

**ASA Submission Document**

**2025 Agri-Food Strategy**

**Draft Consultation Paper**

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## **Introduction**

The ASA is the professional body for graduates in agriculture, horticulture, forestry and food science and technology. Our members are employed across the entire agri-food industry, most notably within government departments, research, advisory, education and training, agri-business, rural organisations and the media. The ASA has considerable interest in the shape of the agriculture industry into the future. ASA members are committed to the development of a profitable, sustainable and competitive agri-food sector to meet current and future needs. The ASA welcomes the opportunity to make a submission during the consultation process on the Rural Development programme (RDP) 2014-2020 Draft Consultation Paper.

The body of the submission will be presented under a number of headings: (i) the extent to which Food Harvest 2020 has delivered on its vision for the Agri-Food Sector in Ireland; (ii) Sustainability /Climate Change; finally (iii) Competitiveness and innovation.

### **Extent to which Food Harvest 2020 has delivered on its vision for the Agri-Food Sector in Ireland**

In terms of assessing the ultimate delivery of FH2020 targets and how improvement can be made for the 2025 strategy document ASA considers that the following questions as important in framing this debate:

- Have FH2020 targets had an impact on farm income?
- Is it correct that the emphasis should be on growing output or should output value be given more consideration?

- Productivity growth and sources of productivity growth should be considered a key element of FH2025 deliberations. Given that recent research (Haniotis, 2013) has shown that productivity growth in Ireland has lagged behind our main competitors more research is needed as to why this is the situation.

## **Sustainability / Climate Change**

The ASA recognises that the development of the agri-food sector must take place in an environmentally sustainable manner. As an export driven food producer, the sustainability of Ireland's production systems is a critical point of differentiation for our food and drink produce on international markets. As food production increases in the coming years, we will face challenges in meeting EU and national environmental targets on climate change, biodiversity, air and water quality etc.

In terms of the 'Green' dimension for the Irish agri-food sector, FH2020 stated that *'Ireland can become synonymous with the production of environmentally sustainable and welfare friendly products. This should result in consumers in key markets recognising implicitly that, by buying Irish, they are choosing to value and respect the natural environment'*.

*....the need to continue to prove our 'Green' credentials through the provision of quantified evidence in relation to the management of natural resources.*

This will be an issue of ongoing importance to 2025 and beyond. Therefore, the ASA recognises that it is essential to build on the achievements made thus far, continuing to prove our Green credentials through the provision of quantified evidence in relation to the management of natural resources. When discussing production targets naturally the emphasis focuses on areas of national competitive advantage to help achieve these. ASA recognise that a similar approach

is required in proving Green credentials i.e. identify areas of natural competitive advantage and focus marketing campaigns on these.

ASA are aware that one such area of natural competitive advantage relates to the retention of semi-natural habitat cover on Irish farmland. Research indicates that on average approximately 14% of grassland farm area has been retained as semi-natural habitat. While this varies in response to both farming system and region of the country, overall a very good base of semi-natural habitat has been retained nationally on Irish farmland. This gives Ireland a competitive advantage over some other European countries e.g. The Netherlands, France and Poland, who are estimated to have 2.1, 2-12 and 1-4% of average farm area under semi-natural habitat. However, ASA are also conscious that the quality of these habitats and therefore their potential to support biodiversity can be questionable. Therefore, it is not alone retention, but also the development of appropriate management regimes that is necessary to secure the long-term future of these habitats.

*.....the need to identify areas of natural competitive advantage and focus marketing campaigns in these areas. One such area relates to the retention of semi-natural habitat cover on Irish farmland*

The real challenge for 2020, 2025 and beyond is to solidify the link between the continued existence of biodiversity and the provision of the ecosystem services that fundamentally underpin agricultural production systems e.g. pollination, nutrient cycling, water cycling, soil formation, carbon sequestration etc. Therefore, it is imperative that the development of the agri-food industry and particular sectors thereof are closely monitored over the coming years to ensure that the potential ability of the farmed landscape to deliver these services at appropriate scale i.e. field, farm and landscape, is not being compromised.

*.....the need to solidify the link between the continued existence of biodiversity and the provision of ecosystem services.*

This will require the ongoing monitoring and evaluation of the various agricultural production system in terms of expansion and intensification on one hand or potential stagnation / abandonment on

the other, to identify the likely impacts on natural resources such as water, biodiversity etc. ASA firmly believes that such a role must be undertaken by those who understand and appreciate the complex linkages between agricultural ecology, production systems, economics and policy, and therefore Agricultural Science Graduates must play a key role in this.

*.....the role for Agricultural Science graduates in on-going monitoring and evaluation*

## **Competitiveness & innovation**

Ireland's agri-food sector primarily competes on the international food market and the ability to maintain our competitive advantage based on our low cost, grass based production systems is paramount. While the overall performance of Irish food and drink exports over the last few years has been very strong, we must build on our existing reputation as a supplier of quality food and drink produce and develop new, higher value products to market internationally if we are to realise the full potential of the sector. Issues relating to what can be done to improve the competitiveness of the agri-food sector over the next decade will be discussed. In particular, the potential role of the agricultural science graduate in facilitating the uptake of new technologies to improve the efficiency of the agricultural sector, and ultimately the competitiveness of the sector

*.....the importance of measuring and monitoring competitiveness over time*

ASA considers the issue of competitiveness as one of the metrics which should be at the forefront of measuring and monitoring the development of the sector over time. Questions such as how do farms in Ireland compare with farms in other countries, in terms of output price, costs of production, profit margin and market share will be important in the context of framing the plan towards 2020. With the

impending end of the milk quota system in particular, the competitive position of Irish agriculture and the determinants of this competitiveness performance will be critical in framing public policy that seeks to maximise the contribution of the agri-food sector to the Irish economy.

Before this measurement and monitoring of the competitive position of the sector is considered, the ASA believes that a proper understanding of what it means to be competitive should be established by the 2025 committee. In this respect, particular attention should be paid to all factors influencing competitiveness. This view is held by ASA given that the term Competitiveness is much debated by both economists and policymakers but nearly every study on the topic of competitiveness adopts a different definition of the term, as Reich (1992) noted *“Rarely has a term in public discourse gone so directly from obscurity to meaninglessness without an intervening period of coherence”* (p.1).

.....the importance of understanding what is meant by competitiveness

While there are several defensible definitions of competitiveness, for the purpose of agricultural sector analyses, the concept is most often encapsulated by the definition used by Agriculture Canada (1991), cited in Banse et al. (1999), which defines a competitive industry or sector as *“... one that possesses the sustained ability to profitably gain and maintain market share in domestic or foreign markets”*. ASA believes that this definition of competitiveness has merits for the agricultural sector given that both costs and returns are taken into consideration.

Previous, value and volume targets identified by the FH2020 committee had merits in their own right, but ASA believes that the ultimate goal of the Agri-Food 2025 strategy should be more geared towards achievement of the most competitive sector possible which would deliver on value added to the sector. Hence, ASA believes that

.....volume and value targets are important but maybe value added targets should be considered

value added targets should be considered as part of the planning in FH2025.

In terms of what can be done to improve the competitiveness of the agricultural sector in Ireland over time, the link between innovation and competitive performance has emerged as an important topic in recent work (Alston, 2010; Latruffe, 2010; Wang et al., 2012; OECD, 2013), but to date this link has not been adequately assessed to explain and contrast the Irish competitive performance in relation to other countries. Hence, ASA considers the role of innovation as fundamental to achieving success. Currently technology adoption in the the dairy and tillage sector is higher than the drystock sector. Questions should be asked as how this trend can be addressed and whether or not these differing rates of technology adoption are purely the outcome of different economic situations in the different sectors.

.....questions need to be asked as to why different technology adoption rates exist within Irish agriculture

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