

**FARMERS JOURNAL**


## EU Common Agricultural Policy key to sustainably growing Irish Agriculture



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## Irish livestock sector

- Agricultural exports €9 billion
  - 25% increase
- 270,000 jobs in sector
  - One in every seven
- Every €10 in exports €7 remains in the country
  - €4 in case of manufacturing sector

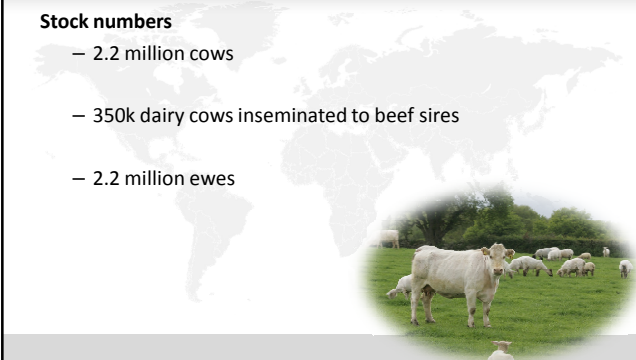


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## Irish livestock sector

### Stock numbers


- 2.2 million cows
- 350k dairy cows inseminated to beef sires
- 2.2 million ewes



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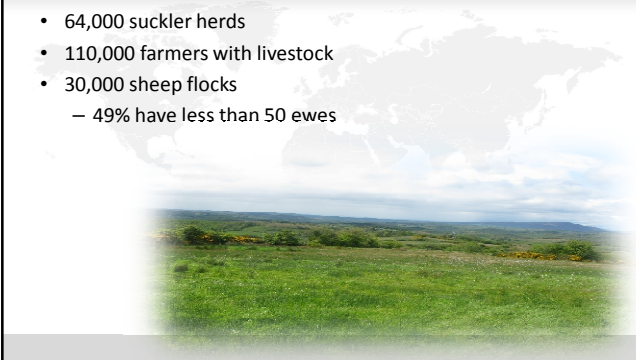
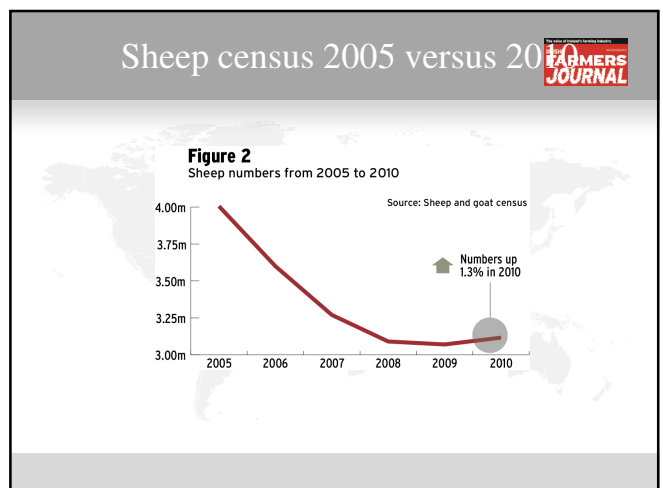
## Dairy Ireland stats

- Approx 1.1m dairy cows producing c 5.2 bn litres of milk.
- Food Harvest 2020 report predicts this will grow to 1.4m dairy cows and 7.5 bn litres produced by 2020.
- On a European scale Eurostat figures show Ireland is in eight place behind Spain
- 90% of milk produced in Ireland is from seasonal calving herds
- 90% of product produced is exported

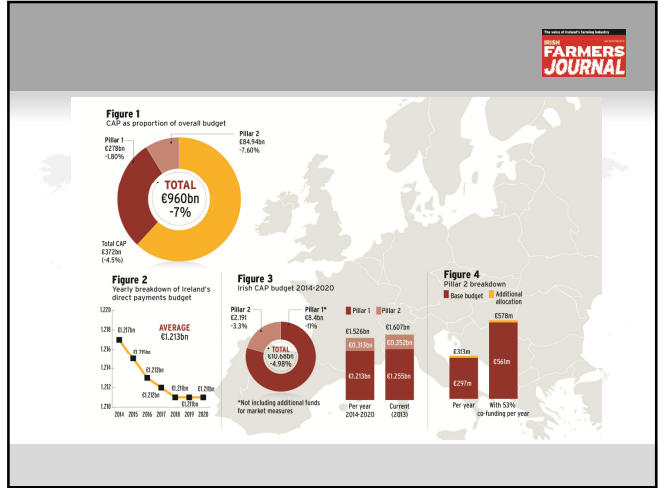
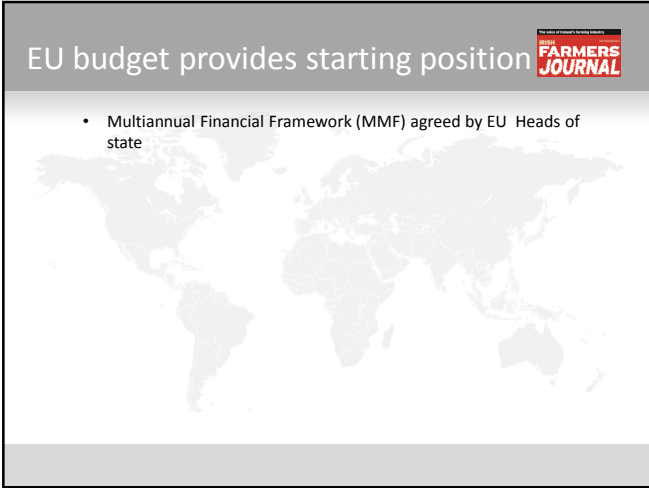
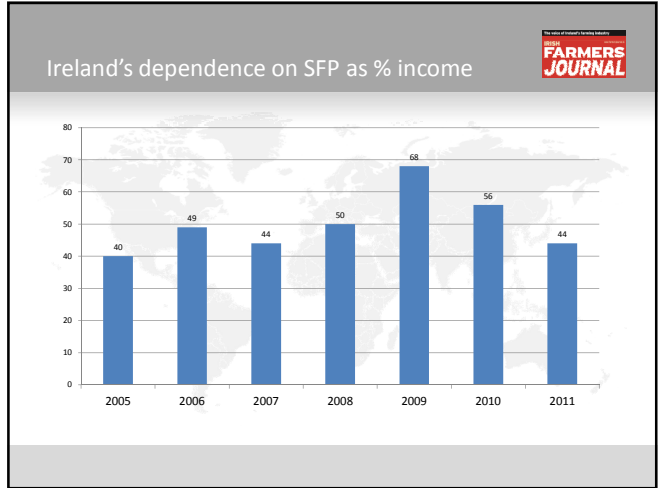
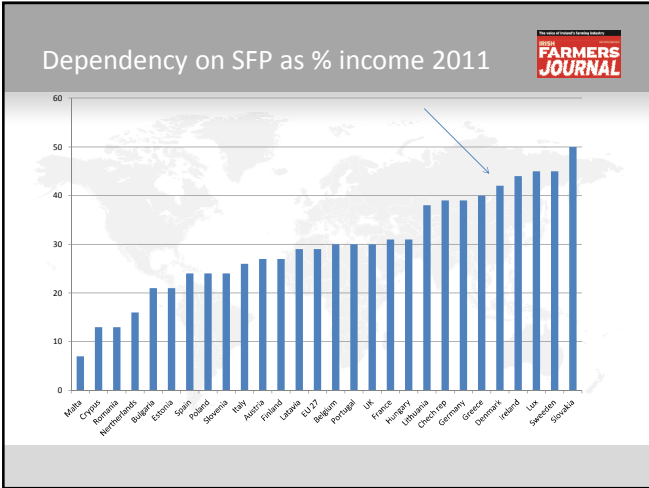
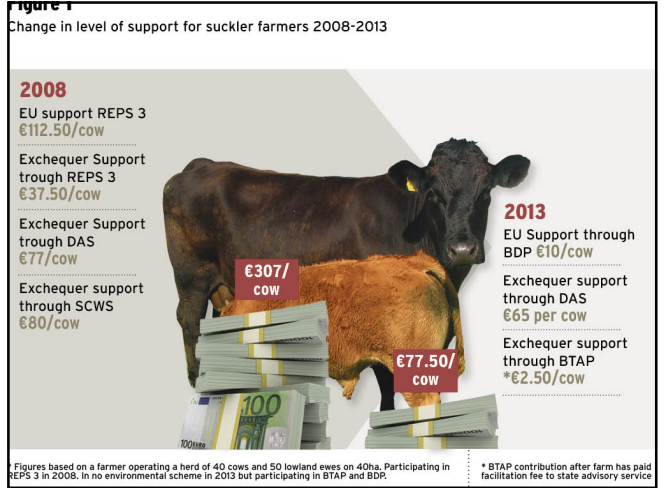
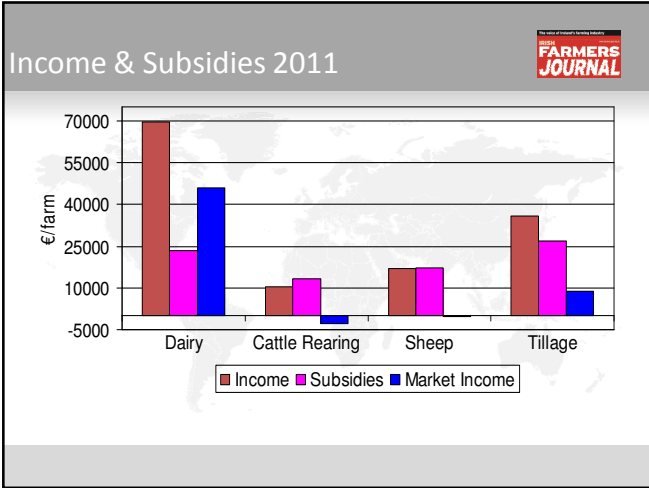


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- 64,000 suckler herds
- 110,000 farmers with livestock
- 30,000 sheep flocks
  - 49% have less than 50 ewes

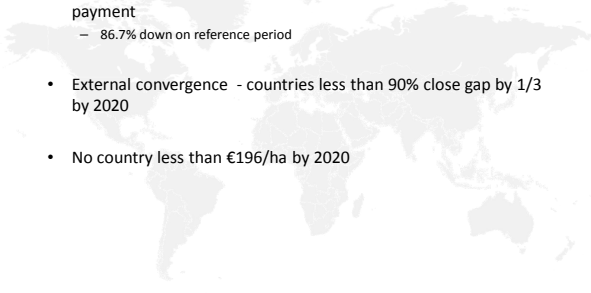
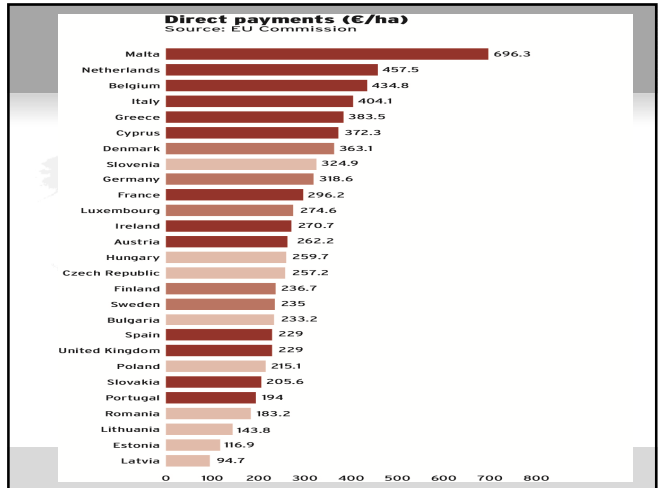







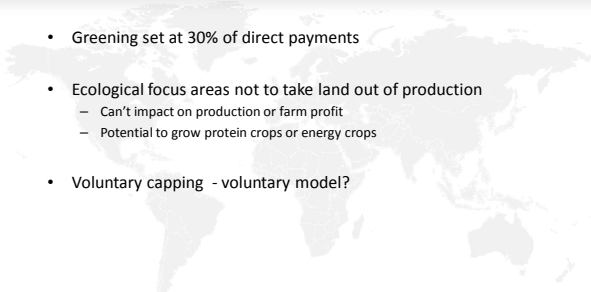
### EU budget provides starting position

- 3.3% reduction in 2014 SFP – adjustment based on current payment
  - 86.7% down on reference period
- External convergence - countries less than 90% close gap by 1/3 by 2020
- No country less than €196/ha by 2020

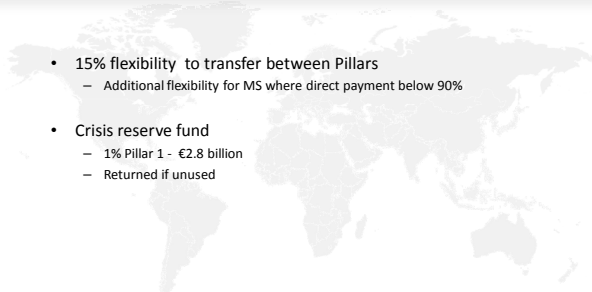
### EU budget provides starting position

- Greening set at 30% of direct payments
- Ecological focus areas not to take land out of production
  - Can't impact on production or farm profit
  - Potential to grow protein crops or energy crops
- Voluntary capping - voluntary model?



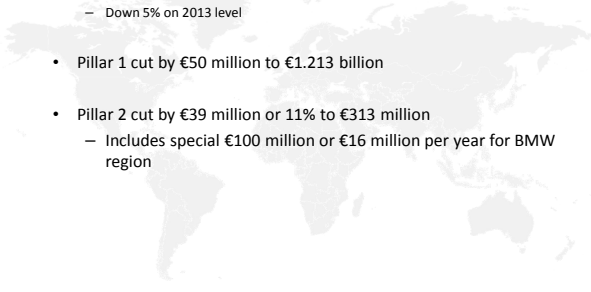
### EU budget provides starting position

- 15% flexibility to transfer between Pillars
  - Additional flexibility for MS where direct payment below 90%
- Crisis reserve fund
  - 1% Pillar 1 - €2.8 billion
  - Returned if unused




### Irish Budget

- National envelope reduced from €1.607 billion to €1.526 billion
  - Down 5% on 2013 level
- Pillar 1 cut by €50 million to €1.213 billion
- Pillar 2 cut by €39 million or 11% to €313 million
  - Includes special €100 million or €16 million per year for BMW region

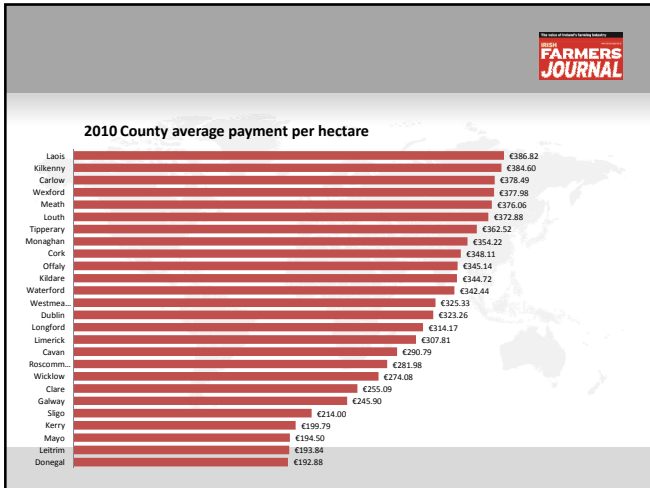


### Internal convergence a major issue

- Redistribution
  - Minister's position €79 million – Commission's €300 million
- Greening is a key area
  - Redistribution
  - Shift in support away from productive agriculture

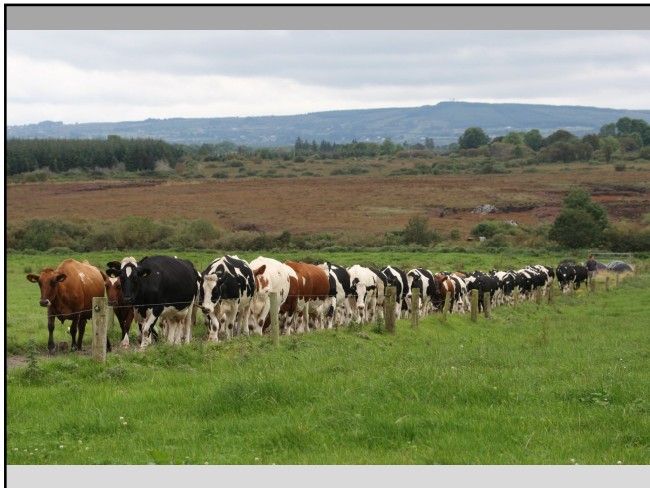






### Internal convergence a major issue

- Fixed or variable
  - Fixed = 30% of €270/ha – circa €90/ha greening payment
  - Variable = 30% of SFP (€500) - circa €150/ha greening payment
- Regionalisation
  - Any country that has gone flat has gone regional
  - Not an option for Ireland due to variation in farming activity



### Pillar 2 payments

- 2005-2012 Pillar 2 payments averaged €350 million per annum
- 2014-2020 average €313 million
- Co-financing is a critical issue
  - Set at 53%
  - Can be increased to 75% for environmental measures
- Large percentage of Pillar 2 payments channelled towards environmental packages


### Pillar 2 payments

- 50-60k farmers in REPS receiving payments from €5 to €10k per annum
- Provides critical support to low income sectors
- 15k farmers in AEOS - payments less than €4k
- Option for higher co-financing rate where Member State is receiving financial assistance from EU

### Coupling -


- Scope for some member states to re-couple 10%
- Other member states restricted to 5%
- Parliament indicating up to 15%

## Irish solutions




- Target support at active farmers
  - Clear signals early
- Mechanism for each country to limit loss
  - Otherwise compensation model
- Minimum redistribution with long transition period
- Flexible greening
- Flexibility to re-couple at higher level
  - Requirement will be determined by level of redistribution

## Irish solutions



- Against transferral of funds between Pillars
- Matched Pillar 2 funding -compulsory at 50%
- National top up for Pillar 2
  - €200 million
- Capping?
  - Circa 150 farmers over €100,000

## National reserve and young farmers

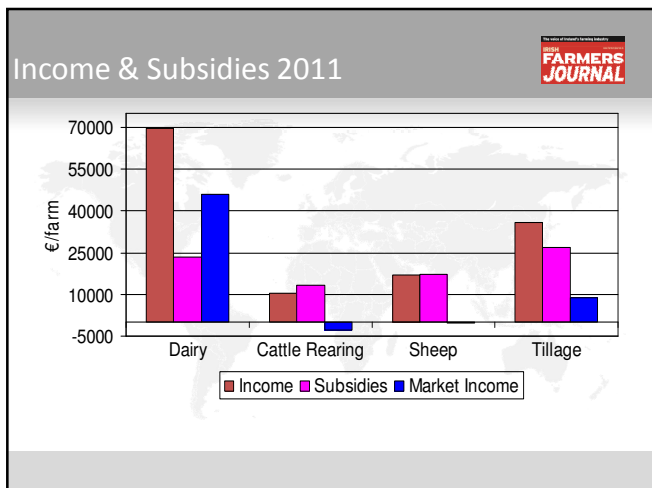


- Proposed 3% national reserve
  - Indications are Ireland would need circa 1.5%
  - Should be targeted at farmers that have increased production since reference years
- 2% young farmers
  - Under 40 years receive 25% top
  - Max five years
  - Objective criteria needed


## Where to over the next seven years



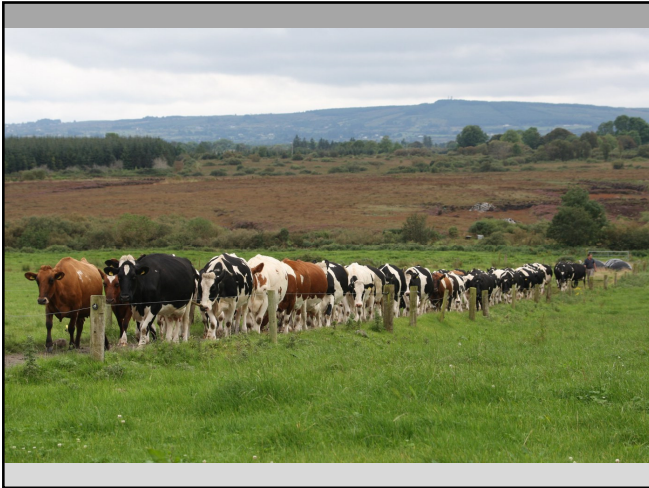
- Ireland will resist any move towards a fully flattened payment
  - Decimate productive farmers
  - Destroy any potential of livestock sector achieving Food harvest 2020 targets and driving food exports
- Question - do we want national beef herd of 1.15 million beef cows or 650k by 2020
- Will be decided over the next four months



## Why the focus on flattening



- What is the benefit of flattening to EU Agriculture
- Intensification of environmentally sustainable production systems is the key to reducing the sectors environmental footprint
- We must target payments towards best practice
  - Both in relation to the environment and farm productivity
  - Not mutually exclusive
- Any coupled payment should be targeted to increase beef cow productivity
  - Payment on the calf
- Slaughter premium?



Time frame over the coming months 

- Minister for Agriculture Simon Coveney Chairman of the council of Ministers
  - Agreement in principle in March from council
  - Agreement in principle in April from the Parliament
  - Agreement in principle from the Commission
- Final agreement end of June at council meeting