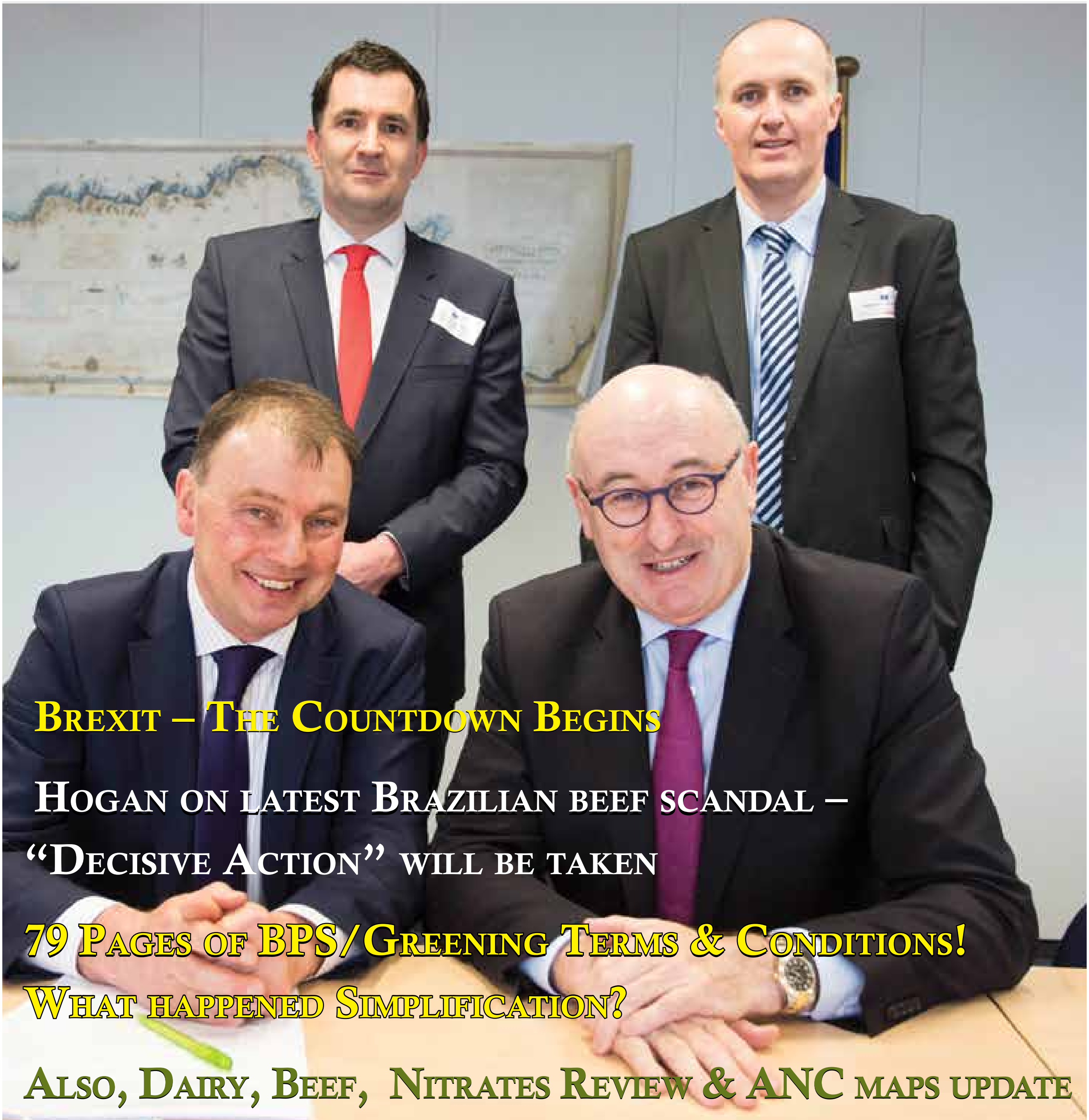
SPRING 2017

ICMSA NEWSLETTER

THE FAMILY FARM ORGANISATION THAT CONCENTRATES ON SOLUTIONS



Brexit – The Countdown Begins

Hogan on latest Brazilian beef scandal – "Decisive Action" will be taken

79 Pages of BPS/Greening Terms & Conditions! What happened Simplification?

Also, Dairy, Beef, Nitrates Review & ANC maps update

Ireland's Brexit Balancing Act

John Comer, President, ICMSA

By my calculation you will be receiving this newsletter two or three working days after the UK has officially 'triggered' Article 50 that begins the countdown to their departure from the EU. It seems almost trite to describe the implications of all this as momentous, but that's actually the most suitable word. No farmer in Ireland needs to have the possible downsides of this decision explained to him or her. A glance at the statistics tells us all we need to know and reminds us that there is no room for an error on the part of the Irish Government in 'fighting our corner' as the negotiations begin and go forward. This is the balancing act that Ireland will have to perform: we will have to commit ourselves to act in solidarity with the other remaining Member States and not allow ourselves to be regarded as anything but dedicated to the continuation of the process, while, at the same time – and probably to a degree unprecedented in our membership of the EEC and EU – we will have to insist that all the others recognise that our position vis-a-vis the UK is different and much more intertwined and that will have to be accommodated in the new arrangements. Our Government and officials simply have to insist that this reality is factored-in to the process and then becomes an integral part of the EU's position and policy. Our challenge is to stand in solidarity with the EU while making sure that the EU stands in solidarity with us and our centuries old links with the UK in political, geographic, commercial, logistical, sporting and socio-cultural terms. Nowhere do these centuries' old links loom larger than in the trade in food between our islands and that trade is based on and directly benefits you – the person reading this.

Our job, and it is a task to which ICMSA will be dedicating itself without reservation, is ensuring that the our farming and food sector is kept 'Front and Centre' of the Irish Government's policy on Brexit and that the Government, in turn, keeps Ireland's food exports to the UK 'Front and Centre' of what promises to be one of the most lengthy and complicated negotiations ever. We're not asking for special treatment but we do want – and will insist – that the realities, duration and depth of our links with the UK are noted and form part of the basis for the process.

The image on the front cover was taken during our meeting with Commissioner Hogan last week. To say the agenda was packed would be a considerable understatement: we raised specific issues around CAP as well as stressing the need for simplification of regulation. In keeping with all our previous dealings with Phil Hogan, he was very well briefed and in command of the facts and we found the meeting extremely useful - as I hope he did.

Just before the meeting the news concerning the latest Brazilian food scandal broke and it seems fair to say that the nature and extent of this most recent contravention must mean an immediate cessation on the importation of Brazilian beef and poultry into the EU. No system is perfect but the systemic failures apparent in Brazil must call into fundamental question the wisdom of permitting continued importation of (certainly) beef and poultry. We stressed to Commissioner Hogan the effects all this has on Irish and other EU farmers where we are continuously faced with traceability and QA schemes and movement and monitoring systems that are both onerous and expensive, only to then read that positively dangerous sub-standard meats are being signed-off on in Brazil and then exported around the world - including the EU – in a manner that makes a nonsense of our own commitment to superb standards and farm-to-fork food security.

We noted that there was no point whatsoever in maintaining our standards when they were in danger of being continually undermined by the importation of meats from a system that had repeatedly demonstrated an inability to establish standards and insist upon those standards being met.

Commissioner Hogan was categorical: we were told that the Commission is fully aware of the scandal and the proven deficiencies of the Brazilian system and that we can expect "decisive action". We certainly hope so.

Domestically, the steady drip-drip of services out of rural communities continues and has, if anything, picked up pace. ICMSA was to the forefront in protesting the possibility of further closures of any of the six remaining Regional Veterinary Labs (see back page) and we hope that sense will prevail and the Limerick/Clare facility, the Kilkenny facility and the Sligo facility will all remain serving their regional farming communities who will otherwise be forced to travel much further to access this vital service. But attacks on rural services seem relentless: Bus Eireann, An Post and Ulster Bank have all announced their intentions to drastically close or shut down the levels of service they offer to rural consumers. In that context, the Government's much heralded announcement of a Rural Action Plan can only be considered a poor attempt at humour.

CONTENTS

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ICMSA provides a FREE text and email service to members. If you would like to receive email alerts please contact Linda on: 061 314 677 or email: info@icmsa.ie with your email and/or mobile phone number.

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John Comer, ICMSA President, with Andrea Leadsom, Secretary of State for Environment, Food & Rural Affairs, in the Houses of Commons

Dairy Market Outlook – More To Come On Price

Gerald Quain, Chairperson, Dairy Committee

International markets for dairy products have seen prices strengthen considerably over the last twelve months from the horrific lows of the previous year. The 'High Tide' of January 2014 saw the Ornua Purchasing price index level at 135 (42.1cpl) before beginning on a slow freewheel downwards over thirty months to its lowest point of 85 (24cpl) since its inception. Since that low point last June, the Index has recovered considerably to lie at 105.4 (31.4cpl). But where to from here? Will there be a continued rise? Could it fall or is this a price plateau through to the end of 2017? The answer will depend on a number of factors beginning with, as usual, supply and demand.

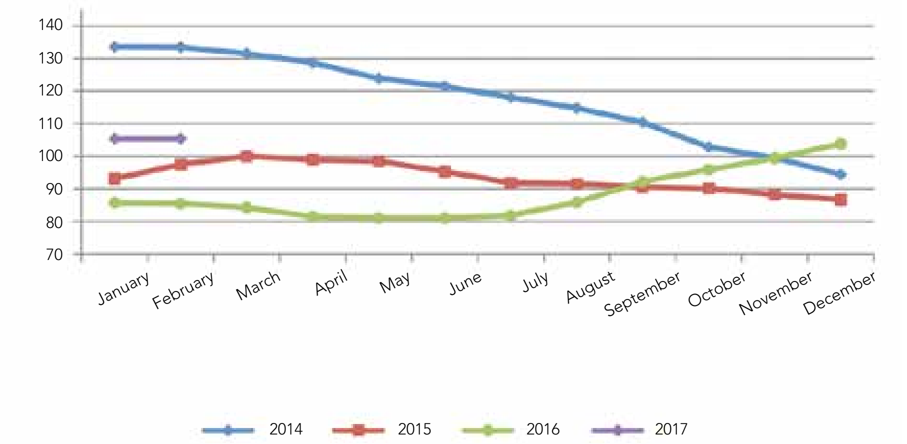
Despite the reductions in the GDT (Global Dairy Trade Auctions) in the last month, global demand for dairy products continues to grow at 1.5% - 2% per annum. Demand for dairy products has been steadily growing at this level over the last number of years and that is expected to continue. Demand is income-related and those oil producing states currently not receiving high returns for their main commodity have less income available to buy our dairy products while the return of overall economic growth should improve demand for dairy products.

Supply has been the key driver of price in the last three years and will most likely be the most influential driver for 2017. Global milk supplies in January 2017 have started 1.7% below January 2016 levels with milk supplies lower in all the major exporting regions apart from the USA. The EU (in no small part due to the Voluntary Reduction Scheme) has seen milk supply reduce significantly in the second half of 2016 and first quarter of 2017, while the southern hemisphere has been plagued with climatic issues driving production lower in 2016 but this could rebound in 2017.

But it is the price of milk itself that's likely to be the driver of supply. The low milk prices of 2016 resulted in a sharp fall-off in milk supplies and ICMSA expects this to continue for the first half of 2017 which, in turn, should have a positive impact on market returns. If the upward price trend continues across Europe, the incentive to produce more milk is even stronger and that, in turn, could lead to a fall in price resulting from the increased volumes coming onto the market. However, if the price remains at current levels, we might avoid that wave of increased production that 'softens' prices. It leaves us as farmers in a precarious and contradictory position where we want increases in milk prices at every turn but must be aware that the increases in price feed into increased production that will ultimately compromise the sustainability of our milk price and thus income.

On current returns, the Ornua Purchasing Price Index returns for February 2017 remained fixed at 105.4 or 31.4 cpl, but this is based on a processing cost of 6.5 cpl which ICMSA believes is overly generous to the processors. It is simply a fact that the market is returning a better milk price than the 31 cpl currently being paid by Co-ops and a price of 32 cpl per litre is very realistic for February and March.

Figure 1. Ornua PPI 2014-2017



EUROPEAN MILK PRICE COMPARISON

Examining prices paid across the EU, ICMSA is satisfied that Irish processors have demonstrably lagged behind their European counterparts when paying for milk in the last year. International milk price

Table 1. Milk Price and Input Cost Base 2014-2016 (Base=100, March 2015)

	2014M01	2014M02	2014M03	2014M04	2014M05	2014M06	2014M07	2014M08	2014M09	2014M10	2014M11	2014M12
Milk Price Index 2014	135.9	134.7	129.7	125.1	120.9	120.4	114.0	113.8	104.6	108.1	108.4	109.5
Agricultural input price index 2014	102.7	102.8	102.6	102.7	103.0	102.8	103.1	103.0	101.6	100.1	99.5	99.2
	2015M01	2015M02	2015M03	2015M04	2015M05	2015M06	2015M07	2015M08	2015M09	2015M10	2015M11	2015M12
Milk Price Index 2015	108.4	109.6	100.0	97.3	92.5	89.9	86.3	86.3	86.1	89.1	89.7	91.1
Agricultural input price index 2015	98.8	99.4	100.0	100.3	100.8	100.3	100.3	99.8	99.6	99.2	99.1	98.9
	2016M01	2016M02	2016M03	2016M04	2016M05	2016M06	2016M07	2016M08	2016M09	2016M10	2016M11	2016M12
Milk Price Index 2015	91.6	92.3	80.6	78.4	77.4	75.9	78.2	84.0	87.9	96.3	102.4	105.8
Agricultural input price index 2016	98.2	97.7	97.5	97.2	97.2	96.4	96.0	95.1	95.1	94.9	95.1	94.9

continued from page 3

comparisons show that Irish Co-ops have continually paid a lower price to their milk suppliers than their European counterparts. Figures from the Dutch Dairy Board show that the Irish processors were over €3.4 per 100kg below the European average for the rolling 12 month average up to January 2017. The average milk price paid across Europe in those 12 months was €28.41 per 100kg with the three Irish processors listed paying out well below that at an average of €24.3, excluding VAT and based on 4.2% fat and 3.4% protein. Even more alarming is the fact that Irish processors are also well below New Zealand at €29.28 and US milk prices €34.64 per 100kg for the rolling 12 month period. These are the factual figures and farmers are rightly asking how Irish processors can be so far so consistently behind our competitors. These questions need to be answered.

PROFIT MARGIN

Finally, a brief focus on farm profit based on scenarios over the last number of years and the likelihood of what is to come in the remainder of this year. Looking at total inputs cost indices against the milk price index in Table 1 makes for concerning reading for the primary producer. Using a base of March 2015, it can be seen that milk price was continually above its base price and also ahead of the March base for inputs for all of 2014 and the first two months of 2015. However, since March 2015 the decline in price has been drastic with eighteen consecutive months of falls. Inputs have also fallen over that period but nowhere near the same level leaving a gaping hole in the profit levels of farmers. Crucially, these input costs are exclusive of farmers' incomes and when these are factored-in we are left with far worse reading and a real idea of the potential for casualties in our industry. CAP Post 2020 will have to address this critical issue.

Deadline Dates for BPS and ANC - MONDAY 15th MAY 2017

Basic Payment Scheme (BPS) Application Deadline

All Basic Payment Scheme applicants must ensure that their completed 2017 BPS/Greening application form is received in the : Direct Payments Unit, Department of Agriculture, Food and the Marine, Old Abbeyleix Road, Portlaoise, Co. Laois or submitted online to the Department no later than midnight on Monday 15th May 2017.

You can apply for the BPS online at www.agfood.ie. If you are already registered for online services you should log into your account to ensure it is active. If the login or password are expired and need to be renewed you should contact the Department helpdesk at 076 106 4424.

If the applicant is not currently registered for online service, he/she will need to do so by logging onto www.agfood.ie

An Agricultural consultant or Teagasc advisor may also apply on an applicant's behalf. Relevant authorisation forms are available at: http://www.agriculture.gov.ie/agfoodinformationpages/agfoodagentforms/.

In addition, 2016 saw the introduction for the first time of Preliminary Checks for online applications. These Preliminary Checks allow online applicants to be advised of certain errors at an early stage and to correct any such issues without penalty. It is advisable to submit your online application at your earliest convenience to ensure any discrepancies can be sorted at an early stage.

Please be advised that the Department are moving towards 100% online application in 2018.

Areas of Natural Constraint Application

If you wish to apply for Areas of Natural Constraint Scheme in 2017 it is essential that you "**tick the box**" confirming that you wish to apply for ANC when you are completing the Basic Payment Scheme forms or the online application before the May 15th deadline. Failure to "**tick the box**" will result in no ANC payment for 2017,

Nitrates Derogation Closing Date

Nitrates Derogation Application – Do you need to apply?

The Nitrates Derogation is now open for applications. The Nitrates Derogation allows farmers to exceed the limit of 170 kg of livestock manure nitrogen per hectare set down in the Nitrates Regulations, up to a maximum of 250 kg per hectare, subject to adherence to stricter rules. Nitrates Derogation applications can only be submitted online using the Department's on-line facilities. Farmers not already registered for agfood.ie can do so by logging onto www.agfood.ie and clicking the 'Register' button.

The **closing date** for submission of 2017 Nitrates Derogation application is **Thursday 13th April 2017**.

Each year farmers lose income by exceeding stocking rate limits and incurring penalties under the Nitrates Regulations. In 2015, almost 2,000 farmers incurred penalties at a cost of €1.8m, therefore, it is essential you apply for the Derogation if you think you may exceed the 170kg N/ha limit in 2017 or export slurry or reduce stock numbers or access additional land or a combination of these.

Fra O'Sullivan retires from Head Office staff

Fra O'Sullivan started in 1987 'doing the books' part-time as this most modest and highly efficient lady would put it herself. She was recruited by then General Secretary, Donal Murphy, and quickly became an indispensable member of the staff working out of our Mallow Street Head Office. She brought a sharp eye and quick wit to the incomes and outgoings of the association with an easy manner that didn't disguise a methodical approach and a thorough system. In 2000 she began working full-time as Administrator in which position she remained till last Christmas. She was – and is – immensely popular with her colleagues and all within ICMSA who had the good fortune to deal with her and she carries all our best wishes in what will doubtless be a busy retirement.

John Enright, General Secretary

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Beef Price Outlook Uncertain But We're Absolutely Certain On Carcass Imaging

Michael Guinan, Chairperson, Livestock Committee

The current outlook for beef margins within Ireland looks uncertain for the coming months with both positive and negative factors as I will outline in the coming article. I will also outline a new proposal ICMSA has submitted to the Department to add transparency to the meat grading system.

Firstly, an update on the 2016 trends to outline where our market is likely to go. Meat factory throughput in animals rose by 80,000 head from 2015 to 2016 causing downward pressure on beef prices over the course of the year. This trend was mirrored in Europe as EU beef output grew by 3.5%. Finished cattle prices in Ireland were 5% lower in 2016 versus 2015 with Continental EU prices generally 2-3% below the previous year's levels.

PROSPECTS FOR 2017

The outlook for the remainder of 2017 is mixed, supplies of cattle in Ireland are expected to increase from here to year end by 100,000 head. Prices in the last quarter of 2016 and the first quarter of 2017 have steadied and the main reason for the stability in prices is most likely due to the shortage of factory ready stock compared to expectations and the growing potential of live exports. It was expected that there would be a significant increase in throughput at present but figures have not backed up those expectations. Looking at current AIMS data in Figure 1, it suggests that slaughter numbers will increase and the role of live exports will be hugely important in terms of stabilising prices.

LIVE EXPORTS

Live exports continue to be a real competitor to the meat factory plants in Ireland at present. While the numbers are small, each head exported drives competition in the factory market. For instance, almost 20,000 animals were exported to Turkey alone in the second half of 2016 removing two thirds of a weekly kill from the market. ICMSA are hopeful that this market will continue in 2017 as there is a big demand within Turkey for these animals. Live exports to date in 2017 are higher than 2016 with calf exports up over 50%. This is encouraging but it needs to continue through the coming months. For store and finished cattle, the Turkish and possibly the Egyptian live export market offer potential, they require cattle and we need to get cattle moving to these markets with a clear responsibility on the Minister and state agencies to promote this trade.

CARCASS IMAGES

Recently, ICMSA has proposed that all farmers should be given access to the digital image of their animals carcasses after slaughter produced by the grading machine for information and transparency purposes and to increase farmer confidence that their animal is being graded correctly and fairly. This issue has been raised on numerous occasions and the need for transparency is key. Animal Health Ireland, Meat Industry Ireland and the Department of Agriculture, Food & Marine are now recording levels of liver fluke in animals and making that available to farmers through ICBF's Beef Healthcheck Online, it would be a relatively simple exercise to extend this to the carcass image and make that available to the farmer too through ICBF or indeed direct to the farmer by email.

The current grading machines produce a digital image of each carcase that passes through the machine and this decides the grade that is assigned to that particular carcase which, in turn, decides the price achieved by the farmer. Accordingly, ICMSA is proposing that the individual carcase image should be available to the beef producer along with a comparable carcase for that grade so that the farmer can see what his or her animal's grade is being compared with. This can be a practical aid to understanding carcase grading going forward and will be a marked improvement in the overall transparency within the livestock sector so that farmers can be assured that they are all treated equally and can see how the classification of their cattle is arrived at.

In line with this proposal, ICMSA is also calling on the Department to implement more independent audits and testing on grading machines and publish the results in each case. While the Department is carrying out checks of grading machines and weighing scales, it would further improve farmer confidence if these results were published. Additionally, technical issues such as the reduction of tolerances and bias for mechanical classification and allowing changes to technical specifications of classification machines must be published or made available publicly when such changes are made. Confidence needs to be built and ICMSA is clearly saying that the classification result should be communicated to the farmer on the day of slaughter, the image recorded and made available through ICBF or email and an appeals mechanism should be in place where a dispute arises.

Figure 1: Trends in National Cattle Herd by Age, January 1st 2017 (Change in head on 2016)

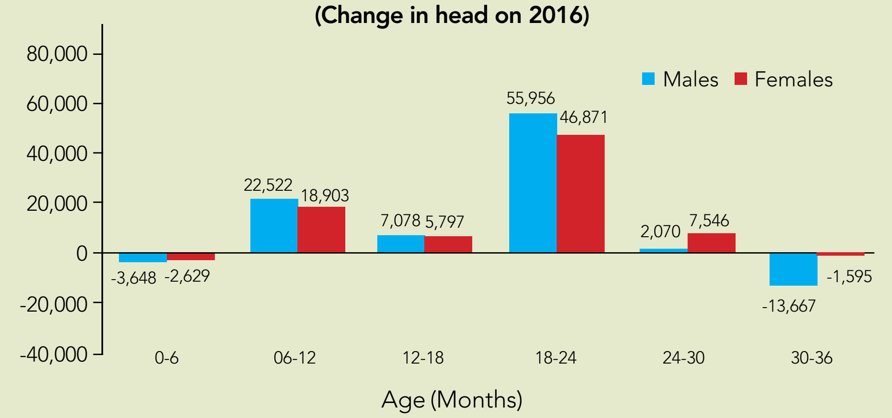


Table 1. Irish Live Cattle Exports, Jan to 4 March (head)

	2016	2017	Change - head	% Ch
Weanlings	2,173	2,361	188	8.7
Stores	1,679	1,732	53	3.2
Calves	13,412	20,767	7,355	54.8
Finished	6,662	4,940	-1,722	-25.8
Total	23,926	29,800	5,874	24.6

Ornua, the home of Irish dairy – committed to innovation

Jeanne Kelly, Head of Communications, Ornua

Ornua
THE HOME OF IRISH DAIRY

Farm-gate milk prices have been exceptionally volatile for the last decade and 2016 was no different. Indeed, 2016 will be remembered as being a story of two contrasting halves with Irish milk prices falling in the first half (H1) before recovering in the second half (H2).

This volatility came about due to an increase and subsequent decrease in global milk supply. EU collections rose by +3.3% in H1 with US supply up +1.6% year-on-year. As a result, global flows increased by +2% compared to 2015 (which was a record year for milk output).

While demand remained robust, supply was growing at a faster rate with the slowdown in Chinese imports, the Russian embargo and low oil prices reducing the market's capacity to absorb extra milk. EU commodity prices declined by an average of 20% between October 2015 and April 2016 with Irish farm-gate milk prices falling as low as 23 cent-per-litre (cpl) in June.

Fast-forward to H2, farm-gate milk prices recovered to 30 cpl by year end. This recovery was again supply-driven with global flows contracting sharply as EU, Oceania and Argentinian farmers reacted to lower milk prices by reducing herd size and supplementary feed levels.

Thus, while US output continued to expand, global flows in H2 fell by -2% year-on-year. Consequently, production slowed and commodity prices strengthened on the back of strong demand for butter, cheese and fluid milk. The recovery was aided by EU Intervention buying of SMP and the swiftness of the supply contraction with many buyers caught short in the run up to the Christmas holiday period.

Can this recovery be maintained through 2017? Initial forecasts predicted that the global milk supply would be constrained in H1 2017 and this would offer further support to commodity and farm-gate prices.

The slowdown in global milk flows and production that started in H2 2016 should help to balance markets in H1, however, while global milk supply is currently tracking below 2016 levels, strong US deliveries and the expectation of higher milk prices in the EU and Oceania has tempered the slowdown and global milk supplies are recovering faster than anticipated. UK flows for January were -3% year-on-year after being down as much as -9% in October while New Zealand flows for January were -0.6% after being down -5% in October.

At the same time, global demand also appears muted with buyers and consumers seemingly resistant to higher pricing. For example, it was reported that retail butter sales in Germany fell by -8% in Q4 2016. Consequently, while butter, cheese and WMP prices remain comparatively strong, after eight months of consecutive growth commodity prices eased back in January and February. EU butter price quotations declined from €4,390 per tonne in January to €4,000 per tonne in February with SMP quotations falling from €2,120 per tonne to €1,920 per tonne during the same period. In general though, butter outlook remains reasonably positive buoyed by strong demand but high SMP stocks are concerning and are likely to increase EU cheese and casein output in H2.

Looking to Q2 and beyond, while supply was the main driver of price volatility through 2016, demand will play a more significant role in 2017. With Chinese buying set to grow at a slower rate, oil prices forecast to remain low and continued uncertainty regarding the impact of Brexit and President Trump's election, demand is expected to remain muted through 2017. Low oil prices are having a particularly damaging effect on buying from the Middle East and North Africa (MENA) with EU export volumes to Algeria, Egypt, Nigeria, Oman and Libya through 2016 down year-on-year.

However, as the year progresses, global supply is expected to recover in response to higher farm-gate prices. Indeed, despite the slowdown in H2 2016, global milk supply remains at a high level and global supply in 2017 will likely surpass the three-year average.

Thus, unless there is a significant improvement in global demand or a significant supply-side shock, markets will be challenged to hold all the Q4'16 pricing.

Market Update on Irish Beef and Livestock Sector

Joe Burke, Beef & Livestock Sector Manager, Bord Bia

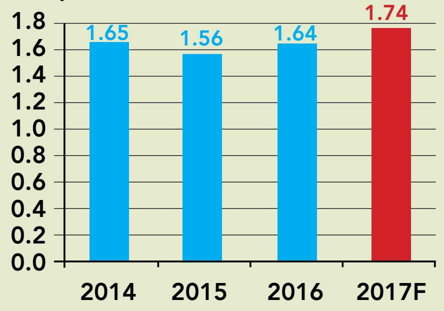
To-date during 2017 Irish cattle prices have fallen below last year's levels, with average returns for R grade steers declining by 2% or 8 cent per kilogramme deadweight. Since the beginning of the year, steers and heifers have achieved average base prices of €3.80 and €3.90 per kg deadweight, respectively (including VAT).

This situation reflects the weakening in the value of the pound sterling, which has made conditions less favourable for exports of Irish beef into our largest market. Most recently, the Euro was valued at 87p sterling, up from 78p in March 2016. In Britain, the average R3 steer price is currently £3.57 sterling per kg, which is equivalent to €4.10/kg (excl. VAT). In sterling terms, British cattle prices have been slowly declining since the beginning of the year.

Across continental Europe, where most Irish beef is exported, after the UK, cattle prices have generally been stable with 2016 returns. Over recent years, Irish cattle prices consistently exceeded the average of the comparable producer prices around Europe. However, since late-2016 the Irish R3 steer price has fallen behind many of the European young bull prices. For example, R-grade young bull prices are currently €3.75 in France, €3.79 in Germany, €4.00/kg in Italy and €3.79/kg in Spain.

Another contributing factor has been the higher cattle supplies at Irish meat plants. These have reached levels approaching 36,000 head per week, which is the highest they have been for more than a decade at this time of year. For the year, throughput of finished cattle is expected to increase by approximately 100,000 head, having also risen by 80,000 head in 2016.

Figure 2: Irish Cattle Supplies - Export Meat Plants 2014 - 2017(F)



The main reason that finished cattle availability looks set to increase so dramatically is that Irish calf registrations grew by over 130,000 head in 2015. Although dairy expansion was responsible for most of this growth, it was the Angus and Hereford-sired calves which increased most significantly in that year, by over 80,000 head. In addition to the higher calf births, live exports of calves and weanlings declined by almost 50,000 head in 2015.

It is not surprising that the Department of Agriculture, Food and the Marine's Animal Identification and Movements (AIM) database on the 1st of January 2017 shows more than 100,000 additional animals in the category between 18 and 24 months of age (i.e. born in spring 2015). Similarly, the national herd also shows a further increase in the younger cattle age groups. In particular, the number of animals aged between 6 and 12 months (born in spring 2016) is up over 40,000 head on the previous year. This reflects further growth in calf registrations last year and fewer live exports.

EUROPEAN MARKET SITUATION

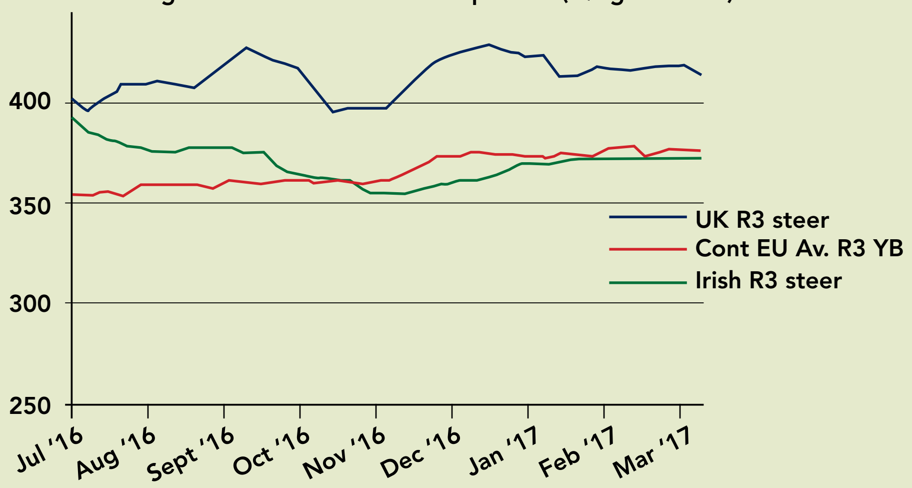
Overall within Europe, beef production is estimated to have increased by more than 3% during 2016. Higher cull cow slaughterings were recorded across most countries, as a result of the difficult dairy market, combined with the EU Voluntary Milk Reduction Scheme. Forecasts by the EU Commission's beef advisory group indicate that production volumes will increase by a further 1 to 2% this year. Increases in beef output by Ireland, France, the Netherlands and Poland are likely to be partly offset by lower production in the UK, Germany and Italy.

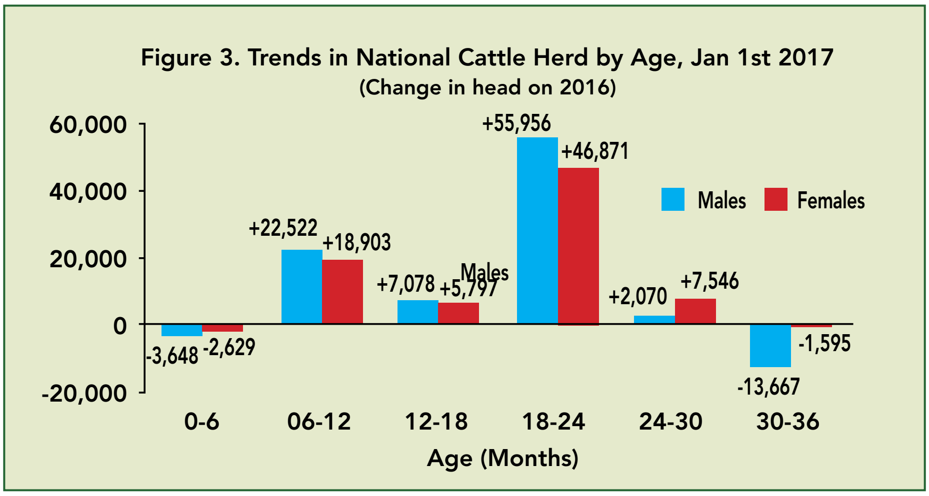
On a positive note, consumption of beef around Europe is estimated to have increased by over 2% during 2016. This reflects economic improvement across several markets, with a corresponding recovery in consumer spending power. On the home market, retail sales volumes for beef rose by 3% over the year. Retail beef sales in the UK also increased by 2.6% over the same period, with most of this growth coming from mince and burgers. Sales of roasting cuts have also performed strongly in recent months. Beef consumption in the Dutch and German markets also show steady improvement, while sales of beef by French retailers were level with the previous year.

RECOVERY IN LIVE CATTLE EXPORTS

Calf exports have been gaining strong momentum in recent weeks, following a slightly later start to the calving season. Up to the 11th of March, 31,343 calves had been exported, representing a 61% recovery on 2016 levels. The two principal markets for Irish calves are the Netherlands (17,334 head) and Spain (12,374 head). In 2016, these two countries accounted for 27,000 head and 44,000 head, respectively.

Figure 1. Producer Price Comparison (€/kg excl VAT)





Bord Bia advertisements in a popular Dutch publication: *De Kalverhouder* are currently highlighting the health and quality attributes of Irish calves to veal producers.

Exports (head) by market to the 11th of March	2016	2017	% Change
Northern Ireland	7,861	5,265	-33%
Great Britain	672	1,236	+84%
Italy	2,785	2,650	-5%
Spain	9,553	12,374	+30%
Netherlands	7,478	17,334	+132%
Belgium	171	2,268	+2000%
Other EU	3,033	356	-88%
Int. mkt.s	0	24	N.C.
Total	30,881	41,507	+34%

The Irish live export sector has a renewed focus on international markets. Following the successful shipment of almost 20,000 young bulls to Turkey in late 2016, another tender was recently agreed for a similar number of Irish cattle to be supplied over the coming months. A substantial Turkish meat and livestock business, with capacity for 40,000 feeding cattle, recently travelled to Ireland on a Bord Bia-led itinerary, visiting exporters and farms.

Bord Bia also met with one of the largest cattle buyers in Algeria, and visited the port of Sète in France, where they were assembling two boatloads of French cattle. The Algerian market reopened for Irish livestock in late 2016, following a successful trade mission to the North African region. Annual imports average approximately 60,000 head, and potential customers have expressed a strong appetite for Irish animals: both young bulls for finishing and dairy breeding stock.

In recent weeks, Bord Bia met with the Egyptian Ambassador to Ireland, Ms. Soha Gendi, and her staff to discuss an Egyptian Government proposal to issue major import licenses for live cattle to certain supplying countries. Bord Bia emphasised the high quality of Irish livestock and the keen interest among Irish exporters in renewing trade to international markets.

Nicholas Ryan, Clerihan, Clonmel – An Appreciation

I first met Nicholas in January 1963 shortly after he had left Fords in Cork to take over his farm. I was immediately struck by his energy, forthright nature and absolute unswerving commitment to those causes meritorious enough to earn his support. ICMSA was fortunate enough to be one of his chief causes and his quickly became a 'rock' of our association in his native Clonmel and, in due course, further afield as his ability and great sense of dedication became apparent. Nicholas was elected Secretary of Clerihan Branch the very first evening he attended because the members knew a leader when they saw one. He went on to serve as one of our association's most knowledgeable beef farmers and served, too, on the Administrative Committee where his every contribution was marked by insight, an innate fairness and boundless commitment to the welfare of the family farms that was, and always remained, a huge interest and passion. Our most sincere sympathies go to Joan, Mairead, Michael and James.

Tom Farrell, ICMSA Organiser, 1961 - 1999

West Cork meeting hears presentation on Animal Nutrition

L to R, Dr Morgan Sheehy, Devenish Nutrition, Michael Collins, TD, Tom Wilson, Chairperson, West Cork ICMSA, Paul Smyth, Policy Officer, Head Office, Barry O'Keeffe, Cork Area Development Officer and Eileen Calnan, Secretary, West Cork ICMSA.

L to R, Kevin Collins, Timoleague, D.J. Keohane, Timoleague, Dr Sheehy, John Wycherley, Enniskeane, Chris McCarthy, Ballinean, Pat Dineen, Ballydehob.

BVD Eradication Programme - Key Points for 2017

Pat McCormack, Deputy President

The following article sets the main aspects of the BVD programme for 2017. Unfortunately, progress on BVD has been slower than expected due to the failure to address the PI issue. ICMSA continues to set out its clear position that PI's must be removed as soon as possible and it is essential that Animal Health Ireland and the Department of Agriculture, Food and Marine address this matter correctly in 2017. Farmers are paying the price for poor policy and implementation and this cannot continue in 2017 and beyond.

The main points of the 2017 programme are as follows:

1. Tissue tag testing remains compulsory for 2017. The Department of Agriculture, Food & Marine no longer issues tag order forms. A list of suppliers of approved tags and of the laboratories approved to test these is available online on the AHI website. Remember to only send tags to labs designated to test that particular tag type.
2. There are increased supports for the removal of PI's but reduced time limits.
   a. **Beef Herds:** €185 for beef breed animals removed with a registered date of death on AIM within 3 weeks of the initial test, reducing to €60 if removed in the 4th or 5th week after the initial test.
   b. **Dairy Herds:** Dairy heifer or dairy cross calf (heifer or bull): €150 if removed within 3 weeks of the initial test, reducing to €35 if removed in the 4th or 5th week after the initial test. €30 for removal of dairy bull calves within 3 weeks of the initial test.
   c. The Department will issue an application form to farmers who are potentially eligible for payments.
3. Veterinary investigations of all herds with PI calves born in 2017. All herds with PI calves born in 2017 are required to undergo an investigation funded through the Rural Development Plan, and delivered by an approved private veterinary practitioner, within 3 months of the date of the first positive result.
4. Confirmatory and dam testing by blood sample only. Testing of the dam of PI calves and, where desired, confirmatory testing of the calf must be done by means of a blood sample only. The Department will meet the cost of the visit by the herd's veterinary practitioner and the cost of testing.
5. Restriction of herds retaining PI calves and notification of neighbours. The Department will automatically restrict movements into and out of herds that retain PI animals for more than five weeks after the date of the initial test. This will be automatically lifted following removal of PIs.
6. Neighbouring herds will also be notified, advising them to take appropriate biosecurity measures to minimize the risk of accidental introduction of infection. Farmers are reminded of the benefits of obtaining and protecting Negative Herd Status (NHS). By identifying and testing any animals whose status is not known, farmers can obtain NHS and access lower cost testing.

79 Pages Of Terms & Conditions On 2017 BPS/Greening Payments Scheme! What has happened the simplification agenda?

Pat McCormack, Deputy President

The 79 page document circulated to over 130,000 farmers in recent weeks outlining the terms and conditions of the Basic Payment Scheme (BPS)/Greening shows conclusively the bewildering complexity that is the current regime for farmers and the ongoing simplification agenda being pursued by Commissioner Hogan will simply have to address this matter.

For many farmers, the BPS/Greening payment represents 100 per cent of their annual income and delays or penalties have a very serious impact on their livelihood with some individuals still awaiting payment of their 2017 entitlement. The very fact that it takes the Department 79 pages to set out the terms and conditions around the legal aspects of the regime absolutely confirms the views of farmers that the bureaucracy around this system is simply way over-the-top and hopelessly impractical. While farmers accept the need for regulation and oversight, it is quite clear that there are way too many conditions attached to this payment and with certain problems recurring and causing problems year after year. The simplification agenda being implemented at EU level must focus on resolving these recurring problems.

At our most recent meeting with Commissioner Hogan, ICMSA put forward a number of proposals in relation to land eligibility, administrative penalties and tolerances that would certainly simplify the regime for farmers, reduce unnecessary penalties and speed up payments. For example, the exclusion of farm roadways from eligible land firstly makes no sense as roadways are essential part of good farming practice and, secondly, they should be regarded as necessary farm infrastructure and thus be eligible for payment. Our point is that if these obvious and logical changes were accepted and introduced then the whole regime would become much more understandable and transparent in a way that would have to result in a speedier processing of payments. On a separate matter but still within this area of system-reform aimed at simplification and ease-of-understanding, we note that the administrative penalties associated with the Nitrate regulations account for over 40% of the total Cross Compliance penalties – in the same way as we see with the BPS/Greening Terms & Conditions, ICMSA believes that this regime can be reformed in a way that reduces the penalties while meeting fully the requirements of the regulations.

ICMSA told the Commissioner that it welcomed his simplification agenda but we stated that farmers need to see and experience tangible benefits from this drive and the first target of the simplification agenda must be those recurring problems that year after year cause such frustration and delays.

Overview of Positive Changes to Farm Assist in Budget 2017

Lorcan Mc Cabe, Chairperson, ICMSA Farm Business Committee

Farm Assist has been utilised for many years by farm families as an essential income support during periods of low income. However, successive Budgets in the period 2011 to 2013 imposed severe cuts to Farm Assist through changes to disregards for income from self-employment, including farming and children. For a number of years ICMSA has been lobbying to get these changes reversed and following a meeting with Minister Varadkar prior to Budget 2017, the Minister, in his Budget speech, announced a full reversal of these cuts.

From 8 March 2017, farm income and other income from off-farm self-employment will be assessed at 70% (down from 100%) with additional annual disregards of €254 for each of the first two children and €381 for the third and other children. (The disregards for dependent children are applied first and 70% of the balance is then assessed. This will result in many more farm families qualifying for Farm Assist and a higher payment per week for new and existing farm families availing of this necessary farm income support.

RULES

The means test takes account of virtually every form of income but assesses it in different ways and disregards various amounts. Different rules apply to income from farming and other forms of self-employment, income from certain schemes, income from employment and income from property and capital.

FARM INCOME

Your income from farming is assessed as gross income that you, your spouse, civil partner or co-habitant may be expected to receive minus any expenses you incur to earn that income. Your income from the previous 12 months is used to assess your likely future earnings. However, it is not simply assumed that your previous year's earnings will be repeated the following year as farmers can have significant variations in income from year to year.

HOW IT WORKS

When you apply for Farm Assist, a social welfare inspector will call to see you and ask to see various documents. For example, accounts prepared for tax purposes, creamery returns, cattle registration cards, details of headage payments and area aid. They will also want information on the sale of crops, cattle, milk and other produce. The inspector will then assess the costs actually and necessarily incurred in connection with the running of the farm. These costs may include rent, annuities, the cost of inputs like feed and fertiliser, and the depreciation of farm machinery. Labour costs are taken into account with the exception of the labour of the farmer and their spouse, civil partner or cohabitant. You are entitled to receive a copy of this farm income calculation.

OTHER INCOME FROM SELF-EMPLOYMENT

If you or your spouse, co-habitant or civil partner has other income from self-employment, this is also assessed, taking into account the costs incurred in the business. The income from farming and other forms of self-employment is added together and the costs involved are deducted.

AEOS, SACS AND GLAS

Some but not all of the payments received under the Agri-Environmental Options Scheme (AEOS), Green Low-Carbon Agri-Environment Scheme (GLAS) or the Special Area of Conservation (SAC) scheme are assessed.

- The first €2,540 per year of payments is disregarded
- 50% of the balance is also disregarded
- Expenses incurred in complying with AEOS, GLAS or SAC measures are deducted
- The balance is assessed as means.

INCOME FROM LEASING OF LAND

If you have leased your land, the income from the leasing is assessed in full. It is not included in the assessment of income from farming as described above.

INCOME FROM EMPLOYMENT

Your income from a PAYE job is assessed. Your assessable weekly earnings (gross income less PRSI, union dues and superannuation fees) are usually assessed on the basis of the 13 weeks immediately prior to your claim. Not all of your income is taken into account: €20 per day (up to a maximum of €60) is deducted from your assessable weekly earnings and then 60% of the balance is assessed as weekly means.

Any income from an occupational pension is assessed in full. If you have seasonal work you are assessed on your earnings only during the period you are actually working.

Your spouse, civil partner or cohabitant's income from employment is assessed in the same way (€20 per day with a maximum of €60 is deducted and 60% of the balance is assessed as weekly means).

CAPITAL

Income from capital includes property, savings and investments. If you own property that you are not personally using or you have investments or any other form of capital, the value is assessed using a special formula. You may or may not be getting an income from the property or investment.

The value of capital is assessed as follows:

- The first €20,000 of the capital is disregarded
- €20,000 to €30,000 is assessed at €1 for every €1,000
- Next €10,000 is assessed at €2 per €1,000
- Excess of €40,000 is assessed at €4 per €1,000

The assessment only applies to units of €1,000. Therefore all amounts should be rounded down to the nearest €1,000. For example if you have €38,400 in the bank, the first €20,000 is disregarded, €10,000 is assessed at €1 per €1,000, which is €10 and the remaining €8,000 is assessed at €2 per €1,000, which is €16 per week. So your income from capital is €26 per week.

YOUR HOME

Your home is not taken into account in the means test unless you get an income from it.

TOTAL MEANS

Your means from all sources are

continued from page 11

added together to get a total weekly means. You will be paid the difference between your total assessed weekly means and the maximum rate of Farm Assist that you could get if you had no means (including increases for adult and child dependants).

RATES

Weekly rates from 8 March 2017

Farm Assist	Maximum weekly rate 2017
Personal rate	€193.00
Qualified adult	€128.10
Qualified child dependant	€29.80 (full-rate), €14.90 (half-rate)

WHERE TO APPLY

If you have further questions about Farm Assist contact your local social welfare office or Citizens Advice Bureau. TDs constituency offices will often also be knowledgeable about eligibility and the means by which applications can be made.

Hundreds attend ICMSA Mitchelstown meeting to hear leading law firm on Farm Succession and the case for and against Farm Incorporation

Lily and John Hennessy travelled from Emly in County Tipperary to Mitchelstown for the meeting.

John Enright, General Secretary, ICMSA, Robert Henson, Partner, Mason Hayes Curran, John Comer, President, ICMSA, and Frank O'Flynn, Partner, Mason Hayes Curran.

Mike O'Brien and David Kent, both from Mitchelstown.

Early June likely for maps showing new Areas of Natural Constraint

Farmers are still anxiously awaiting the publication by the Department of Agriculture, Food and the Marine, of maps which will outline the proposed new Areas of Natural Constraint. These maps are now due to be published in early June - considerably later than was initially anticipated. Currently, 75% of Ireland is classified under Areas of Natural Constraint with payments worth €205m that benefit 95,000 farmers annually. The commitment in the Programme for Government to add an additional €25m to the scheme in 2018 will be a step in restoring payment levels to those applicable prior to the significant payment cuts made in 2009.

The new Areas of Natural Constraint Scheme, which is due by 2018, is to be defined by Member States using eight biophysical (soil and climatic) criteria. In Ireland's case these will predominantly be determined by wetness of the soil coupled with rainfall weather data. To qualify under the new system, an area/ Divisional Electoral District (DED) will need to show that at least two-thirds of its utilised agricultural land meets at least one of the eight criteria outlined by the Commission. However, it is important to note that there are flexibilities which Ireland can use where areas that have difficulty qualifying under the new biophysical criteria can qualify by Ireland classifying them as areas with specific constraint.

This is the provision that a Member State can designate an area up to 10% of its land mass as areas of specific constraint, in Ireland's case this could amount to an additional 500,000 ha. These could be areas that do not meet the 'two thirds' threshold using one of the eight criteria but exceeds that threshold when the impact of two criteria is accumulated.

The Department of Agriculture, Food and the Marine has confirmed to ICMSA that there will be an appeals process available to landowners once the maps are published. However, it will be important that farmers in DEDs which are not determined to be an ANC under the new scheme appeal the decision as a group in order to strengthen their position. It is crucially important that all marginal areas are included under the new scheme as ANC payments.

Review of Ireland's Nitrates Action Programme

Patrick Rohan, Chairperson, ICMSA Farm and Rural Affairs Committee

Ireland's Nitrates Action Programme (NAP) is designed to prevent pollution of surface waters and ground water from agricultural sources and to protect and improve water quality. Ireland's third NAP came into operation in 2014 and will conclude on 31st December 2017. In this context on 3rd March 2017 Minister Coveney launched a Public Consultation on the third review of Ireland's Nitrates Action Programme. This consultation is run jointly by his Department of Housing, Planning, Community & Local Government and the Department of Agriculture, Food & the Marine with the former department as the 'lead' and will run for eight weeks until Friday 28th April 2017.

THE FOLLOWING ARE THE MAIN ELEMENTS OF THE REGULATIONS:

- You must not spread livestock manure and slurry containing more than 170 kg of nitrogen per hectare in a year.
- There are times of the year when you must not spread any fertiliser at all on your land, either organic or chemical. These are called the prohibited/ closed spreading periods.
- You must keep within the overall maximum fertilisation rates for nitrogen and phosphorus (i.e., organic and chemical fertiliser combined), the basic rule being that you only apply as much nitrogen and phosphorus as your crops (including grass) need.
- You must have sufficient storage capacity to meet the minimum requirements of the Regulations and all storage facilities must be kept leak-proof and structurally sound.
- You must follow the rules about ploughing and applying non-selective herbicides.
- You must keep various records, including records of the fertilisers you bring onto your holding or send out of it. You have to keep records for each calendar year, which means 1 January to 31 December, and you must have them ready by 31 March of the following year.

Irish farmers have made significant on-farm investment in slurry management and animal housing facilities and continue to do so to ensure full compliance with the Regulations. There was €2.1bn invested under the Farm Waste Management Scheme with the most recent National Farm Survey Results of 2015 showing Gross new investment in farming totalled €785 million in 2015.

ICMSA has identified the following key issues which we will be raising as part of the current review of the Third Nitrates Action Programme:

1) Retention of Nitrates Derogation?

In 2014, Ireland was granted a Derogation to allow intensive farmers a higher stocking rate of livestock manure, subject to them complying with strict rules that are overseen by the Department of Agriculture, Food and the Marine. The Derogation increases the application limit of 170kg/ha of livestock manure to 250kg/ha each year and provides a mechanism for intensive farmers to farm effectively within the Regulations. In Ireland, the Derogation is of critical importance to the dairy industry with 6,800 farmers applying in 2016. The current Derogation will run to the end of 2017, when the third programme concludes. Retention of the Nitrates Derogation is crucial for the Irish Dairy Sector and is a key element of ICMSA negotiations and submission to the Department of Housing, Planning, Community and Local Government (DHPCLG) and the Department of Agriculture, Food and the Marine (DAFM).

2) Calendar Farming

Slurry cannot be spread on land from 15 October to January 12 /15 /31 (depending on which part of the country a farm is located). All land spreading activity is conditional on weather and ground conditions being suitable. Livestock manures or any chemical fertilisers should not be applied to land when it is waterlogged, flooded or likely to flood, frozen or if heavy rain is forecasted within 48 hours.

This method of farming is commonly referred to as "Calendar Farming" and is an issue which has been causing considerable difficulty for Irish farmers since the introduction of the Nitrates Regulations. ICMSA believes it is essential farmers are allowed to use and manage slurry, which is a valuable resource, based on best environmental and agronomic conditions. The current use of calendar dates for slurry application does not take into account the variations of Irish weather and land spreading conditions that exist from year to year.

ICMSA believes that provision should be made for flexibility in slurry spreading during the closed period based on weather conditions, field capacity and soil temperature to allow spreading during this period without any risk of nutrient loss to water. The Regulations should also allow for force majeure events such as flooding.

3) Addressing Phosphorus Deficit

ICMSA believes that the current regulations are leading to structural P deficits with a significant increase in the proportion of Irish soils at Index 1 and 2. We believe it is essential that adequate levels of P are allowed to provide for maximum grass production and animal health as well as the efficient up-take and use of other plant nutrients particularly Nitrogen. Soil needs P in excess of 7ppm (optimum 7.8ppm) for max grass growth particularly in the 'shoulders' (Spring and Autumn). Low soil temperatures get the best results from P – particularly with new grass varieties. However, under the current Regulations, once a plot reaches Index 3 only maintenance level of P application is allowed, i.e., replacing off-takes. ICMSA believes Index 3 should be divided into (minimum) two, so, for example, between 5.1ppm – 6.5ppm there would be a build-up allowance (as in Index 1 & 2) and between 6.5ppm – 8ppm the existing maintenance allowance would apply.

4) Reduction of Nitrates Penalties

In 2015, almost 2,000 farmers incurred penalties under the Nitrates Regulations at a cost of €1.8m. Two thirds of the total recorded breaches were to farmers who fell between 171 – 210kgs N/Ha. ICMSA believes that the requirement to have Record 3 (Organic – Fertilisers being

continued from page 13

sent out of your holding) submitted to the Nitrates Section of the Department of Agriculture, Food and the Marine by 31 December is significantly contributing to many of these breaches as it doesn't take account of the realities of farming. It does not provide an opportunity for farmers to export slurry which is produced late in the year and ICMSA believe farmers should be allowed the opportunity to submit Record 3 up to the end of the first quarter of the following year.

ICMSA will continue to work with the Department of Housing, Planning, Community and Local Government (DHPCLG) and the Department of Agriculture, Food and the Marine (DAFM) in order to provide practical solutions to what we believe are the key issues with regard to the implementation of the Nitrates Action Programme coupled with the fundamental issue which is the retention of Irelands Nitrates Derogation.

Phosphate reduction in the Netherlands

Sieta Van Keimpema, Vice President, EMB

The Netherlands has to reduce the phosphate production in 2017 to the level that is allowed for retention of the derogation. This is a short introduction to the technical details of the scheme for milk producing farms. It will illustrate the difficulties facing the Dutch milk suppliers and inform your own policies as you face into your own Nitrates Review

The Netherland's measures for phosphate reduction in 2017 contain of three parts:

- Regulation Phosphate Reduction 2017
- Feed trail dairy sector
- Subsidy regulation termination milk farm

Regulation phosphate reduction scheme 2017

The phosphate reduction scheme is for 2 groups:

- Cattle farms who produce milk for consumption or processing
- Cattle farms who do not produce milk for consumption or processing

Milk producing farms

From the first of March onwards, the dairy cattle from cattle farms that produce milk for consumption or processing will be reduced step-by-step. This means that the number of female cattle have to be reduced to the level that applied on the 2 of July 2015 minus 4%.

Phased reduction

Milk producing farms receive a target number. This is the number of female cows, converted to livestock units that on the first of October 2016 were registered in the identification and registration system (I&R) reduced by a specified percentage.

Per period of two months a reduction target is imposed.

- Farms who do not meet the target pay a fee.
- Farms that do meet the target of the period, but haven't reduced the herd to the level of the 2nd of July 2015 minus 4%, will pay a lower levy.

Farmers who reduce their herds to the level of the 2nd of July 2015 minus 4% will receive a bonus from the levy revenues.

Periods:

Period 1: 1st of March up to and including the 30th of April 2017

Period 2: 1st of May up to and including the 30th of June 2017

Period 3: 1st of July up to and including the 31st of August 2017

Period 4: 1st of September up to and including the 31st of October 2017

Period 5: 1st of November up to and including the 31st of December 2017

After the 31st of December 2017 phosphate allowances for dairy cattle will limit the phosphate production of the dairy sector.

Levy

Farms that do not meet the target number and do not meet the provided phased reduction will have to pay a fee. This is 240 euro per livestock unit per month for every livestock unit above the reference. In period 1, March and April will be settled together on the basis of the situation in the month April. The fee per surplus livestock unit in April will be €480. If a farm gets a fee in the first month of the period, but in the second month of the period meets the target number they will receive money back - the fee of the first month will be cancelled.

Solidarity levy

Milk producing farms who, in a defined period, do reduce the number of cows but nevertheless have not reached the reference number will have pay the solidarity levy applied to all that are still to reduce livestock units. In Period 1 this will be €112 for every remaining surplus livestock unit. In the other periods this is €56 per month. The solidarity levy is not imposed on non-milk delivering farms.

Bonus

Milk producing farms that have less livestock units in a month than their reference number receive a bonus. The bonus in the first period will be €120 for every livestock unit under the reference number based on the average of April. In period 2 and 3 this will be €60 per month and in period 4 and 5 the bonus will be €150 per month. The number of livestock units a farm can receive a bonus for is limited to 10% under the reference number. Like the levies, the total amount of the bonus will be determined by the average number of cows per month.

Non-milk producing farms

Cattle farms that do not produce milk for consumption or processing will have to reduce the herd by the 1st of March 2017. This means that these farms will have to reduce their herd to the level on the 15th of December 2016.

Feed trail dairy

To reduce the phosphate level in manure, the phosphorus content in mixed feed will be reduced. This measure will be fully implemented by the feed industry. The feed companies will bring back the phosphorus content in mixed feed for dairy farms. With this measure the phosphate production in 2017 can be reduced by 1.7 million kilos.

Subsidy regulation termination milk farm

Milk producers that in 2017 terminate their herd can be eligible for the 'Subsidy regulation milk farms'. The first round on the 20th of February was opened and closed on the first day of the measure because the target was already exceeded. Almost 500 milk producers applied involving a reduction of 40.000 livestock units.

The premium per livestock unit is €1200. With this measure a reduction of 2.5 million kilos phosphate is contemplated.

Of course this scheme led to a lot of emotional discussion with many farmers stuck between the several regulations. Already a number of lawsuits are prepared.

Brexit- Unexpected and Unwanted But It Must Be Overcome

John Comer, President.

In Spring 2016, there were many challenges facing the Irish Agri-food sector - most particularly, our dairy farmers - but any kind of question or doubt over our biggest single export market wouldn't have been on anyone's list. One seismic year later, Brexit is a reality and provides the context within which we farmers, the wider Agri-food sector and our Government will need to plan. ICMSA has attended many meetings in relation to Brexit since the vote in June 2016 and I would have to say that, at this stage, the Government must now begin implementing policies that will protect exposed sectors from the potential negatives of Brexit and no sector is more exposed than the Agri-food sector.

The following statistics highlight the dependence of Irish agriculture on the UK market:

- UK is Ireland's largest trading partner for food.
- Ireland is the second largest supplier of food to the UK.
- 41% of food & drink exports go to the UK (€4.4 billion).
- 56% of total meat exports go to the UK.
- 30% of dairy exports go to the UK.
- 60% of cheese exports go to the UK.
- 52% of beef goes to the UK.
- 25% of sheep meat goes to the UK.
- Ireland exported 65,000 live cattle to Nth. Ireland & Great Britain in 2015.
- Ireland imported over €3bn of UK food & drink in 2014.
- The UK imports almost 40% of its food products.

The UK has a huge requirement for imported food and this will not change post-Brexit, the 64m population of the UK relies on food imports and our Government must ensure that Ireland as a traditional and trusted supplier of that food to the UK can continue to supply this market and that we are not disadvantaged relative to other importers from either within and outside the EU.

It is important to note that Ireland is not alone within the EU in terms of exports to the EU and some of the key EU member states export significant amounts of food products to the UK. The EU27 exported approximately €35bn of Agri-Food exports to the UK in 2016.

- Netherlands €6.07 bn.
- Ireland €5.01 bn.
- France €4.85 bn.
- Germany €4.75 bn.
- Spain €3.71 bn.
- Italy €3.12 bn.

In terms of the negotiations, ICMSA believes that the issues for the Agri-food sector can be broken down into three areas:

The Market:

- **Access to UK Market Post Brexit:**
  Tariffs: As part of the Single Market, Irish produce goes to the UK tariff free and vice versa. In the absence of a Brexit Agreement, tariffs in the region of 50% could be imposed on food produce and, quite clearly, this could have serious implications not alone for the price the farmer receives but also the price the consumer pays in the UK.
  Border Checks: At present, no border exists between the UK and the EU. Potentially, border checks could become a reality again leading to long delays at border points and all the additional costs associated with this.
  Standards: Irish, UK and EU food produce is all sold under a common standard at present. Post Brexit, the UK will be free to set its own standards which could provide a competitive advantage for its farmers but will also increase the complexity of trading.
- **Transit UK:**
  Key issue for access to EU markets: After the UK, the next biggest market for Irish food is continental EU and transit of produce across the UK is hugely important in this regard. Future arrangements post Brexit for transit will be very important.
- **Trade Deals:**
  Current trade deals and preferential access: The EU28 has a number of trade deals in place that provide preferential access to the EU market for agriculture products including dairy, beef and sheep that are particularly important for Ireland. These include deals with Canada (CETA), WTO deals and trade deals with Commonwealth countries. Quiet clearly post Brexit, these deals will have to be revised with reduced tariff free access quotas to take account of the UK exit. The EU27 will have 64m less consumers post Brexit and trade deals will have to recognise this.
  Future trade deals: The EU is currently in negotiations with a number of countries/trading blocs regarding potential trade deals including Mercusor and New Zealand. ICMSA is clearly stating that any deals finalised must include provisions that take account of Brexit and the restructured EU27.
  UK trade deals post Brexit: The UK is likely to be able to conclude its own trade deals post Brexit and this is particularly concern in relation to potential deals with South American countries, for example.

The Processor:

- **Raw Material from both North & South:** A number of food companies in (particularly) dairy processing have structured their business on the basis of raw material from both the North and South of Ireland. Brexit may lead to border checks which will add additional costs and bureaucracy to the system. For example, there are 32,000 milk lorry trips across the border each year. In addition, this produce is regarded as produce from within the EU at present and a big question is how this will be treated post Brexit when it potentially becomes raw material potentially from inside and outside the EU.

The Producer:

- **Farming land on both sides of the border:** For farmers with land on both sides of the border, Brexit presents serious challenges in terms of drawing down their BPS/Greening payment, CAP RD schemes and compliance with nitrate regulations and cattle movements systems. Quite clearly, farmer concerns in relation to these matters will have to be fully addressed.
- **Farm input costs and potential different requirements:** At present, farmers can purchase inputs on both sides of the border depending on where they are most competitively priced. In addition, some farm input such as veterinary and pesticides carry EU registrations which will no longer apply in the North and thus farmers in the South will be unable to purchase them.

- **The CAP and potential impacts:** As the UK is a net contributor to the EU, Brexit will lead to a reduction in the CAP budget to the tune of 5-10%. ICMSA is clearly saying that the CAP budget will have to be restored by the remaining 27 Member States.
- **New UK farm policy post Brexit:** The agriculture policy adopted by the UK post Brexit will quite clearly have an impact on their import requirement for food and thus is of concern for Irish farmers.
- **All Ireland Health Status:** Animal disease does not recognise a border and thus, co-operation between North and South going forward is an absolute must. The island of Ireland successfully eradicated Brucellosis through co-operation and such co-operation must be maintained and enhanced post Brexit.

At this stage, ICMSA believes that the Irish government need to take a number of key actions to protect the Irish agri-food sector:

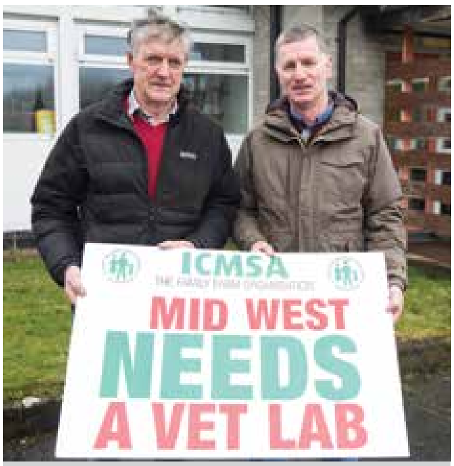
- **Build alliances at EU level to support Irish position.** It is very clear that other Member States have similar interests to Ireland and a combined approach should be taken.
- **Maintenance of Single Market or Free Trade Agreement.** While the maintenance of the single market would be the ideal outcome, if this is not possible, a free trade agreement should be concluded simultaneously with Brexit or a transition arrangement put in place until the free trade agreement is concluded.
- **Measures to address currency volatility:** The big threat in the short term is currency volatility and its impact on prices and investment. ICMSA firmly believes that the Irish government need to put in place measures to allow exposed sectors like the Agri-food sector to financially prepare for a Brexit shock, which adds another factor to an already long list of volatility pressures. The following measures in particular should be implemented
    - Enterprise Stability Fund for the processing sector.
    - Farm Management Deposit Scheme to allow farmers to establish a fund in good years to allow them to manage and survive poor income years.

Brexit was unexpected and unwanted but it must be overcome and dealt with. We consider it hugely important that realism enters the negotiations at a early stages and that long-standing and mutually beneficial trading relationships are protected in the interests of both parties.

ICMSA protests at threatened Regional Veterinary Labs

The news that an internal Review Group had been appointed to examine the feasibility of further closures to the Department of Agriculture, Food & the Marine's already skeletal network of Regional Veterinary Labs brought a fast and furious response from ICMSA. The fact that we learned that this was being considered just weeks after the Government launched its 'Action Plan on Rural Development' gave the news a particularly ironic twist. John Comer's observation that it was high time that the Government understood that the principle of rural development and rural renewal had to begin with (A) retaining existing services and trying to build on those instead of stripping them out and (B) that farming and food production was, is, and will continue to be, the economic backbone of rural communities and represented the frontline in maintaining and safeguarding of our food and agri-sector. The President noted that this was part of the wider and damaging pattern that has the state withdrawing 'inwards and eastwards' away from rural communities and he noted the similarity with the justifications we see trotted out when swathes of post offices, Garda stations and small departmental offices are closed or 'rationalised' into nearby towns and cities. ICMSA was quick to mount pickets at the threatened labs to meet the Review Group as they arrived and all the officials know very well what our attitude is to this counterproductive and disappointingly short-sighted policy. We will be keeping an eye on this one.

ICMSA protest threatened closure of Kilkenny Regional Veterinary Lab.



Pictured at our protest at the Meelick facility on the Clare/Limerick border were Eddie Hennessy, Ballysimon, Limerick and Denis Carroll, Killeen, County Kerry.

Michael Moloney, Borris, Carlow ICMSA was part of the protest at the Regional Veterinary Lab in Kilkenny.