonal permit under a new employment permit act and this is expected to particularly assist the primary agriculture sector.
    - The "People in Dairy Action Plan", a report on the future people requirements of Irish dairy farming, has been developed and adopted.

Agri-Food 2030 Strategy Development

DAFM began the process for developing the next ten-year strategy in summer 2019 when a public consultation was launched. A consultation document and online survey were issued to ascertain the views of all stakeholders on the direction of the sector to 2030. This remained open for 10 weeks and a total of 60 written submissions were received, with 214 responses to the online survey. A national stakeholder consultation event for 400 delegates to discuss these issues in more detail was held at the Aviva Stadium on the 16th October 2019. This 'Open Policy Debate' consisted of several plenary speakers and a series of six parallel break-out sessions.

In November 2019, a committee representative of the sector, and chaired by Tom Arnold, was established and tasked with developing the agri-food strategy to 2030 (see appendix 1 for the membership of the Committee). Their terms of refence are to outline the vision and key objectives, with associated actions, required to ensure the economic, environmental and social sustainability of the agri-food sector in the decade ahead. The Committee's report will be short, specific and cross-sectoral, with ambitious but realistic actions. A Strategic Environmental Assessment (SEA) will also be conducted in parallel with the work of the committee. This is to ensure that environmental considerations are fully integrated into the preparation of the strategy and is a legal requirement.

The Committee held its first meeting in November 2019 and subsequently met in January, February and March. A VC meeting of the Committee was held in June. The Committee is taking a 'Food Systems' approach to the Strategy, which is a more holistic view and links the sector to nutrition, health and the environment and is in line with current international policy approaches (including the EU "Farm to Fork" Strategy). Four overarching themes have emerged:

- Future food and beverages that meet consumer and societal expectations
- Primary producer viability and well-being
- Climate smart, environmentally sustainable agri-food systems.

- An Innovative, Technology Driven Agri-Food and Bioeconomy Sector

Issues:

- The timeline for the development of the strategy has been extended due to COVID-19. Meetings scheduled for April and May had to be postponed. It was initially thought that the Strategy could be ready by the summer but is now envisaged that a draft will be prepared by November along with a draft SEA and AA, and these will then be the subject of public consultation. Once this is complete, the SEA will be finalised, and its findings will then be incorporated into a final 2030 strategy. Therefore, the final version of the strategy could be launched in early 2021. However, it should be noted that these timelines are subject to change and will be particularly dependent on COVID-19 developments and the progress of Committee deliberations, as well as the SEA process. Ongoing Brexit developments will also be a factor.
- The Programme for Government states in this regard, "Publish a successor strategy to Foodwise 2025, within six months of Government formation, providing an ambitious blueprint for the industry for the years ahead, adding value sustainably in the agri-food sector into the future and supporting family farms and employment in rural Ireland" and "Ensure that in addition to growing international markets and value-added export growth as a key priority, a strategic focus of the Foodwise 2025 successor strategy will be on environmental protection, reversing biodiversity decline and developing additional market opportunities for primary producers closer to home".

Cross-Government Reporting Mechanisms

EPD leads on coordinating the Department's response and participation in cross-Government initiatives such as:

- The Programme for Government.
- "Future Jobs Ireland": this initiative is led jointly by D/Taoiseach & DBEI, was initially published in 2019 and is to be updated annually. The aim is to ensure Ireland is positioned

to adapt and prosper in the future, based on embracing innovation and technological change, improving productivity, increasing labour force participation, enhancing skills and developing talent and transitioning to a low carbon economy. This Department is responsible for reporting on deliverables in relation to transitioning to a low carbon economy in the agriculture sector and the bioeconomy.

- The Cabinet Committee on the Economy (& the preparatory Senior Officials Group or SOG) examines issues relating to the economy, including Future Jobs. The Minister (and EPD at SOG) attends these meetings and provides input on issues affecting the agri-food sector.
- DAFM has provided input to the development of a new rural development policy being developed as the successor to the 'Action Plan for Rural Development'; and will be responsible for policy measures relating to agriculture when the report is finalised.

2. Economic and Statistical Analysis

EPD undertakes a broad range of economic and statistical analysis to facilitate policymaking within the Department. This includes monitoring trends in trade and production, as well as farm structures and farm incomes, with much of the source material coming from the Central Statistics Office (CSO) and Teagasc (see separate chapter on the "Economic Contribution of the Agri-Food sector"). Economic and financial analysis is provided as required to assess the impact of policy proposals on the Irish agri-food sector. Current topics include: analysis for EU Budget and CAP reform post-2020; BREXIT; and WTO & regional trade negotiations (including TTIP and Mercosur). This analysis is carried out both internally in the Department and with the assistance of research institutes, particularly Teagasc.

EPD publishes the Annual Review and Outlook for Agriculture, Food and the Marine each year which provides up to date information and statistical analysis on a wide variety of topics impacting the agri-food sector. It provides a strong evidence base to assist with policy analysis and debate in the sector. EPD also publishes factsheets on topics such as international trade, Brexit, Irish agriculture, price indices and country-specific trade factsheets and provides briefing

on agri-food and trade related releases by the EU Commission, OECD, CSO, Teagasc and other bodies.

- Annual Review and Outlook for Agriculture, Food and the Marine 2019
- Factsheets and other publications

3. Access to Finance and Agri-taxation

Food Wise 2025 identifies competitiveness as a key theme and recommends that stakeholders work to "Improve access to finance for agriculture, forestry and seafood producers and Agri-food companies". It also recognises the importance of taxation as an issue for farmers and the agri-food industry. These themes will carry into the forthcoming 2030 Strategy for the agri-food sector. Access to finance is a vital issue for all businesses in the context of the COVID-19 pandemic.

Liquidity and liaison with the banks

Liquidity is frequently a challenge for primary producers, who are subject to income volatility and vulnerable to weather events. DAFM and the Minister for Agriculture, Food and the Marine meet and liaise with the main banks on access to finance issues relating to the agri-food sector. There is also good cross-Departmental cooperation with the Department of Business, Enterprise and Innovation and the Department of Finance. In recent years there have been a number of initiatives undertaken, primarily through the publicly owned Strategic Banking Corporation of Ireland (SBCI) to address gaps in the market.

In relation to the current COVID pandemic, DAFM has engaged with the banks on the specific liquidity and financing needs of farmers, fishers and agri-food businesses and has stressed the need for the banks to support and work with their customers through this challenging period. All the banks have announced that they will offer flexibility to their customers, and that they may be able to provide payment breaks or emergency working capital facilities. They

subsequently announced an extension of their payment break from three months to six months for those directly impacted by Covid-19. The advice is that farmers, fishers and food businesses should engage with their bank at an early stage to discuss emerging cashflow issues.

In times of low liquidity, there is a tendency to rely on co-op and merchant credit to navigate through difficulty times. Support from co-ops and processors is important in this regard.

Access to Finance supports

Current eligibility for access to finance & liquidity supports		
Support	**Agri-food businesses**	**Primary Production**
Microfinance Ireland	Yes	Yes
SBCI Covid19 Working Capital Scheme	Yes	No
Future Growth Loan Scheme	Yes	Yes
New Credit Guarantee Scheme	Yes	Yes

Microfinance Ireland

Microfinance Ireland provides loans through the Government's Microenterprise Loan Fund for start-ups and established micro-enterprises (a small business with fewer than 10 employees and an annual turnover of less than €2m). Farmers and fishers are eligible to avail of Microfinance Ireland's COVID-19 Business Loan. These are working capital loans up to €50,000 with an interest rate of 4.5% fixed APR (if referred from a bank or another referral partner such as a Local Enterprise Office). Loans typically have a three-year term, with an option of the first six months interest and repayment free.

Brexit Loan Scheme / Covid-19 Working Capital Loan Scheme

The €300 million Brexit Loan Scheme (BLS) was designed, in cooperation with the Department of Business, Enterprise and Innovation and SBCI, to provide funding support to enable eligible Irish businesses (i.e. SMEs or small mid-caps) to implement necessary changes to address the challenges posed by Brexit. The scheme, available since 31st March 2018 was scheduled to close on 31st March 2020 but was extended in line with the extended Brexit timeframe. It provides for loans of €25,000 to €1,500,000 per eligible enterprise at a maximum interest rate of 4%, ranging from 1 year to 3 years, with unsecured loans up to €500,000. The loans can be used for future working capital requirements or to fund innovation, change or adaptation of the business to mitigate the impact of Brexit. Public funding of €23 million leverages €300 million in total. None of this actually goes into loans; all of the loan funding is provided by the participating banks. The public money guarantees the banks against losses (80% on each loan) along with the EIB Group's InnovFin SME Guarantee Facility and the Strategic Banking Corporation of Ireland (SBCI). Given its significant exposure to the UK market, the Department of Agriculture, Food and the Marine contributed €9million, ensuring at least 40% of the fund will be available to food businesses. This is the only sector that has ring-fenced funding. Due to state aid considerations, primary agriculture was not eligible for this loan product. At 28 August 2020, 1,011 loans have been approved for the Brexit Loan Scheme. Loan funding of €56.3 million has been sanctioned to 279 applicants, of which 45 to the value of €10.8 million (19%) relate to food businesses.

As part of the Government's response to counter the economic impact of the coronavirus, the BLS was repurposed as the €250million **Covid-19 Working Capital Loan Scheme,** which is open to SMEs and mid-caps (i.e. up to 500 employees). With similar conditions to the BLS, 40% (€100m) is ring-fenced for food businesses and other agri-food businesses outside the farm gate (due to technical considerations arising from the InnovFin guarantee, the Scheme is not available to primary producers). An additional €125 million (bringing the total to €375 million)

has been announced and is currently being put in place by SBCI. This is expected to cost DAFM €8.37 million in 2020.
At 28 August 2020, there were 3,232 eligibility applications approved and 821 loans to the value of approximately €105 million sanctioned. Of these, 142 are food companies with sanction for €12.9 million (12%).

The Future Growth Loan Scheme

The Future Growth Loan Scheme supports strategic long-term capital investment by SMEs, farmers and fishermen. The Scheme was developed by DAFM and DBEI, in partnership with the Department of Finance, the Strategic Banking Corporation of Ireland (SBCI) and the European Investment Fund (EIF). It is being delivered through participating finance providers and makes up to €300 million of investment loans available to eligible Irish businesses, including farmers and the agri-food & seafood sectors. The loans are competitively priced (an initial maximum loan interest rate of 4.5% for loans less than €250,000), are for terms of 8-10 years and support strategic long-term investment in a post-Brexit environment. A minimum loan amount of €100,000 applies up to a maximum of €3,000,000 per applicant. Considering the needs of Irish farmers, a specific minimum of €50,000 has been secured for them.

This is a financial product that was previously unavailable in Ireland, hence the involvement of the various public bodies to bring it to market. The unique characteristic of the Scheme is that loans up to €500,000 are unsecured making it a viable source of finance for young and new entrant farmers, especially the cohort who do not have high levels of security. It will also serve smaller-scale farmers, who often do not have the leverage to negotiate for more favourable terms with their banking institution. Food companies, too, have identified long-term investment finance of up to ten years as a critical need which is currently unavailable in Ireland. The effects of his product will be felt all along the food production chain from primary producer to processor. The Future Growth Loan Scheme has been open for loan eligibility applications through the SBCI website since April 2019. The scheme has been a success with very strong

demand for investment loans. At 28 August 2020, 4,872 loans have been approved for the Future Growth Loan Scheme, of which 1,392 relate to farmers and 550 relate to food businesses. Loan funding of €283.4m has been sanctioned to 1,307 applicants, of which 493 to the value of €62.7 million relates to farmers (22%) and 106 to the value of €31.4m (11%) relates to food businesses.

As a result of the significant and sudden financial impact of the COVID-19 pandemic on businesses, a second tranche of €500million, with up to 40% available to the agri-food sector including farmers, was launched on 30th July 2020. This expansion is expected to cost DAFM €42.2m over 2020, 2021 & 2022. While the total 2020 cost is €16.6m, DAFM has DPER sanction to use €4.6m in funds becoming available from the Agriculture Cashflow Support Loan Scheme (see below), so the net contribution for 2020 is expected to be €12m.

Credit Guarantee Scheme

The €2 billion COVID-19 Credit Guarantee Scheme has been announced and will provide an 80% guarantee on lending to SMEs until the end of this year. SMEs will be able to go directly to the banks in the Scheme, and the guarantee can be used for a wide range of lending products between €10,000 and €1 million that have a maximum term of 6 years or less. It will be available to all SME sectors, including primary producers (farmers and fishers). Interest rates will be below current market rates. Implementing this scheme will require legislation, the drafting of which has been approved by Government. In parallel with the drafting of the legislation and its passage through the Houses of the Oireachtas, the Department of Business, Enterprise and Innovation, the Department of Agriculture, Food and the Marine, the Departments of Finance and Public Expenditure and Reform, and the Strategic Banking Corporation of Ireland are working to put in place arrangements to ensure that the Scheme can be implemented as soon as possible after the enactment of the legislation.

Potential further initiatives

The option for financial instruments under CAP Post 2020 is under consideration with reference to potential funding gaps and previous experience with loan schemes.

Agriculture Cash flow Support Loan Scheme

The Agriculture Cashflow Support Loan Scheme developed by DAFM in cooperation with the Strategic Banking Corporation of Ireland (SBCI) provided low-cost (2.95%) flexible working capital finance to farmers. The scheme opened in January 2017 and is now closed. There was a very positive reaction by farmers to the scheme which received €25m in public funding including €11.1 million from the EU's 'exceptional adjustment aid for milk and other livestock farmers.' Fully subscribed, the loan scheme loaned over €145m to in excess of 4,000 farmers. A Spending Review of the Scheme found that the delivery of the ACSLS and the ongoing bilateral engagement between DAFM and the main banks is acting as a catalyst to encourage financial institutions to improve and develop new products for the sector, especially for working capital or liquidity. Unused guarantee funds are becoming available from this Scheme as loans are being repaid; €4.6m in funds to date for which DAFM has DPER sanction to put towards the FGLS expansion.

Issues:

- Ensure that the financial needs of the agri-food sector are served as it moves towards recovery from the impact of the COVID-19 pandemic, including the Credit Guarantee Scheme for liquidity and the Future Growth Loan Scheme for longer-term capital investment
- Explore any potential market gaps in access to finance including through engagement with EIF and through the forthcoming CAP.

Agri-taxation

In recognition of its significant role in the economy, and especially the rural economy, there are specific taxation measures aimed at the agriculture sector. And while taxation policy is primarily the responsibility of the Minister for Finance, the two Departments continuously liaise on agri-taxation matters. The publication of the 'Agri-taxation Review' in Budget 2015, a joint initiative between the two Departments, put in place a comprehensive taxation strategy for the sector. The Review provided a solid evidence base for continued assistance to the primary agriculture sector through taxation measures, and is a clear strategy with specific policy objectives for the future to:

- Increase the mobility and the productive use of land.
- Assist succession.
- Complement wider agriculture policies and schemes, such as supporting: investment to enhance competitiveness including assisting new entrant, young trained farmers; environmental sustainability, including the improvement of farm efficiency; alternative farming models such as farm partnerships; and responses to increasing income volatility.

Budget 2019 saw the publication of the "Progress Implementation Update of the Agri-taxation Review 2014". This shows the excellent progress made between the two Departments over recent Budgets with the almost complete implementation of the 25 recommendations of the Agri-taxation Review, which has resulted in positive changes for Irish agriculture, especially in the areas of land mobility and succession. The Review shows that taxation support to the sector averaged €930million per annum in the years 2012 to 2016, or an average of or €240million per annum in specific agri-taxation measures.

DAFM work with D/Fin on an ongoing basis to advise on agri taxation matters. This work includes regularly reviewing existing tax measures, as well as ensuring compliance with State Aid regulations. In addition, the Minister makes an annual budget submission on taxation, including proposals for new measures, when appropriate.

Consanguinity Relief from Stamp Duty provides, under certain conditions, for a 1% rate applicable to transfers to certain close relations (the standard rate is currently 7.5%). It is due for renewal in this year's budget, along with Stamp Duty Farm Consolidation Relief

Issues:

- The Minister's annual taxation submission for Budget 2021 is to be finalised. Work is ongoing on potential measures to assist farmers in meeting the challenges and obligations set out in the Climate Action Plan and to incentivise better health and safety in the sector

4. Evaluation, CAP & Brexit Analysis

Evaluation

EPD, as the Department's central evaluation unit, is also part of the cross-Departmental Irish Government Economic and Evaluation Service (IGEES). EPD is responsible for the co-ordination of Spending Reviews, where selected areas of expenditure are reviewed in terms of the spending rationale, efficiency, effectiveness, impact and sustainability. The Department of Public Expenditure and Reform (DPER) oversees the Spending Reviews, which are published in advance of the Budget annually. Spending reviews relating to the Beef Data and Genomics Programme (BDGP) and the TB Eradication were completed in 2019 (https://www.gov.ie/en/collection/5915ad-spending-review/). For 2020 EPD intends to complete Spending Reviews on: 1) Research and 2) the Teagasc Grassland Research and Innovation Programme. EPD also undertakes once off policy analyses, including Value for Money (VFM) reviews as necessary, or broader research projects such as (under the Climate Action Plan) to evaluate the economic impact of a transition to a low carbon agri-food sector.

CAP

CAP Modelling

EPD will also conduct economic modelling to show the potential impact of the upcoming CAP reform for 2021-2027. EPD is assisting the EU and Entitlement Divisions in profiling the sectors in order to analyse what the impact of the proposed reforms could be; based on detailed analysis of DAFM datasets.

CAP Analysis

EPD is the lead Division on policy analysis for the risk management element of CAP Objective 1: Ensure Viable Income, including the SWOT analysis, needs assessment and policy options. Article 70 of the proposed CAP Strategic Plan regulation provides the option to fund risk management tools including financial contributions to premiums for insurance schemes and to mutual funds. As a small, open economy particularly reliant on exports to drive growth and job creation, Ireland requires a continued focus on competitiveness in its global marketplaces. The agri-food sector is a price taker and therefore susceptible to price volatility. Risk management is therefore particularly important to the ongoing success of the sector.

Normal variations in production, prices and weathers should be addressed in normal business strategy and do not require a policy response. Infrequent but catastrophic events that affect many or all farmers over a wide area will generally be beyond the capacity of farmers or markets to cope and will require policy intervention. In between normal and catastrophic risk lies marketable risk, which can be addressed through market tools such as insurance and futures markets or through cooperative arrangements among farmers. However, in Ireland there is a market failure regarding risk insurance – it is not generally available to Irish farm enterprises.

EPD is also the lead Division on Gender Equality under the forthcoming CAP which although falling under Objective 8 Vibrant Rural Areas impacts across all nine objectives. The policy aim is to track progress on gender equality in CAP and promote female empowerment and engagement while ensuring barriers to female participation are addressed.

Article 74 of the proposed CAP Strategic Plan regulation provides for funding of Financial Instruments. Eligible expenditure of a financial instrument shall be contributions paid, or, in the case of guarantees, set aside as agreed in for guarantee contracts. It is important that financial instruments, if supported through CAP, offer enough flexibility to complement support with grants under Article 68 Investments. The decision whether to fund financial instruments through CAP will consider existing financial instruments such as the Future Growth Loan Scheme and whether a market failure exists which needs to be remedied.

EPD is also the lead Division on policy analysis for CAP Objective7: to attract young farmers and facilitate business development in rural areas, including the SWOT analysis, needs assessment and policy options. Young farmers account for just over 5% of the farmers in Ireland, and while this issue is not unique to Ireland, it is important to design policies that can assist in generational renewal, which in turn can support efforts to improve business opportunities for the broader rural communities.

As part of the CAP reform planning, a SWOT exercise was undertaken. Among the preliminary findings, existing supports and the training of young farmers were key strengths, access to land and income challenges were identified as weaknesses, improved technologies and career development were listed as opportunities and market volatility and Brexit were identified as key threats.

Issues:

- Policy options are currently under consideration by DAFM in the context of SWOT and Needs Analyses.

Brexit Analysis

Brexit creates a unique challenge for the Irish Agri-food sector given the importance of the UK market and the associated exposure to trade impediments that will be inevitable as the UK exits the EU. The impact of Brexit will undoubtedly be negative for the Irish agri-food sector, but the precise effects will depend on the future relationship agreed between the EU and the UK.

EPD conducted analysis based on 2019 trade data and the UK's declared Global Tariff (UKGT) regime which will apply in the absence of a trade agreement and the combined impact of all UKGT duties on the €5.5 billion of agri-food exports to the UK in 2019 is €1.55 billion which is an Ad Valorem Equivalent (AVE) of 28.3%. The potential implications for the Irish agri-food sector under the UKGT scenario is a serious threat. By sector, the impact varies, but the main sectors adversely affected are:

- Beef: UKGT duty of €724 million (72%)
- Dairy: UKGT duty of €413 million (40%)
- Pigmeat: UKGT duty of €91 million (20%)
- Poultry: UKGT duty of €74 million (34%)
- Cereals: UKGT duty of €49 million (10%)

The beef sector (with exports to the UK valued at €1bn) was most exposed costing up to €724m in tariffs (assuming no TRQ is captured) representing 71.8% of the declared value of beef exports to the UK. The situation the beef sector is exacerbated by the lack of alternative markets, which may become available to other sectors.

The impact of non-tariff barriers (NTBs) which refers to all other costs to trade such as SPS or customs checks that are inevitable without regulatory alignment to protect the integrity of the Single Market is also being undertaken.

Issues:

- The results of these analyses will directly feed into the ongoing negotiations between the UK and the EU to highlight the exposure of the Irish agri-food sector which is particularly relevant to accessing support under the Brexit Adjustment Reserve.

5. International Development & SDGs

International Development

"A Better World" is Ireland's policy for international development and it is led by Irish Aid in the Department of Foreign Affairs and Trade. Ireland's total international development provision is some €837 million. Outside of Irish Aid, DAFM is one of the biggest contributors, some €26 million, which includes one of Ireland's largest single payments to a United Nations organisation. This funding consists of:

- €23m to the World Food Programme (varies as per agreement with WFP see below) which is used to address global food insecurity including provision of food aid and emergency aid for disaster and conflict areas.
- Almost €2m to the UN Food and Agriculture Organisation (FAO), which includes an annual subscription and funding to specific FAO projects directed to areas where FAO have a competence and which DAFM considers to be of strategic importance.
- €750,000 to Africa Agri-Food Development Programme to develop partnerships between the Irish Agri-Food Sector and African countries

World Food Programme (WFP)

WFP is the United Nations organisation responsible for the delivery of food assistance to the poorest and most vulnerable people in the world partnering with other agencies, civil society

and the private sector to enable people, communities and countries to meet their own food needs. The Department of Agriculture, Food and the Marine is the lead Department for the Irish Government's relationship with the WFP.

The WFP-Ireland Strategic Partnership Agreement 2019-2021 was signed in Dublin in December 2018. It is the third such agreement. The WFP-Ireland SPA 2019-2021 increased core funding from €60m to €70m: €22m in 2019, €23m in 2020 and €25m in 2021.

Full early payment of Ireland's 2020 core contribution to the World Food Programme (WFP) of €23 million, in the context of supporting the WFP response to COVID-19, was made in May.

Food and Agriculture Organisation (FAO)

The Food and Agriculture Organisation of the United Nations is mandated to help eliminate hunger, food insecurity and malnutrition, make agriculture, forestry and fisheries more productive and sustainable, enable inclusive and efficient agricultural and food systems and increase the resilience of livelihoods to threats and crises. The Department of Agriculture, Food and the Marine is also the lead Department for the Irish Government's relationship with the FAO.

DAFM (EPD and the Rome attaché) attends regular meetings with WFP/FAO personnel across various Directorates in WFP/FAO HQ and coordination meetings in Brussels; represents Ireland at formal sessions of WFP/FAO Committee and engages with other Member States on relevant issues. Ireland was a member of the WFP's Executive Board for a two-year term, in 2018 and 2019.

Africa Agri-Food Development Programme (AADP)

DAFM, in partnership with DFAT, administers the Programme, which was established 2012. It facilitates Irish agri-food companies to link up with sustainable agriculture development projects in Africa. The objective of the Fund is to develop partnerships between the Irish Agri-Food Sector and African countries to support sustainable growth of the local food industry, build markets for local produce and support mutual trade between Ireland and Africa. The type of assistance envisaged could come in the form of capital investment, capacity building, technology transfer, business advice or training and mentoring. Two projects totalling €542,000 were approved in the last round of funding.

Sustainable Development Goals

In September 2015, United Nations Member States adopted the 2030 Agenda for Sustainable Development. At the centre of the 2030 Agenda is the seventeen Sustainable Development Goals (SDGs). There is a whole-of-government response to the delivery of Ireland's SDG commitments where Ministers retain responsibility for implementing the individual SDGs relating to their functions. DAFM is a lead Department on the following five SDGs:

Goal 2	Zero Hunger
Goal 12	Responsible Consumption and Production
Goal 14	Life below Water
Goal 15	Life on Land
Goal 17	Partnerships for the Goals

Issues:

- Ireland's next Sustainable Development Goal National Implementation Plan (2021-2023) is due to be delivered early Q4 2020, and EPD will contribute to this cross-Departmental work.

Sustainable Food Systems Ireland

Sustainable Food Systems Ireland (SFSI) combines the expertise of Ireland's largest agri-food Government organisations in support of Ireland's international trade objectives. The purpose is to offer Irish expertise overseas on a paid basis in response to demand from counterpart governments, regions, sectors and organisations.

SFSI was established on a pilot basis in October 2014, as a collaboration between DAFM and four agri-food State agencies - Teagasc, Bord Bia, Enterprise Ireland and the Food Safety Authority of Ireland. SFSI comes under the financial reporting obligations of the Department. The corporate governance of the SFSI is overseen by a Steering Committee, chaired by a DAFM Assistant Secretary General, which meets once a quarter.

Issues:

- In 2019, a review of the SFSI was carried out in conjunction with the Steering Committee. The Review favourably assessed performance against objectives, impacts on wider trade objectives, reputation, market prioritisation, lessons learnt and cost benefit analysis. Following on from the finalisation of the Review, a proposed restructuring of SFSI resources is under consideration by DAFM.

Task Force on Rural Africa

The European Commission established a Task Force Rural Africa (TFRA), which presented its report in March 2019. The report addresses the opportunities and challenges of 800 million people joining the African labour force by 2050 and the estimated population increase by 1.25 billion in that region over the same period. The Departments of Agriculture, Food and the Marine and Foreign Affairs and Trade have established a national task team to develop Ireland's response to the TFRA report.

The task team is chaired by Tom Arnold (who also chaired the European Commission's Task Force). It is intended that the task team's work will inform Ireland's agriculture and rural development engagement in Africa over the course of the decade, to position Ireland, working closely with the European Commission, to maximise our engagement with, and contribution to agriculture, rural development, and food systems transformation across the continent.

An interim report from the consultants tasked by the National Task Team for Rural Africa (NTTRA) to map the activities of Irish organisations currently supporting agri-food and rural development in Africa was delivered to the NTTRA in May 2020. It is expected that the final report of the NTTRA will be published in October 2020.

6. Organisation for Economic Cooperation and Development (OECD)

The OECD Committee for Agriculture, attended by EPD, 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 the international levels. The Committee produces two annual flagship publications: the OECD-FAO Agricultural Outlook and the Agricultural Policy Monitoring and Evaluation report.

DAFM (EPD, the Paris attaché, other line Divisions and Teagasc) 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.

Appendix 1: Membership of the Committee to develop the 2030 Agri-Food Strategy

Tom Arnold	Chairperson
Sharon Buckley	Group Commercial Director, Musgraves
Laura Burke	Director General, EPA
Ailish Byrne	Head of Agri, Ulster Bank
Kieran Calnan	Chair, Bord Iascaigh Mhara
Philip Carroll	Chair, IBEC Meat Industry Ireland
Karen Ciesielski	Coordinator, Environmental Pillar
Frank Convery	Senior Partner, EnvEcon
Tim Cullinane	President Elect, IFA
Thomas Duffy	President, Macra na Feirme
Brendan Dunford	Manager, Burren Programme
Julie Ennis	Country President, Sodexo Ireland
Paul Finnerty	Co-Founder & Chairman, Yield Lab Europe
Thia Hennessy	Dean & Chair Agri-Economics, UCC
Liam Herlihy	Chair, Teagasc
Martin Higgins	Chair, FSAI
Caroline Keeling	CEO, Keelings
Jerry Long	President, ICOS
Oliver Loomes	Chair, IBEC Drinks Ireland and Ireland Director & Chairman, Diageo
Dan MacSweeney	Chair, Bord Bia

Pat McCormack	President, ICMSA
Tom Moran	Former Secretary General, DAFM
Brian Murphy	Chair, IBEC Forest Industries Ireland and CEO, Balcas
Pat Murphy	Chair, IBEC Dairy industry Ireland and CEO, Kerry Ireland
Larry Murrin	IBEC Prepared Consumer Foods Council and CEO, Dawn Farm Foods
Colm O'Donnell	President, INHFA
Sean O'Donoghue	CEO, Killybegs Fishermen's Organisation
Dolores O'Riordan	Director, UCD Institute for Food and Health
Terence O'Rourke	Chair, Enterprise Ireland
Edmond Phelan	President, ICSA
Alice Stanton	Professor, Royal College of Surgeons in Ireland
Siobhán Talbot	CEO, Glanbia

DAIRY CONTROLS & CERTIFICATION DIVISION

Head of Division: Nick Finnerty, Senior Inspector

To verify that Food Business Operators in the dairy sector meet the requirements of the regulations, so that milk and milk based products meet the legal standards of food safety and quality; to provide health certification for export of dairy products to markets outside the EU; to carry out controls to verify that market support schemes (Intervention and Aids to Private Storage) for milk and milk products are efficiently and effectively operated; to input into policy for the development of the Dairy Industry.

Role of Dairy Controls & Certification Division

- To implement an official control programme in the milk and milk products sector, in order to verify compliance with European Communities (Food and Feed Hygiene) and other relevant legislation, in the production, processing and storage of milk and milk-based products;

- To implement an official control programme relating to the composition and labelling of Infant Formulae and Follow-on Formulae, in order to demonstrate compliance with legislation for the marketing of product in EU and Third Country destinations;

- To provide Health Certification for export of dairy products to third country markets in conjunction with Milk & Meat Policy Division;

- To implement field control programmes to ensure that EU market support and national levy schemes, implemented in the dairy sector, meet the requirements of the relevant legislation;

- To implement a risk based sampling programme in the dairy sector for the operation of the National Residue Monitoring Plan under EU Council Directive 96/23/EC;

- To assist in the development of the dairy industry by providing scientific and technical support as necessary, particularly for market access initiatives in cooperation with Milk & Meat Policy and International Trade Divisions.

Irish Dairy Industry

The Irish dairy industry has approximately 17,500 milk producers and over 25 large scale milk processing sites, including 4 infant formula manufacturing establishments. In addition, there are over 100 small to medium scale processing establishments, including artisan farmhouse cheese producers. Two new Infant Formula plants have recently been built (Navan & Carrickmacross) and it is expected that they will be operational early next year.

Food Safety Control Programmes

EU legislation in the area of food safety places primary responsibility for the production of safe food on the Food Business Operator (primary producer/farmer, processor, transport & storage). The role of the Department is to verify compliance with the legislation.

In order to operate as a Food Business Operator (FBO), an enterprise must be approved or registered by the Department, acting as the Competent Authority for the implementation of the legislation. Milk & Meat Hygiene section has administrative responsibility for the registration/approval of dairy farms, dairy processing, packing and storage establishments, pursuant to the legislation.

The verification of compliance with the legislation is the main function of Dairy Controls & Certification Division. This regulatory function requires the implementation of an official control programme at all stages of the food production chain, from farm level, processing and through

to storage of dairy products. The programme involves the inspection and audit of primary producers, processing establishments, packaging and storage facilities.

The inspections and audits are augmented by official sampling, on a risk basis, to demonstrate compliance with the microbiological and chemical criteria as set out in the regulations. These samples are taken both during the manufacturing process (process hygiene) and at the end of the manufacturing process (food safety). The Division, in association with the Department's Veterinary Medicines Division is also involved in a risk based sampling programme as part of the implementation of the National Residue Monitoring Plan, where milk producers are selected on a targeted basis for sampling for animal remedy residues, mycotoxins, pesticides, environmental contaminants (PCBs) and heavy metals such as cadmium and lead.

Official control procedures are also in place relating to the composition and labelling of Infant Formulae and Follow-on Formulae for placing on the market in the EU and for export to Third Countries, to demonstrate compliance with EU legislation in that sector.

The Chinese market has become hugely significant for Irish dairy exports, particularly for our strategically important Infant Formula industry. In this regard, the main challenge for the Department's dairy food safety control programme is the strengthening of controls to meet the particular requirements of new Chinese Food Law.

Certification of Dairy Products for Export to Third Countries

All dairy products exported to Third Country markets must be certified by the Department as meeting the food safety and animal health requirements of these markets. The Dairy Controls & Certification Inspectorate issue Health (Sanitary) certificates to verify that the consignments of product for export meet the particular sanitary requirements of the importing country. The Dairy Inspectorate certification system is operated from headquarters in Agriculture House, in cooperation with Milk & Meat Policy Division. The requirements of Third Country authorities can vary by product and country of destination and are agreed through discussion with the

Department. Certification of these requirements is largely on the basis of desk based checks on individual certificates, underpinned by the control programme in place and some specific checks at field level. In 2019, approximately 17,000 sanitary certificates were issued to facilitate exports valued at over €2 billion to approximately 120 third countries.

One of the many issues that arise as a result of Brexit is the future requirement for certification of product exported to the UK market. Work is ongoing on the further development of the certification system to cater for this.

EU Market Support Schemes

The two main market price support instruments available in the dairy sector are Public Intervention and Aids for Private Storage (APS) schemes.

Intervention

Public Intervention is the buying-in of butter and skim milk powder (SMP) into public stocks. This scheme was last used in 2015/16 to deal with the serious imbalance in the market which led to a very significant price drop for dairy products. Approximately 375,000 tonnes of SMP was purchased into intervention in the EU during the second half of 2015 up to the end of 2017. Of this, 37,000 tonnes of SMP was purchased into intervention in Ireland up to autumn 2016. Dairy Controls Division carries out controls on this product at the manufacturing stage, at intake into store, during storage and at despatch from storage. All of the product purchased during the 2015-2017 period has now been sold back onto the market, so that there are now no remaining intervention stocks of SMP in the EU.

Aids for Private Storage (APS)

Under the APS Scheme, the EU provides funding at a fixed rate to assist with the costs of storage of butter, skim milk powder (SMP) and cheese for a limited period (currently 60 – 180 days for cheese and 90 – 180 days for butter and SMP), after which the product comes back on to the market. The product remains in the ownership of the operator. Approximately 15,000 tonnes of butter and 2,180 tonnes of cheddar cheese were taken into storage in Ireland under APS in May 2020 as part of the emergency measures put in place by the EU to deal with market disturbance following the recent outbreak of Covid-19.

Bill Callanan, Chief Inspector

Office phone No: 01 607 2643

Mobile No: [redacted]

Responsible for the following Divisions in Strategy & Policy Co-ordination

(Also please see Food Safety & Animal/Plant Health – Section 2)

Division	Head of Division	Office No	Mobile No
Climate Change & Bioenergy Policy Division	Edwina Love	057 869 4354	[redacted]
Livestock Breeding, Production & Trade Division	Gerry Greally	057 869 4335	[redacted]
Research Food & Codex Division	Richard Howell	01 607 2572	[redacted]
Nitrates, Biodiversity and Engineering Division	Jack Nolan	053 916 3460	[redacted]

CLIMATE CHANGE AND BIOENERGY POLICY DIVISION

Head of Division: Edwina Love, Principal Officer

Climate Change and Bioenergy Policy Division leads the development of agricultural policy on climate change, air quality and bioenergy/sustainable energy at national level and supports the development of EU and international policies, strategies and programmes related to these issues.

The long-term policy vision for the sector is an approach to carbon neutrality in the agriculture and land use sector including forestry which does not compromise the capacity for sustainable food production. Our approach is based on three activities-

- **Carbon reduction/abatement**– Ireland is at the forefront of developing abatement strategies to reduce our emissions which address animal breeding and feeding, use and recycling of nutrients which optimise nitrogen use efficiency and reduce losses of reactive nitrogen to the environment, improvements to animal health and welfare, and use of ICT in agriculture to aid delivery of sustainable intensification.
- **Carbon removal/Sequestration**- removing emissions through forests and land use- grassland and in particular peat soils in agricultural use are significant carbon pools.
- **Displacement and Substitution**- using a variety of biomass and agricultural products in the displacement of fossil fuels and energy intensive materials such as steel and concrete associated with high levels of emissions.

Main Areas of Work

Climate Change

- ***National:*** Engaging in policy development at interdepartmental and government agency level including inputting and reporting on the agriculture and forest sector contribution to the National Long Term Climate Strategy (the statutory successor to the national Mitigation Plan proposed in the Climate Amendment Bill), Climate Action Plan and Sectoral Adaptation Plan, as set out in the Climate Action and Low Carbon Development Act 2015/Climate Action (Amendment) Bill 2019.
- ***EU:*** Supporting the whole of government approach to progressing policy issues relating to the EU Climate and Energy Framework, the EU Green Deal including Farm to Fork and its long-term vision for a climate neutral economy by 2050.
- ***International:*** Building on the Paris Agreement and progressing joint work under the United Nations Framework Convention on Climate Change (UNFCCC) Subsidiary Body for Scientific and Technological Advice (SBSTA) and Subsidiary Body for Implementation (SBI) for issues related to agriculture.

Air Quality

- Contributing to the implementation of the Clean Air Package, particularly the revised National Emission Ceilings Directive, including the development of the National Clean Air Strategy being led by Department of Communications, Climate Action and the Environment.

Bioenergy

- Coordination and contribution to the development of both supply and demand side policy measures to promote bioenergy and sustainable energy approaches from the agriculture and forest sectors.

Coordination and Communication

- Coordination of DAFM's response to development and environmental proposals inter alia Environmental Impact Assessments, Strategic Environmental Assessment, Integrated Pollution Prevention and Control Licences and Waste Water Discharge Licences.
- Communicating and co-ordinating the Department and its agencies work on climate change and sustainable agriculture developments.

1. Ireland's Agricultural Emissions Profile

In Ireland, agriculture remains the single largest contributor to overall emissions at 34% (2018) of the total.

This proportionate level of agricultural emissions is uniquely high in a European context where the average is 10%. This figure reflects that absence of heavy industry in Ireland compared to that in other Member States. In the developed world, only New Zealand has a higher proportion of emissions from agriculture. Our absolute agricultural GHG emissions rank 8th contributing approx 4.4% of EU agricultural emissions.

Irish agriculture emissions for 2018 were 20.63 Mt CO_2eq, an increase of 1.9 % above 2017. Emissions from agriculture in 2018 are 1.1% above their 1990 levels and have increased for six out of the last seven years: 2012, 2013, 2015, 2016, 2017 and 2018.

The most significant drivers for the increased emissions in 2018 were higher animal numbers: In the 5-year period 2013-2018, dairy cow numbers have increased by 26.9% and corresponding milk production by 39.8% and nitrogenous fertilizer use increased by 15.7%.

These GHG emissions are against a background where Ireland's emissions under the 2020 targets will at best be 5-6% below 2005 levels compared to a target of 20% (NETS targets). (National emissions are likely 1% up on 2005 levels) hence there is growing pressure on agriculture to be more ambitious in reducing GHG emissions.

Further, agriculture is responsible for 99% of ammonia emissions, with projections going forward to 2035 showing that increased dairy cow numbers will be a driver of the increased emissions due to their high nitrogen excretion value relative to other livestock.

2. Climate Change

EU 2030 Climate and Energy Framework

Post 2020, Ireland's target under the recent Paris Agreement is part of the EU target of an "at least 40% reduction in domestic greenhouse gas emissions compared to 1990", which was agreed at European Council and presented to the United Nations Framework Convention on Climate Change (UNFCCC) as part of the European intended nationally determined contribution in March 2015.

Following internal negotiations on Member States' share of the effort under the EU 2030 Climate and Energy Framework, the **Effort Sharing Regulation (ESR)** provides a binding annual GHG emissions target for Ireland of 30% below the 2005 level by 2030. While this is equivalent to the proposed EU average target, it will be a challenge for Ireland.

Under the ESR, Ireland has potential to use up to a cap equivalent to 5.6% of 2005 emissions (2.7 Mt CO2eq per annum) from Land Use Land-Use Change and Forestry (LULUCF) in order to meet its emission reduction requirements, based on a combined contribution of net afforestation and cropland and grassland management activities.

This flexibility should not be seen as an offsetting proposal but rather as an effort to broaden the "toolbox" of abatement options available to achieve targets. This is particularly the case for Member States where existing abatement measures are costly and action in the LULUCF sector, that encourages removals and limits emissions, may present a more cost effective option.

As part of the process and to integrate the GHG reduction targets with renewable energy targets, Ireland (led by DCCAE) submitted its National Energy and Climate Plan (NECP) to the EU on 4 August 2020. The purpose of the NECP is to set out an integrated approach how Ireland is to achieve its energy and climate targets for 2030 including use of LULUCF flexibilities.

In November 2018 the European Commission adopted a strategic long-term vision for a climate-neutral economy by 2050 entitled **"A Clean Planet for All**". This strategy acknowledges that by employing a range of options net emissions can be reduced by around 90% (including the land use and forestry sink), however, some greenhouse gas emissions will always remain notably in the agriculture sector.

This was followed by the **European Green Deal** which was announced in December 2019 and commits to presenting a new plan by summer 2020 to increase the EU's greenhouse gas emission reductions target for 2030 to at least 50% and enshrining the 2050 climate neutrality objective in legislation. Overall the Green Deal sets the ambition of transforming the EU's economy for a sustainable future by:

- Increasing the EU's Climate Ambition for 2030 and 2050;
- A more ambitious EU strategy on adaptation to climate change.
- Supplying clean, affordable and secure energy;
- Mobilising industry for a clean and circular economy;
- Building and renovation in an energy and resource efficient way;
- A zero pollution ambition for a toxic-free environment;
- Preserving and restoring ecosystems and biodiversity;

- From 'Farm to Fork': a fair, healthy, environmentally friendly and resilient food system;
- Accelerating the shift to sustainable and smart mobility.

The Farm to Fork Strategy, a key pillar of the the European Green Deal, was published in May 2020. It contains ambitious targets on a number of key agricultural inputs, namely a 20% reduction in fertiliser use, a 50% reduction in pesticide use and reductions in antimicrobials, all by 2030. The plan indicates a significant increase in organic production also. The plan promotes the concept of local supply chains for our food systems, this will be challenging for Ireland given the global footprint of our exports, to 178 countries all over the world.

National Climate Policy

Work is continuing to develop options for delivering the overall emission reduction required by Ireland by 2030 and beyond, and also to build resilience in terms of climate adaptation.

Under the **Climate Action Plan 2019 To Tackle Climate Breakdown**, ambitious targets for the agriculture, forestry and land-use sector are set as follows:

- Emissions from the sector in 2030 to be between 17.5 – 19.0 Mt CO_2 eq by achieving between 16.5 -18.5 Mt CO_2 eq cumulative abatement over the period 2021 – 2030
- Achieve 26.8 Mt CO_2 eq abatement through LULUCF actions
    - 8,000 ha of newly planted forest per annum
    - Maintain an annual average of 40,000 ha of reduced management intensity of grasslands on drained organic soils
- Set a target for the level of energy to be supplied by indigenous injection in 2030

There is significant strengthening of oversight by Government in the Plan including through:

- A Climate Action (Amendment) Bill to:
    - Enshrine in law a national emissions target for 2050

    - provide a legal basis for the establishment of a new Climate Action Council (extending the powers of the current Climate Advisory Council)
    - Provide for a National Long Term Climate Strategy
    - Adopt a system of carbon budgets
- Support for the establishment of an Oireachtas Climate Action Committee (akin to the PAC – Ministers and public bodies will be accountable); and
- Carbon Proofing of all large-scale Government projects.

The monitoring and reporting structure to drive implementation includes:

- The establishment of a Climate Action Delivery Board under D/Taoiseach which will report to both the Cabinet Committee and Cabinet on progress of actions within the Plan;
- The establishment of a Just Transition Monitoring and Review Group (supported by NESC and under D/Taoiseach) that will publish a Just Transition Strategy on a 3 yearly basis; and
- Publishing of quarterly reports on progress of actions (akin to the Action Plan for Jobs mechanisms). DAFM has established an internal governance structure to monitor progress of actions and drive implementation across the department and its agencies.

A new national Climate Action Plan will be developed before year end, with additional initiatives in every sector.

In response to these targets, the Department is currently finalising a national climate and air roadmap for the agriculture sector to 2030 and beyond, **Ag-Climatise**. The roadmap acknowledges the urgency in meeting our national and international obligations and that the sector playing its part in addressing the climate challenge. It proposes ambitious and challenging actions which will require not only ongoing concerted effort, but a step-up right across the sector from primary producer through to the processor.

The structure of the roadmap is composed of two elements:

i. **Implementing Changes Now**: to ensure the actions necessary to protect the environment and address climate change are carried through to operational reality for farmers on the ground now. These changes focus on actions that address both the mitigation and removals aspects of the National Climate Action Plan.
ii. **Cross Cutting Actions**: focusing on the implementation of the plan, research and innovation and funding.

In terms of building resilience, the **Agriculture, Forest and Seafood Climate Change Sectoral Adaptation Plan** was published in 2019 setting out the projected changes in climate focussing on those identified as most likely to impact the sector. The Plan includes fifteen case studies highlighting examples of the impact of future climate change on the sector and steps towards building resilience to deal with these impacts.

3. Air Quality

There are a number of European Union (EU) Directives on air quality in place that set standards for a wide variety of pollutants. Additionally, Ireland is a Party to the Convention on Long Range Transboundary Air Pollution (CLRTAP) under which certain transboundary air pollutants including ammonia are controlled. As a member of the EU, implementation of the Gothenburg protocol (a daughter protocol of the CLRTAP) is achieved through limits set out in the National Emissions Ceilings Directive 2016/2284, (NEC Directive), which repeals and replaces Directive 2001/81/EC. The NEC Directive 2016/2284was transposed into national legislation on the 29th June, S.I. No. 232 of 2018 (European Union (National Emission Ceiling) Regulations 2018.

In terms of ammonia, Ireland must comply with the NEC Directive and within this Ireland has had a mandatory ceiling for ammonia since 2010 of 116kt, ammonia emissions must be reduced

by 1% below 2005 levels by 2020 (112 kt) and 5% below 2005 levels from 2030 (107 kt) onwards.

Reducing ammonia is a challenge, with almost all our ammonia coming from grass based agricultural activities where grazing is already considered a cost-effective Category 1 abatement option (i.e., associated with lower emissions than confined housing systems).

Sources of Ammonia:

Ammonia arises from the volatilisation of chemical and organic nitrogen applied to land and from manure during storage. The main categories of agricultural management activities that are key sources of ammonia (2016 figures) are:

- Emissions from housing (31.1%);
- Manure spreading (30.4%);
- Manure storage (14.5%);
- Grazing/manure deposited on pasture (12.3%);
- Fertiliser application (9.7%) and
- Emissions from yards (2.0%).

Feed intake and the level of activity in the livestock and crop sectors also effects emissions, as do specific management practices. Road transport, energy use in industry and commercial use account for the remainder of national ammonia emissions.

Trends

Agricultural ammonia emissions reached a peak in 1998 and declined to a low in 2011, due to a decline in the ruminant livestock population and reduced use of fertiliser nitrogen. However, since then with the removal of milk quotas in 2015; ammonia emissions have been on an upward trend.

In November 2019, in line with the requirements of the NEC directive, the Department launched a **Code of Good Agricultural Practice for Reducing Ammonia Emissions from Agriculture**. This Code is a guidance document, that outlines the best practice measures for removing or lowering ammonia emissions associated with agricultural activities. The measures outlined in the Code are voluntary measures to help farmers identify appropriate actions for their individual farm enterprise.

DAFM has funded 2700 low emission slurry spreading machines as of May 2020. This will lower total ammonia emissions from the sector, but more needs to be done if we are to reach our 2030 target.

4. Engagement at International Level

At the highest international level, the Department has actively participated in meetings and conferences of the UNFCCC over the past number of years. The Paris Agreement recognises the fundamental priority of safeguarding food security and ending hunger, and the particular vulnerabilities of food production systems to the adverse impacts of climate change. The Agreement recognises that efforts to limit global temperature increases to less than 2 degrees and to pursue 1.5 degrees by 2050 must be done in a manner that does not threaten global food production – Article 2. This reflects the case Ireland has been making for some time for a coherent approach to the twin challenges of climate change and food security that does not force us to reduce our sustainable production of food.

As part of the International process, Ireland has also been engaging with the UNFCCC's Subsidiary Bodies for Scientific and Technical Advice (SBSTA) and for implementation (SBI). A joint agenda item of SBSTA and SBI is tasked with considering issues related to agriculture. We have engaged in a number of workshops which has seen a lot of good work happening at the technical level. Ireland has been one of the strongest supporters of this joint work item known

at the Koronivia Joint Work on Agriculture (KJWA) which recognises the vital role of the food security and agricultural sectors in climate change adaptation and mitigation.

5. Bioenergy Policy

The agriculture and land use sector (including forestry) has a key role to play in renewable energy systems. The development of renewable energy systems is driven primarily by the need to reduce GHG emissions through the displacement of fossil fuels. Under the Renewable Energy Directive (also a component of the EU Climate and Energy Package 2008), Ireland is required to achieve 16% of its total final energy consumption from renewable energy sources by 2020, as follows:

Target	**Progress to Date (2018 data)**
40% renewable electricity	33.2%
12% renewable heat	6.5%
10% renewable transport	7.2%

Latest figures from the Sustainable Energy Authority of Ireland (SEAI) indicate that overall renewable energy supply was 11% of gross final consumption and that Ireland is not on track to meet its 2020 renewable energy targets. And while penalties for meeting GHG emission targets range from €0.5 million to €1.5 million – penalties on the renewable energy side are much higher. Latest estimates suggest that penalties range from between €80 million to €100 million, post COVID 19.

Wind remains the main contributor to renewable energy but bioenergy has an important role as a renewable energy source out to 2020 but increasing out to 2050 as Ireland moves towards decarbonisation of the energy system particularly when coupled with carbon carbon and storage technology In addition to avoiding greenhouse gas emissions, bioenergy deployment

reduces Ireland's reliance on imported fossil fuels, lowers the potential impact of future energy price shocks, and delivers economic and enterprise benefits to Ireland. This holds particular potential for rural and coastal communities seeking ways to diversify economic activities although the energy market is extremely competitive.

Ireland's National Renewable Energy Action Plan (NREAP) sets out the Government's strategic approach and measures to deliver on the above. Responsibility for ensuring that these targets are met is a matter for the Department of Communications, Climate Action and the Environment (DCCAE) in the first instance.

The European Commission published a legislative proposal on 30 November 2016 for a reliable and transparent Governance of the Energy Union to help the EU meets its climate and energy policy goals until 2030 and beyond. In December 2018, the revised Renewable Energy Directive (Recast RED II) entered into force with an overall EU target for Renewable Energy Sources of 32% by 2030 and an energy efficiency target of 32.5%. In addition the recast RED II defines a series of sustainability and GHG emission criteria for bioliquids used in transport as well as sustainability for forestry feedstocks and GHG criteria for solid and gaseous biomass fuels which will impact significantly on how bioenergy feedstocks are used.

Of particular interest to the agriculture sector are the proposals surrounding bioenergy sustainability - ***Renewable Energy and Bioenergy Sustainability*** - which focus on developing the decarbonisation potential of biofuels, bioliquids and biomass fuels. This has linkages with the proposed LULUCF Regulation which already aims at including carbon emissions and removals from agriculture and forestry into the EU 2030 Climate and Energy Framework. These reinforced EU sustainability criteria on bioenergy aim to continue guaranteeing the sustainability of forest biomass used in the energy sector, including through a LULUCF requirement ensuring proper carbon accounting of carbon impacts of forest biomass used for energy. In addition, the proposals for renewable self-consumers and renewable energy

communities provide an opportunity for the farming community to participate in the decarbonisation of rural Ireland.

While energy policy is a matter for the Department of Communications, Climate Action and Energy this Department continues to work very closely on related matters around energy efficiency, generation of renewable energy, the supply of bioenergy feedstocks and the production of indigenous biomethane as the renewable alternative to natural gas. This may provide further opportunities for provision of materials such as slurry and grass silage, but the financial viability of a biomethane industry in Ireland is dependent on ongoing operational support via a feed-in-tariff to bridge the gap between the price of biomethane (renewable gas) and natural gas. This is a matter for DCCAE. The Department is also developing a sustainable energy options paper to guide future policymaking on both energy efficiency and renewable energy generation. Energy efficiency measures can provide a win-win for the farmer and the environment, and the adoption of renewable technologies on-farm as well as on-site energy generation and supply of biomass materials can provide diverse income streams which underpinning the sustainable production system, all of which contributes to reducing Ireland's emissions.

6. Summary- Key Challenges in Next 12 Months

- Input into the submission by Ireland of the National Air Pollution Control Programme which will outline the pathway Ireland will follow to achieve compliance with the NEC 2020 and 2030 targets, projections of relevant pollutants and policy options
- Engaging with DCCAE and the EU in respect of the Farm to Fork Strategy, the European Green Deal and commitments in respect of 2030 and 2050 emission reduction targets.
- Engaging with DCCAE and D/Taoiseach on the next iteration of the Climate Action Plan
- Development and publication of AgClimatise Roadmap to ensure GHG and ammonia issues are reflected in ongoing policy development and CAP strategic planning.

- Development of an options paper in respect of sustainable energy covering both on-farm generation and improved efficiency.

Livestock Breeding, Production and Trade Division

Head of Division: Gerry Greally, Senior Inspector

To facilitate livestock breed improvement and rare breed conservation and to support and operate livestock market support and valuation systems, through the implementing of EU and national legislation and the administration of certain schemes and services, towards quality livestock production and as part of the development of an international agri-food sector.

ANIMAL BREEDING:

Animal Breeding Legislation

- The Department is the competent authority on animal breeding legislation and this Division is responsible for its implementation.
- Satisfactory results in animal production depend to a large extent on the use of animals of high genetic quality. The European Union's zootechnical legislation aims at the promotion of free trade in breeding animals and their genetic material. This is dependent on a legal right to enter a herd-book of the same breed.
- These objectives are reached by having harmonised rules in relation to the following: recognition of Breeding Associations, entering of purebred animals in herd-books, pedigree certification and acceptance for breeding, performance testing and genetic evaluation.
- New Community legislation, 'Animal Breeding Regulation' which combines the species specific legislation into a single Regulation has been published and came into force on 1 November 2018. A new Statutory Instrument to transpose this Regulation is currently been drafted. The Division is working with breeding organisations in ensuring systems and procedures are in place in this regard. This Division approves breed societies and organisations, organisations testing and genetically evaluating animals and companies providing services to breeders with regard to semen, ova and embryos.

- The Division plays a key role in advising on policy matters relating to the Livestock Sector and works closely with other DAFM Divisions.

Regulation of Artificial Insemination

- The Animal Breeding Act, 1947 and associated 1948 AI Regulations provide the legislative framework governing Artificial Insemination in Ireland and in particular give the legal basis for the issuing of Field Service, Semen Distribution, DIY AI and AI technician licences. The Division ensures that AI is carried out in compliance with terms and conditions attached to the respective licenses.

Irish Cattle Breeding Federation (ICBF)

- ICBF is an industry owned cooperative society, and is the only body officially approved in Ireland to carry out testing and genetic evaluation of animals. The Department maintains a very close relationship with ICBF in the context of the importance of genetic improvement to the national cattle herd.
- The ICBF board represents all sections of the Industry (AI & Milk recording companies, pedigree herd-books, farmer organisations). DAFM is represented on the Board.
- It is funded from a number of sources including income from services provided, a tag levy on cattle tags, and DAFM funding (an annual grant, and funding from a beef and sheep infrastructure development grant scheme). DAFM's contribution to ICBF for cattle aspects in 2019 was €1.270m. €1.270m has been allocated to cattle breeding for 2020, with a further €200,000 allocated for capital expenditure.
- This Division is responsible for monitoring and approving the expenditure of the grants the Department provides
- The Division provides an official to act as Secretary to the Board of ICBF and services the Beef and Dairy Industry consultation meetings organised by ICBF.
- ICBF is heavily involved in a number of DAFM RDP programmes related to breed improvement such as BDGP and the Knowledge Transfer programmes, where a breeding

plan is integral part of improving farm profitability. The BDGP recognises the major part that breed improvement can contribute to more economically and environmentally efficient beef production.

Sheep Ireland

- Sheep Ireland, which was established in 2008, is an industry owned stand-alone company but is very closely connected to ICBF who provide management & technical services to it.
- In consultation with the industry, Sheep Ireland has developed a number of new programmes which are designed to increase genetic gain in sheep which will provide for a profitable sheepmeat sector.
- Department funding for Sheep Ireland for its activities in 2019 amounted to €550,000 which consists of a block grant and a Sheep Infrastructure grant. In the past few years, Sheep Ireland has moved from being almost totally reliant on Department financial support to achieving a significant degree of co-funding through a lamb slaughter levy. The measures to which this funding is applied are assessed and monitored by the Division. The Department is represented on the board of Sheep Ireland and a Department official acts as Secretary to the Board.
- Sheep Ireland made a major contribution to STAP, and the newer Sheep KT programme.

CARCASE CLASSIFICATION:

Beef Carcase Classification and Price Reporting

- Currently in Ireland, there are 33 beef plants required to classify beef carcases while 26 plants are reporting prices to the Department.
- Beef carcases are classified using the EUROP scale to indicate conformation and a scale of 1 to 5 to indicate fat cover. Since the introduction of mechanical classification in

2004, the Department only has a supervisory role with regard to classification matters in beef plants. There are now 23 beef plants using mechanical classification, while in the remaining 10 plants, classification is carried out by licensed factory operatives.

- The introduction of mechanical classification in 2004/2005 facilitated the further breakdown of main classes into sub-classes for both conformation and fat. Each main class is divided into 3 sub-classes called minus (-), middle (=) and plus (+). In November 2009, the industry adopted the use of sub-classes for payment purposes – "the pricing grid".
- Factories slaughtering >20,000 carcasses / year must report the prices of each individual carcase to the Department. The Department maintains an extensive database to record details of animals slaughtered at beef plants (e.g. weights, classification results, prices paid, etc) and a number of reports are generated on a regular basis to comply with the regulatory requirements from the EU and are uploaded onto the DAFM website. The division has an auditing role to determine that the information reported by the factories is the same as the actual information provided to suppliers.

  In 2019, The Department authorised for use, a modified version of the mechanical classification system. It is a matter for Industry when this modified technology is rolled out. An Independent Expert and author of a report on the trial concluded that the results are beyond what is required in the EU legislation to approve such modifications and he confirmed that this trial significantly exceeds what is required where classification equipment is being modified rather than being authorised for the first time.

Lamb Carcase Classification

- There are six lamb slaughtering plants in Ireland classifying lamb carcases. This Division monitors those slaughter plants to ensure that the EUROP scale standards are met. However, in the industry, lamb classification is voluntary and DAFM has no legislation underpinning classification controls similar to those in place for beef and pigs.

Pig Carcase Classification

- This Division is responsible for supervising the implementation of EU legislation in relation to mechanical grading of pig carcases using probe devices by factory personnel at the export licensed plants.
- Pig Carcase Classification is being carried out by 6 export approved pig slaughtering plants, which collectively account for about 90% of the National kill.
- Following the completion of a pig classification trial 3 new devices for pig classification have been approved for use All slaughterhouses that should be classifying pigs are now doing so.

ANIMAL DISEASE ERADICATION SCHEMES (TB, BRUCELLOSIS, BSE & SCRAPIE):

- This Division is involved in animal valuations (cattle, sheep and pigs) and is responsible for organising valuations, training and issue of guidelines for DAFM staff and independent valuers involved in live valuations. Weekly Summary prices for all categories of cattle are generated and issued to independent valuers as one of the measures to ensure that valuations are carried out at "market value".
- DAFM's interests are defended by staff in this Division through written and oral submissions at Arbitration hearings and EU audits. Staffs provide technical advice to ERAD and AHWD Divisions.

MINK:

- There are currently three mink farms operating in Ireland. Mink operators are subject to licence by the Department under the Musk Rat Act, 1933 (Application to Mink) Order, 1965. This Division is responsible for the licensing and inspection of mink farms, which are inspected to ensure adherance to licence conditions and appropriate animal welfare standards.

In 2012, the Department undertook a comprehensive review of all aspects of fur farming in Ireland. Arising from the review, enhanced standards, notably in the areas of animal welfare and environmental controls, are being implemented in the sector. However, in July 2019 the Cabinet agreed to the phased dis-establishment of fur farming in Ireland.

There has been considerable international and societal debate about fur farming. While the Department has strengthened its controls over the sector in recent years, it is clear that there has been a shift in societal expectations in relation to the sector and recent Veterinary evidence suggests that the farming of mink is counter to good animal welfare. Following a Government decision, the Department will proceed to bring forward a Bill which will be drafted in conjunction with the Attorney General's Office. The proposed Bill will provide for a phased basis for the ban for existing operators. The proposed Bill will make it illegal for any new fur farms to be established. Phase out arrangements will be put in place for the small number of current operators to allow for an orderly wind down of the sector and to allow time for employees to find alternative opportunities.

CONSERVATION OF GENETIC RESOURCES FOR FOOD & AGRICULTURE:

- This Division provides technical support to the Advisory Committee for Genetic resources in Food and Agriculture. Annual funding is awarded to eligible projects which assist in the conservation and development of Ireland's native and rare farm animal breeds.
- Staff are involved in servicing the Department's EU and FAO commitments and in organisations such as the European Association of Animal Production and European Regional Focal Point for Animal Genetic Resources. The Division acts as National Co-ordinator on animal genetic resources which is relevant in the context of meeting our national & international obligations in this area and particularly in relation to monitoring the status of rare breeds in Ireland.

HORSE SPORT IRELAND (HSI):

- Horse Sport Ireland (HSI) is the national governing body for equestrian sport in Ireland. It is recognised by the Federation Equestre Internationale (FEI), the Irish Sports Council, the Olympic Council of Ireland and Sport Northern Ireland. It was established in 2007 when the Equestrian Federation of Ireland and the Irish Horse Board were amalgamated, bringing together the breeding and competition sectors. It receives funds from DAFM and the Department of Transport, Tourism and Sport, (through Sport Ireland).
- It is responsible for devising and implementing strategies for the development and promotion of an internationally competitive Irish sport horse industry (breeding, sport and leisure aspects). HSI is approved by DAFM to maintain the Irish Sport Horse, Irish Draught Horse, Irish Sport Pony and Irish Cob Studbooks and it operates a comprehensive breed improvement programme and undertakes promotional and marketing initiatives.
- Education and training are a key focus of HSI and is the lead organisation operating the Equestrian Skillnet training programmes and is a provider of FETAC programmes. HSI's coaching programme is recognised internationally.
- HSI received an annual grant (€3m in 2019 from the Department in recognition of its work in promoting and developing the Irish sport horse sector and also receives funding from a share of an Equine Infrastructure grant scheme (€0.369m in 2019) operated by the Department. The Scheme is aimed at fostering breeding, marketing, educational and disease prevention research within the horse sector This Division is responsible for the assessment and monitoring of this expenditure.
- The amount of grant assistance to HSI from the Department of Transport Tourism and Sport via Sport Ireland in 2019 was €1.635m. Revenue from operations conducted by HSI (€1.969m) , combined with DAFM Grants (€3.366m) and Sport Ireland grants (€1.635m) brought its total income in 2019 up to approximately €6.970m
- In 2015, a strategy report on the future of the sport horse industry, entitled "Reaching New Heights: Report of Irish Sport Horse Industry Strategy Committee" was published.

As recommended in this report, review of the structures of HSI has been conducted by Indecon International Consultants and its report with recommendations has been published. Indecon recommended the rationalisation of the boards. This has now been undertaken and the assistance of this Department and a new Chairperson and three board members have been appointed.

EQUINE TECHNICAL SUPPORT:

In addition to administering funding for the organisations referred to above (ICBF, HSI), this Division approves and administers grant aid aimed at supporting improvements in quality equine breeding and also in the infrastructure within which the thoroughbred and non-thoroughbred horse sectors operate. Aid focuses on data collection in the genetics and equine breeding area, DNA sampling, initiatives in the area of equine education and research into equine diseases and breeding, promotion and marketing. In 2020 the budget for this grant scheme is €850,000

ISSUES

- Main key issues affecting both ICBF and Sheep Ireland are; maintaining Independence, and maintaining Industry/farmer support, improving the quality & quantity of data into the database and provision of accurate breeding values that reflect Irish grass based production conditions.
- Regarding Carcase Classification - carcase trim became an issue in the farming press and in meetings with IFA personnel in recent times. The Department has implemented additional monitoring of carcase presentation by veterinary public health inspection staff (VPHIS) in all factories since January 1st, 2019 and provides a supporting role for the Beef Carcass Classification staff. This should

provide further assurance to stakeholders that the appropriate dressing specification is being applied in factories.

- Beef Task Force - this division contributes to this forum for carcase classification matters and is taking the lead in action points such as publishing inspection details, authorisation of modified classification technology and managing an appeals process for manually graded carcasses (No such appeal system exists for mechanically classified carcasses and the introduction of any such appeal system is being strongly resisted).
- The implementation of the Department's role in relation to Carcass Classification has been adversely affected by restrictions introduced to contain the outbreak of the Covis-19 virus and the inspectorate activities have had to be temporarily curtailed, while maintaining a level to fulfil statutory EU requirements. This curtailment has been exacerbated by the specific outbreak of the virus in a number of the plants concerned. Once these have been contained, the normal level of engagement will be resumed in the context of industry-specific protocols, consistent with public health advice, in the plants concerned
- Regarding Horse Sport Ireland (HSI) a report by Indecon Consultants reviewing the industry was published with a focus on the governance aspects of HSI. The majority of recommendations in the governance area have been implemented. Indecon also recommended the new Board should consider transferring the Irish Sport Horse and Irish Draught Studbooks to the Irish Horse Board which would be treated impartially as an affiliate. This is currently under consideration by the Board of HSI.
- Sport horse activities have been ceased in the context of the outbreak of the Covid-19 virus and the consequent curtailment of mass gatherings. Horse Sport Ireland has engaged with public health authorities to devise appropriate location-specific protocols that would facilitate the gradual resumption of such activities in line with the pattern in other similar sporting activities in a manner

and with the constraints deemed advisable to protect public health. This is an ongoing process as the virus indicators evolve in the country broadly.

Research, Food and Codex Division

Head of Division: Richard Howell, Senior Inspector

Research and Codex Division contributes to the development of Research & Innovation Policy relating to Agri-Food, Agri-Environment & Climate, Forestry, Food Systems and the Bioeconomy; operates the Department's competitive research funding programme including the appropriate policy, scientific, technical and financial management; supports the emergence of new bioeconomy value chains in the Irish agri-food sector; facilitates Irish participation in relevant parts of the EU framework research and innovation funding programme (Horizon 2020) including transnational co-fund activities; coordinates policy development of the CAP Agriculture Knowledge & Innovation System and Agri-Digitalisation; and co-ordinates overall Irish involvement in the work of the Codex Alimentarius Commission.

Division's Policy/Strategy Activities

National

The Division proactively engages, internally with other Divisions (FIDD, EPD, EU Division etc.), and externally with a range of other departments (D/BEI, DCCAE, D/oT, D/RCD) and agencies (Teagasc, Marine Institute, EPA, SFI, EI, Bord Bia, FSAI) to formulate national research policy and strategic activities through forums such as the DAFM/DCCAE Bioeconomy Implementation Group; the D/BEI-led Innovation 2020 Implementation Committees; Disruptive Technologies Innovation Fund Advisory Board; and Horizon 2020/Horizon Europe Coordination Committee; EI Industrial Research Commercialisation Committee, etc.

The Division also supports, advises and guides the DAFM/DCCAE co-chaired Bioeconomy Implementation Group (BIG) that is giving effect to the previous Govt.'s National Policy

Statement on Ireland's Bioeconomy. Additionally, the Division coordinates policy development on the CAP Agriculture Knowledge & Innovation System and Agri-Digitalisation based on the new CAP Common Strategic Plan Regulation with a particular focus on 'Enhancing knowledge flows and strengthening links between research and practice'.

The Division was actively engaged in developing the Strategic Research and Innovation Agenda "**Sustainable Healthy Agri-Food Research Plan (*SHARP*)"** and also **'Forest Research Ireland' (**FORI**),** both of which serve to guide the content of Calls launched under DAFM's competitive research funding programmes for Agriculture, Food and Forestry. It is proposed in 2020 to commence an update of these strategic research and innovation agendas guided by the recommendations and actions that emerge under processes now underway to update the Food Wise 2025 and Innovation 2020 strategies.

EU & International

At EU level, the Division engages with DG Research and Innovation and DG Agriculture & Rural Development on European research opportunities – mainly through the Standing Committee for Agricultural Research (SCAR), the Programme Committee for Societal Challenge 2 of H2020 and its successor Horizon Europe, and the Biobased Industries Public Private Partnership - to promote Irish interests in the development of the EU research strategies in the areas of agriculture, food, forest, water and marine activities, rural economy, the bioeconomy (e.g. DG AGRI led Agriculture & Rural Economy Research initiative; the EU Bioeconomy Strategy; the EU Food 2030). It also inputs into other cross cutting areas such as ICT and Earth Observation, Climate Change, Biodiversity, EU Green Deal, Missions etc.

The Division, together with Teagasc, service meetings of the Standing Committee on Agricultural Research (SCAR) including the plenary, steering group, and working groups on a range of areas including food systems, bioeconomy, forestry. This representative group has a mandate that involves providing advice to the EU Commission and Member States on EU and

national research and innovation policy including in relation to food and nutrition security and development of the circular bioeconomy.

Divisional staff are also involved in servicing over-arching policy setting committees of the Global Research Alliance on Agricultural Greenhouse Gases; two Joint Programming Initiatives on research relating to agri-food security and climate change & food, nutrition and health; and the international FAO/WHO Codex Alimentarius Commission food standard setting body.

Division's Operational Activities

The Division leads on 15 Food Wise 2025 actions which, together with the other activities set out below, help to underpin many of the FW2025 deliverables.

The Division operates DAFM's three competitive research funding programmes for Agriculture, Food and Forestry which support the development of human capital, skills, innovation and knowledge transfer in relation to sectoral agri-food supply chain, forest and marine activities as well as cross cutting issues such as ICT, Climate Change, the Bioeconomy and the Rural Economy. They also provide evidence to guide policy formation and deliver solutions for practical challenges from farm to fork and back. Additionally, research and innovation activities funded through these programmes contribute to the achievement of many FoodWise 2025 actions by providing the scientific basis to underpin sustainable primary production, food and biobased product development and process innovation, and a sustainable, competitive, market-orientated forest industry. Over the last seven years, some €133 million has been invested in agri-food, marine and forest research through these programmes.

Grant awards are made for projects undertaken collaboratively by Research Performing Organisations (including Teagasc, MI, the Universities and the Institutes of Technology, ICBF, Birdwatch Ireland, National Botanic Gardens) following robust evaluation of applications received on foot of Calls for Research Proposals launched periodically. DAERA NI have partnered with us on the last three Calls providing funding for NI-based research organisations

(mainly AFBI) collaborating on successful applications in selected topic areas. The grant awards range from €100,000 to €5 million and the projects are usually undertaken over a four-year timeframe. Grants are paid out through a combination of an initial advance followed by further stage payments in line with the progress achieved and expenditure involved which the Division actively monitors.

Recent Research Awards

A combined Call for research proposals launched in April 2019 resulted in total grant awards of some €19.6 million in respect of 38 collaborative inter-institutional projects in Q4 2019 and three further awards stemming from this Call will arise in September 2020 subject to final clearance. The EPA provided further funding of €0.5m. An additional €1.49m in co-funding was provided to Ulster University, Queens University Belfast and AFBI by DAERA NI for eight of the funded projects in the Call.

A major joint funding initiative by SFI (€21 million) and DAFM (€5 million) with assistance of industry co-funding of (approx. €13.5 million) saw the launch of the new 'VistaMilk' Centre at Teagasc Moorepark in 2018.

Trans-national research funding

Research Division also uses DAFM competitive programme allocations to manage, promote and selectively fund initiatives in conjunction with other EU Member States, Associated States and the EU Commission mainly through European Research Area Network Cofunds (ERA-NETs). These are all transnational research cooperation creating opportunities that help leverage expertise and data and develop skills and networks. The overall aim is to get the research community operating at a higher level to render them more suitable in terms of skills, expertise and knowledge to join consortia that are well placed to draw down non-Exchequer funding under Horizon 2020/ Horizon Europe competitive calls. Since 2010 the Division has committed €12.5 million in grant awards across 45 different projects to Irish Research Performing

Organisations under a number of “agri-food and forest” relevant ERA-NET thematic areas including, recently, approx. €1.3 million arising from Calls relating to Monitoring & Mitigation of GHG’s from Agri- and Silvi-culture (ERA-GAS) and Sustainable Animal Production (SusAN). The Division continues to promote trans-national research mechanisms into 2020 [redacted]

Over the last three years, the Division, together with DAERA-NI & InterTrade Ireland, has also facilitated funding opportunities for collaborative tri-jurisdictional (US/Ireland/N. Irl) research in agriculture, on a pilot basis, under the Belfast Agreement-derived US-Ireland R&D Partnership.

As part of the Germany – Ireland Action Plan for Enhanced EU and Bi-lateral Cooperation, Research Div. has been exploring with the German Ministry of Agriculture and Food (BMEL) ways of developing closer relationships with the German research community in order to address the two points in the Plan relating to agriculture RDI. This resulted in a well-attended workshop in Berlin in September 2019 which identified possible ways of facilitating & developing closer collaboration opportunities and these will be further examined in 2020.

The division is also a party to discussions to identify the potential for collaborative research initiatives with New Zealand on areas of common interest particularly as regards pasture-based livestock production.

Promoting active Irish participation in the EU Horizon 2020/ Horizon Europe RDI funding programme

Research & Codex Division supports Irish involvement in the EU’s research funding programme by providing a National Delegate (ND) and the National Contact Point (NCP). The Division also engages in the development of the two Work Programmes that comprise the Call topics for the agri-food & bioeconomy area and its related Biobased Industries Joint Undertaking (BBI JU) by representing Irish interests at the relevant Programme Committee and States Representatives

Group. On the ground, the NCP provides specialist advice and guidance to prospective applicants in relation to SC-2, the BBI JU and other cross cutting parts of the Horizon 2020 Programme. Similar work preparing for the successor fund, Horizon Europe has started; this RDI programme is expected to start in 2021.

Division staff also participate in inter-departmental/agency forums to achieve the Government set national drawdown target of €1.25 billion from Horizon 2020 over the seven-year period 2014 – 2020 - particularly as regards achieving the agreed drawdown target of €77 million for the dedicated agri-food/forestry/marine pillar known as Societal Challenge 2 (SC2) which has been exceeded. Additionally, specific targets set for Teagasc (€19 million) and the Marine Institute (€11 million) have been met and exceeded to date. In the current Horizon 2020 period (2014-2020) figures available up to August 2020 show that in the SC2 area awards of €91 million have been granted to Irish partners in 144 projects (includes AgriChemWhey project led by Glanbia on biorefining of whey to biochemicals) – a success rate well above target even before the final Call.

Joint Programming Initiatives (JPIs)

Research Division is also responsible for leading Ireland's engagement in the two agri-food related EU-derived JPIs namely 'Agriculture, Food Security and Climate Change (FACCE)' & 'A Healthy Diet for a Healthy Life (HDHL)'. This involves, in the main, attending approximately three meetings per year of their respective Governing Boards and contributing to the development of their strategic direction and operational activities such as roll-out and funding of calls.

European Joint Programmes (EJPs)

The Research Division is also involved with two EJPs Cofunds under Horizon 2020 – EJP Soil and One Health EJP - that are designed to support coordinated national research and innovation programmes, that ranges from research and innovation projects to coordination and networking activities, as well as training activities, demonstration and dissemination activities.

Global Research Alliance on Agricultural Greenhouse Gases (GRA)

The GRA was launched in the margins of the COP Climate Change Copenhagen Summit in December 2009 and Ireland is a founding member of the Alliance (a New Zealand-derived initiative). The GRA aims to co-ordinate research efforts to develop agricultural greenhouse gas emissions mitigation technologies for practical application at farm level and several DAFM-funded research projects provide the basis for Ireland's continued engagement in the GRA. Ireland is represented on the Governing Council of the GRA by the Research Division. The Livestock Research Group is co-chaired by a representative from Teagasc, while meetings on 4 of its 5 Research Groups dealing with crops, livestock, inventory and cross cutting issues are attended by representatives from Teagasc and the EPA.

Codex Alimentarius

The Codex Alimentarius Commission is an inter-governmental body with 189 Members which develops science-based food standards, guidelines and related texts under the Joint FAO/WHO Food Standards Programme. It has two principal objectives - consumer health protection and facilitating fair practices in the food trade. These Codex standards act as reference points under the WTO SPS Agreement. Research Division coordinates Irish engagement in Codex by acting as the National Contact Point, operating the Irish Codex Advisory Committee that informs the Irish position on all Codex issues, and arranging for appropriate Irish representation at all relevant Codex Committee and Commission sessions. The Division also represents Ireland directly at sessions of the General Principles Committee and the Codex Commission.

NITRATES, BIODIVERSITY AND ENGINEERING DIVISION (NBE)

Head of Division: Jack Nolan, Senior Inspector

The Division has responsibility for environmental policy and actions relating to Water, Biodiversity and Soils. The division implements the Environmental Impact Assessment regulations (EIA) provides Engineering Services and leads on Farm Safety. The Division works closely with other Divisions internally and also with other Government Departments most notably Housing, Planning & Local Government and Arts, Heritage, Regional, Rural & Gaeltacht Affairs. The Division also provides expertise as required on over-arching policy issues such as CAP Reform, Rural Development Programmes and Food Wise 2025.

Water Policy

Water Framework Directive

The overarching policy driver in the area of water quality across the EU is the Water Framework Directive (WFD), led by Dept Planning, Housing and Local Government. The WFD was introduced in 2000 and comprises 11 key EU Directives which are considered important in protecting water quality across all sectors, with the various directives applicable to Agriculture. The second River Basin Management Plan for Ireland was published in April 2018, under which Ireland is now taking a single river basin district approach with a much-improved evidence base to underpin decision making at both national and local level. It contains multi-sectoral Programmes of Measures, including agricultural measures, to implement the 2nd cycle of the WFD.

Water Policy Regulations (S.I. 350 of 2014) made by the Minister for Environment established a tiered governance structure to assist implementation of the 2nd cycle of WFD in Ireland. Tier 1 is concerned with national management and oversight, led by DHPLG, and the Minister for Agriculture, Food and the Marine is represented at governance level. Tier 2 comprises national technical implementation and reporting and is led by the EPA, which is responsible for the development of RBMPs. The Local Authorities support the EPA and DHPLG at the Tier 3 governance level. NBE Division is collaborating with DHPLG, the EPA and the LAs at all three tiers of this governance structure.

Nitrates Directive

The Nitrates Directive is one of the 11 key Directives encompassed by the WFD and is the main agricultural measure included in RBMP. The Nitrates Directive requires every Member State to review their National Action Programme (NAP) at least every four years.

Ireland operates the EU Nitrates Directive on a whole territory basis through the implementation of the Good Agricultural Practice (GAP) or Nitrates Regulations (Statutory Instrument No. 605 of 2017). The GAP Regulations provide a considerable environmental baseline which all Irish farmers must achieve and by doing this, Irish farmers are contributing to the sector's WFD obligations regarding the protection of water quality. GAP Regulations' inspections are carried out by DAFM as part of the cross-compliance process. DHPLG is the lead authority for these regulations with a major role played by DAFM.

Irelands Fourth National Action Programme (NAP) for 2018 -2021

Ireland's NAP was reviewed for a third time during 2017. A number of significant changes were introduced to the fourth NAP following agreement with the Commission including -

- New strengthened water protection measures - focus on intercepting and breaking nutrient transport pathways and preventing sediment and nutrient losses to waters.
- Targeting improved soil fertility for more efficient use of fertilisers and achievement of sustainable intensification objectives.
- Simplification of the regulations to improve implementation.
- Enhanced knowledge transfer.

Legislation giving effect to these changes was introduced in late 2017 by way of regulation - S.I. 605 of 2017.

The current Nitrates Action Programme is in place to the end of 2021. Ireland will commence shortly (June 2020) a preliminary consultation to review the next Nitrates Action Programme. It is planned to undertake a final consultation with all stakeholders in 2021. The outcome of the review will have to be agreed at a national level and be presented to the EU Commisssion for approval. The next NAP is anticipated for implementation in January 2022. The review of the NAP will have to consider wider strategic policies such as the recently launched Farm to Fork and Biodiversity Strategies.

Nitrates Derogation

In 2007, the EU Commission approved a derogation for Ireland (2007/697/EC) which allows individual farms (upon application to DAFM) to operate above the statutory livestock manure limit (170 kg Nitrogen per hectare per year), up to a maximum limit of 250 kg Nitrogen per hectare per year, subject to strict conditions.

. There were new conditions applying for derogation farmers from 2018 namely -

- 50% of all slurry produced on a derogation farm must be applied by the 15th June annually; after this date slurry may only be applied using low emission equipment.
- Derogation farmers must have sufficient storage for all livestock manure and soiled water produced on the holding.

In 2020, almost 6,500 farmers (including intensive dairy farmers) have applied for the derogation; there were7,000 applicants in 2017. S.I. 65 of 2018 gives legal effect to the Nitrates Derogation.

Nitrates Derogation Review

A voluntary review of Ireland's nitrates derogation was undertaken during 2019 by a Nitrates Expert Group, comprised, of experts from DPHLG, DAFM, EPA and Teagasc. This review examined further opportunities for derogation farmers to improve efficiencies and continue to reduce their environmental footprint with particular regard to water, climate and air quality.

This Nitrates Expert Group review recommended additional actions such farmers can take, most notably that from April of next year, there will be a mandatory requirement for slurry from such holdings to be applied using low emissions technology. It is anticipated that up to 1/3 of all slurry produced on Irish farms will be applied using this technology by 2021.

Agricultural Catchments Programme

EU Member States are required to monitor the effectiveness of their Nitrates Regulations, under Article 5 (6) of the EU Nitrates Directive. Under the GAP Regulations, DAFM has been monitoring the effectiveness of Ireland's measures since 2008 through its significant funding of the Teagasc operated Agricultural Catchments Programme (ACP). The fourth cycle of the ACP was approved in November 2019 for a further four-year period to 2023.

The Agricultural Catchments Programme is in place since 2008 and is used to evaluate the impact of Irelands Nitrates Action Programme (NAP) and the Nitrates Derogation which are implemented under the Nitrates Directive[1]. This Programme and has been funded by the Department of Agriculture, Food and the Marine (DAFM) and has been delivered by Teagasc since its inception. The outcomes of this research provide a valuable insight into the processes that determine the impact of agricultural activity on water quality in the catchments.

Following three successful phases of the ACP, Phase 4 of the programme will now also collect data on greenhouse gases emissions, ammonia emissions and soil carbon sequestration, as well as extending the current baseline monitoring of water quality. These new developments will significantly enhance the monitoring of impacts of agriculture on our environment and aid the Department achieve our targets under the Climate Action Plan. Phase 4 of ACP will run from 2020 to 2023.

Following twelve years of intensive monitoring across the six catchments results indicate a positive response to the Nitrates Regulations, i.e. reduced nutrient inputs, increased nutrient management and some evidence of reduced nutrient losses from farmland to water. As a result, water quality trends are showing signs of recovery, although there are time lags between the implementation of measures and realising measurable improvements in water quality. Overall, evidence from the ACP indicates that supporting farmers, through technical advice, to make better decisions regarding how they manage nutrient applications offers the greatest potential to improve outcomes for water quality on Irish farms.

Issues:

Water Quality Water quality in Ireland had improved since the introduction of Good Agricultural Practice for Protection of Waters Regulations in 2006, however over recent years the situation has declined. The EPA's recent Water Quality in Ireland Report 2013 - 2018 shows that water quality in Ireland is improving in some areas and getting worse in others, but that overall there has been a net decline in water quality since 2013.

Agriculture covers over 65% of the land area of Ireland and is the most frequent significant pressure in water bodies that are not meeting their Water Framework Directive targets. The main problems from farming are loss of excess nutrients and sediment to water. These losses arise from point sources such as farmyards or from diffuse sources such as spreading of

fertilisers and manures. Excess phosphorus and sediment are typically issues for rivers and lakes, and too much nitrogen is the main issue for estuaries and coastal waters.

Characterisation by the EPA of these pressures has identified the most prevalent pressures causing damage to the quality of water bodies. These are:

- agriculture (affecting 53% of water bodies)
- discharges from urban and domestic wastewater treatment systems (affecting 29% of water bodies)
- hydromorphological alterations that change the flow and structure of water bodies (affecting 24% of water bodies) and
- forestry (affecting 16% of water bodies).

One of the most worrying trends reported in the assessment is the continuing loss in our high-status water bodies whose numbers have fallen by a third since 2009. These near pristine unpolluted waters are vital for the survival of sensitive aquatic species and the protection of aquatic biodiversity. Over half are failing to meet their objective and over a fifth of high-status objective water bodies have declined since 2015 highlighting that these waters remain significantly impacted.

Departmental Initiatives to Protect and Improve Water Quality

Of the waterbodies that are not reaching good WFD quality status, diffuse pollution from agriculture, along with municipal sources of pollution, is believed to be the cause. It is acknowledged that implementation of the GAP Regulations baseline alone may not be enough to protect High Status and other vulnerable water areas.

- DAFM supports and protects water through a variety of schemes and programmes at national and local scale.
    - Currently Pillar 1 of the CAP sets down baseline standards of protection for water through cross-compliance standards and the Good Agricultural and Environmental Standards (GAECs). More targeted agri-environmental schemes

under the Rural Development Programme (RDP) are in place to protect Ireland's habitats and species that rely so heavily on farmland and farmers.

- **The Green, Low-Carbon, Agri-Environment Scheme (GLAS)** is the largest scheme with a budget of €1.4bn with 50,000 participating farmers. It is Ireland's third such agri-environmental scheme and is a more targeted design prioritizing actions which target the preservation of priority habitats and species, sustainable management practices and traditional farming practices.
- **The Targeted Agricultural Modernisation Scheme (TAMS).** A suite of seven measures are available under TAMS II. The measures provide grants for capital investment in physical assets to assist the Irish agriculture sector to respond to a range of policy challenges. For example; Low Emission Slurry Spreading Equipment is essential to contributing to meeting the challenges of reducing our environmental footprint,
- **Results Based Policy** is to become more widespread across Europe under the new CAP regulations with member states afforded more flexibility with design and roll-out – the focus being the result. Ireland and DAFM are EU leaders in this policy area being involved in the Results Based Agri-environmental Pilot Scheme (RBAPS) and also funding several schemes and projects under the current RDP.

Under the 2nd RBMP the **Agricultural Sustainability Support & Advisory Programme (ASSAP)** is an important agricultural measure. This is a collaborative initiative supported by the DHPLG, DAFM and industry to achieve farmer behavioural change for the protection of water. It is a whole of Government, whole of sector approach to provide direct advice to farmers in 190 priority areas for the protection and improvement of water quality. 30 sustainability advisors are being assigned to this programme – 20 by Government and 10 by the dairy co-ops. The 30 Advisors will work within a unified partnership structure which encompasses Teagasc, the Co-ops and LAWCO (Local Authorities Water and Communities Office. This is a new approach to achieving improvement in water quality and supports the goals of the Food Wise 2025 strategy,

facilitating increased productivity hand-in-hand with a more sustainable sector. This will be achieved through improved nutrient management with more targeted use of fertiliser, better farmyard practice, more widespread use of sustainability approaches developed by Teagasc and the development of new approaches in critical source areas.

Biodiversity Policy

As a signatory to the Convention on Biological Diversity, Ireland undertook to promote conservation and sustainable use of biological diversity. The principles enshrined in this convention are also embodied in EU legislation such as the Birds and Habitat Directives and National provisions including the European Communities (Birds and Natural Habitats) Regulations 2011 and the Wildlife Act, 1976, under the lead responsibility of the Department of Arts, Heritage, Regional, Rural & Gaeltacht Affairs.

To ensure that Ireland fulfils its obligation under the Convention, and related legislation, the first National Biodiversity Plan for Ireland was developed and published in 2002. The third revised Plan was published in 2017, and covering the period up to 2021, was prepared against a background of increasing biodiversity pressures and losses at both European and national level. The plan recognises the need for the integration of sustainable use of biological diversity into all relevant sectors.

Some key actions for the agriculture sector include:

- Development and implementation of agri-environment schemes (AES) under the Rural Development Programme (i.e. GLAS and locally led AES) and to ensure that AES achieve a quantifiable net gain for biodiversity and ecosystem services;
- Effective implementation of cross-compliance and statutory management requirements to ensure conservation of biodiversity;

- Implementation of the Forestry Programme 2014-2020 ensuring positive outcomes for biodiversity and ecosystem services and restoration of areas impacted by inappropriate forestry
- Implementing the National Genetic Conservation Strategies for animals and plants to ensure conservation and availability for use, of genetic diversity of crop varieties, livestock breeds and races

Notwithstanding the fact that Irish farmers are operating to high environmental standards under both National and EU provisions, many species remain under threat and habitats in poor condition, with many of these associated with farmland habitats. Fourteen percent of species are threatened with extinction under Ireland's Red List assessments while the number of Red and Amber-listed bird species on the Birds of Conservation Concern in Ireland has increased. The 'Action Plan for Lowland Farmland Birds in Ireland 2011-2020' lists 11 species of lowland farmland birds are on the Birds of Conservation Concern in Ireland's Red List while a further 21 species are on the Amber List. The bird species are considered good indicators of wider species and habitat biodiversity and the ongoing decline of farmland birds is a concern for agricultural habitats. The 2013 report on the "Status of EU protected Habitats and Species in Ireland" showed that 91% of the 58 habitats assessed have unfavourable conservation status. The status of several grassland and peatland habitats is 'Bad' with ongoing declines recorded. The conservation status of species assessed is slightly more positive with 20% reported as being 'Inadequate' and 12% as 'Bad'.

Currently baseline protection for biodiversity is provided under CAP Pillar 1 through cross-compliance standards along with greening measures. More targeted biodiversity conservation is incorporated under the RDP: The Green, Low-Carbon, Agri-Environment Scheme (GLAS) is a nationwide, voluntary scheme with a three-tier hierarchy system which prioritises actions which target the preservation of priority habitats and species. The Burren Programme which began in 2016, is a local, results-based payment agri-environmental scheme that builds on the success of the established farming for conservation project to deliver both agricultural results

and environmental benefits. A network of Locally Led AES (LLAES) and European Innovation Partnerships (EIPs) have been funded under the RDP to address more targeted biodiversity concerns. The Hen Harrier Programme and the Freshwater Pearly Mussel LLAES have been awarded funding by DAFM to design and implement agri-environmental schemes which aim to improve species targeted biodiversity conservation. 23 EIPs are now operational. The emphasis of the majority of these projects is on local biodiversity and landscape conservation with many developing results-based payments schemes. Other schemes are aimed at sustainable agriculture management practices which will also have positive implications for biodiversity.

This Division also acts a key contact point on biodiversity issues with the Department of Arts, Heritage, Regional, Rural & Gaeltacht Affairs and other related stakeholders. There is on-going interaction between the two Departments with regard to implementation of the biodiversity strategy and any other emerging issues of common interest, such as assisting with EU infringement cases e.g. Birds case- corncrake, and mitigating the development of other infringement cases e.g. freshwater pearl mussel (FWPM) and breeding waders such as the curlew.

Soil Policy

Soil is under increasing environmental pressure across the EU Community. In its 2002 Communication "Towards a Thematic Strategy on Soil Protection" (COM (2002) 179), the Commission identified eight main threats with which soils in the EU are confronted. These are erosion, organic matter decline, contamination, salinisation, compaction, soil biodiversity loss, sealing, landslides and flooding.

After several years of difficult negotiations, a proposed Soils Framework Directive was officially withdrawn, but plans for alternative provisions are still under consideration at EU levels. Since

2015 renewed discussions are taking place with an EU Expert Group on Soil Protection was set up to progress policy development and DAFM has been represented at these meetings (with DHPCLG as the lead contact point for Ireland) with the most recent meeting held April 2018. Overall progress with the working group has been slow and the latest preparatory work towards policy revolved around a questionnaire to MS. The summary of responses was presented at the last meeting in April 2018.

From an agricultural perspective several measures which aid the protection of soil are already contained within the CAP provisions:

- Pillar 1: Retention of permanent grassland and protection of carbon rich soils under Greening, indirect benefits to soil biodiversity and structure from crop diversification and EFA.

- GAEC Provisions to protect soil and carbon stocks therein: GAEC 4 (and Nitrates provisions) lays down requirements for minimum soil cover, to prevent erosion and leaching of nutrients. GAEC 5 sets minimum land management conditions to prevent soil erosion, while GAEC 6 aims to maintain soil organic matter by placing a ban on burning stubbles.

- Pillar 2. GLAS contains actions beneficial for soil protection i.e. minimum tillage, green cover, environmental management of fallow land, arable grass margins and commonage management plans should also lead to reduced overgrazing/erosion pressures on blanket peats.

- The Nitrates Action Programme (NAP) 2018 -2021 requires for soil organic matter testing in designated peaty areas to minimise the risk of phosphorus loss to waters on soils of organic matter content of 20%+.

Environmental Impact Assessment (EIA) Regulations

The EIA (Agriculture) Regulations were introduced on 8 September 2011 (S.I. No. 456 of 2011) with amendments in 2013 (S.I. No. 142 of 2013) and 2017 (S.I. 407 of 2017). Land activities covered by these regulations include:

- The restructuring of rural land holdings (which includes the combining of fields, the removal of hedgerows and stone wall or the re-contouring of land e.g. by infill)
- The use of uncultivated land or semi-natural areas for intensive agriculture
- Water management projects for agriculture, including irrigation and land drainage

Under these regulations DAFM provides a screening service to examine if any such activities may have significant negative environmental impacts. Where it is deemed that activities may have a significant negative effect on the environment, a full EIA will be required.

Farm Health and Safety

While the Health and Safety Authority (HSA), under the remit of the Minister for Jobs, Enterprise and Innovation, has primary responsibility for health and safety in the workplace, this Department has taken an active role in the promotion of farm safety, in particular the inclusion of farm safety in the Knowledge Transfer schemes and also the inclusion of safety elements and mandatory farm safety training in the Targeted Agricultural Modernisation Schemes (TAMS). The Irish farm is one of the most dangerous workplaces in Ireland and it is a requirement of all groups involved in agriculture to continually highlight the issue of farm safety.

DAFM, in conjunction with the HSA, is focused on changing farmer behaviour in relation to Health and Safety. Research (commissioned by the HSA) has shown that behavioural change is the key to reducing the level of accidents both fatal and non-fatal, on farms. The same research showed that farmers are generally aware of the risks, however, there were problems with

farmers not often adhering to the safety rules and possibly not having a strong desire to work safely.

In an attempt to reduce the number of farm accidents the Farm Safety Partnership Advisory Committee (FSPAC) was established in 2002. This is an advisory committee to the Board of the HSA and is made up of representatives across the agricultural spectrum. The Department of Agriculture, Food and the Marine is an active member of the Farm Safety Partnership Advisory Committee and is in regular contact with the Health and Safety Authority. This committee consist of members from a wide range of bodies within agriculture and looks at how to promote and develop farm safety. The Division represents DAFM on the FSPAC. The HSA have indicated that the inclusion of farm safety in the Knowledge Transfer scheme and TAMS II scheme was a significant step. It is important that this step is built on and farm safety training is built into all future schemes. It would be beneficial to include safety training as a requirement of the Basic Payment Scheme under the revised CAP post 2020.

The FSPAC supports the HSA in the promotion of farm safety and health through the Farm Safety Action Plan. The HSA is currently completing a review of the Farm Safety Partnership Committee with a view to making it more effective. Upon completion of the review a new Farm safety Action plan will be developed. The Farm Safety Action Plan lists the commitments of each of the member organisations to promoting farm safety and health.

Engineering Services

Under the Nitrates regulations it is a requirement that "Storage facilities being provided on a holding…" comply with such construction specifications for those facilities as may be approved from time to time by the Minister for Agriculture, Food and the Marine". As such the Engineering Services Unit maintains specifications for storage facilities so that farmers can ensure compliance with their obligations in relation to the storage of organic manures, soiled water and effluent (e.g.: mass concrete tanks, silage pits, geo-membrane lined stores).

The Engineering Unit of the Division provides a range of specifications and reference costs for the AES Division for the operation of the Targeted Agricultural Modernisation Schemes (TAMS) and Organic Schemes. . All the information is to ensure that the Department grant-aids good value for money, good quality structures that will perform in a rigorous environment.

The unit provides Engineering Services to other divisions within the Department as needed, such as supporting the Animal Health and Welfare Division in relation to the upgrading of pig housing for compliance with pig welfare requirements, Forest roads specifications etc.