

BACKGROUND

The Agri Food 2010 Committee was established in June 1999 and presented its report on 24 March 2000. Its terms of reference were: *'to propose a strategy for the development of Irish agriculture and food over the next decade, following the agreement on Agenda 2000, and in the light of the changes and challenges which are likely to evolve nationally and internationally over that period'*. The Committee was independent in its operation and findings. It consisted of leading figures from all areas of the agri-food sector.

The report describes the context in which the sector will have to operate over the next decade, identifies the key issues arising, sets out the Committee's vision for the future, and proposes strategies necessary to achieve that vision.

CONSULTATIONS

Since receiving the report, the Minister for Agriculture, Food and Rural Development, Mr Joe Walsh TD, has initiated a detailed examination of its findings, including an extensive round of consultations with interested organisations. During these consultations there was a general welcome for the AF2010 report. Participating organisations welcomed in particular the overview it provided of the whole sector and its recognition of changing structures and markets. There was also broad support for the vision of the future set out in the report and for its main recommendations. The farmer organisations however expressed their deep concern about the projection of full-time farm numbers in 2010, and other organisations also had specific points of disagreement. The submissions made to the Committee, and the comments of the organisations on the final report (see Appendix 1), are available on the Committee's website at www.agrifood2010.ie.

This document is the result of this process of examination and consultation and contains the response of the Government to the Report and to the debate and comment it has provoked on a range of issues.

MARKET AND POLICY ENVIRONMENT

The Irish agri-food sector has over the past thirty years transformed itself from a supplier of standard commodities to the domestic and UK market into a sophisticated producer of top quality foods for a wide variety of markets within and outside the EU. Like other indigenous industries, the food sector has undergone major change in response to intensified competition on domestic and foreign markets, but it remains a major contributor to Ireland's net foreign earnings because of its unique combination of strong export orientation and low dependence on imported inputs. The process of transformation in the industry is still ongoing, and has had to contend with some setbacks in recent years due to adverse developments on third country and EU markets, but the achievements have been considerable. The basis now exists to create a sector capable of competing with the best in the world, and that must be our objective.

The major achievements in the Agenda 2000 negotiations, when a large potential loss to this country from the original Commission proposals was turned into a significant gain for Irish farmers, provided a further boost to the sector. Likewise the strong commitment of the Government to supporting the sector expressed in the National Development Plan, where €3.7 billion is earmarked for agri-food measures in 2000 to 2006, has underpinned confidence.

The achievements of the past, and the substantial benefits from Agenda 2000 and the NDP, must not however distract us from the fact that there are very substantial challenges ahead for the sector. As the Agri Food 2010 Report (AF2010) points out, these arise from two main sources:

- Pressure for further CAP reform may well arise in 2002/3 from the enlargement of the EU, the World Trade Organisation

negotiations and the scheduled EU budget review. The Government are resolutely committed to ensuring that the contribution of agriculture to the Irish economy and society is fully recognised in future negotiations and in particular that the benefits of Agenda 2000 are maintained.

- The already rapid pace of change in food markets is likely to accelerate as developments in consumer lifestyles and new technologies drive demand for a great variety of food products. Traditional production systems will have to change rapidly to meet these demands. Globalisation and concentration at retail level will magnify these food market trends and will also intensify competitive pressures on food processors and producers.

The Irish agri-food sector cannot be a passive witness to these changes. As a trading economy we must engage fully with these new challenges to ensure that the sector prospers. At a policy level this will require that we ensure that our voice is heard where decisions are being made, as we did successfully in Agenda 2000. In the food market we must ensure that we have the range, profile and quality of products to meet the exacting requirements of modern consumers. This will require an increased focus on marketing and innovation, and a willingness to change structures and approaches wherever necessary, underpinned throughout by strong attention to food safety.

POLICY AIMS AND VISION

In facing the challenging future outlined by the Committee, the core aim of Government will be to ensure that agriculture and the food industry contribute to the maximum extent possible to the continued economic and social development of this country, and to the maintenance of the physical environment. The Government envisages an agri-food sector in 2010 which:

- offers farm families attractive and sustainable livelihood options, thus ensuring the maintenance of the maximum number on the land;
- has the necessary strength and capabilities to successfully compete within the EU and on our main third country markets;
- is focused on meeting consumer demands, particularly for the highest standards of food safety;
- values our rural environment as the basis of thriving rural communities.

It is clear from the consultations on AF2010 that all major players in the industry share these aims. What is needed now is a commitment to coherent action in fulfilment of this vision. This will require a positive approach and a willingness to work together – features which unfortunately have not always been present in our industry in the past. The necessary changes in mind set, structures, policy and approach will not be easy to achieve and will require courage and determination from those involved. As the AF2010 report points out, if we work together we can create a bright future for the sector and contribute greatly to the future of rural Ireland; the only alternative is much more painful adjustment at a later date.

ACTIONS

The measures in this Plan respond in a specific and action-oriented way to the issues raised in the Agri Food 2010 report. The detailed actions are set out in sections 2 to 9. They should be seen within the broader context of the overall strategy of the Department of Agriculture, Food and Rural Development (DAFRD) as set out in the Department's Statement of Strategy and the relevant measures in the Partnership for Prosperity and Fairness.

Food Safety and Food Quality: Both for the sake of our own citizens and to meet the demands of our crucial export markets, we cannot afford to be second best in food safety procedures or reputation. The Government will strongly support initiatives at EU level to strengthen food safety assurance and will continue to develop national food safety arrangements to ensure that they are at the

leading edge in the EU. The new arrangements under which the Food Safety Authority of Ireland is responsible for co-ordinating safety services is working well, and will be further developed in a north/south context through the Food Safety Promotion Board.

Once food safety is guaranteed, quality is the main standard which differentiates and determines the value of our food products. Quality is a subjective concept and quality perceptions are affected by changing tastes and preferences. The Irish food sector must be responsive to these changing market demands, which are now frequently expressed through retailer driven schemes. These initiatives are welcome, but there is a need for greater co-ordination of both voluntary and statutory schemes. The Food Quality Assurance Schemes Review Group will report on this by the end of 2000.

Specific issues relating to cattle and sheep quality have been identified by the Beef Task Force and the Sheep Forum and are again underlined in AF2010. These relate to carcass conformation and fatness and not to eating quality, which is judged to be fully competitive. Monitoring committees have been established to oversee progress on this and related matters in the cattle and sheep sectors, and considerable progress has been made. Further progress on graded pricing of cattle will be encouraged, and structural grant aid will be conditional on this. Further actions will be undertaken by DAFRD, the ICBF, Teagasc and Bord Bia to improve our information on, and response to, the quality demands of our main markets.

Animal Health and Welfare: Ireland has high animal health and welfare standards, and these both underpin food safety and ensure that our products have access to the most discerning international markets. In the PPF all parties agreed a range of measures to reduce the incidence of TB by 50% and to make significant progress towards the eradication of Brucellosis within the next four years. The measures taken to control BSE are expected to lead to a decline in the number of cases during and after 2002. All these measures will be kept under ongoing review. In addition, scrapie eradication measures will be intensified and a programme on Aujeszky's disease will be launched. Research on a TB vaccine for wildlife will be enhanced.

Animal welfare is an issue of increasing importance for consumers. Irish standards for animal production, transport and slaughter must be maintained and, where possible, improved. A new advisory forum on farm animal welfare will be established within the next six months. Important new EU legislation on sow tethering and laying hens will be implemented.

Developing the Food Industry: The new food market that is developing requires new skills and capabilities in our food industry. Marketing and innovation skills of the highest level and a focus on value added are required. The Government's commitment to encouraging the appropriate response from the food industry is underlined by the provision of £282m under the NDP. This funding will support capital investment, research and development, promotion and marketing and human resource development, with a strong emphasis on encouraging value added projects. Bord Bia will develop a comprehensive market research and intelligence service, subject to available resources. Increased resources will be provided for marketing in continental markets. £83 million in the NDP for research and innovation will be targeted at new product development, capability building and public good research.

Major rationalisation of the primary processing industry will be required, and will be facilitated by the Government in the measures to support the food industry in the National Development Plan. However, the main responsibility for action on this issue rests with those in the industry itself.

Accomplishing the necessary change in focus in the food industry will require strategic partnerships between all the links in the food value chain – farmer, processor, retailer, caterer etc. – and will also require partnership at enterprise level in the food processing industry

between management and staff. Strategic partnerships will be encouraged by Bord Bia, Bord Glas and Enterprise Ireland. A partnership approach will be a positive consideration for grant assistance for projects. A new commitment to human resource development must underpin partnership in the food industry and will be a key factor in ensuring competitiveness. £31 million is being provided under the NDP for this purpose.

Developing Viable Full and Part Time Farming: The Government is committed to maintaining the greatest number of family farms. This will involve the development of a core of full time farmers, while at the same time ensuring that smaller farmers have the opportunity to supplement their farm income through off farm work. Farm families must be given the choice between attractive options and then allowed to determine their own future as they see fit.

Irish farming needs to focus strongly on all aspects of competitiveness. The actions in this plan on farm investment, farm structures, research and education are focused on improving the cost competitiveness of core agriculture. Appropriate indicators of cost competitiveness and policy effectiveness will be developed and reported regularly. The recommendations of the Task Force on Agricultural Education and Training will be implemented. These recommendations include developments in the mainstreaming of agricultural education, career guidance and promotion, as well as financial incentives. Policy must treat both full and part time farmers equitably and address all aspects of farm household viability. New approaches to farm income support will be considered.

DAFRD will continue to take a pro-active approach to the simplification of farm scheme rules, and the Cattle Movement Monitoring System (CMMS) will be used to establish eligibility for a broader range of schemes. A new Protocol for direct payments and service delivery has been introduced and an independent appeals system will be established in 2000.

Teagasc 2000, a new strategy for the research, advisory and training services, will be implemented from October 2000 and will fully take account of the separate needs of full and part-time farmers. The requirements for new skills in research and upgrading of production research and food training facilities will be addressed in the context of the £25m Technology Capability Fund.

Commodity Sectors: The **beef** sector faces profound challenges both in the short and longer term. Rationalisation of slaughtering capacity is essential and will be encouraged through the measures in the NDP. Live exports will continue to be facilitated, as they will remain an important element of competition in the market place.

DAFRD will seek improvements to the **sheepmeat** regime as well as encouraging improvements in the carcass classification levels.

The **dairy** sector requires increased scale and a lower cost base. This will be important whatever future regime is in place. There is a need for rationalisation in primary processing. In order to advance moves to develop a more economic processing structure in Ireland, a comprehensive study will be undertaken by an outside body of the present structure of the industry and the changes to be made. The National Development Plan will support new investment in value added consumer orientated products, particularly dairy based baby food and functional foods.

Government policy will seek to encourage active milk producers. The price of quota under the Restructuring Scheme will be reduced over the coming years and quota will be directed toward priority categories. This year's reallocation of 60 million gallons under the scheme is a major step in the direction of encouraging active producers to increase their quota. Increasing protein content will also be a priority.

Structure, scale and the level of imports are key issues for both the **pig and poultry** sectors. The National Development Plan will provide appropriate grant aid for projects, taking account of industry structure and product portfolio. Best practice in terms of safety and quality will be important, especially as marketing tools. There is also scope for organic and welfare friendly production. An independent report on pigmeat processing in the island of Ireland is due to be completed in summer 2000.

Rural Development: The White Paper on Rural Development which was published in August 1999 sets out a vision and a framework for the development of our rural communities, and marks a new approach and commitment by Government to rural development. The policy debate on this issue has moved centre stage in recent years and, with increasing emphasis on rural development policy in the EU context, it is now regarded as an important pillar of the CAP.

A range of new institutional measures, including a Cabinet Sub-Committee, have been introduced to implement the strategy set out in the White Paper and rural proofing procedures are now in place for all national policies. The National Development Plan is the primary medium for bringing the aspirations in the White Paper to fruition in terms of practical policy actions. It provides for public investment of some £6.7 billion over the next seven years on actions which directly impact on infrastructure, services, employment opportunities and social inclusion in rural areas. One of the aims in the NDP, and reiterated in the PPF, is to deliver more than half of all the new jobs from future green field projects into the BMW Region. Regionally differentiated grant rates for job creation will be used to achieve this.

The Agri-Food 2010 recommendations on rural poverty will be addressed in the review of the NAPS required under the PPF. DAFRD will be the lead Department in reviewing the rural poverty target.

Environmental Protection and Organic Production: As indicated in the National Sustainable Development Strategy, the agri-food sector has an important role to play in preserving the rural landscape and environment. A detailed specification for Good Farming Practice will be developed and arrangements put in place for monitoring compliance by farmers who are claimants for certain direct payments and on-farm investment schemes. Participation in REPS will be promoted with a target of 70,000 participants by 2006.

Organic food provides a real commercial opportunity for Irish agriculture. An Organic Development Committee will be established to draw up a coherent strategy for the sector and additional funds for the organic sector will be made available under the National Development Plan.

New Technology: Biotechnology offers enormous opportunities and challenges for the sector. The Government agree with the recommendations of the AF2010 Committee that significant public resources should be provided for research in this area; that a positive but precautionary national policy on the release of GMOs to the environment should be pursued; that systems should be developed to ensure that GMOs do not compromise the integrity of non-GMO production systems; and that there should be clear labelling of foods which contain GMOs.

Information and communication technology (ICT) is of importance in framing public policy. The White Paper on Rural Development commits the Government to regional ICT infrastructure development. DAFRD has recently approved a new IT Strategy, a core element of which will be making all services available electronically. The Animal Health Computer System will be the first interactive web based computer system in the agricultural policy areas. Premia payment schemes have been identified as possibilities for the submission of claims electronically.

IMPLEMENTATION

The Agri Food 2010 Report was intended to focus minds on the challenges ahead and how we should respond to them, and it has already been successful in that regard. This Plan of Action takes the next step in the process by outlining the response of Government and the specific measures that will be taken. Implementation will require committed action by Government, processors, farmers, retailers and everyone involved in the sector. The need for such co-ordinated and committed action is a key point in the Agri Food 2010 report and this is strongly endorsed by the Government. The Minister for Agriculture, Food and Rural Development will put in place a process to regularly monitor implementation of the measures in this Plan.