

# Department of Agriculture, Fisheries and Food

## *International Policy Developments*

**Tom Moran**

**Secretary General**

**7 January 2011**



Department of  
**Agriculture,  
Fisheries and Food**

An Roinn  
**Talmhaíochta,  
Iascaigh agus Bia**

# 2010 and Beyond

- Context / Overview
- Food Harvest 2020
- CAP Reform – 2013 +
- Mercosur Negotiations
- WTO

# Food Harvest 2020

Industry-led Strategy for Agriculture, Food and Fisheries sector -launched in July 2010

- 217 recommendations to ensure central contribution of agri-food and fishing sector to the

- ❖ **export-led economic recovery;**

- ❖ **full development of the smart economy.**

# Food Harvest 2020

## Key Themes

**SMART**  
+  
**GREEN**  
=  
**GROWTH**

# Food Harvest 2020

## Smart Growth

- Prioritise and target R & D
- Improve skill levels
- Maximise adoption of best practice
- Foster creativity and entrepreneurship
- Rationalise and collaborate at level of farm and industry
- Review institutional supports while minimising regulatory costs
- Focus on consumer preferences

# Food Harvest 2020

## Green Growth

- Prioritise environmental protection
- Scientifically validate Ireland's environmental credentials
- Complete supply chain focus on sustainability
- Achieve international recognition as a producer of environmentally sustainable product
- Develop 'Brand Ireland' or other mechanisms to differentiate our product offering



# Food Harvest 2020

## Growth Targets

- Increase the value of primary output in overall sector by €1.5 billion - 33% increase
- Raise the sector's value-added by 40% from €7.9 to €11 billion.
- Exports for the sector to rise to €12 billion - a 42% increase
- 50% increase in milk production and 20% increase in value of beef production
- Value of the seafood sector to increase from €700m to €1 billion including a 78% increase in volume of aquaculture production.
- Employment increase between 7,000- 7,500

# Food Harvest 2020 - Implementation

- High-Level Implementation Committee (HLIC) established to prioritise & drive implementation of FH2020
- Chaired by Minister Smith, comprises CEO of main State Agencies (BB, BIM, EI, Teagasc, EPA) and Depts.
- 2 meetings to date, determined actions to be taken on dairy competitiveness, Brand Ireland, research and development and the horticulture sector.
- Next meeting on 12 January will analyse
  - ❖ Progress on FH 2020 recommendations
  - ❖ Dairy Action Committee Roadmap
  - ❖ Delivering on potential of aquaculture
  - ❖ Progress Reports on Farm Partnerships, Beef Competitiveness, Research and Horticulture.



# CAP 2013+ Negotiation Process

- Initial Council discussions in 2009 / 2010 plus bilateral contacts and informal groups of Member States
- Budget review document released October 2010
- Commission communication released November 2010
- Impact analysis in April 2011
- Legislative proposals in mid 2011
- European Parliament Reports: Lyon Report June 2010; Two to follow.
- Decisions in 2012 ? (Danish and Cypriot presidencies )

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# Commission CAP communication

Three broad policy options:

1. Minimal change – but “more equity” in distribution of payments
2. Actual Commission proposal
3. Radical change – environmental public good payments only

# Proposals in Commission communication

- Strong, 2 pillar structure with 3 strategic aims
  - Preserving food production potential (farm incomes & competitiveness).
  - Sustainable management of resources (public goods, green growth & climate change)
  - Maintaining viable rural areas (jobs, diversification, structural diversity)
- “Greener” pillar 1, with “more equitable” distribution of payments
- Rural development (pillar 2) funds distributed on “objective criteria”
- Continued market supports at safety net level

# Single Payment Scheme Issues: distribution of funds between Member States

- Distribution of pillar 1 funds between MS:
  - Communication floats possibility of “a system that limits the gains and losses of Member States by guaranteeing that all farmers in all Member States receive on average a minimum share of the EU-wide average level of direct payments”
- *Irish view is that any discussion of redistribution must:*
  - *Start with the current distribution*
  - *Use accurate per hectare basis for comparison (ie eligible area, not UAA)*
  - *Recognise that costs of living vary greatly in the EU*
  - *Be kept separate from issue of payment models*



# Single Payment Scheme Issues: Payment Models

- Distribution of funds between farmers within a member state:
  - Draft Communication suggests “greening” of direct payments through a layered payment with a basic flat rate and a mandatory green component, with additional support for areas with “specific natural constraints”, and optional limited coupled support.
- *Irish view is that there should be flexibility on payment model at Member State level:*
  - *Agro-ecological conditions vary hugely within EU*
  - *So does the socio-economic structure of farming*
  - *The political debate about the CAP and justification for payments also vary greatly between Member States*
  - *We currently have flexibility and it has not distorted markets*
- *We will fully engage with the debate on alternative models - including research and consultation*



# Single payment scheme issues contd.

- A separate, simple scheme for small farmers – *we need to see the distribution effect between Member States*
- Limiting payments to “active” farmers – *we favour in principle but need to see detail*
- Upper ceilings on payments to be considered – *Ireland willing to consider but problematical for other Member States*
- Consider including water framework directive in cross compliance – *we emphasise the need for simplification*

# Rural Development Issues

- Distribution of funds between MS: Communication mentions using objective criteria “while limiting significant disruption from the current system” – *but which objective criteria ?*
- Three existing components – competitiveness, environment and wider rural areas – retained
- Focus on “new challenges”: climate change, renewable energy, water quality, and biodiversity
- Strategic framework and coherence with/links to regional policy
- Greater emphasis on measurable outcomes, offering incentives for improved targeting and “performance reserve”

# Market Management Issues

- Market measures to continue as safety-net ++
- Source of funding not identified
- Desire to address increased price volatility
- Concern about relative bargaining power in food chain
- Possibilities of risk management toolkit in pillar 2 – income insurance, mutual funds etc.
- Dairy HLG: contracts, futures markets, competition policy

# Irish Position on CAP 2013+

- Support pillar 1 decoupled payments as best means of income support for family farms
- Current Irish share of P1 and P2 funds is reasonable and justified
- Want flexibility to decide payment model within Member States
- “Greening” of direct payments already through cross-compliance and GAEC
- Open to consider payment ceilings
- Need more detail on small farm scheme and impact on national funds.
- Agree in principle to target support to active farmers, but devil in the detail

# Irish Position on CAP 2013+ contd.

- Must address market volatility: support existing and optional new measures
- Targeted support for competitiveness and sustainability in revised Irish RDP = “green growth” in new CAP (pillar 2)
- Seek to shape agenda on public goods and new challenges
- Simplification should be a key plank of new CAP

# MERCOSUR NEGOTIATIONS

- Re-launched in May 2010
- Three negotiating rounds to date but progress limited
- Further talks scheduled for March, May and July 2011
- Ireland has serious concerns about the impact on EU and Irish agriculture, particularly in the beef sector
- We are engaging with the Commission and garnering support from other Member States for mitigating measures



# WTO

- Little change from last year; still a lull in negotiations
- Uncertainty of US position
- New efforts to reach agreement in 2011
- Ireland wants a successful conclusion
- BUT, we have some problems with the current texts