

MINISTER COUGHLAN'S ASSESSMENT OF AGRI-FOOD SECTOR IN 2005 AND 2006

2005 – A Year of Continuing Change; 2006 – A Year of Continuing Challenge

The Minister for Agriculture and Food, Mary Coughlan, TD, reflecting on progress made during 2005, outlined the main achievements in relation to the agri-food sector, which included:

- The efficient introduction of the Single Payment Scheme (SPS) - c. 130,000 farmers
- Budget package of €24m,
- Agreement on a new EU Rural Development Package, 2007-13
- Record levels of public investment in REPS - €283m, and a record number of participants in the scheme – 48,000
- Progress on WTO Doha Development Round trade negotiations
- Phasing and options negotiated in Sugar Reform
- Enhanced food safety and labelling legislation
- Continued, effective disease control programmes

“2005 undoubtedly represented another year of continuing change for the agri-food sector. On a number of fronts, it was a tough, challenging year, in which the CAP, despite extensive reform, came under sustained pressure. It was also a year of continued progress and gave grounds for continued optimism, with Irish farmers showing great initiative in embracing the full decoupling of the Livestock and Arable Premia Schemes. This type of initiative will be the bedrock of maintaining a sustainable and competitive agri-food sector in the future.”

Single Payment Scheme - Payments mark the commencement of a new era for Irish agriculture and will allow farmers to produce what the market demands

On 1 December 2005 – the earliest possible date under the EU Regulations - the Single Payment Scheme (SPS) commenced as planned with almost €1 billion in payments to some 110,000 farmers, representing almost 85% of applicants. Payments by year end amounted to in excess of €1 billion.

Processing of remaining payments is continuing after which attention will turn to national reserve allocations.

Budget Measures - Farmers and the wider rural community will benefit significantly

A generous package of measures was provided for farmers in the 2006 Budget reflecting the Government's continuing commitment to agriculture. Farm specific measures worth over €24 million were announced which will help meet the challenges ahead in relation to competing on global markets.

REPS - Record Payments in 2005

Farmers received nearly €283 million in REPS payments in 2005, which is the highest figure since REPS began in 1994, and represents an increase of 36% on the previous year. During the year, the number of farmers in the Scheme also broke previous records, passing the 48,000 mark at the beginning of November. By any standards REPS 3 is a major success and continued to deliver benefits to society as a whole and not just to farmers, leading to better water quality, an increase in wild birds and other species, and generally a more varied and natural landscape.

WTO Development Round – Outcome of Ministerial meeting in Hong Kong

Despite reports to the contrary there was no WTO deal in Hong Kong but there was agreement on export refunds where the strong stance taken by Minister Coughlan in the numerous Council of Ministers meetings ensured that the Commission resisted pressure to eliminate export refunds by 2010. Conditional agreement was reached on end of 2013 for elimination of all forms of export subsidies – not just refunds but also export subsidies used by other non-EU countries. This gives the industry in Ireland eight years to adjust to the withdrawal of export refunds and it also ensures that there will be a level playing field with our competitors on world markets. The flexibility on how to phase out export subsidies has been retained by EU, a point which is very important for Ireland.

The negotiations will now focus on the more critical issue of market access and the intention is to try to conclude a WTO agreement this year.

Rural Development Package – New EU support Framework agreed

Agreement was reached on a new EU rural development package for the 2007 to 2013 period. With a wide scope ranging from on-farm investment to Leader, the package provides an excellent support framework. The agreement was also particularly satisfactory insofar as forestry support and the classification of disadvantaged areas was concerned.

Minister Coughlan decided that, in 2006, the modulated funds would be used for a once-off payment under the compensatory allowances scheme.

Consultation with stakeholders has commenced on a new rural development strategy and complementary support measures. The aim is to secure necessary EU approval by the end of 2006 so that measures can take effect in 2007. Close liaison with the Department of Community, Rural and Gaeltacht Affairs will continue.

Food Industry Supports – Continuing Support for Innovation and Research

Minister Coughlan emphasised the need for increased research and development so that the food industry will be equipped to meet the challenges of an ever more competitive market.

The Minister launched a publication “Supporting Food Innovation”, highlighting the research carried out under FIRM, the Food Institutional Research Programme. She said that public funding of food research has proved to be a well-founded policy, providing a means for driving forward necessary innovation in the food industry.

The challenge facing the food industry is to produce quality, innovative and nutritious food products for the consumer at highly competitive prices. The food sector must research and develop not only the products for today's consumer but also to anticipate future demand.

Food Safety Legislation - EU Hygiene Package strengthens Consumer Protection

The Minister made a Statutory Order in December to implement the elements of the European Community's Food and Feed hygiene legislation (the Hygiene Package) coming within the remit of her Department. The EU Hygiene Package revises and consolidates legislation in relation to food and feed hygiene along with the production, control and marketing of products of animal origin and animal health issues. The underlying philosophy is that food producers should bear full responsibility for the safety of the food they produce.

Food Labelling - Progress made in displaying origins of beef

The Minister obtained agreement of the restaurant and catering trade to voluntarily display information on the origin of beef in advance of legislative requirements which were advanced during the year.

Animal Health – Continued vigilance on avian influenza needed, Continued progress on disease control

Minister Coughlan ensured continuing attention by her Department to its contingency arrangements for avian influenza in the light of any and all new information. The Department maintained very close contact with the Department of

Health & Children and with authorities in London and in Belfast. As the year closed this task continued to receive the highest priority

The **Veterinary Practices Bill** was enacted in July 2005. Minister Coughlan said that the objective of the Act was to bring the regulation of the veterinary profession fully up to date.

The Minister signed into law the new Regulations on **Veterinary Medicines** in November. It was decided to retain existing national prescription arrangements pending a decision at EU level on the criteria for excluding certain categories of medicines from the prescription only requirement. In effect, this means that the Regulations will not require any current off prescription medicines to be made subject to prescription until 1 January 2007 and farmers can continue to get such medicines on the same basis as at present.

Import Controls on Food of Animal Origin

Minister Coughlan was in direct contact with EU Commissioner Kyprianou about the question of imports. Following confirmation of an outbreak of Foot and Mouth Disease in cattle and pigs on a farm in the southern part of Brazil, the European Commission suspended imports of de-boned and matured beef obtained from cattle slaughtered after 29 September from a number of regions in Brazil.

Reform of Sugar Regime – Over €300m Package secured for phased-in reform process

In November negotiations on the reform of the EU sugar regime resulted in an outcome providing time and a range of options for the sector to adapt to the more competitive environment of the reformed regime.

The financial package available to Ireland totalling over €300 million will facilitate the adaptation of the sector in the coming years and was a major improvement on the Commissions proposals.

Improved Farm Waste Management Scheme

Minister Coughlan announced a revised Farm Waste Management Scheme. Among the improvements is a proposal to increase the grant rate for both animal housing and slurry storage from the current rate of 40% to 60%, with 70% being available in some counties. EU approval has been sought for the scheme.

2006 Challenges

Looking to the future, Minister Coughlan said she will publish early this year a plan of action for the future of the sector. This will be by way of direct follow up to the 2015 Agri-Vision Report. Agriculture and the food industry face an array of challenges arising from WTO negotiations, which are expected to be concluded this year, changes in EU policy, changing consumer demands and increased competition. The Action Plan will set out what will be done to address these issues.

Other challenges ahead will include:

- continued vigilance in relation to avian influenza,
- the finalisation of issues relating to the Single Payment Scheme, such as the National Reserve and cross-compliance;
- the implementation of the reforms of the sugar regime;
- continued enhancement of our environment; and
- the maintenance of the highest standards of animal health and welfare.

Minister Coughlan concluded: “While there are clear challenges facing us this year, I remain confident, and indeed optimistic, that the future remains positive for the agri-food sector, which will become increasingly sustainable and competitive, focusing on the needs of the market and consumers, and one which emphasises innovation, efficiency and quality production.”