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Minister's Online Newsletter



January 2012



We have had a great start to the New Year with the publication of the latest figures on Ireland's agri-food exports during 2011. The value of Irish food and drink exports for the last year increased by 12% to reach an all-time high of €8.85 billion. The value and volume increase in agri-food exports are outperforming other sectors of the economy. It is heartening to see that the efforts put in by all con-

cerned to open and develop these markets are achieving results. We export more than 85% of the food we produce, mainly to the UK at €3.6 billion or 42% of all exports, while the EU market accounts for €3 billion of 34% and non EU markets accounting for 25% or €2.2 billion.

The agri-food's sector makes an important contribution to the Irish economy. More than 70% of its expenditure is on Irish goods and services, compared to 44% for all manufacturing. It also provides the main employment for around 135,000 people and provides the outlet for the produce of 128,000 family farms.

Ireland is now a well established global player in the agri-food industry resulting in food exports to 170 countries worldwide. We can be very proud of the reputation Ireland has developed in these countries for producing good quality and safe food products. This reputation was hard earned and we must continue to maintain these standards so as to secure our present markets and to develop new ones.

This is all good news and what is perhaps most impressive is the level of achievement across all sectors and markets by companies large and small. This is the information that encourages people to continue moving ahead with hope for our future and our children's future.

The global recovery remains fragile and some volatility in world prices looks like being a feature of world trade over the next few years. However, sound strategies and the commitment of food producers and processors to innovation, to managing costs and to meeting changing consumer and buyer needs will, in my view, enable the sector to continue to perform strongly in 2012. Demand for dairy products is likely to continue to increase. The international beef supply situation provides a basis for maintaining the value of meat and livestock exports and there are good prospects for beverages, seafood and



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horticulture for companies ambitious to develop existing markets and identify new export opportunities.

Indeed the strong growth figures in 2011, and positive outlook for 2012, serve to underline the importance of the ambitious, medium term growth targets in Food Harvest 2020, which envisages growing food and drink exports to €12 billion by 2020. The food industry is a highly innovative and technologically advanced sector operating in a growing world market. My Department and the development agencies - Bord Bia, Teagasc, BIM and Enterprise Ireland - are committed to working closely with producers and the industry at all levels to maximise its potential for economic growth, jobs and producer income.

CAP Update

From an Irish perspective the New Year has brought a new impetus to the CAP reform process. The European Commissioner for Agriculture and Rural Development, Dacian Cioloș, was in Dublin on the 18th and 19th January to discuss the proposals with government and with stakeholders. In the course of a very frank and constructive exchange on the 18th January, I had the opportunity to clearly state Ireland's priorities.



Left: Minister Simon Coveney with European Commissioner for Agriculture and Rural Development, Dacian Cioloș after their meeting and joint press conference in Dublin recently.

A strong and well-resourced CAP is the starting point, and I therefore emphasised the importance of securing the maximum possible overall funding from the EU budget negotiations. The second priority for Ireland is the retention of our levels of funding for both direct payments and for rural development. While I am broadly satisfied with the position in relation to direct payments, the method suggested for the allocation of rural development funds does not adequately address Irish concerns, and I look forward to seeing a firm proposal from the Commissioner shortly in this regard. The third priority for Ireland is to obtain the maximum possible flexibility for Member States to implement the payment systems and transitional arrangements that best suit their farming conditions. I made it clear to Commissioner Cioloș that the proposal to move to a flat rate of payment

Right: Minister Simon Coveney and Minister of State Shane McEntee with European Commissioner for Agriculture and Rural Development, Dacian Cioloș after their meeting and joint press conference in Dublin recently.



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at national or regional level is extremely problematic for us, because it would result in the transfer of large amounts of funding from productive farms to more marginal and less productive land.

The need for flexibility also informs my difficulties with the Commission's 'greening' proposals, which I think are too bureaucratic. In putting this point to the Commissioner, I expressed a preference for a menu approach that would allow Member States to apply measures in accordance with their conditions and needs, or a simple enhancement of existing cross compliance and GAEC provisions.

For his part, the Commissioner explained and defended the rationale underpinning his proposals, but also acknowledged my concerns and undertook to work with me to achieve progress. I think the reform process will be a long and difficult one, but I am more determined than ever to continue my efforts to achieve the best possible outcome for Ireland. These efforts will continue next week, when I will use my attendance at the Council of Agriculture Ministers meeting to further press the Irish position with my colleagues and to work on building strategic alliances.

Seafood

World demand for **seafood** is growing steadily as the world population increases. Seafood is in particular demand due to the rise in the number of middle income earners in the Asia Pacific region where seafood and salmon in particular is in high demand. The FAO estimates that an extra 42 million tonnes of farmed sea food will be needed every year by 2030.

In Europe alone the current underlying demand for organic salmon is estimated by BIM and Bord Bia to be in the region of 40,000 - 50,000 tonnes annually and, in common with other organic food types, continues to grow rapidly.

This global market demand presents Ireland with an opportunity to adopt a proactive strategic approach to the development of our fish farming industry so as to meet these market needs.



Pictured at BIM's 'Taking Seafood to the Next Level' Industry Seminar at the Radisson Hotel, Dublin Airport are Aodh O'Donnell, Managing Director of Errigal Seafoods, Minister for Agriculture, Food and the Marine, Mr. Simon Coveney, T.D. and Birgitta Heidin-Curtin, Managing Director, Burren Smokehouse

Deep Sea Fish Farming

I now wish to radically expand the production of Irish organic farmed salmon by creating new fish farming production areas in deeper waters. The placement of farms in deep waters will ensure that there is no impact on NATURA 2000 sites, no significant environmental or visual impact, no interference with migratory salmonids, wild sea fisheries or navigation or tourism interests.

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BIM estimates that just one of these production areas could generate over €100 million in exports per annum and create 350 direct jobs. A further 150 jobs will be created indirectly in the service sector, supplying fish feed, netting, transportation and other services.

I have tasked BIM, working with the Marine Institute, to investigate suitable sites at no extra cost to the State. This is currently taking place. It is expected that BIM will submit a licence application for a suitable site early this year. It is expected that the management of the licensed sites will be undertaken by a commercial operator. This approach will ensure that the maximum benefit accrues to the State.

I would emphasise that this initiative in no way lessens my commitment to the on-going development of existing inshore aquaculture. On the contrary, this new deep sea initiative will complement the existing activity and will inject renewed vigour and investment into the fish farming industry as a whole.

The strategic approach to the deep sea project and the scale of the operation envisaged represent a major 'game changer' in terms of the management of our sea food industry. The highest level of environmental protection is a key feature of the project. The licence application will be considered in accordance with the provisions of the 1997 Fisheries (Amendment) Act and must be accompanied by an Environmental Impact Statement.



Left: Minister Coveney with Kish Fish, Bow Street, BIM Seafood Specialist of the Year 2012

New Licence Templates for Aquaculture

I have recently launched new aquaculture and companion foreshore licence templates. The new templates, which are species specific, have been introduced to address the technological, environmental and legal issues that have come to the fore since the first licences were issued under the Fisheries (Amendment) Act, 1997. A new template for the accompanying foreshore licence has also been devised.

The new templates will be introduced as individual licences come up for renewal and as new licences are issued.

The new templates contain significant new terms and conditions which are designed to reflect the technical advances that have taken place in the industry and the enhanced environmental protection now required under EU and national legis-

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lation. They will form the basis for sustainable development of the industry and the creation of long-term jobs into the future.

Key new features of the licence templates include:

- a move to Standing Stock Biomass for finfish as the means of measuring production capacity at an aquaculture site;
- enhanced provisions on environmental monitoring;
- greater clarity on the requirements for operators in relation to operational conduct and monitoring;
- the possibility for the group-marking of sites for navigational purposes;
- specific provisions covering company registration/dissolution, tax certificates, payment of fees etc.

Information Seminars for industry are currently being rolled out by my Department.

PAYMENTS TO FARMERS

An update on the payments made under the various schemes run by my Department are outlined below.

A total of €1,211,420,631.90 has been paid to 121,231 applicants under the **Single Farm Payments Scheme**.

REPS & AEOS update

REPS - 23,500 farmers have now received a total of approximately €140m under REPS in respect of 2011. Of these, nearly 22,500 have been paid 100% of their payment with remainder having received 75% of their payment.

AEOS I - Under AEOS I €5.5m has now issued in respect of the initial part year payment to 6,250 applicants, with most having received the full 100%, while to date approximately €10.0m has issued to 2,500 applicants in respect of year 2011. Payments in respect of both years will continue on an ongoing basis as queries are resolved. Valid Capital Investment Claims are required where non-productive capital investments were approved as part of the AEOS approval. Where these claim forms have not been submitted farmers should do so immediately. Furthermore where queries are received in respect of claim forms already submitted they should be dealt with as soon as possible.

AEOS II - A total of just under 6,900 applications were received in 2011. Approximately 6,500 successful applicants have been notified in writing of the status of their application. The remaining query cases will be notified of the status of their application in the coming weeks.

I am currently considering the question of the re-opening of AEOS in 2012 on a limited scale. The cost of funding a new scheme will have to be met in 2013. The decision to re-open for applications in 2012 will be dependant on the Department's expenditure ceiling for 2013 as agreed by Government. We also need to be cogni-

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sant of how a new scheme might be funded with less money and the resulting pressures on the overall expenditure by my Department in 2013.

The total paid to farmers under all agri - environment schemes in 2011 was just over €277m.

A total of €0.825 million has been paid under the Targeted Agricultural Modernisation Schemes (TAMS), €0.462 million for poultry welfare and €0.363 million for the Bioenergy Scheme. The allocation of €20.5 million to TAMS in the 2012 Estimates enabled these schemes, other than the Poultry Welfare Scheme to be reopened for applications on the 20th December 2011. The five schemes involved are:

- The Dairy Equipment Scheme (First tranche closes on 31st January 2012). It provides grant-aid for the purchase of milking machines, milk cooling equipment and certain ancillary items. The available grant-aid is 40% up to a maximum eligible investment ceiling of €40,000 for milking machines and €25,000 for cooling equipment. Special incentives are provided in the case of certain Milk Production Partnerships and these are detailed in the Scheme document.
- The Rainwater Harvesting Scheme (First Tranche closes on 31st March 2012). It provides grant-aid for the installation of equipment for rainwater harvesting and treatment at a rate of 40% up to a maximum eligible investment ceiling of €25,000, i.e. a maximum grant of €10,000. The revised version of the Scheme now reflects the recent changes in planning legislation which provide an exemption from planning permission for tanks below a fixed range of dimensions.
- The Sheep Fencing / Handling Scheme (First Tranche closes on 29th February 2012). It provides grant-aid at a rate of 40% for the provision of fencing and mobile handling equipment on Irish sheep farms. The maximum grant available under the Scheme is €4,000.
- The Sow Welfare Scheme (First Tranche closes on 31st March 2012). It aims to assist pig farmers to bring their facilities up to the standards required by the new EU animal welfare rules which enter into force on 1st January 2013. The grant-aid available is 40% up to a maximum eligible investment ceiling of €300,000, i.e. a maximum grant of €120,000.
- The Poultry Welfare Scheme. It provides grant-aid for poultry farmers in order to assist farmers to bring their facilities up to the standards set out in the Laying Hens Directive which entered into force on 1st January 2012. The available grant-rate is 40%. The deadline for completion of work under this Scheme has been extended to 28th September 2012.

Payments under the 2011 Grassland Sheep Scheme

Payments under the 2011 Grassland Sheep Scheme commenced on Tuesday, 18th January. This is the second year of the Scheme, which is being funded from unspent Single Payment funds.

These payments are particularly important for sheep farmers, giving a timely boost to incomes in the sector. I am confident that this Scheme, which focuses on those flocks with breeding ewes, is helping maintain the national breeding flock and act-

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ing as a real incentive to farmers anxious to maintain their production levels, which are essential for the future of a viable sheep industry in this country.

The supply of lambs is a key and fundamental element underpinning the sheep and lamb processing industry, which is a hugely valuable export-orientated part of the Irish agri-food sector. The industry is worth around €250 million to the Irish economy and over two thirds of the product is exported, supplying a high-value product to consumer markets throughout Europe.

Irish sheep farmers are facing significant production and demand pressures at present, though Ireland is not alone in this regard. To maintain a viable industry, we must arrest the decline in reducing flock numbers, income pressures and producers leaving the sector. I believe that the Grassland Sheep Scheme is assisting in achieving these aims and is providing a much needed and very valuable income support to an important and vulnerable sector.

The following are the rates of aid and the maximum areas payable under the Grassland Sheep Scheme.

Mountain Type Grazing 0-20 hectares - €28.05 per hectare

Mountain 20 to 84 hectares (maximum area payable) - €23.38 per hectare

Lowland 0-30 hectares (maximum area payable) - €65.45 per hectare.

Important Dates

- 7th February - Bord Bia Marketplace International 2012 - Dublin
- 8th February - North South Ministerial Council Agriculture Sectoral Meeting - Armagh

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- Email address
- Whether you want to be contacted by email or text (If you would prefer to be contacted by text please add your mobile number)