

REPORT ON FUTURE OF FARMING  
AND FISHING IN THE WEST

*by Martin Ferris TD*



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## Foreword

I am delighted to be able to present this report to the Committee. It is the fruit of much work in consultation with a wide range of people involved in the farming and fishing sector. As such it represents an accurate picture of both the current state of the rural economy, particularly in the West, and of the sort of strategies needed to move us forward.

I think that is particularly important in the context of the current economic situation and the opportunities as well as the problems facing farming and fishing. Indeed, one of the key themes running through the submissions that form the basis for the report and its recommendations is that there is major scope to place more emphasis on the indigenous rural economy.

I trust therefore that the Committee will give the report its due consideration and that it will form the basis for a wider debate within rural Ireland that will engage with everyone involved to frame a future strategy for the rural economy in the West.

## Introduction

The objective of the introduction to this report is to provide a broad overview of the situation as it pertains at present to the rural economy, and specifically to farming and fishing in the western counties of Kerry, West Limerick, West Cork, Donegal, Clare, Galway, Roscommon, Mayo, Sligo and Leitrim. That is placed within the context of the overall health of the farming and fishing sectors and explores the specific problems and opportunities associated with each.

The second part of the report is based on an extensive survey of farmers' attitudes in the west and particularly with their views both on the current state of farming and their outlook on the future. The third section is devoted to submissions received from a broad range of sectoral groups and their proposals as to the best way forward. These are summarised as a broad set of draft recommendations for the consideration of the Joint Oireachtas Committee on Agriculture, Fisheries and Food.

# 1. Overview

The ten year period between 1996 and 2006, broadly coterminous with what has been called the 'Celtic Tiger' undoubtedly saw a great improvement across most sections of Irish society. Employment rose to unprecedented levels and most of the symptoms of the economic stagnation that were associated with the 1980s such as emigration disappeared. However, while the period did witness an increase in service and industrial jobs in the West, there was a marked decline in the agricultural and fisheries sector.

Overall employment in counties Clare, Kerry, Galway, Leitrim, Mayo, Roscommon, Sligo and Donegal rose by 48% but the numbers working in farming and fishing fell by 39% with a total of 18,511 people leaving the land and the sea. The figures for the counties concerned are contained in Table 1.

**Table 1: Agricultural and Fishing Employment in the West 1996 - 2006<sup>1</sup>**

Country	1996	2006	Change
Clare	5571	3213	-2358
Kerry	8052	5040	-3012
Leitrim	1993	1173	-820
Galway	10387	5968	-4419
Mayo	7963	4754	-3209
Roscommon	4529	2606	-1923
Sligo	2934	1795	-1139
Donegal	5427	3796	-1631

So in general while it can be argued that the decline in farming and fishing was more than compensated for by the growth in overall employment, it is still indicative of a long term trend that poses serious challenges for many rural communities. The focus of this report is to examine how the traditional rural economy can be sustained and developed.

It should also be noted of course that even during the years of high economic growth unemployment in the western counties remained above the average for the state over this period and has begun to increase significantly over the past 12 months. Unemployment in the above counties along with the rural part of County Limerick was 58,729 in September this year, an increase of 50% from 39,142 in September 2007.<sup>2</sup> The current forecast is that this trend will continue with particular concern over the fact that a large proportion of those employed in the western counties are in sectors most vulnerable to the economic downturn.

The West is not unique of course in regards to the decline in the number of people involved in farming and fishing but these sectors do constitute a bigger part of the local economy in the western counties. In Leitrim for example over 10% of the counties population are registered herd owners. With the ongoing decline in the rural economy, exacerbated by the impact of the economic downturn on sectors like construction, the western counties could be about to experience an extremely challenging period.

The overall decline in farming throughout the state is indicated by the fall in the number of those in receipt of the Single Farm Payment from 128,742 in 2005 to 124,730 in 2007.<sup>3</sup> That decline also reflects the fact that decoupling has brought neither the income security nor market benefits for a significant number of farm households.

1 PQ 142, July 1<sup>st</sup>, 2008

2 CSO, Live Register reports.

3 PQ 592, July 10<sup>th</sup>, 2008

## 2. Single Farm Payment

The total in Single Farm Payment paid to Irish farmers in 2007 was €1,229m, an average payment of €9,871 per farmer. 68% of farmers got less than €10,000 which accounted for 28% of the total.<sup>4</sup> On average the bottom 68% received a SFP of €4,057 compared to an average of €22,170 for the top 32% of recipients. Indeed the disparity in payments is even starker when one takes into account that 55,312 farmers, representing over 44% of all recipients, received less than €5,000 in SFP. Their payments accounted for just 10.5% of the total. In contrast the 2,092, or 1.7%, of farmers, who received more than €50,000, accounted for €154 million, an average payment of €73,500 and 12.6% of the total fund.

**Table 2: Single Farm Payment 2007<sup>5</sup>**

SFP	Recipients	As % of total	Net payments	As % of total
< €5,000	55,312	44.4	€129.1m	10.5
< €50,000	122,450	98.3	€1,075.5m	87.4
> €50,000	2,092	1.7	€154.0m	12.6
Totals		100.0	€1,229.4m	100.0

Another disparity highlighted by the statistics on the level of payments is the gap between farmers in different parts of the country. As the figures in Table 3 illustrate, the average payment in the western counties, with the exception of Limerick as a whole, is below the national average. Indeed it is well below that average in several counties such as Leitrim, Mayo and Donegal. Of the 13 counties in the Border Midlands and Western region only four Leinster counties of Westmeath, Offaly, Laois and Louth have above average SFP payments. All of those in Connacht and Ulster, along with Kerry and Clare are below €9,871.

<sup>4</sup> Department of Agriculture, *Fisheries and Food, Annual Review and Outlook for Agriculture, Fisheries and Food*, p10.

<sup>5</sup> Department of Agriculture and Food

**Table 3: Average Single Farm Payment 2007, by County<sup>6</sup>**

County	Average
Carlow	15,149.29
Cavan	7,470.43
Clare	7,943.40
Cork	13,198.27
Donegal	6,028.95
Dublin	14,311.58
Galway	6,741.57
Kerry	7,749.77
Kildare	15,780.47
Kilkenny	16,542.81
Laois	14,171.05
Leitrim	5,148.24
Limerick	10,297.13
Longford	8,436.38
Louth	13,346.62
Mayo	5,250.05
Meath	15,086.55
Monaghan	7,823.69
Offaly	12,256.21
Roscommon	7,132.43
Sligo	5,763.52
Tipperary	14,928.37
Waterford	16,519.57
Westmeath	11,634.08
Wexford	15,253.76
Wicklow	13,717.29

The highest single payment received by one applicant in 2007 was €506,203 which stands in stark contrast to the 44% of farmers who receive less than €5,000 per annum. Some critics of the CAP have cited the statistics regarding differing levels of payment in support of their proposal that the CAP be severely curtailed or even abolished totally.<sup>7</sup> However, in many cases their highlighting of the large supports going to large operators contradicts their argument for farming to be made more susceptible to market pressures as this would in fact militate even more so against small to medium farms. Nonetheless the highlighting of the disparities in levels of direct payments is valid.

It can be argued that the disparities reflect the existing differences in farm size and previous levels of direct payments based on farm output. In 2005 83% of farmers had farms of under 50 hectares with the remaining 17% of farms above that size, 3% of whom, had farms of 100 hectares and above.<sup>8</sup> That corresponds fairly closely to the breakdown of SFP payments. In which case decoupling on an historic system of calculation simply reproduces pre-existing inequalities and retains the majority of farmers on income levels which make it difficult or even impossible for them to become viable. There seems to be little evidence that those farmers have received a boost in income from being freed from the previous criteria as they related to subsidies tied to production.

<sup>6</sup> Reply to PQ 32088/08, September 30, 2008.

<sup>7</sup> Jack Thurston, *Irish Times*, October 20, 2008

<sup>8</sup> Department of Agriculture, *Fisheries and Food, Annual Review and Outlook for Agriculture, Fisheries and Food, Table 4.2.*

The issue of the Single Farm Payment has again arisen in the context of the current CAP Health Check. The Commission proposes to increase the rate of modulation which will further reduce the SFP although there appears to be some recognition that a flat rate, based on regional incomes, may be a fairer system of calculating the level of payment.<sup>9</sup> There have been other proposals from outside the Commission which seek to address the issue of the declining value of the payment and to introduce a more equitable method of calculating the payment and of modulation.

While it is argued by some that the CAP, even in its reformed phase, is an unwarranted interference with the market<sup>10</sup>, there are clearly wider issues. Fundamental to these is that of food security, the guaranteeing of which was one of the fundamental objectives of the Treaty of Rome at a time when the food shortages attendant on World War II were still a recent memory, indeed a contemporary reality in some parts of Europe. People now take for granted the availability and relative cheapness of food from all over the world but people born even in the 1940s and 1950s have a different memory.

It is vital therefore that food security is treated every bit as importantly as access to energy and that this country in particular acts to ensure that decisions are not made outside of its control that would jeopardise that in the future. The recent market failures in banking illustrate the precarious nature of the world economy and the necessity for national Government to intervene in the defence of vital national interests. Food is one such vital interest. There are also the social and cultural aspects of maintaining the rural economy, the rural environment and rural communities. Non market criteria must be recognised here just as they are in other aspects of modern democratic societies.

While the trend towards declining farm numbers and problems regarding economic viability have become by and large accepted within Irish farming there were hopes that the 2003 reform of the Common Agricultural Policy would bring some relief. It was hoped that decoupling would both provide a level of income security for farmers and at the same time by decoupling direct payments from production would encourage farmers to diversify into areas with higher market returns. Indeed the reform and the introduction of the Single Farm Payment was sold explicitly on that basis.

Worryingly, it is believed that contrary to those expectations that decoupling has indeed persuaded many farmers in the west to cease production in areas such as beef or dairying but not to move into new farming activity.<sup>11</sup> This would indicate that the more optimistic forecasts of the effect which the SFP would have in encouraging farmers to diversify and increase their market income are looking less likely to be realised. It also raises questions regarding the implications of beef, milk and other sectors moving decisively away from the west.

There is also the concern that by opting for historical decoupling that existing regional disparities and income disparities have in fact been reproduced and perpetuated. While opinions on decoupling are mixed, as is evident from the survey, there is a school of thought which holds that the SFP simply guarantees a marginal livelihood with little prospect for the vast majority of small to medium farmers increasing their market income. How to address that problem is central to this report.

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<sup>9</sup> Proposal for a Council Regulation COM (2008) 306 final, Section 2.2, p6

<sup>10</sup> See for example, European Centre for International Political Economy, Valentin Zahrnt, *Reforming the EU's Common Agricultural Policy: Health Check, Budget Review, Doha Round*.

<sup>11</sup> Shrestha, Hennessy, Hynes, 'The effect of decoupling on farming in Ireland: A regional analysis', in *Irish Journal of Agricultural and Food Research*, 46, 2007, p7,9.

### 3. Farm Demographics

Historically, the overall number of farms in the state has fallen steadily from 228,000 in 1975 to 128,000 in 2006 and is projected to fall further over the next decade. The decline of small farms has been particularly marked, reflecting global trends. There has been a corresponding shift towards larger units. While the number of farms under 50 hectares has fallen by over 45,000 since 1990, there are now almost 23,000 farms of 50 hectares and more compared to 18,600 in 1990.<sup>12</sup>

That raises the question as to whether this is an inevitable historical economic trend incapable of being reversed, or whether it is possible and indeed desirable to retain in so far as possible a significant number of smaller scale family farms. That question goes to the heart of the debate on the future of farming not alone in Ireland but in Europe as a whole which still privileges the notion of the European Model of Farming based on the family unit.

Average farm size in the state was 31.8 hectares in 2005 and has been steadily increasing. 82% of farms are 50 hectares or smaller with just 23,600 over that size and 3% of 100 hectares and over.<sup>13</sup> Farms in the west have been historically smaller and this trend is still present. Average farm size in western counties ranges from 21.9 hectares in Mayo to 32.7 hectares in Kerry.<sup>14</sup> Kerry also more closely matches the national average with regard to the numbers of farms of different sizes.<sup>15</sup> The average size of farms in Connacht is the lowest in the state at 23.8 hectares compared to 35.9 hectares in Munster.<sup>16</sup> The constant pressure on farmers to increase their scale of production to offset falling margins places an intolerable and often impossible demand on farm households.<sup>17</sup> This is something that is reflected in the findings of our Farm Survey.<sup>18</sup>

Farm fragmentation is also slightly more evident in the west with an average of 3.9 parcels of land per farm compared to an average of 3.2.<sup>19</sup> Western farms are much less capital intensive. Although the BMW region contains almost 53% of all farms in the state, those farms only have 36.7% of farm machines.<sup>20</sup> The value of land in the west is also lower than in the rest of the country. In 2006 the average price of an acre nationally was €20,782, a 225% increase since 1999. The price of an acre in the five Connacht counties, Clare and Donegal was significantly lower at €14,087 although that too represented an increase in value of 178%.<sup>21</sup>

Farmers in the west tend to be older with 24.4% aged 44 and younger in the BMW region in 2005 compared to 30% for the rest of the country. The difference between the West region, which comprises counties Galway, Mayo and Roscommon and the Mid East region, of Meath, Kildare and Wicklow is even more stark at 16% compared to 33%. 26.4% of western farmers were aged over 65 compared to 21% in other counties.<sup>22</sup> All of these factors combine to make farming in the west far more vulnerable to pressures that force people off the land and reflects the much lower level of attraction to younger family members of a life in farming. Something that is reflected in replies to the survey question on optimism regarding the future of the family farm.

Overall employment in the agri food sector was 171,400 in 2007 with 109,700 directly employed in agriculture.<sup>23</sup> The proportion of people in the west employed in farming and fishing still remains much higher than the national average at over 7% compared to 4.6% for the state as a whole.<sup>24</sup> Roscommon, at 10.1% had the highest proportion in this sector.

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12 Department of Agriculture, *Fisheries and Food, Annual Review and Outlook for Agriculture, Fisheries and Food, p4 2007/2008*[http://epp.eurostat.ec.europa.eu/portal/page?\\_pageid=1996,39140985&\\_dad=portal&\\_schema=PORTAL&screen=detailref&language=en&product=REF\\_TB\\_agriculture&root=REF\\_TB\\_agriculture/t\\_agri/t\\_ef/tag00005](http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1996,39140985&_dad=portal&_schema=PORTAL&screen=detailref&language=en&product=REF_TB_agriculture&root=REF_TB_agriculture/t_agri/t_ef/tag00005)

13 CSO

14 Western Development Commission, *County Profiles*.

15 *Submission from the Kerry County Development Board*, p37, Appendix 4.

16 Teagasc.

17 Submission from Tom Comer, p3.

18 See below, Section II.

19 CSO, *Farm Structure Survey 2003 and 2005*, p32.

20 Ibid, p96, Table 13.

21 *Irish Independent*, February 6, 2007.

22 CSO, *Farm Structure Survey 2003 and 2005*, Table 7.

23 Department of Agriculture, Fisheries and Food, *Annual Review and Outlook for Agriculture, Fisheries and Food 2007/2008*, p3.

24 CSO, *Census of Population 2006*, Volume 7, Table 13.

## 4. Farm Income

Average farm income for the state in 2007 was €19,687 with 84%, an average of €16,524, contributed by direct payments, mainly the Single Farm Payment. In 2006 western farmers were more dependent than average on subsidies as a % of their income at almost 90% compared to 66% in the south and east.<sup>25</sup> In 2007, the CSO calculated that direct payments accounted for 71% of the operating surplus of Irish farms. There was a large disparity between the income of full time farmers which was €43,938 compared to €7,993 for those engaged in part time farming.

Farm size and type of production system is of course crucial as a determining factor in whether a farm is viable. The IFA has calculated that the following levels of stocking and farm size are required for a farm household to earn the equivalent of the Average Industrial Wage, based on 2006 and 2007 returns including the average direct payment. Comparison of the scale of farm required to the average farm size indicate the scale of the problem facing most farmers attempting to make a viable living from their land. In fact only a small minority of Irish farmers are currently operating at the level of production outlined in Table 4. The dilemma confronting Irish agriculture therefore, and particularly in the west, is whether the sector will move in the direction of a much smaller number of large farms or attempt to sustain small to medium farm units.

**Table 4: Size of farm required to earn Average Industrial Earnings<sup>26</sup>**

Farming System	Farm size
Cattle – single suckling, weanlings sold in Autumn	118 cows on 67 hectares
Cattle – store to beef (Autumn to Autumn)	222 cattle on 100 hectares
Dairying	86000 gallons on 47 hectares
Sheep	630 ewes on 68 hectares
Cereals – spring barley, all land owned	56 hectares
Cereals – winter wheat, all land owned	48 hectares
Cereals – winter wheat, 40% land owned	60 hectares
Average farm size	34 hectares

Another major concern in relation to farm incomes is the current level of debt. Farm debt stood at €1.86 billion in 2007 which represented almost a 100% increase over 2006.<sup>27</sup> That represents an average net debt per farm of €14,500 on borrowings of €4.8 billion, an average of over €37,000 compared to the average national household debt of just under €35,000 in 2007.<sup>28</sup> In the present economic and financial circumstances, that adds another large negative factor to the current problems facing the sector with the added difficulties of making repayments and therefore running the risk of foreclosure.

The dependence on direct payments is starkly illustrated by the small return or even loss made by a majority of farmers were they to be solely reliant on the market return from their produce. The distribution of farmers in the lower scale of profitability shows that the vast majority are in the western counties with only Kerry and West Limerick partial exceptions and even here there are few farmers at the upper end of the range of income earners.<sup>29</sup>

With all these pressures of scale and income, it has been forecast that farm numbers will fall to 105,000 in 2015 with just 33% of them viable.<sup>30</sup> With just 38,700 farms considered viable in 2002<sup>31</sup>, it was projected that this would further fall to around 30,000 in 2015, a somewhat slower rate of decline than in previous years and reflecting the greater likelihood that non viable farms – approximately 22,000 between 2002 and 2015 – will cease production.

<sup>25</sup> CSO, *Regional Accounts for Agriculture, 2004 – 2006*.

<sup>26</sup> IFA, Budget Submission 2009.

<sup>27</sup> *Central Bank Quarterly Bulletins*

<sup>28</sup> Forfas, *ACR: Benchmarking Ireland's Performance*.

<sup>29</sup> Dillon, Hennessy, Hynes, Commins, *Assessing the Sustainability of Irish Agriculture* (RERC Working Paper 08), p23.

<sup>30</sup> Thia Hennessy, 'Projecting Future Farm Numbers', *Agri Vision 2015 Report*, Appendix 4.

<sup>31</sup> *Irish National Farm Survey 2002*.



Given the relatively much worse position of western farmers, this calls into question the survival of the vast majority of family farms in the region. One of the main motivations for this report is the fact that despite official policy as outlined in the 1999 White Paper on Rural Development and despite the creation of the CLAR programme that the relative decline of the west has continued. There is also the perception that overall agricultural policy does not take sufficient cognisance of regional disparities at an economic level. Indeed the Agri Vision 2015 Report does not refer to the relative disadvantage of the west in any of its 53 detailed recommendations.<sup>32</sup>

A renewed urgency over the future of Irish farming has come from current concerns over the future of the Common Agricultural Policy and possible changes to broader EU policy under pressure from the World Trade Organisation although these may have abated for the time being following the failure to arrive at an agreement in early Summer. The sector remains concerned, however, with regard to what might emerge from the CAP Health Check. Apart from policy issues there are grave concerns over the future of cattle rearing and sheep producers which are at the lowest end of market viability and most vulnerable to possible changes in international trade.

The National Farm Survey in 2007 showed that 39% of farms had an income of less than €6,500. 54% of these farmers had an off farm job and 96% of them had some other form of income including other employment or social welfare payment. In Roscommon 61% of farmers had an off farm job in 2006.<sup>33</sup> A combination of the low income from farming and the marginal nature of much off farm income will ensure that the decline in small to medium family farms will continue.<sup>34</sup>

Farmers who do have off farm employment are also more vulnerable to negative economic trends given that they tend to be employed in sectors such as construction which are particularly prone to the impact of any economic downturn. According to the National Farm Survey just 25% of farmers in the West region had management, clerical or highly skilled off farm jobs, the lowest of any part of the country.<sup>35</sup> A recent study has also concluded that western farmers have the poorest employment prospects due to educational attainment and skill levels.<sup>36</sup> 56% of farmers in Galway, Roscommon and Mayo had only primary education.<sup>37</sup> In Roscommon the average for farmers of 52% was far higher than 31% for the population of the county as a whole. The long term prospects, even with eventual economic recovery are for a marked decrease in the type of jobs most common to farmers in off farm employment.<sup>38</sup> That has serious implications for the prospects of marginal farmers securing a livelihood partly through other employment, particularly in the west.

More pertinently for the purposes of our report is the fact that farm income in the western counties remains well below the average. The average income in counties Leitrim, Sligo and Donegal was just €11,463, and only marginally higher in Galway, Mayo and Roscommon.<sup>39</sup> Most western farmers are also in receipt of Single Farm Payment at the lowest rates.<sup>40</sup> This is a consequence of the SFP being based on an historical rather than a flat rate scheme, the latter which would have resulted in a shift of CAP funding towards the western seaboard. The fact that average farm income in the west is little higher than the average SFP payment of €10,400 is further indicative of the disparities between the different regions.

Much of the disadvantage accruing from historical decoupling is that it reflects traditional production patterns with western farmers being more likely to be engaged in types of farming with lower returns. Average farm size is also significantly below the national average and therefore below the levels adequate to ensure a profitable return and to have secured a higher SFP on the historical model.

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32 *Agri Vision 2015 Report*

33 *Submission from Arigna Area LEADER.*

34 Teagasc, *National Farm Survey 2007*, p2.

35 Teagasc, *National Farm Survey 2002.*

36 Behan and O'Brien, *Assessing the availability of off-farm employment and farmers' training needs*, RERC Working Paper, p2.

37 CSO Quarterly National Household Survey, 2006.

38 Behan and O'Brien, *op cit*, p46.

39 Teagasc, *National Farm Survey 2007*, p19.

40 Shrestha, Hennessy, Hynes, *The Effect of Decoupling on farming in Ireland: A Regional Analysis*, RERC Working Paper, p 10.

## 5. Dairying

There is a clear trend of productive systems with higher margins and profitability shifting regionally. Dairying in the western counties is in clear long term decline with the value of output continuing to fall. The % of milk produced in the BMW region fell from 24% in 2004 to 22.4% in 2006.<sup>41</sup> That is something that will continue to happen over the next period as the dairy sector restructures itself with production shifting to larger units with bigger quotas. For example it is estimated that of the approximately 2,000 dairy farmers in Kerry at the present time that only around a half will be viable in the long term.<sup>42</sup>

Dairying in the west suffers from a number of disadvantages much of them related to the quality of land and farm and quota size. For example the average milk density is 90 litres per square km compared to 450 litres per square km in the most productive parts of the south. Average quota in the western counties is also low, at an average of 225,000 litres. The average for all dairy producers is almost 270,000 tonnes. In Roscommon for example only just over 300 farms are classified as dairy and the vast majority of these are small to medium producers with poor long term prospects. Leitrim has lowest level of dairying in the country<sup>43</sup>

Ironically, because rationalisation has proceeded rapidly in the west with smaller producers surrendering quota, quota availability has not to date been as big a factor as in other parts of the country. However, it will become so as rationalisation proceeds and particularly if a national as opposed to a regional quota scheme was put into place prior to the expected abolition of the quota after 2015. Even with the decline, however, the importance of dairying to the west is illustrated by the fact that a co-op like Connacht Gold, which covers all of Connacht as well as Donegal, Cavan, Longford and Westmeath, employs 550 people directly and has over 14,000 shareholders.

In 2007 58% of all dairy farmers had a quota under 250,000. Of those on higher than average quota, 13% had a quota of 400,000 litres or more and 9% had over 450,000 litres.<sup>44</sup> Only those producers at the higher end of the quota scale will be viable in the medium to long term future. One of the key problems in Irish dairying has been its significantly lower productivity compared to other EU competitors across areas such as milk yield, and stocking levels. Irish dairy farmers were also found to have the second highest input costs.<sup>45</sup> Lack of competitiveness has been identified as the main force pushing the sector towards greater rationalisation, of which an intrinsic part is seen to be the shift towards larger production units with bigger quota. An inevitable consequence of which is that quota will be concentrated among a smaller number of units. That has particular implications for dairying in the western counties.

The 2003 Prospectus report on dairying foresaw a growing consolidation of the sector with fewer processors and fewer milk producers monopolising quota.<sup>46</sup> While this process has been slower than predicted the long term trend is clearly in that direction. There were 20,197 milk producers in 2007, down 8.4% from 22,386 in 2006 and 52% from the 42,000 dairy producers in 1993. It has been forecast that the number of dairy producers here will fall by 2015 to 14,000<sup>47</sup> if the current CAP remains in place or 9,000 as a consequence of more radical changes brought about by WTO liberalisation.<sup>48</sup> That would lead to an increase in average quota of 350,000 litres under the first scenario and almost 500,000 under the second. That will entail a further decline in dairying in the west as quota is redistributed from smaller producers to larger producers and out of marginal areas.

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41 CSO, *Regional Accounts for Agriculture, 2004 – 2006*, Tables, 7, 8 and 9.

42 *Submission from Kerry County Development Board*, p9.

43 *Submission from Arigna Area LEADER*

44 *Annual Review and Outlook for Agriculture, Fisheries and Food 2007/2008*, p80.

45 Dillon, Hennessy, Shalloo, Thorne, Horan, 'Future outlook for the Irish dairy industry: A study of international competitiveness, influence of international trade reform and requirement for change', in *International Journal of Dairy Technology*, Vol 61, No. 1, February 2008, 16ff.

46 *Strategic Development Plan for the Irish Dairy Processing Sector* (2003)

47 Breen and Hennessy, 'The impact of the MTR and WTO reform on Irish farms', *FAPRI Ireland Outlook 2003, Medium Term Analysis for the Agri-Food Sector*, Dublin 2003.

48 Hennessy and Thorne, *The Impact of WTO Doha Development Round on Farming in Ireland*, Galway 2006.

## 5. Beef and Sheep

Similar forecasts have been made in relation to the future of beef and sheep. Particular alarm was expressed earlier in the year when the Mandelson proposals were still on the table at the World Trade Organisation negotiations. That immediate threat has receded with the collapse of the talks but the forecasts regarding the future of both sectors were grim.

Had the Mandelson proposals been accepted as part of a WTO deal it is widely believed that the influx of cheaper imports from countries like Brazil would to all intents and purposes have destroyed the Irish beef sector with the loss of tens of thousands of farm livelihoods and off farm jobs. In regard to sheep, the main threat would be posed by New Zealand lamb but even as things stand the Irish ewe flock is being reduced at a rate of between 8 and 10% per annum.

The Malone Report in 2007 contained a series of recommendations and the Government reacted with changes to REPS and a payment of €6m from the National Reserve to lower income sheep farmers but the general perception is that the sector continues to decline. Evidence from our farm survey would indicate that sheep farmers in the west are among those least satisfied with the current situation and least optimistic in regard to their ability to survive even into the next decade.

Dissatisfaction among sheep farmers is due to significant declines in returns. Even where the land is suitable for sheep and where grant and commonage schemes are compatible with sheep farming, there has been a steady fall in the numbers engaged in the sector. Those most vulnerable are those with smaller flocks. In Leitrim for example while the average flock size has increased, 70% of flocks have less than 100 ewes which is less than a sixth of the level estimated by the IFA to earn the average industrial wage. Only 20 flocks in Leitrim have over 400 ewes.<sup>49</sup> A number of the submissions received contained proposals related to the future of sheep farming and how that might be made compatible with schemes such as REPS and the emphasis on environmental sustainability and organic produce.

## 6. The rural economy and demographics

As we have already alluded to above, the relative position of agriculture is reflected in the overall economic and social status of the west. Personal disposable income in the eight counties was below the state average of €18,781 in 2002. Only slightly below in the case of Galway at €18,640, but significantly below in Donegal where it was €16,008.<sup>50</sup> The number of those in 'consistent poverty' in the BMW region in 2006 was 8.4% compared to a state average of 6.9%.<sup>51</sup>

Those statistics and the fact that unemployment in the west is above average for the state are indicative of the fact that despite economic growth, the decline in traditional economic sectors including farming and fishing has not been compensated for sufficiently either quantitatively or qualitatively. Which means that many people living in western counties are unable to secure adequate employment in their own communities.

That is despite the fact that education standards in the west are high and there is no shortage of skilled young people. For example, in 2004, the counties with the highest rates of admission to higher education were Sligo, Galway, Mayo, Kerry and Leitrim, with Donegal, Clare and Roscommon in the top 11.<sup>52</sup> Most graduates from these counties, however, were unable to find employment in their own county. Meaning that, paradoxically educational attainment is contributing to the factors that are leading to decline.

Of those who graduated in 2004 from Leitrim, only 19.6% secured their first job in Leitrim. The corresponding figure for Clare was 20.3%, for Donegal 33.3%, for Mayo 26.5%, for Roscommon 19.3%, and for Sligo 34.6%. Galway graduates were the only ones of whom a slight majority (53%) found their first job in their own county.<sup>53</sup> Even at a time of economic growth 8.7% had to seek employment abroad.<sup>54</sup> Unfortunately the latter trend is one that is increasing in all of the western counties with a return to high emigration figures despite the economic downturn in countries like England and the United States which were the traditional destinations for Irish people seeking work abroad.

Significantly, while the population of the state increased dramatically, at a rate of 16.8%, between 1996 and 2006, seven of the eight western counties still have lower populations compared to 1926. Galway being the only exception due to the growth of the city. Only five other counties in the state have had the same experience of failing to compensate for earlier population loss.<sup>55</sup> Through that period of sustained population growth 30% of Electoral Districts, mainly in the west, experienced a net loss of 234,392 persons.<sup>56</sup> That is an ominous statistic facing into the current period of economic recession.

Those most likely to be effected by population decline were those furthest removed from urban agglomerations and their amenities, illustrating that even during a time of unprecedented national growth there was still significant internal migration from the periphery. And that despite official policy ostensibly targeted at regional development through the National Spatial Strategy bolstered by considerable investment funds through the National Development Plan. With the onset of an economic slowdown the fear is that not only will peripheral areas not have gained very much but that those gains will evaporate quickly and that the downturn will in fact draw even more human and capital resources away.

There has been much debate over the consequences of the decline of the traditional rural economy. Apart from focusing on the specific areas of farming and fishing much of it has looked at how rural communities in general

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50 CSO, *County Incomes and Regional GDP, 2004*, Table 1.

51 CSO, *EU Survey on Income and Living Conditions, 2006*, Table 7.

52 O'Connell, Clancy, McCoy, *Who Went to College in 2004* (2006), Table 5.6.

53 Western Development Commission, *County Profiles*.

54 Western Development Commission, *The Western Region, Key Statistics*, p31

55 CSO, *Census of Population 2006*.

56 Meredith, David, *Rural Areas in transition: Evidence of Rural Restructuring in the Republic of Ireland*, RERC Working Paper.

can adapt to change while at the same time preserving as much as possible of traditional ways. The question of economic development is fundamental to this. The implicit link between the rural economy and the health and viability of rural economies in general is something that is apparent in the sort of replies given in response to the question in the survey regarding the issues facing rural Ireland at the present time.

Despite a significant demographic shift in Ireland from rural to urban over the past 30 years, the proportion of people living in predominantly rural areas remains much higher than the EU average even with the accession of the less urbanised eastern European states. In 2001 71.3% of the population were classified as living in predominantly rural areas compared to an EU average, for the current 27 members, of 18.7%.<sup>57</sup> Although that has declined in the past seven years Ireland still remains one of the most rural of EU states and the western counties are even rural than the rest of the country.

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57 Eurostat, *Agricultural Statistics 2006 – 2007*, Table 6.1, p136.

## 7. Rural Development

The importance of the rural and the specific problems facing rural communities have led to a wide range of theories and projects seeking to deal with this aspect of Irish life. Indeed the years of economic prosperity witnessed an unprecedented level of state interest and state engagement in these issues. As exemplified by the 1998 White Paper on Rural Development and the subsequent initiatives that flowed from that, many with significant levels of both domestic and European funding. That interest has helped to stimulate much reflection on questions related to the general area of rural development.

One approach to the problems facing the rural economy has been to attempt to promote a 'bottom up' approach to rural development focused on both traditional sectors in the rural economy and alternative enterprises. LEADER has been prominent in this with greater or lesser successes throughout the state. This emphasis on locally based and administered initiatives has strong academic support.<sup>58</sup> The success of LEADER is illustrated by the fact that 70% of LEADER I projects under the Arigna company in Leitrim/North Roscommon are still trading with a combined workforce of 215, and that 80% of LEADER II projects are operating still with 222 employees.<sup>59</sup>

While this approach, based on small scale local enterprises such as 'food networking' has official support, others have claimed that there is insufficient actual local democracy to ensure that rural communities have real power over their own development.<sup>60</sup> They would also contend that too few resources are invested in indigenous enterprise and that this has a longer term sustainability in comparison to many publicly granted aided foreign firms subject to the vagaries of international economic downturns.

Others would question whether such initiatives are capable of sustaining growth sufficient to the needs of rural communities and to compensate for overall national and economic trends which are drawing resources and development away from the rural periphery as it is perceived. That question is particularly pertinent at a time of economic downturn when resources, particularly from the state are scarce.

For our purposes, and within the context of EU supported programmes, there are two basic conflicting models of rural development. The first describes economic and other initiatives within rural communities that contribute to the survival and development of the community in a definable sense through the creation of new enterprises or other locally based initiatives. The other, official EU term, has little to do with this. EU rural development, supported through the modulated CAP funding, is really a means of paying farmers to maintain their land non productively. It is also, within the context of the reformed CAP, intended clearly to be a diminishing budgetary resource.

For example the rationale behind the Rural Environmental Protection Schemes is that farmers are entitled to payment on the basis that they are the custodians of a valuable public resource even if the land in question is not adequate to support traditional production systems<sup>61</sup>. The question is, however, whether such a model of rural development, while a welcome source of income to farmers, is adequate to real long term sustainable economic development outside of the individual concerned. In which case the definition of 'community' in that context is moot.

There is also the argument that rural development in the former sense, of broader community development, has been overshadowed by agricultural policy and indeed that because of the structure of the Common Agricultural Policy that funding that might have gone to support such a model of rural development has been 'cannibalised'

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58 Ryan, O'Reilly, Enright, *Rural Enterprise Development and Sustainability*, NUI Galway, 2004.

59 Submission from Arigna LEADER.

60 John McDonagh, *Renegotiating Rural Development in Ireland*, 2001.

61 See for example, Buckley, Van Rensburg, Hynes, *Commonage – What are the financial returns to agriculture from a common property resource?* (RERC Working Paper 07).

by direct payments to farmers.<sup>62</sup> Naturally farmers are sensitive regarding this issue and there is little or no support among farmers themselves for the shifting of any EU 'rural development' monies, such as that moved into the Second Pillar through the modulation of the Single Farm Payment, into the 'community' rather than as a supplement to farmers' individual incomes.

That raises the question as to whether the EU model of rural development within CAP needs to be rethought with reference to the objectives set out in the Cork Declaration in 1996. It called for a positive redress of the imbalance between public spending in rural and urban areas, the diversification of economic activity, and an integrated and 'bottom up' approach to development.<sup>63</sup> The Kerry County Development Board in its submission to the Committee has called for a similar radical redefinition of rural development linked to the concepts of biodiversity and sustainability in the rural economy. 'This future requires the equitable participation of all members of communities in the decision-making process at local level and through to the local authority level to national level.'<sup>64</sup>

Such a model would involve moving beyond a concept of rural funding, including CAP, which is simply regarded as a means of compensating farmers for income deficits, and towards one of genuine and sustainable rural development incorporating agriculture, fishing and all other aspects of rural communities. The challenges of promoting such a programme is obviously greater in times of fiscal constraint as a consequence of a slowdown in economic growth. Farmers would also need to be convinced that they themselves would have a real stake, including an economic stake, in such a development.

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62 Alan Matthews, *Farm Incomes: Myth and Reality*, Cork 2000, p84

63 [http://ec.europa.eu/agriculture/rur/cork\\_en.htm](http://ec.europa.eu/agriculture/rur/cork_en.htm)

64 *Submission from Kerry County Development Board*, p18.

## 8. Alternative enterprises

A key area for broader development and a sustainable rural economy is the possibility of expanding beyond traditional production systems. The decline in traditional agriculture and the advent of the Single Farm Payment has highlighted the possibilities for farmers to use their land for purposes other than raising food crops or animals. One study has estimated that the average Irish farm household could increase its income by 25% through a combination of increasing on farm efficiency in combination with off farm work.<sup>65</sup> The question is whether even that would be sufficient to make the more marginal farms viable.

While the conditions for receipt of the SFP are restrictive many argue that it still leaves much scope for alternative farm based enterprise. Probably the two areas most discussed have been tourism and the production of renewable energy crops. To date only a small minority of farmers have ventured into such areas.

A study conducted by Teagasc found that there was a great deal of resistance among farmers to participating in new forms of enterprise either as a substitute for or alongside farming.<sup>66</sup> That would in large part explain the small numbers of farmers currently thus engaged. The Teagasc researcher concluded that the main reasons were scepticism about the future, disillusionment and disappointment with the past and a lack of engagement with rural development structures such as LEADER.<sup>67</sup>

The impression from several sources including some of the submissions to the Committee is that farmers are generally more individualistic in outlook than other members of the community and less likely to regard community initiatives as either within their best interests or viable. The point is also made that farmers regard their own participation in such projects as almost an admittance of their own individual failure as a farmer and a recognition of a necessity to seek help. Something that is deeply imbedded in the rural psyche in general for historical reasons where the survival of the family farm, often against great adversity, was properly seen as a major personal achievement.

There was also the perception that many of those involved in rural farm based enterprises including local farmers markets were people who were not from the area or who had moved back to the area and therefore such activities are not regarded as an integral or organic part of the local community.<sup>68</sup> There was also evidence of a reluctance on the part of farmers to become involved in areas like selling that they regard as divorced from their traditional role as producers.

The Leitrim Partnership identified a whole range of factors that contributed to a lack of willingness on the part of small farmers to engage in innovative ways of addressing the problems associated with farming and with their communities. These included the general economic situation which undermines long term survival, the withdrawal of services and consequent social isolation and fragmentation, the perception that there is no real connection between national policy and local needs, a suspicion of the state, limited off farm opportunities for employment and ill defined notion of how things might improve.<sup>69</sup>

The latter could almost be defined as a 'lack of vision' but even the use of such phraseology sometimes contributes to a distortion or even romanticisation of the rural situation that does not contribute to either a better understanding or to practical means to tackle existing problems. As the survey conducted as part of the research for the report suggests there is a massive degree of disillusionment about the future of rural communities in the western counties that goes far beyond the difficulties facing farming and fishing and the rural economy in general. That presents a huge challenge to everyone concerned including the state and those

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65 Tao Zhang, *Part-time farming: off farm and on-farm efficiency measurement of Ireland farm households*, RERC Working Paper, Table 2.

66 Teagasc, *Barriers to Change*

67 Aine Macken-Walsh, *Partnership and Subsidiarity: An Irish Case Study of Rural Development*

68 *ibid.*

69 Submission from Co. Leitrim Partnership.



responsible for establishing projects in rural communities.

Farm related tourism has been promoted as a viable alternative source of income for farmers. That brings mixed blessing for the west. While some western counties, especially Galway, Kerry and Clare, do quite well from overseas tourism, others like Leitrim and Roscommon fare badly. Indeed visitor numbers in Leitrim fell to 31,000 in 2006. Leitrim accounted for just 0.3% and Roscommon 0.6% of overall tourist generated revenue in 2006 compared to 9.3% for Galway.<sup>70</sup> Similar disparities exist in relation to domestic tourism. This is clearly then a potential area of growth in those western counties which are doing poorly but there are obvious constraints related to local landscape and attractions. Among the attempts to push forward the development of agri tourism in the west has been the Tourist Tastes Trail sponsored by the Western Development Commission and now taken up by Fáilte Ireland which seeks to incorporate the attractiveness of local food in Galway and Connemara with the promotion of local service providers.<sup>71</sup> The 'Green Box' initiative similarly seeks to capitalise on the attractiveness of the west as an eco tourism destination.<sup>72</sup>

Although farmers have been encouraged to use their land for non agricultural activity, generally tourist based, and while this has been regarded as an area of potential growth in the context of the Single Farm Payment, in 2005 only 5,900 farmers were engaged in this. Farmers in the west were even less likely to be thus engaged.<sup>73</sup> In Roscommon just 229 farms, around 2.5% of all farms in the county, were engaged in non agricultural activities in 2000.<sup>74</sup> Farm tourism and on farm recreational activities were less likely to take place on western farms compared to the rest of the state.

In 2005 only 4.5% of Irish farms were engaged in another economic activity compared to an EU average of 13.3%. This country had the fourth lowest of all 27 EU member states in this regard.<sup>75</sup> Contractual work, involving 1.5% of holdings and on farm tourism at 0.9% were the most popular non farming activities engaged in.<sup>76</sup> While the low numbers active in areas in the above, along with energy crops, aquaculture and on farm processing would indicate that there is considerable scope for growth, there is clearly much to be done in the way of persuading farmers of their benefits. Particularly at a time of overall economic downturn.

### (a) Energy Crops

The production of energy crops for use in creating renewable energy sources is a key area in which farmers are being encouraged to participate. Only 200 or less than 0.1% of farmers were engaged in the production of alternative energy in 2005.<sup>77</sup> That compared to an EU average of 0.4% of farms engaged in energy crop production.<sup>78</sup> However, the area of willow and miscanthus grown in Ireland has increased in the last two years, from 300 hectares in 2006, to 1100 hectares in 2007. The area under oilseed rape, used to produce liquid biofuel, increased from 4000 hectares to 6000 hectares in 2007.

There are ambitious targets for the expansion of the sector in the western counties. Under its Wood Energy Strategy and Action Plan the Western Development Commission forecasts a 300% growth in the wood energy sector over the next ten years which would add €15m annually to the region's income and create up to 900 full time jobs as well as saving 620,000 tonnes of CO2 emissions every year. When fully operative it would have a demand from local farmers for 472,000 tonnes of thinnings worth €1.7m annually.<sup>79</sup>

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70 Fáilte Ireland, *Region Fact Sheets*.

71 [www.tastestrailireland.com](http://www.tastestrailireland.com)

72 [www.greenbox.ie](http://www.greenbox.ie)

73 CSO, *Farm Structures Survey*, 2005, p 126, Table 41.

74 *Submission from Arigna Area LEADER*.

75 Eurostat, *Agricultural Statistics 2005-2006*. Table 2.2.4, p45

76 *ibid*

77 CSO, *Farm Structures Survey*, 2005, p.127, Table 43.

78 Eurostat, *Agricultural Statistics 2005-2006*. Table 2.2.4, p45.

79 *Submission from Western Development Commission*, p3.

Official projections are for up to 10% of Ireland's road transport fuel requirements to be met from home produced biomass by 2020. To meet that target will require greatly increasing the area under energy crops. There was initial concern that the Energy Crop grant scheme was too low and the initial uptake was small. This led to the introduction of an €80 per hectare National Energy Crop Premium in 2007 on top of the existing original €45 grant available under the EU Energy Crops Scheme. There is also an establishment grant of up to €1,450 per hectare to grow willow and miscanthus.

Farmers in receipt of REPS are allowed to use 25% or up to 10 hectares of REPS land to grow miscanthus and willow. Farmers in receipt of set aside payments are currently precluded from the Energy Crops Scheme but the abolition of compulsory set aside is expected in November as part of the CAP Health Check. There have been 488 applications for energy crop grants in 2007. Just 56, or 11.5% of these are from farmers in the western counties and no farmers from Leitrim have applied.<sup>80</sup>

The fact that grants are also tied to the farmer having a contract with an end user of the crop means that a more holistic approach needs to be taken in order to tie the production of the crops in with the actual production of the biofuels. That would involve either farmers as individuals, in co-operation with one another, or in a business relationship with a processor willing to take their crops, creating a local market for their produce. That would also obviously be dependent on the processor of biofuels having a market for the end product.

With the restructuring of the EU sugar market which made the sugar production sector here redundant there were suggestions that the existing crop and the old sugar factories at Mallow and Carlow could be used instead for the production of bio fuels. The company in question, Greencore, had no interest in this and there are no existing plans for the growing of sugar beet as an energy crop. The potential for the redirection of the sugar crop, and even of the remaining processing plant has been lost.

There are forecasts that with changes to the cattle sector that 100,000 hectares of grassland could be converted back to tillage and that this could be available for energy crop production. Likewise, up to a third of the 30,000 hectares of set aside might be used in this way as could the 31,000 hectares formerly devoted to the growing of sugar beet.

Apart from energy crops there are also systems which involve the conversion of animal waste by products and animal manure for use as bio energy. However, reaching even modest targets for the domestic production of biofuels the amount of tillage land required would be far in excess of what is available given other needs including food. That would suggest that the bulk of the supply if the 2020 target is to be met will be from imports. The target should however be to maximise the proportion of biofuels supplied locally and that this be made part of a broader plan to encourage farmers who may no longer be viable in traditional production systems to begin to grow energy crops.

Where the energy crop sector could be of particular interest to farmers in the west is that many of the crops in question are suited to being grown on land that is of poor quality for traditional production systems and therefore its designation for energy crops could prove to be an advantage given the right grant structure and links to local production.

## **(b) Wind Energy**

Despite its potential, this country has been slow to capitalise on its natural advantages in the area of production energy from wind. The western seaboard has the highest wind speeds in Europe and the ESB has calculated

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80 Reply to PQ 1557, September 24, 2008.

that potentially wind could provide Ireland with 15 times all its current electricity generated from all sources. The Western Development Commission has sought to encourage this through community ownership of projects under its To Catch the Wind programme.

Part of this has been the recognition of fears that exist around the impact which wind farms have on the local environment and community and to promote it as a local investment opportunity.<sup>81</sup> An illustration of the potential which wind energy has as part of overall rural economic development is the 660kw turbine at Burtonport, County Donegal developed by the local fishing co-op Cumhacht Comharchumann Teoranta and which is used to provide the electricity for a fish processing and freezing facility.

### (c) Forestry

Forestry is another sector which provides an alternative source of income for farmers from land unsuited for stock or tillage. Forestry can also of course be a source of inputs into the production of alternative energy either through biomass or directly through wood chip and thinnings. However, despite some effort to encourage the growth of trees, the level of afforestation remains very low. In 2007 approximately 724,000 hectares, 10% of total land area, was under forest. That compared to an EU 27 average of 42%. The one positive aspect was that 92% of forest was available for input into wood supply compared to an EU 27 average of 73%.<sup>82</sup> A high proportion of Irish forestry is also in private ownership. 2,500 were directly employed in forestry in 2007 with a further 7,100 employed in wood processing.<sup>83</sup> Net timber imports were valued at €375.5m in 2007<sup>84</sup>, representing a potential area of import substitution.

One example of the potential of forestry in the west is that in Kerry there are 33,000 hectares on around 1,300 farms. Most of these are obviously relatively small plantations and that contributes to the economic disincentives to harvesting and using thinnings for inputs into wood energy. One proposal is that small farmers pool their resources in order to maximise that potential.<sup>85</sup> Leitrim also has a higher than average level of forestry cover, second only to Wicklow and has had one of the highest rates of planting in recent years. This has led to the development of various related enterprises in harvesting, fenicng, crafts, furniture and firewood.<sup>86</sup>

A more critical view of forestry, however, would contend that the lack of planning in the siting of plantations has increased the isolation of some farmers. There is also the perception that planting trees is a sign that one has accepted that farming as it was traditionally conducted on the land is no longer viable.<sup>87</sup> It has also been suggested that land capable of being used for food production not be allowed to be used for the growing of trees.

It is estimated by Sustainable Energy Ireland that biomass could supply 10% of the state's Primary Energy requirement by 2020. If that was to be supplied by wood biomass this would require an output of 8m tonnes of wood chip per annum. The IFA estimate that this could be worth €875m in sales and represent a saving of €1.8bn on imported fossil fuels as well as significantly reducing CO2 emissions.<sup>88</sup> Forestry then, in combination with the renewable energy sector, clearly represents an area of potential growth and perhaps one with more potential than other energy crops. In its pre Budget 2008 submission the IFA called for a €10m per annum investment in building forest roads to facilitate the development of plantations.

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81 WDC, *To Catch the Wind*, p12.

82 Ibid, Table 7.1, p144.

83 Department of Agriculture, *Fisheries and Food, Annual Review and Outlook for Agriculture, Fisheries and Food 2007/2008*, p3.

84 Ibid, p67.

85 *Submission from Kerry County Development Board*, p13.

86 *Submission from Arigna Area LEADER*.

87 *Submission from Tom Comer*, p7.

88 *IFA Farm Forestry News*, October 2008.

## 8. The Farmer and the Environment

In moving away from subsidies based on production one of the key concepts that has emerged under the rubric of the reformed Common Agricultural Policy has been that of the farmer as the custodian of the land. While critics of the CAP would claim that this is nothing more than justifying the payment of farmers for ceasing to produce, that concept is being gradually accepted both by farmers and the general public. Even though most farmers would be reluctant to accept that they are not capable of actually making a living from selling their produce.

One of the main conduits of funding linked to the concept of the farmer as custodian of the land as a public good is the Rural Environment Protection Scheme (REPS). The funding is provided at a rate per hectare according to compliance with production and land conservation practises friendly towards the flora and fauna found on the land in question. Farmers can claim higher levels of payment if part of their land includes commonage. Illustrating the importance of the scheme to farmers in the west, 66% of the 12,000 farms using commonage are in the BMW region.<sup>89</sup> Leitrim has the highest proportion of farmers participating with 85%, or over 2,800, doing so in 2006. Donegal also had a high rate of 66% but Roscommon, due to its less hilly terrain had a participation rate of less than 25%.<sup>90</sup>

In 2007 6,051 farmers received a total of €29.85m in payments under REPS II. That was an average of over €4,900 and thereby constituting a valuable indeed crucial part of many farm incomes. Just over half of the recipients, 3,059, were in the nine western counties, illustrating both the greater proportion of land that qualifies under the scheme and the importance of the scheme to western farmers. The land involved comprised over 65% of the total for the state and the amount accruing to western farmers was 67% of all funding.

41,455 farmers received payments under REPS III with 22,851 or 56% from the western counties. Over 1.5m hectares of farmland was eligible under REPS III and over half was in the west with farmers there receiving over 53% of the money. Of the €2.45 billion paid under REPS since 1994, 56% of the funds have accrued to farmers in the west. While Leitrim had the highest participation rate it only received 3.6% of the total funds and average payment, of €26,643 per farmer between 1994 and 2007, was the second lowest in the state.<sup>91</sup> Another indication that direct payments, no matter how welcome, reflect existing disparities and are often insufficient for that reason to sustain a viable income. They do, however, obviously often mean the difference between a farmer remaining in business.

The figures illustrate both the importance of such payments as a supplement to farm incomes for farmers, particularly in the western counties, but also the fact that most of the more marginal land that is eligible is found there. The importance of the scheme has grown in recent years and is a far more important source of income than any alternatives available under the reformed CAP should farmers opt to enter new production systems. That potentially raises the question as to whether REPS could be combined with such production systems, as indeed is proposed in several submissions.

While the most emphasis has been placed on the way in which REPS has contributed to improving the compatibility of farming with the environment,<sup>92</sup> others have examined the scheme specifically in relation to its role as a supplier of part of farm income.<sup>93</sup> It has also been proposed that farmers who already part of environmental based schemes go further and take advantage of the opportunity to market beef and sheep raised in that context as quality organic produce.<sup>94</sup>

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89 Eurostat, *Agricultural Statistics 2006 – 2007*, p127, Table 43.

90 Submission from Co. Leitrim Partnership

91 ibid

92 Hynes, O'Donoghue, Murphy, Kinsella, *Are far off hills really greener? The impact of REPS on farmer behaviour.*

93 Gorman, Mannion, Kinsella, Bogue, 'Connecting environmental management and farm household livelihoods: The Rural Environment Protection Scheme in Ireland', *Journal of Environmental Policy and Planning*, 3.

94 Submission from Joe Condon

The level of REPS payments and their continued importance as a part of farm incomes has also arguably increased dependence on compliance with EU regulations in order to qualify for such schemes. Indeed, many farmers have claimed that far more of their time is now being taken up with paper work, contradicting the forecast by some that this would decrease with the advent of decoupling. Agri Vision 2015 estimated that the number of farm inspections every year would fall from 20,000 to less than 10,000 with the advent of the SFP.<sup>95</sup> Inspections directly related to the SFP would indeed appear to be at a relatively low level whereas farmers participating in REPS seem more likely to be visited and this causes a certain level of frustration and resentment.

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95 *Agri Vision 2015*, 2.6.

## 9. The Future of Food Production

Even within the constraints of current EU policy and the broader economic realities there are those who believe that farmers still have to realise the potential that is there in regard to their role as food producers. Generally speaking this state is in a healthy position with regard to the overall food market. Gross output for the food and beverage sector is over €18 billion annually. We are self sufficient in most agricultural commodities and over 80% of output is exported. These exports were valued at around €9 billion in 2007. Agri food imports in the same year amounted to €9.2 billion.

While there may be scope for some import substitution and the expansion of export markets much of the future health of the food sector will be determined by macro changes related to EU agricultural policy particularly in relation to its position within the WTO. Any moves towards opening up EU markets to food products from third countries would have serious detrimental impact on the Irish sector and the Irish economy generally.

Locally produced and locally marketed food is an area peripheral to the main food sector but one that has been growing in recent years. Part of that has to do with food producers attempting to increase their own margins by selling directly to the consumer and reflects their dissatisfaction with the falling share of the retail price accruing to producers. On the consumer side it reflects a growing interest in healthier food.

Whether this sector maintains its potential for growth during an economic downturn must be questionable but at present there are 147 farmers markets throughout the 32 counties with the exception of Fermanagh. 37 of the markets are in the western counties which is a clear indication of strong interest and potential there. No statistics are currently available regarding the volume of sales through farmers markets.<sup>96</sup>

Regional brands have also proven to be popular, sometimes through established producers creating new products but in some instances as new enterprises using local produce and marketing it under a brand identifying it with the locality. That is an area that could be promoted through local co operatives making similar initiatives. Connacht Gold, for example, have developed and marketed their own milk and butter.

Organic produce are obviously a significant part of the appeal of locally grown and marketed produce. Ireland has lagged behind other European countries in embracing organic farming and in 2005 just 0.8% of agricultural land was farmed organically compared to an EU average of 4.3%. That increased slightly in 2006 with 1,260 registered operators in Ireland of whom 1,104 were farmers/growers farming 39,665 hectares which represents approximately 0.9% of agricultural land. The average holding size is approximately 36 hectares. The numbers and area involved have doubled since 1997. The National Steering Group for the organic sector has set a target of 3% of UAA to be either fully organic or in conversion by 2010.<sup>97</sup>

One of the limiting factors is the size of the market for organic produce which was €66m or just 1% of the total food market here in 2004. Although this is projected to grow, it will still remain a small niche and one that is further restricted by the higher retail prices for organic food. That is something that will not be helped by a reduction in disposable income accompanying an economic downturn. Apart from consumer spending, Teagasc estimate that increased demand and the potential for import substitution in animal feed has the potential to lead to a 600% increase in the area under organic tillage.<sup>98</sup>

Indeed this state had the lowest rate of organic farming among all current 27 member states with the exception of Malta and Poland.<sup>99</sup> Significantly, however, 37% of all organic producers in the state are in western counties.

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96 Reply to PQ 1554, September 24, 2008.

97 Teagasc, *Potential of Organic Tillage in Ireland*.

98 *ibid*

99 [http://epp.eurostat.ec.europa.eu/portal/page?\\_pageid=1996,39140985&\\_dad=portal&\\_schema=PORTAL&screen=detailref&language=en&product=REF\\_TB\\_agriculture&root=REF\\_TB\\_agriculture/t\\_agri/t\\_org/tsdpc440](http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1996,39140985&_dad=portal&_schema=PORTAL&screen=detailref&language=en&product=REF_TB_agriculture&root=REF_TB_agriculture/t_agri/t_org/tsdpc440)

There are less than 100 organic farms in Roscommon, mainly in grass based cattle and sheep production with small number in pigs, fruit and vegetables and eggs. Some local groups are involved in marketing their produce on this basis. There are 85 registered organic farms in Leitrim involved mainly in cattle and sheep but also field cropping of fruit and vegetables as well as honey and cheese production. It is regarded as a significant if small new opportunity for small scale farmers and is centred on the Organic Centre in Rossinver, which markets its own brand of porridge, sausages and relish, and the Leitrim Organic Farmers Co-op. Drumshanbo mart is the most important national organic stock auction.<sup>100</sup> The Western Development Commission has facilitated the organisation of over 800 training courses under the Western Organic Network.<sup>101</sup>

## Fishing

The Irish fishing fleet consisted of 1,935 vessels at the end of 2007 with a total tonnage of 64,489 tonnes and engine power of 201,605 kw. That represented an increase over 2005 due to the licensing of 490 boats under a special scheme for pot fishermen. The overall trend in numbers has been downward since the late 1980s and that will continue under the current decommissioning schemes. Just 2,400 people were directly employed in fishing in 2007<sup>102</sup> although Bord Iascaigh Mhara estimates that over 11,000 are employed directly and indirectly including processing and ancillary services. Processing accounted for 2,867 jobs in 2005/2006 with 77% of the jobs being full time.<sup>103</sup> While fishing and aquaculture are overwhelmingly male occupations, there were just two females working in fishing and under 10% in aquaculture, processing is more evenly balanced with a female workforce of 45%.

The distribution of the fishery sector workforce is heavily weighted towards the western counties. In 2007 over 60% were working in Donegal, Kerry, Galway, Mayo and Clare, with Donegal alone accounting for over 25% of the workforce. The western bias is even more pronounced if West Cork is included which would bring the total closer to 75%.<sup>104</sup> Employment in certain areas has declined. For example in West Kerry the number of jobs has fallen from 87 to 7.<sup>105</sup>

Total fish landings by Irish boats had increased from over 245,000 tonnes to over 309,000 tonnes between 2002 and 2004, with total landings in ports in the western counties increasing from 115,000 tonnes to 124,000 tonnes. The figure for total landings at western ports obscures the fact that landings at most ports declined drastically with a compensating shift to bigger ports and in particular to Killybegs.<sup>106</sup> That obviously both reflects the shrinking of local fleets and emphasises the long term decline of some traditional coastal communities.

In 2006 Irish vessels landed 267,817 tonnes of fish valued at €203m. 190,253 tonnes with a value of €162m were landed in Irish ports. Landings fell last year to 260,000 tonnes valued at €321m. Landings consisted of 56% pelagic, 27% shellfish and 17% demersal.<sup>107</sup> In 2007 seafood exports were 158,000 tonnes valued at €360m. That represented an increase in value of 31% since 1995. While seemingly impressive that must be compared to an increase of 138% in exports from Spain, 76% for France, 94% for Portugal and 60% for the United Kingdom. The relatively poor performance of the Irish export sector is even more pronounced when it is taken into account that countries like Portugal, Greece, and Sweden have overtaken this country and that Italy which had almost identical exports in 1995 now exports €562m annually.<sup>108</sup>

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100 *Submission from the Arigna Area LEADER.*

101 *Submission from WDC, p3.*

102 Department of Agriculture, *Fisheries and Food, Annual Review and Outlook for Agriculture, Fisheries and Food 2007/2008*, p3.

103 BIM, Survey Data

104 *ibid.*

105 *Submission from Kerry County Development Board, p16.*

106 CSO, *Fishery Statistics 2003 and 2004*, Table 2.

107 Department of Agriculture, *Fisheries and Food, Annual Review and Outlook for Agriculture, Fisheries and Food 2007/2008* *ibid*, p72.

108 [http://epp.eurostat.ec.europa.eu/portal/page?\\_pageid=1996,39140985&\\_dad=portal&\\_schema=PORTAL&screen=detailref&language=en&product=REF\\_TB\\_fisheries&root=REF\\_TB\\_fisheries/t\\_fish/tag00094](http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1996,39140985&_dad=portal&_schema=PORTAL&screen=detailref&language=en&product=REF_TB_fisheries&root=REF_TB_fisheries/t_fish/tag00094)

The overall value of fish exports fell from €425m in 2002 to €391m in 2004<sup>109</sup> and declined further to €352m in 2007, accounting for 4.1% of total agri food exports.<sup>110</sup> 87% of Irish exports went to other EU states. The decline was particularly notable in herring, mackerel, salmon and trout. Total imports have increased from €144m in 2002 to €171m in 2007 having fallen between 2002 and 2004.

Total domestic seafood sales in 2007 were €394m, meaning that 43% of this was accounted for by imports. Given that a high proportion of those imports consist of products based on fish which can be caught in Irish waters there is obviously scope for import substitution. That however would require a radical change in the management and structure of the Irish fisheries as it relates to quota. A significant proportion of imports also consists of fish such as cod which cannot be caught in most of the waters fished by the Irish fleet.

The gross output of the fish processing sector fell from €343m in 2000 to €325m in 2004 and €310m in 2005 although the number of people employed increased slightly from 2,568 to 2,617 between 2000 and 2004.<sup>111</sup> There were an estimated 2,863 people employed in seafood processing in 2006, with 71% employed on a full time basis.<sup>112</sup> This represents a decline from over 4,000 employed in 1997.

**Table 21 ESTIMATED figures for Employment in Seafood Processing for 2006**

Country	Full Time	Part Time	Total
Clare	18	9	27
Cork	442	146	588
Donegal	471	283	754
Dublin	340	200	540
Galway	176	60	236
Kerry	123	58	181
Limerick	20	2	22
Louth	53	6	59
Mayo	98	29	127
Sligo	65	14	79
Waterford	28	24	52
Wexford	188	6	194
Wicklow	4	0	4
TOTALS	2026	837	2836

The figures in Table 2 demonstrate the importance of the seafood processing sector to the western counties. Of the total employed just under 50% were employed in the western counties with the bulk of those working in Cork being based in the western part of that county. If Cork is included the figure is 71% which corresponds closely to the overall proportion of people employed in the entire seafood sector.<sup>113</sup>

Ireland was given an EU quota of 182,699 tonnes for 2008. While the official figures state that this represents 17% of the total quota, the area in question only relates to ‘fisheries where Ireland has a quota and historical involvement.’<sup>114</sup> When the entire EU quota for all fishing waters and for all EU fleets is taken into account the Irish quota is a mere 9% of the overall total.<sup>115</sup> Even within Irish waters, where almost all of the Irish sector’s

109 CSO, *Fishery Statistics 2003 and 2004*, Table 10.

110 Department of Agriculture, *Fisheries and Food, Annual Review and Outlook for Agriculture, Fisheries and Food 2007/2008*, p4.

111 Ibid, Table 14.

112 See Table 2 below.

113 BIM Survey Data.

114 Reply to PQs 1555/1556 and 1582, September 24, 2008

115 *Council Regulation (EC) No 40/2008 of 16 January 2008*, fixing for 2008 the fishing opportunities and associated conditions for certain fish stocks and groups of fish stocks, applicable in Community waters and, for Community vessels, in waters where catch limitations are required.



catch originates, the disparities are glaring. For example, France has 42% of whitefish quota in Irish waters compared to 15% for Irish fishermen.

In 2006 Irish fishermen caught 196,500 tonnes of fish in the ICES VI and VII divisions which include all of the waters off our coasts. The total catch for all fleets in these areas was 1,739,000 tonnes. In other words the Irish share of the catch in these divisions was just 11.3% and just 17% of the EU quota.<sup>116</sup> While just 28% of the catch in Irish waters in 2004 was taken by Irish boats, that proportion has been estimated to have been as low as 5% in earlier years.

The Netherlands has a coastline of 451km and a relatively tiny area of sea contiguous to its coast, and yet the Dutch fishing fleet caught over 357,000 tonnes of fish in 2006 in the north east Atlantic. Compared to Ireland which has a coastline of over 1,400 km and a far larger area of sea. It is clear who the beneficiaries of EU fishery policy since 1973 have been.

Ireland had a total catch of 390,000 tonnes in 1995. That represented 6.5% of the total catch by all member states. In 2006, the Irish catch was just 211,000 tonnes, representing 3.6% of the total catch for all EU states. The Irish catch has fallen by 46% since 1995 compared to a 40% cut in the Spanish catch, 32% for the United Kingdom and just 13.6% for the French fleet.<sup>117</sup> The overall and declining level of the importance of the fishing sector in this country is proven by the fact that the per capita supply of fish produce here is the lowest of any of the traditional fishing countries within the EU. In 2000, it was just 13.9 kg per head compared to 23.3 kg in Denmark, 43.4kg in Spain, 29.3kg in France, 22.3kg in the Netherlands, 54.5kg in Portugal and 19.7kg in the UK.<sup>118</sup>

Given that virtually the entire Irish quota is now in the north east Atlantic the difference in the catch reduction is starker. Compared to an Irish catch reduction of 45.3% for the north east Atlantic, the Spanish catch has been cut by just 5.1% and the French by 5.8%.<sup>119</sup> Denmark, which has no coastline adjacent to the north Atlantic ICES zone accounted for 22% of the EU catch in the area in 2006. Indeed Danish vessels caught over 66,000 tonnes in the ICES VI and VII zones off our coast compared to an Irish catch of 5,000 tonnes in the zones closest to Denmark.<sup>120</sup> Irish vessels currently receive no quota for the Kattegat and Skaggeak zones off the north and east of Denmark which is explained officially on the basis that Irish fishermen have no history of fishing in that area.<sup>121</sup> Which raises the question with regard to on what Danish fishing rights in ICES VI and VII are based. According to the SFPA, there is no record of any Danish fishing activity within waters off our coast prior to a sighting in January 1986. They admit that Danish vessels most likely were fishing within what after January 2007 became the 200 nautical mile limit before that.<sup>122</sup>

Apart from the inequities and imbalances of the Common Fisheries Policy, there are also deficiencies which must be attributed to a lack of domestic innovation, enterprise and policy. For example, despite our clear advantages Ireland has been slow to develop in the area of aquaculture although this has improved in recent years. Aquaculture here has grown from an output of 27,000 tonnes in 1990, which was just 2.8% of EU output, to 60,000 in 2005 which amounted to 4.7% of output for all EU member states.<sup>123</sup> That fell to 56,000 tonnes with a value of €124.6m in 2006. There are currently approximately 2,000 people employed in the sector and aquaculture accounts for around 30% of the total output value of Irish seafood.

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116 Eurostat, *Catches in the North-East Atlantic in 2006*, p2, table 2.

117 [http://epp.eurostat.ec.europa.eu/portal/page?\\_pageid=1996,45323734&\\_dad=portal&\\_schema=PORTAL&screen=welcomeref&open=/&product=REF\\_TB\\_fisheries&depth=2](http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1996,45323734&_dad=portal&_schema=PORTAL&screen=welcomeref&open=/&product=REF_TB_fisheries&depth=2)

118 Eurostat, *Fishery Statistics 1990 – 2006*, p58.

119 [http://epp.eurostat.ec.europa.eu/portal/page?\\_pageid=1996,39140985&\\_dad=portal&\\_schema=PORTAL&screen=detailref&language=en&product=REF\\_TB\\_fisheries&root=REF\\_TB\\_fisheries/t\\_fish/tag00078](http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1996,39140985&_dad=portal&_schema=PORTAL&screen=detailref&language=en&product=REF_TB_fisheries&root=REF_TB_fisheries/t_fish/tag00078)

120 Eurostat, *Catches in the North-East Atlantic in 2006*, p2.

121 Reply to PQ 1559, September 24, 2008.

122 Information supplied by the SFPA.

123 Eurostat, *Fishery Statistics 1990 – 2006*, p20.

The main areas for production lie along the western seaboard. Of a total of 523 aquaculture licenses in operation in 2006, 366, 70%, were in the western counties.<sup>124</sup> The most common area is oyster production with licenses for oysters accounting for 229 of the 523. Next in importance are mussels with 161 licenses with salmon, trout, scallop and other shellfish accounting for the remainder.

One of the key partners in aquaculture development in the west is Maoiniu Mara Teo a public/private partnership with a loan facility provided by the Western Development Commission. It seeks to promote market led development and maximise returns to the producer. It has also helped to identify products with high value niche markets. The sector welcomes such initiatives but as is clear from some of the submissions there is a belief that much more could be done in order to develop the potential for aquaculture, much of whose benefits would accrue to the western seaboard.

Those involved in aquaculture and the fisheries and seafood sector generally believe that we need to introduce country of origin labelling for both fresh and processed fish products in order to not only promote Irish fish produce but to limit the extent to the sale of illegally caught fish. Current EU legislation under SI 320 excludes all fish products subject to any degree of processing from the requirement to be labelled. At present trade figures appear to have a sketchy overview of the origin of seafood imports and no figures are available on imports through individual entrepots such as Cork Airport.<sup>125</sup>

Apart from the micro economic and funding issues associated with specific sectors of the seafood industry, the main problem facing the Irish fishing sector is that management of the fishery is almost exclusively in EU hands and bound by the Common Fisheries Policy. A policy which is the successor of the fishery policy that was clearly framed by the original six members of the EEC prior to the accession of Ireland, Britain and Denmark with a view to securing for themselves a share in a massive resource in which they were deficient.<sup>126</sup>

While the Irish fleet was given a small share in the catch in waters off our coast, reflecting the lack of domestic development in the years prior to accession, the out workings of EU policy on stock management have had a dramatic impact on Irish fishermen. Since 1993 the Irish fleet has been reduced by over a third and the intention is clearly to accelerate the rate of decommissioning. The clear intent, and one that is accepted by Irish officials, is to reduce the fleet to one operating from two or three large ports.<sup>127</sup>

36 vessels have been decommissioned under the demersal and shellfish scheme with €15,966,786 being paid in compensation in 2005 and 2006. Under the current plan as part of the 2007-2013 strategy for the sector, 39 vessels have permanently left the fleet with another 7 vessels have been offered a decommissioning grant but have not formally accepted that offer at this time.<sup>128</sup> There is a strong perception among fishing communities that decommissioning is simply a charitable means of basically closing down the Irish fishing sector. As the Irish South and West Fishermen's Organisation stated in their review of EU fishing policy 'these (EU) projects and programmes are a payoff, a short-term compensation for loss of a renewable resource in perpetuity.'<sup>129</sup>

In 2002 the Common Fisheries Review Group highlighted the 'inequalities and injustices of the present CFP' and that despite then having 11% of EU fishing waters, Irish fishermen only had 4% of EU quota. They particularly emphasised the importance of fishing to the west and the need to break out of the straight jacket of the current CFP which prevents the development of the fishing sector. However, despite the occasional public criticism of the policy, the official response to requests that the CFP be radically reformed to address the issue of unequal quota allocation, is invariably met with the response that the mechanism for determining quota is historically

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124 IFA Aquaculture Submission to the Committee, p3.

125 Reply to PQ 1544, September 24, 2008.

126 Holden/Gorrod, *The Common Fisheries Policy*, Oxford 1994.

127 Meredith/McGinley, *Governance and Sustainability: Impacts of the Common Fisheries Policy in Northern Ireland and the Republic of Ireland*, RERC Working Paper, p14

128 Reply to PQ 1610, September 24, 2008.

129 ISWFO, *The Common Fisheries Policy: A Review from the Fishing Deck*.

based and more or less set in stone, in line with the so-called policy of 'relative stability.'

Estimates of the value of the fish taken from Irish waters by non Irish vessels since 1973 vary. Some official sources have placed this at €16 billion while others, using Eurostat figures on the amount of fish from Irish waters and potential value including processed value, have placed it as high as €200 billion. There is also the issue of discard and illegal fishing. All of which would suggest that the Common Fisheries Policy has not been of benefit to the Irish fishery.

There seems little or no solid information on the extent of illegal fishing in Irish waters and on being questioned in regard to this in 2006, Minister John Browne admitted that the evidence was "anecdotal".<sup>130</sup> Some have estimated that the level of illegal catch could be as high as one third of that officially reported.

European fishery policy, particularly since the introduction of the CFP, has never been debated properly in the Oireachtas. Politicians, including on occasion Government Ministers, will sometimes admit to the inequities of quota distribution but Irish Governments have generally defended the CFP, most lately on the basis that it is geared towards stock management.<sup>131</sup> However, former Fisheries Minister Pat 'the Cope' Gallagher did admit in 2006 that the deal made regarding fishing on accession had been a bad one.<sup>132</sup> In 1997 former Taoiseach Bertie Ahern stated that the CFP had perpetrated an injustice that needed to be put right.<sup>133</sup>

The original motivation of EU fishing policy was the securing of fishing waters for the original six members of the EEC in their negotiations with this state, the UK, Denmark and Norway, the latter ultimately rejecting membership in large measure due to concerns over fishing. Access by the 'EEC 6' to the fishing waters was embodied in EU Regulation 2141/70 which was passed immediately before the negotiations commenced. It states that 'Member states shall ensure in particular equal conditions of access to and use of the fishing grounds in the waters referred to ... for all fishing vessels flying the flag of a member State and registered in Community territory.'<sup>134</sup>

That, and the accession of the three new members effectively neutralised a move towards the international declaration of the 200 mile limit, or a median line between states such as Ireland and UK. Even more disturbingly recently released official documents surrounding the British application and French awareness of lacunae in the accession proposals governing the Six's access to the fishing waters would point to both the duplicitous nature of the manner in which fishing was treated – the Norwegians apparently being the only applicant to have taken note – and indeed the dubious legal basis of subsequent fishery legislation as it applied to quota allocation.<sup>135</sup>

Ironically, while negotiations were in progress on the Irish application, the Parliamentary Secretary at Agriculture and Fisheries Jackie Fahey sought to reassure the Dáil with regard to the future of the fishery within the EEC:

'As Deputies are aware, one vital aspect of the EEC fisheries policy which came into operation on 1st February, 1971, had been a cause of concern to all of us. This concern arose from that part of the Community policy which provided for equality of access to and exploitation of fishery waters of each member State by the fishing vessels of the other member States. However, after protracted negotiations we have been successful in securing a satisfactory arrangement which has removed what we regarded as a serious threat to the livelihood of our fishermen and to the continued expansion of our fishing industry. This represented a major breakthrough, having regard to the position adopted by the Community earlier in the negotiations.'<sup>136</sup>

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130 *Dáil Debates*, Volume 615, 19.

131 *Dáil Debates*, Volume 627 1835.

132 *Dáil Debates*, Volume 613, 16.

133 *Irish Times*, May 20, 1997

134 *EU Regulation 2121/70*, Article 2.

135 Christopher Booker, Richard North, *The Great Deception: The Secret History of the European Union*, London 2005, p145 – 148.

136 *Dáil Debates*, Volume 258, 865.

Which begs the question as to how much worse the situation might have been.

Despite statements such as the above by Pat the Cope and Bertie Ahern successive Government Ministers have consistently admitted that there is no scope within the CFP to expand Ireland's share of quota which have been left unchanged since the inception of the CFP under the concept of 'relative stability.' Some cognisance of the initial injustice was embodied in the Hague Preferences which increased the Irish share of quota although not in proportion to the Irish share of fishing waters. As Dermot Ahern said in 2002 when even that was under threat, the Hague agreement was ' - the only recognition in the CFP that Ireland's fishing industry was underdeveloped when the quotas were being shared out. Our quotas are disproportionately low and the Hague Preferences are therefore vital to maintain our coastal communities'.<sup>137</sup>

Interestingly, while some argued that joining the EEC opened up that market for Irish fish, the original six members were already dependent on imports and in 1970 47% of Irish exports went to Germany, Belgium, the Netherlands, Italy, France and Luxembourg with another 41% being exported to Britain. Ireland is actually slightly less dependent now on the expanded EU market with around 78% of exports going there. Exports to the UK have fallen significantly to around 18%. The value of all fish exports was approximately £4.6m in 1970. Total seafood exports in 2007 came to €352m.

We imported 47,000 tonnes of fish valued at €177.3m in 2007. 76% of imports, by value, came from other EU states with the UK, including the Six Counties, alone being responsible for 60%.<sup>138</sup> The main import was prepared and preserved fish which accounted for 36% followed by chilled and frozen freshwater fish.<sup>139</sup>

Alongside ongoing concerns regarding quota and the future viability of the sector, fishermen are extremely concerned over the manner in which fishery enforcement takes place around the coast. Although the Sea Fisheries Protection Agency was established with the official undertaking that this would improve, if anything Irish fishermen feel that they are being even more unfairly treated now, and that the amount of inspections, boardings and sanctions against Irish vessels greatly exceeds the proportion of fishing, both legal and illegal, carried out by Irish vessels. That has led to increased militancy of late and some confrontations with SFPA officers.

The perception among Irish fishermen, as clearly indicated in the submissions received by the Committee, is that enforcement is heavy handed, targeted at Irish vessels and is part of deliberate policy of forcing more fishermen to cease operations. That perception is reinforced by the fact that in 2007, of 3,614 inspections of vessels conducted by the Sea Fishery Protection Authority and the Naval Service 2,270, 63% were of Irish boats whereas over 80% of the fish caught in Irish waters are by foreign vessels.<sup>140</sup>

Indeed it is a perception that confirmed by the Poseidon Report commissioned by the then Department of Marine, Communications and Natural Resources which recommended that the Irish fishery protection services concentrate their resources on Irish boats. Apparently this was approved of by former Minister Noel Dempsey immediately before he left the Department. This is regarded by some as reaction to pressure from EU in line with the overall policy objective of further reducing the Irish fishery sector.

There was also controversy over the provisions within the Sea Fisheries and Maritime Jurisdiction Act 2006 which introduced criminal sanctions against fishermen found to be in breach of regulations and similar provisions in the Criminal Justice Act. The former were introduced despite cross party opposition within the Oireachtas Committee.

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137 DCENR Press Release, November 8, 2002.  
138 Reply to PQ 32681,08, October 1, 2008.  
139 Ibid.  
140 Information supplied by the SFPA.

The outlook for the sea fishery sector is bleak, and this is confirmed by the submissions to the Committee. It is also apparent that the sector is far more at odds with official policy than is the case with those involved in farming. That is a factor that has been greatly exacerbated by the level of resentment over the monitoring of the sea fishery and one that needs to be addressed as a matter of urgency as part of the overall approach to the seafood sector.

# Survey on Farmers Outlook for the Future

The survey is based on a questionnaire that was completed by farmers attending marts in counties along the western coast during the Summer and Autumn.<sup>141</sup> Almost 200 farmers were interviewed in west Cork, Kerry, Galway, Mayo, Sligo and Donegal. Preliminary results were released at the Ploughing Championship in Kilkenny in September and the full survey now forms part of the Report to the Joint Oireachtas Committee on Agriculture, Fisheries and Food.

Of the farmers polled 36.6% were involved in mixed farming, 19% in dry stock, 15.7% in dairying, 17% in sucklers and 11.1% sheep. Just one of those interviewed was exclusively involved in tillage farming. The main question asked was whether they felt that their own situation had improved or disimproved since the introduction of the Single Farm Payment. Table 1 provides a % breakdown of the responses.

**Table 1. Do you feel that your situation has improved or disimproved since the introduction of the Single Farm Payment?**

Improved	22.9
Disimproved	59.4
No Change / Other	17.6

The findings would indicate that despite the optimism that surrounded the introduction of the SFP as part of the 2003 CAP reform package, that a large majority of farmers feel that their situation has either gotten worse or has not changed with decoupling. Among the reasons cited by respondents as to why they felt their situation had worsened were falling incomes, payment cheques being issued at the wrong time of the year, and increased regulation and red tape.

The fact that a large majority of those surveyed feel that their situation has not improved since the introduction of the decoupled Single Farm Payment may of course reflect the relative disadvantage of farmers in western regions and the fact that the historic based payment reproduces existing income disparities. It would be interesting therefore to see what a similar poll conducted on a national basis revealed.

The only other study on farmers attitudes to the SFP, to our knowledge, conducted to date was one in 2007 carried out by consultants engaged by the EU Commission who held a series of workshops with Irish farmers, the results of which were said to have found that Irish farmers attitudes to the SFP were 'quite positive.'<sup>142</sup> One of the recommendations by this Committee therefore ought to be that Teagasc be tasked with conducting a survey on attitudes to decoupling that covers the entire state.

The levels of optimism and pessimism, as contained in Table 2, was different across different types of farmers interviewed. 37.9% of dry stock farmers felt that their situation had improved compared to just 11.8% of sheep farmers. The corresponding figures for those who felt that their situation had worsened were 44.8% for dry stock and 82.4% for sheep farmers.

Such discrepancies obviously reflect the differing experiences of farmers according to which sector they are involved in and obviously also reflect factors such as prices and costs, as will be seen from the later part of the survey. However, the fact that such a degree of pessimism is present among western farmers, with 77% of the opinion that their situation has either gotten worse or shown no change since 2003, is surely a matter of concern and raises questions over the more optimistic forecasts for the future when decoupling was introduced as part of the Fischler reform of the Common Agricultural Policy. It also poses major challenges for Irish agriculture and

141 See Appendix 1.

142 Reply to PQ 1632, September 24, 2008.

official policy for the sector over the immediate future.

**Table 2: Do you feel that your situation has improved or disimproved since the introduction of the Single Farm Payment?**

Type of Farming	Improved	Disimproved	No Change / Other
Dry Stock	37.9	44.8	17.2
Dairy	26.1	52.2	21.7
Sheep	11.8	82.4	5.9
Mixed	19.6	57.1	23.2
Suckler	19.2	69.2	11.5

Respondents were then asked whether they felt that farmers in the west were disadvantaged in comparison to those in the rest of the country. Those findings are contained in Table 3.

**Table 3. Do you believe that farmers in western counties are disadvantaged in comparison to those in the rest of the country?**

Yes	84.3%
No	8.4%
Don't Know / Other	7.2%

The findings are predictable enough given that those surveyed were in the western counties but are also consistent with official statistics on income, farm size and the quality of land which mean that on average farming in the west is more difficult than in other parts of the country. It is also a worrying indication of the perception of their own situation held by western farmers although a good proportion of respondents referred to the poor quality of the land as a factor in that disadvantage.

Perhaps the most interesting finding was in response to the question as to whether those questioned believed that either they or another family member would still be engaged in farming in 10 years time. A breakdown of the responses to that question are contained in Table 4.

**Table 4. Do you believe that yourself or a family member will still be engaged in farming in 10 years times?**

Yes	42.5%
No	37.9%
Don't Know / Other	19.6%

The results would indicate that only a minority of farmers are clearly optimistic about themselves or their family continuing to farm in the future. Indeed a significant number of respondents specifically referred to a lack of interest on the part of sons and daughters and or a lack of belief that the farm would be viable. Five of those who said that they would still be farming in 10 years times said that they were either certain or fairly certain that their children would not continue in farmng.

The findings reflect official forecasts on the continued decline of farm numbers over the foreseeable future although the above would indicate an even sharper rate of decline than that foreseen in Agri Vision 2015 which

envisaged a fall of 31,000, from 136,000 in 2002 to 105,000 farm households in 2015.<sup>143</sup>

The survey would predict almost a 40% fall in contrast to the 23% forecast in the report. Again, the western bias in the survey might account for this and indeed it will be the case given the structure of farming in the west that a disproportionate number of the farms ceasing production will be in the western counties.

There was a significant correlation between farmer’s outlook regarding their future in farming and their opinion as to whether the Single Farm Payment had improved or disimproved their situation. These findings are in Table 5.

**Table 5. Do you believe that yourself or a family member will still be engaged in farming in 10 years times?**

	<b>Situation has improved under SFP</b>	<b>Situation has disimproved under SFP</b>
Yes	69.4	31.0
No	22.2	46.0
Don't Know	8.3	23.0

There is a striking difference in the levels of optimism between those who believe that their situation has improved under the Single Farm Payment and those who feel that it has gotten worse. 69.4% of those who felt that their situation had improved believed that they or a family member would still be involved in farming in 10 years time with 22.2% of the opinion that they would not and 18.3% unsure.

In contrast just 31% of those who felt that the SFP had made their situation worse believed they would still be farming, compared to 46% who thought they would not and 23% who were uncertain about the future.

The final part of the survey asked farmers what they believed were the most important issues facing both farming, and rural Ireland at the present time. The results of the survey on specific farming issues ranked according to how often they were mentioned are contained in Table 6. Costs, with respondents most often referring to the cost of fuel and fertiliser, was by far the issue most often mentioned. Next in importance were the prices that farmers receive for their produce with a number of people mentioning the role of supermarkets and factories in cutting the share of the price accruing to the producer. Interestingly despite the claim that the SFP would reduce the amount of paperwork for farmers, this was the third issue in terms of how often it was referred to.

**Table 6. What do you believe are the three major issues facing Irish farmers at the present time?**

Input Costs	77.1
Output Prices	43.1
Red Tape and Regulations	34.0
Weather	26.1
Imports	20.3
Viability/decline of farming Succession	18.3
WTO	15.7
Long Hours	3.3
Direct Payments	2.6
Tax	0.7
Lack of organic incentives	0.7

143 Agri Vision 2015, p82



When the main issues were ranked in order of how often they were mentioned as the first issue, there were some differences between the overall rankings. Costs still came well ahead of all others with 36.4% of respondents referring to that issue as the most important facing the sector. Next in importance were the weather and prices followed by issues connected to long term viability, with red tape, imports and the WTO coming further down the list. Interestingly only 2.6% of those surveyed listed direct payments, either the level of or the future of after 2013, as their main concern. The other issues referred to were trespassers and hill walkers, factory farming and the lack of incentives for farmers to engage in organic production.

**Table 7. What do you believe are the three major issues facing Irish farmers at the present time? In order of how often referred to as primary issue.**

Input Costs	36.4
Output Prices	13.9
Weather	13.9
Viability/decline of farming Succession Red Tape and	11.3
Imports	7.3
Regulations	7.3
WTO	5.3
Direct Payments	2.6
Factory farming	0.7
Trespassers	0.7
Lack of organic incentives	0.7

The other question concerned issues not specific to farming but to rural Ireland in general. The responses are again ranked according to those most often mentioned as issues of concern.

**Table 8. What do you believe are the three major issues facing rural Ireland at the present time?**

Jobs/economy	50.7
Decline of community; Closures of shops, pubs, post offices	37.3
Emigration/depopulation	36.6
Planning	32.1
Transport	23.1
Isolation	15.7
Crime/security	10.4
Health Services	10.4
Red tape/regulations	8.2
Weather	6.7
Immigration	2.2

Reflecting the overall current climate of opinion in the country, jobs and the economy was the first issue mentioned by 50.7% of respondents. Issues connected with the decline of rural communities, including the closure of local post offices, shops, Garda stations, the effect of the drink driving law and a general feeling that the community itself was in decline came next with 37.3% of respondents mentioning these issues. Closely connected to this was a concern over the emigration of young people and consequent depopulation. Planning is also clearly a huge issue in rural Ireland with many of those surveyed specifically linking this to the difficulty of building homes for younger family members. Isolation, crime, health and transport were other issues that featured prominently in the survey.

**Table 9. What do you believe are the three major issues facing rural Ireland at the present time? In order of how often referred to as most important issue.**

Jobs/economy	32.1
Emigration/depopulation	18.3
Planning	13.0
Decline rural community/closures	12.2
Transport	5.3
Weather	5.3
Isolation	5.3
Red Tape	3.8
Health	2.3
Crime	1.5
Immigration	0.8

# Appendix 1.

## Farm Survey Questionnaire

What type of farming are you engaged in?

Do you feel that your situation has improved or disimproved since the introduction of the Single Farm Payment?

Do you believe that farmers in western counties are disadvantaged in comparison to those in the rest of the country?

Do you believe that yourself or a family member will still be engaged in farming in 10 years times?  
What do you believe are the three major issues facing Irish farmers at the present time?

(a)

(b)

(c)

What do you believe are the three major issues facing rural Ireland at the present time?

(a)

(b)

(c)

# Farming submissions

The submissions received covered a wide range of topics within the general sector from the current health of farming through issues around the current system of direct payments to recommendations around alternative production systems and the broader issues of rural development.

We propose to provide a broad overview of the submissions according to the various themes which they address, and any recommendations made. All of the submissions are referenced both in the text and in the footnotes. They amount to a considerable volume of text but can be made available to the Committee as an Appendix should the Committee feel that this would be a useful exercise.

## ***1 Farming in Ireland today: the current context.***

One theme that emerged clearly from the submissions and the survey conducted at the marts during the Summer is the lack of security felt by many people involved in agriculture and indeed a certain degree of pessimism about the future. Despite the promotion of the Single Farm Payment as a means towards establishing some sort of security for the future, the current Health Check, the looming overall review of the Common Agricultural Policy due in 2013 and concerns over concessions which the EU might have to make as part of any future World Trade Organisation agreement have engendered a good deal of fear. That is perhaps especially true of farmers in the west whose future viability in general is even more precarious.

While one of the selling points in relation to the Single Farm Payment was that it would provide a level of income security upon which farmers could then have the option of expanding their production options, the evidence would suggest that most farmers are in receipt of a low SFP. The figures cited in the first part of this report would also point to large disparities in the rate of payment.

This has led some to suggest that this country adopt a flat rate of payment which would increase the average SFP for those on low to medium incomes and reduce the payments for those on higher rates. It has also been proposed that modulation be abolished for farmers below a certain level of payment and increased for those above that level. The relatively large amount in SFP received by single recipients, has also been questioned both in relation to private businesses in this country and throughout the EU as it is felt that this is distorting the objectives of the CAP.

Many fear that a purely market led approach to farming could leave European farmers, and especially those whose current position is marginal in terms of viability, exposed to cheaper third country produce that would basically make them redundant. That raises a whole layer of issues regarding the role of farming and farmers within the EU. If the only criteria is market viability then the vast majority of EU farmers, and entire sectors such as beef and lamb, could be allowed to disappear.

That has led to a debate around a new role for farmers centred mainly around the rural environment and their position as 'custodians of the land.' Indeed that is encouraged by the Commission with its emphasis on programmes such as the Rural Environment Protection Scheme and the positive encouragement of farmers to cease production in certain areas. There are many problems associated with that, not least the future survival of the Common Agricultural Policy, but also in relation to the whole issue of food production itself.

Ought we in fact to accept a future in which EU states no longer produce most of their food requirements. And if so, what economic and social implications would that have for a country such as Ireland in which agriculture is still such a relatively important sector of the economy, but more importantly in which we still enjoy many actual or potential advantages, even in the current global market.

That has led some to highlight the issue of food security, which indeed was one of the foundation stones of the original EEC food policy, framed in the aftermath of the Second World War and the impact that had, right up into the 1950s, for food production and supply. That ostensibly remains one of the objectives of the CAP although in recent years, especially after the period of dealing with food surpluses, there has been a tendency to emphasise the over achievement of that objective, and the fact that food is apparently abundantly available from outside Europe. The fact that it has been estimated that the world demand for food will increase by 300% by 2030 is also a factor that needs to be taken into consideration.

That, however, may well be to take a short term view, especially at a time of economic and general political instability. The Kerry County Development Board highlighted this issue in its submission and the dangers inherent in moving away from food security as a primary policy objective to one centred on cheap imports.<sup>144</sup> Indeed the IFA states that had the WTO concluded a deal based on the Mandelson proposals that it would effectively have meant the end of the Irish beef sector.<sup>145</sup> Not only would that have entailed the loss of tens of thousands of farms and related jobs in processing and other areas, it would also have placed this country in the ludicrous situation of being dependent for its beef supply on third countries.

Dara Kavanagh of Macra highlights what he describes as an under valuing of food production.<sup>146</sup> That is possibly an accurate description of the attitude referred to above in which the emphasis within EU agriculture has not only shifted towards viewing the sector in non productivist terms but in which there is a positive resentment among many, including member state Governments, regarding the size of the agricultural budget. It also neglects the whole issue of food security and tends towards a potentially dangerous view in which EU farming is regarded as a negative factor.

Opinion regarding the Single Farm Payment is divided although the survey would suggest that a large majority of western farmers do not believe that their situation has improved under decoupling. Dara Kavanagh feels that the position of farmers has improved but that there is excessive regulation.<sup>147</sup> The IFA point out that the value of the SFP has declined by 12% since it was introduced due to not being index linked. They also regard the 5% modulation as a further drain and are resolutely opposed to increasing the rate of modulation as proposed by the Commission as part of the Health Check.<sup>148</sup> The ICMSA has called for the full amount of the SFP to be paid to farmers in October each year.<sup>149</sup>

Other submissions were even more critical of the SFP, claiming that the historical method of determining payments reproduced the existing inequalities and has done little to address the situation of declining farm numbers and viability among western farmers. Tom Comer claims that small holders in general have little to gain from the current system, as proven indeed by the very low average payment,<sup>150</sup> while Sean Travers says that even with decoupling smaller producers have extremely limited opportunities to move into different production systems.<sup>151</sup> Even though the lower levels of payment are exempt from modulation in reality they represent a relatively small income supplement to what are already low market incomes and at a level that make future survival extremely difficult for a large number of small to medium farmers as indeed is indicated by the response to the survey.

A noticeable feature of the farm survey was the high number of respondents who referred to over regulation, bureaucracy and red tape as negative factors. This is despite the fact that one of the selling points of the SFP and moving away from a range of stock based premiums was that the amount of paperwork required would

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144 Submission from Kerry County Development Board, p9.  
145 The IFA Submission to 'Towards 2016' sent as part of its submission to the Committee Report  
146 Submission from Dara Kavanagh, Wicklow Macra na Feirme  
147 ibid  
148 IFA  
149 ICMSA, p7  
150 Submission from Tom Comer, p4  
151 Submission from Sean Travers

be greatly reduced. A number of submissions referred to the need to reduce red tape.<sup>152</sup> The Kerry County Development Board also referred to on farm inspections, more a feature of REPS rather than the SFP, and called for a reduction in this and for a requirement to give a least one week's notice prior to an inspection.<sup>153</sup> The ICMSA calls for a two week notice to be provided with an average inspection rate of 1%.<sup>154</sup> They also mentioned the high cost of complying with regulations on waste control which they estimate cost on average €21,000 per farm in 2007.<sup>155</sup> That is obviously an issue that is still current given the calls to extend the Farm Waste Management Scheme into 2009.

Quite a number of the submissions touched on the broader issue of farming in an overall social context beyond the practicalities of day to day economic survival. We will explore this in greater depth when dealing with the issue of rural development but Kerry County Development Board did make the point in relation to the problems facing different economic sectoral groups that there is a lack of co-ordination between fishing and farming groups and others involved in the rural economy.<sup>156</sup>

Tom Comer believes that farmers themselves have contributed to their problems by for example surrendering control of co-ops in return for shares in the private companies that took them over. This failure to develop co-operativism has reduced the market power of farmers and forced them to be price takers who are in a subordinate position in relation to the processors and the multiple retailers. He also feels that there is a culture of dependency on EU and state payments that contradicts the tradition of loyalty to the family farm and to the land.<sup>157</sup>

## **2. Dairying**

Dairying remains an important sector and one that continues to be subject to radical structural change. The general consensus is that this country will have a much reduced production and processing sector by the time that the milk quota is expected to be abolished in 2015. The ICMSA is strongly opposed to getting rid of the quota and want the co-op based quota allocation to continue.<sup>158</sup> That obviously has great implications both for smaller producers and co-ops who are struggling to remain viable in the new context. The general scenario is sketched in the introduction.

The Connacht Gold group submitted an interesting report to the Committee which encapsulates the main issues of concern for the dairy sector in the west. They identify the keys to the viability of processing in the region as energy costs, environmental policy, product development, milk collection and the size of the milk pool. <sup>159</sup> In particular they stress the need to increase the production of higher value products to boost the income of both the co-op and the farmers.

They accept the trend towards the expansion of larger and more efficient producers and that this will increase individual supply volumes to the processor and thereby lower their costs accrued through collection, which they point out can involve long distances within their own collection area. They accept that the abolition of quota is inevitable and a positive development allowing expanded production to meet increased demand.<sup>160</sup> However, pending the abolition of the quota they propose that regional ring fencing be retained to allow the more efficient producers in the west the opportunity to expand.<sup>161</sup>

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152 Dara Kavanagh  
153 Kerry County Development Board, p16  
154 ICMSA, p2  
155 KCDB, p16  
156 Kerry County Development Board, p16  
157 Tom Comer, p4  
158 ICMSA, p2  
159 Submission from Connacht Gold, p2.  
160 Ibid, p8.  
161 Ibid, 4/5

They also propose several specific measures aimed at dairy producers in the west including grant assistance to develop modern bulk storage which would both lower energy costs and reduce the co-op's collection costs. Teagasc should become involved in a 'life long' process of farmer education to ensure consistent improvement of the skill base. There should be a regional herd improvement scheme with incentives for suppliers to use Artificial Insemination and herd recording as a means of improving the quality of the dairy stock.<sup>162</sup> The IFA advocates the ring fencing of modulation monies from the dairy sector to be used as a fund to promote a programme to improve the dairy herd.<sup>163</sup> ICMSA propose the introduction of a scheme similar to the Suckler Welfare scheme for the dairy sector.<sup>164</sup> Tom Comer highlighted what he claimed was the manner in which farmers had surrendered control over dairy co-operatives in exchange for shares in the private companies into which they were transformed.

### **3. CAP Health Check and Modulation**

Much concern has been expressed by farmers in relation to the current review of the Common Agricultural Policy, as reformed in 2003. This has in large part been in relation to the proposal from the Commission to increase the level of modulation, which diverts funding from the First Pillar of direct payments, through the SFP, into the Second Pillar of rural development.

The proposals on modulation have varied from advocating that it be abolished completely to getting rid of it for payments below certain level, eg €40,000 and shifting it towards bigger payments with abolition of SFP for private companies. The largest single payment in this state in 2007 was for €500,000 which illustrates the massive discrepancies that exist, especially when a significant proportion of the biggest payments go to large processors. The ICMSA is opposed to any increase in modulation.<sup>165</sup>

A common feeling among farmers organisations is that modulation is in reality a means to simply reduce the overall CAP allocation to farmers. Arigna LEADER also stressed the need to ensure that modulation into rural development does not reduce payments to small farmers.<sup>166</sup> That could be done by eliminating modulation for farmers in receipt of an SFP below a certain level. The IFA hold to the position that the EU needs to retain its commitment made in 2003 that the Fischler reform fulfilled its obligations under the Doha WTO round and resist any pressure to further undermine the CAP.<sup>167</sup> The ICMSA similarly calls for the SFP to be protected as a 'green box' payment and therefore exempt from reduction.<sup>168</sup>

There is also some debate over the actual use of the funding that goes to the Second Pillar of CAP under modulation. While farmers are naturally concerned that as much of this as possible returns directly to farmers via on farm environmental programmes, there is an argument that broader rural development ought to be better funded and that modulation is one means to do so. For example John Flynn proposes that modulation money be used to fund the sharing of farm experience and to promote the develop of small scale projects that are participated in by the community as a whole and which preserve and revive the local farming and general economic tradition.<sup>169</sup> He also suggests that modulation funds could be used to support the establishment of cross border food initiatives linking farmers and community groups in the counties concerned.<sup>170</sup>

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162      ibid, p7

163      IFA, p14

164      ICMSA, p7

165      ICMSA, p2

166      Submission from Arigna LEADER

167      IFA submission to 'Towards 2016' sent as submission to the Committee

168      ICMSA, p6

169      Submission from John Flynn of Tullylannan, Carrick on Shannon, County Leitrim.

170      ibid

#### **4. Rural Environment Protection Scheme**

As was highlighted in the introduction, REPS has become an increasingly important part of many farmers income, and is one of the key factors in shaping the type of farming engaged in throughout much of the country. Both factors are especially true for farmers in the western counties where there is a far bigger proportion of the type of land that qualifies under REPS and hence a far larger dependency on REPS as an income support. Over half the participants in REPS II and III were farming in the west. The Western Development Commission has specifically highlighted the need to ensure that all environmental programmes have the future of farming in the west as a central objectives.<sup>171</sup>

REPS has redefined the role of the farmer given that its emphasis is on protecting the natural environment. In effect it is a means of rewarding farmers for ceasing to produce or at least ceasing to farm in the traditional manner. This has led to criticism of the scheme both from the perspective of those inimical to the CAP and from people who see it as undermining farming. Others have claimed that in an Irish context it is another example of the state allowing the EU to set the agenda in regard to the environment, as it does in relation to almost every other facet of agriculture.<sup>172</sup>

Some of the submissions advocate the acceptance, indeed the embracing, of the redefinition of farmers as 'carers of the environment' in the context of REPS and indeed extending the concept. For example the Kerry County Development Board claims that this country has the opportunity to become a leader within the EU on the basis of a more balanced development based on biodiversity and reduced consumption.<sup>173</sup>

Tom Comer proposes the creation of a new category of Family Farm, the pre-requisite of qualification being participation in REPS. The basis of the scheme would be the recognition of farms which are not economically viable and which have accepted the non productivist ethos. However, such farms could also be supported and encouraged in the direction of local food production or the supplying of energy crops. He also suggests that water conservation and the collection of rainwater might become incorporated into such a scheme as a supplementary measure under REPS<sup>174</sup>

The difficulty with that approach is that it challenges farmers to accept that not only are they not economically viable but that they may well be required to stop farming altogether, or at least farming as it has traditionally been carried on. While that might be regarded as a realistic appraisal of the current position and based on the prognosis for the future viability of small to medium farms, it is not something that is likely to be accepted easily. There is also the danger that it would foster a mentality of increased dependency and overlook genuine opportunities in production.

The ICMSA is critical of the manner in which environmental regulations are applied to the agricultural sector, particularly dairying and call for no restrictions on this basis be placed upon farmers seeking to expand herd size. They also call for the issue of methane production from livestock to be treated differently than emissions from other sources. They are also critical of the manner in which Special Areas of Conservation are designated and call for more consultation prior to this with the farmer whose land is involved.<sup>175</sup>

Other submissions urge the incorporation of traditional and organic production systems and energy crops into REPS, or an expanded version of that programme. The Farm Family Support Service of North Kerry Together propose that beef produced on REPS land be labelled as such in order to capitalise on its appeal to consumers

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171 WDC, *Wood Energy Strategy and Action Plan*, (November 2007), p5.

172 John McDonagh, *Renegotiating Rural Development in Ireland*, Aldershot 2001, p21

173 KCDB, p5

174 Tom Comer, p4/5

175 ICMSA, p4



on environmental and organic grounds.<sup>176</sup> Such an appeal based on the rearing of traditional upland breeds is the *raison d'être* of Organics with Altitude.<sup>177</sup>

The Achill Environmental Farmers Group proposes that species such as Dexters cattle and the Mayo black faced ewe be promoted on commonage and that their feeding patterns would make them far more suitable both as viable breeds and in compliance with environmental preservation. Their grazing patterns should be recognised under REPS to allow for all year grazing on commonage. They also claim that their stocking levels would comply with EU guidelines. Leased commonage should be eligible for payment under REPS to encourage farmers to lease neighbouring land<sup>178</sup>

The Mayo IFA Hill Committee proposes that REPS IV be amended to change the current requirement to have three hectares of enclosed green land to three hectares of simply farm land. They also urge that commonage be included as part of the 20 hectares eligible under REPS supplementary measures 8 and 9 that refer to traditional sustainable and mixed grazing.<sup>179</sup> There has also been some debate over the application of REPS to land suitable for the growing of energy crops. The IFA proposes that the limit for qualification for energy crops be raised from 10 hectares to at least 45 hectares for farmers participating in REPS.<sup>180</sup> The ICMSA are critical of the changes made to the scheme in 2008 and propose a return to the all year application and payment model previously in place.<sup>181</sup>

The Mayo Hill Committee made more general proposals regarding sheep farming in upland areas. For example they would like to see commonage grazing area being incorporated under the €28 Malone sheep package. They claim that because of the restrictions that 90% of Mayo hill farmers who have applied for support under the scheme have been rejected.<sup>182</sup> They also propose the introduction of a €35 per head payment to sustain hill sheep farming.<sup>183</sup>

Others referred to the proposal to introduce compulsory electronic of sheep after December 2009. Objections to this are mainly on the grounds of cost and the ICMSA proposes that the current system that pertains in Ireland is kept in place as this has proven adequate for the purposes of traceability.<sup>184</sup>

## **5. Energy Crops**

As was referred to in the introduction, a good deal of debate has taken place over the potential of energy crops as an alternative production system for farmers. However, it was also noted that to date a relatively small number of Irish farmers have ventured into this sector, something that has been attributed to various factors including the level of grant payments and the lack of domestic processing and demand.

Most concentration has been on the development of miscanthus and willow although it has been pointed out that the already existing beet sector could have become the basis of the production of that crop as an input into alternative energy production perhaps in conjunction with the transformation of what had been the sugar processing facilities at Mallow and Carlow.

The Western Development Commission and Sustainable Energy Ireland have endorsed the recommendations of a report on the future development of wood energy. These include the publication of a regional strategy, the need to provide detailed public information, to appoint people with responsibility to develop the market,

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176 Farm Family Support Service  
177 Submission from Organics with Altitude  
178 Submission from Achill Environmental Farmers Group  
179 Mayo IFA Hill Committee  
180 IFA submission, p17  
181 ICMSA, p1  
182 Mayo Hill Committee  
183 *ibid*  
184 ICMSA, p5

provide advice for producers, create a database of suppliers, provide training for suppliers, and to explore funding options including EU funds and regional grants.<sup>185</sup>

Grant aid has been identified as a key factor and the IFA among others have recommended that the current national energy grant be increased from €80 per hectare to €125 and to ensure that the existing EU energy crop grant of €45 per hectare be retained.<sup>186</sup> They have also proposed the introduction of tax deductions to be claimed against the cost of establishing willow and miscanthus plantations. The Kerry County Development Board has referred to the opportunity that potentially exists for farmers who become involved in the production of wood as an energy source to supply local schools, hospitals and others.<sup>187</sup>

The IFA also proposed the provision of grant aid for farmers engaged in the latter. They also point to the slowing down in tree planting in recent years and the need to relax some of the restrictions which they claim have inhibited further expansion of the sector. There is another view, however, which believes that too much afforestation can be a negative factor that contributes to rural isolation and the overall decline of an area. There was another proposal that an Environmental Services Payment of €250 per hectare be introduced to encourage the growing of conifers which would recognise the non economic benefits of such plantations.

Other forms of renewable energy production are not directly related to farming and so fall outside of the purview of this report. However, given the implications which wind energy in particular has for the use of land it is a sector that has obvious implications for the farming community. Large scale wind farms often encounter problems in relation to planning but also around local objections for various reasons. In this regard the IFA has recommended that greater concentration be placed on the development of wind energy but that the emphasis switch to smaller scale projects. There has also been some debate over the potential for community based groups, rather than private businesses, to become involved in this area.

## **6. Local food production**

There were a number of proposals related to the indigenous food sector which follow on the theme of food security. Fundamental to that in many peoples view is the safeguarding of the Irish food sector from cheaper imports from countries outside the EU. That was a particular concern around the WTO negotiations and the IFA insist that the EU ensures full enforcement of the standards expected of EU farms on Brazilian beef imports and the maintenance of a ban until those standards are fully complied with. The IFA also emphasises the urgency of proceeding with country of origin labelling for beef as a means of protecting the domestic sector.<sup>188</sup> The ICMSA calls for a similar system of labelling to be introduced for sheep meat.<sup>189</sup>

There has been significant growth in regional and local food production in recent years, with the emergence of a number of brands which market themselves on local identifiers. This was highlighted in some submissions as presenting an opportunity for future growth based on the substitution of locally produced food for imports. Locally grown food will become both more popular and economic as it will entail lower energy costs in transportation.<sup>190</sup> The Kerry County Development Board envisages similar potential in the promotion of the processing and sale of locally produced food. That needs to be part of a concerted strategy to promote Irish food products, such as lamb, in local restaurants.<sup>191</sup>

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185 WDC, *Wood Energy Strategy and Action Plan*, (November 2007), p83ff.

186 IFA, p16

187 KCDB, p10

188 IFA, p13

189 ICMSA, p5

190 Tom Comer, p4

191 KCDB, p11, p16

As was discussed in the introduction, farmers markets have expanded in recent years, to the extent where there are now 147 such markets throughout the country with Fermanagh being the only county not to have one. Of course marketing of this type first of all requires that local farmers are producing goods that can be sold in that way. The Farm Family Support Service believes that it is essential therefore that more attention is focused on upgrading the development of on farm food production and that a key role in this can be played by Teagasc through the research and development of products.<sup>192</sup> Something that is not going to be assisted by the recent budgetary cutbacks in that area.

The Women in Agriculture group in Killarney proposed that grant assistance be made available to support the establishment and equipping of farmers markets and to encourage local food producers. They emphasise that the shifting of production and marketing away from the main population areas would bring with it the added benefit of reducing carbon footprint by reducing the amount of travelling that people would have to do in order to purchase their food requirements.<sup>193</sup> The Leitrim Partnership believes that the emphasis in both the development of local food and energy production ought to be on community enterprise.<sup>194</sup>

Martin Halliday believes that a concerted effort ought to be made to encourage the provision of local food outlets in every town and village in the country. These could be in a local church or community hall, many of which are under utilised and would be happy to accommodate such enterprises. There is also a need to provide properly structured, insured and facilitated food markets in all large towns where farmers and food producers in the locality could bring their produce for sale.<sup>195</sup>

Many of those currently engaged in local food production are involved with organic techniques which is mostly carried out on a small scale. However, Organics with Attitude believe that there is even greater potential in this area and they propose that given the existing restrictions on farmers with regard to the limitations on stocking levels incumbent on farmers due to the Nitrates Directive, the regulations governing the use of Commonage and so on, that organic beef and sheep is actually a viable economic option. That is why they stress the importance of promoting traditional breeds that are more suitable to upland areas. The meat produced from the animals grazed in that way can then be marketed as organic.<sup>196</sup>

However, others believe that the focus ought to remain on smaller scale organic producers. In particular they point to the need to create a new grant scheme to support smaller scale organic growers who are currently too small to qualify.<sup>197</sup> Many of these producers are operating in what are basically gardens or single fields and their production is carried out in their own homes so they fail to qualify for the supports that are available to those whose land is recognised for financial support.

## **7. Off farm employment**

As the introduction points out there are now a significant number of farm households which rely on off farm employment. It also points out that most of that work is in lower skilled areas and especially in construction. Given the current economic downturn it may be expected therefore that farmers employed part time in such sectors will be significantly impacted by job losses with all the implications that has for declining income and indeed an increase in the prevalence of poverty among farm families.

The impact which the downturn in construction is having on small farm families who had jobs there is

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192 Farm Family Support Service

193 Women in Agriculture, Killarney

194 Leitrim Partnership

195 Martin Halliday

196 Submission from Joe Condon, Organics with Altitude

197 Leitrim Partnership

addressed by the submission from Tuatha Chiarrai Teoranta. In particular they point to the effect this is having in encouraging people to emigrate.<sup>198</sup> That is a factor that has become increasingly evident in many rural communities across the country over the past year and as is evident from the large number of survey respondents who referred to it. The impact of the return of emigration is already been felt by local GAA clubs and the general community. Tuatha Chiarrai Teoranta emphasise the need to promote other than construction jobs within the rural community.

Although construction and the service sector are predominant there has been much discussion about the prospects for farmers in moving into sectors such as tourism although again as the introduction points out, a very small number of farmers are currently involved in tourism related projects. Nonetheless the Arigna LEADER group proposes that more effort be concentrated on expanding the involvement of farmers in areas such as the restoration of farm buildings, open farms/farm shops, rural tourism, arts and crafts, the local marketing of food, local producer groups, a skill survey to identify resources and gaps, and the development of historical sites on private land.<sup>199</sup> Unfortunately tourist based projects are likely to be less successful in periods of economic downturn and there is a feeling in some quarters that opportunities were missed during the period of the so-called 'Celtic Tiger.'

Others believe that the potential still exists and that rural tourism is undeveloped in many parts of the country. The Kerry County Development Board call for increased marketing support to promote rural tourism among farmers and for the provision of incentives to farmers to allow access to their land.<sup>200</sup> The South Kerry Development Partnership has called for the expansion of the Rural Social Scheme to allow for farmers involved in the scheme to become involved in wider areas.<sup>201</sup>

Tuatha Chiarrai Teoranta also stress the need for the scheme to be broadened and to involve farmers in the development of local walkways for which they receive payment under the Rural Social Scheme and enhance their potential as local attractions and source of broader development and employment.<sup>202</sup> There is also however a more critical view of the scheme and the implications which it has for the farming community. For example the Family Support Service of North Kerry Together claims that it is only a stop gap welfare measure that fails to enhance skills and training.<sup>203</sup> There is also the psychological aspect and consequences of farmers who find themselves in a situation where they become dependent in part on social welfare.

Others highlight the potential for farm based alternative enterprises but that these require technical and financial and marketing supports in order to get off the ground.<sup>204</sup> Similarly the Agriculture sub committee of the South Kerry Development Partnership has called for the expansion of the South Kerry Farmers enterprise assistance for development of on farm and off farm micro enterprises.<sup>205</sup>

Another issue that has been referred to is the failure to include farmers from a scheme introduced which allows persons in receipt of the non contributory old age pension to earn up to €200 per week in employment subject to PAYE with that affecting their entitlements. The ICMSA calls for the scheme to be amended in order to allow farmers to take part in it.<sup>206</sup>

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198 Submission from Tuatha Chiarrai Teoranta  
199 Arigna LEADER  
200 KCDB  
201 South Kerry Development Partnership  
202 Submission from Tuatha Chiarrai Teo.  
203 Ibid.  
204 Leitrim Partnership  
205 South Kerry Development Partnership  
206 ICMSA, p6

## **8. Broader Rural Development**

As the survey illustrates there are a whole range of issues which farmers are concerned about in relation to the non economic aspects of rural communities. Similarly the submissions received covered a broad area of topics from social isolation, and the effect which closures, the drink driving laws and the return of emigration were having on that. Planning also featured prominently.

Tuatha Chiarrai Teoranta criticised what it perceives as the over concentration on new housing developments at the margins of towns and villages where this is placing a sometimes intolerable strain on existing services such as schools, and the difficulty of securing planning permission for houses in more remote rural areas where local schools are in difficulties due to declining numbers as the population falls and moves to the towns.<sup>207</sup> Several submissions also referred to the deficiencies of transport in rural areas and the need to upgrade services both for social and economic reasons.

Most of the submissions however focused on the economic aspects of rural development. Reference was made for the need to ensure that rural areas had full broadband coverage which is perceived to be essential to running successful enterprises, and that the ESB network be fully updated where it is deficient in order to be able to capitalise and integrate wind energy as it comes on stream.

Tuatha Chiarrai Teoranta made the interesting observation that while 21% of the workforce were employed in IDA funded companies that LEADER supported initiatives have actually created more jobs and have a 70% success rate. They expressed the belief that LEADER was being restricted by legislation “ – drafted up by people with no insight into rural life.”<sup>208</sup> They also claim that the criteria for LEADER projects are becoming more restrictive and that this will curtail its involvement in promoting enterprise. They propose that LEADER be allowed co-fund projects with County Councils.

The Kerry County Development Board made a similar point and call for the emphasis in job creation and state support to be shifted to indigenous and sustainable local enterprise rather than Foreign Direct Investment.<sup>209</sup> There has been criticism of the failure to implement Axis 3 measures of CAP Rural Development and the fact that funding for the new LEADER programme has still not been delivered to the integrated local development companies. This has held up the roll out of a number of projects. The ICMSA proposes that all groups that are ready to commence the programme of measures under Axis 3 should receive the promised funding immediately.

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## **9. Budget 2009**

There has been much criticism of the recent Budget with regard to its impact on the farming sector. Overall cuts amounted to €210m, a reduction of 13% from 2008. Among the main areas affected were the suspension of the Early Retirement Scheme and the Installation Aid scheme for young farmers, the reduction of the payment to farmers under the Suckler Welfare Scheme from €80 to €40, the lowering of the limit for the Disadvantaged Area scheme from 45 hectares to 34 hectares, and the 8% reduction in the allocation for Teagasc. The overall impact on actual payments to farmers has been estimated at around €95m. The ICMSA has claimed that the impact on a farmer in the west of Ireland with 45 hectares of average land and 40 cows will be a loss of income of €2,655.

All the farming organisations have called for a reversal of the cuts. It has also been pointed out that the impact of the Budget will go far beyond the actual money involved. The reduction in payments to farmers will reduce

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207 Tuatha Chiarrai Teoranta  
208 ibid.  
209 ibid  
210 ICMSA, p7

the level of spending and investment and force more farmers to give up farming with a consequent increase in the burden on the social welfare system. The reduced farm incomes will similarly have a negative impact on the overall rural economy with further job losses. Similarly, cutting the allocation to research and development will have a detrimental impact on farm production systems and innovation.

The extent to which the Budget has coloured peoples perceptions on the immediate outlook for the sector is reflected in the fact that many of those who made submissions contacted us to inform us of their opposition to the cuts. One of the main themes being the extent to which people believe that the Budget represents not only a short term financial blow to farmers and the wider rural community, but that it is a symbol of the lack of commitment on the part of the state to the rural economy and genuine rural development.

## Fishing Submissions

As is evident from the first part of the report, there is a radically different attitude on the part of fishermen towards the sector than is found among farmers. While farmers have criticisms of the Common Agricultural Policy, and specific Departmental policies, the almost unanimous sentiment across the Irish fishing industry is opposed both to the overall policy and management of the fishery by the EU and the manner in which the Irish authorities enforce policy particularly in the area of the monitoring of the sea fishery.

The Irish South West Dublin Fish Producers Organisation encapsulates that sentiment in the blunt declaration that it is the Irish Government that has the democratic mandate and responsibility to manage the Irish fishery on behalf of Irish people, and not Brussels.<sup>211</sup> Several submissions, in the same spirit, pointed to the EU's flouting of principle of subsidiarity in relation to the governance of the fishing sector. Some have proposed that individual states, including Ireland, reclaim the primary responsibility for fisheries within the national 200 mile limit under principle of 'applied subsidiarity.' All vessels operating within that limit would be then become subject to the full force of Irish law.<sup>212</sup>

There appears to be no one involved in Irish fishing who is prepared to defend the Common Fishery Policy and there are many proposals for it to be radically overhauled in relation particularly to the allocation of quota which as we saw in the first part of the report is highly disadvantaged towards the Irish fleet on the basis of the historical allocations that were made in earlier years. There is a general recognition of the need at both Irish level and in Brussels to acknowledge the historical disadvantage imposed by EU policy since 1973 and for the Irish Government to take the primary responsibility for the future management of the fishery.

The Federation of Irish Fishermen proposes the abolition of current quota system. They recognise that stock management is necessary but as others have pointed out the manner in which the system is implemented is often so ham fisted that it causes more harm than good. For example, in a mixed fishery, the current system leads to a huge level of discard by boats who have quota to catch one species but not another. There are estimates that the discard involved may be massive.

There is general criticism of the unfairness of the quota system to as it applies to Irish fishermen. The official response is that because this is now enshrined in EU fishery laws that it is unrealistic and indeed impossible to expect change as this would require surrender of existing quota share by others in order to increase the Irish quota. The logical consequence of this is that Ireland would have to demand a complete re-negotiation of the quota allocation as it affects waters within our 200 mile limit. It has been proposed that the Irish Box be reintroduced for the whitefish sector and that it be restricted to Irish vessels. Whether the political will exists to bring about such radical changes, and how the EU would react is another matter.

It is also clear that Irish fishermen lack confidence in the value of the scientific research upon which current stock management is based. Fishermen claim that their own evidence while at sea often contradicts official EU reports and they also point to the absence of any real independent research conducted by Irish agencies within Irish waters upon which this country could base its arguments on the issue.

That critique goes to the heart of the matter as stock management from Brussels has traditionally been unquestioned by most on the basis that it is necessary in order to preserve numbers and indeed protect entire species in some instances from being wiped out. In that scenario fishermen have often portrayed in an extremely negative fashion as people who would almost willingly engage in practices that would destroy the fishery and by extension their own livelihood. However as the Kerry County Development Board argued it can justifiably claim that the increased access to our waters by EU states, which was the consequence of

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211 ISWFPO, From the Fishing Deck.

212 *ibid.*

fishing policy since accession, has actually degraded our marine bio system. They propose that the current management process requires urgent redress.<sup>213</sup> As part of this we also need to move away from a situation in which Irish fishermen are both being penalised for, and expected to pay the main price for, the over fishing of Irish waters which has in the main part been carried on by foreign fleets.

But the critique of stock management and surveillance extends beyond the manner in which it is framed and implemented at Brussels level. For example it has been claimed that the management of the fishery off the coast in Kerry, as implemented under overall policy direction from Dublin, is far removed from local realities.<sup>214</sup>

The difference between the manner in which quota is implemented and policed between Ireland and other EU states is also remarked upon. For example this state operates a catch limit per species each month and heavily penalises any boat in breach, even for minor infringements. Other countries have a fleet quota which makes evasion easy. The general feeling indeed is that other EU states are not as strict as Ireland and indeed why would they be given that their fleets are fishing to such an extent in Irish waters.<sup>215</sup>

The Irish South and West Fish Producers Organisation agree that the CFP has been detrimental to Irish fishing interests and that measures need to be taken to address this. They propose that an independent person should be appointed here to oversee Ireland's submission to 2012 review of the policy. Above all any review needs to recognise the need to redress the historic quota imbalance and to enshrine Hague preferences in law.

The ISWFPO also calls for access to Irish waters within the 200 mile limit to be restricted. As pointed out above in relation to overall attitudes to the CFP, such a policy represents a radical challenge to the current management of the EU fishery and specifically the management of waters within the recognised national territorial limits. That issue needs to be honestly addressed and the concerns and the proposals of the majority of people within the Irish fishing sector need to be taken on board and represented by the Irish Government in the review of the CFP and in any proposals they make in Brussels on the future direction of fishing policy.

There is a strong belief among fishermen that illegal fishing by non Irish boats is underestimated. On that basis there are proposals that fishery control and surveillance should be related to quota so that vessels from bigger fleets be given proportionate attention. Rather than the current situation where Irish vessels are paid a disproportionate level of attention by the protection agencies than is warranted by the share of the quota in Irish waters enjoyed by the Irish fleet. The Kerry County Development Board made a similar point in this regard, claiming that the regulations governing stock management not applied equally across the different national fleets.<sup>216</sup>

In general the feeling appears to be that while estimates of the extent of illegal fishing are extremely high in comparison to the overall legal catch, that there appears to be little solid official information. And that this is reflected in the lack of effective policing of illegal fishing and in particular that there appears, from an Irish perspective, to be little or no control over illegal fishing by foreign vessels off the coast of Ireland.

There has in general been an unfavourable reaction to the formation of the Sea Fisheries Protection Authority. It's approach has been described as "negative and confrontational" and while the authority has gone to some trouble to reassure the sector there continue to be complaints by fishermen with regard to how they continue to monitor Irish vessels and ports. Sectoral groups have called for the SFPA to adopt a partnership approach.

Apart from the day to day operational modus operandi of the protection agencies the ISWFPO, in common with all other representational groups, has called for a radical overhaul of the relevant legislation which underpins

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213 KCDB, p6.

214 *ibid*, p7.

215 Lorcan O Cinneide, *Irish Times* July 21, 2008.

216 KCDB



fishery protection. Specifically they call for the replacement of criminal sanctions as outlined in the Sea Fisheries and Maritime Protection Act with administrative penalties. As indeed was supported and proposed by the majority within the Oireachtas Committee when the Act reached committee stage during its legislative journey through the Dáil and Seanad. Sectoral groups point out that this state is unique as compared to other EU states in regard to its punitive approach.

Another major concern is the high level of fish imports and the belief that at least part of the fish being imported here may have been caught illegally in Irish waters by non Irish vessels. An important aspect also obviously is to encourage Irish consumers and food outlets to buy fish landed and processed in this country. That has led many within the sector to call for the introduction of a country of origin labelling system for all fish produce. The IFA calls for the mandatory labelling of all seafood produce by country of origin.<sup>217</sup> Current legislation in this area is somewhat vague and needs to be amended in order to address the issue.

Much of the concern around the area of fish sales revolves around the issue of value and specifically the higher value added through processing. This has led to appeals for more to be done to encourage and boost the domestic processing industry. This area has traditionally been weak and comparisons have been made to the underdeveloped character of the fish processing sector compared for example to dairy processing which has become highly sophisticated and is quick to adapt itself to changing market trends and opportunities. There is also an almost complete lack of regional and local branding as compared to the overall food sector in areas such as cheese and other dairy products.

The IFA Aquaculture group is critical of the lack of development of that sector and of the seafood sector in general and for the need to equip Irish fish sector to meet domestic demand which is currently being met in large part by imports.<sup>218</sup> They also feel that there are still considerable regulatory impediments to the establishment of enterprises in this area and that these need to be removed if the sector is to develop its potential.<sup>219</sup> Likewise, investment that has been promised needs to be downloaded.<sup>220</sup> The IFA also call on the Irish Government to join with other EU states in supporting the Greek memorandum on Aquaculture of September 2008.<sup>221</sup>

While all of the fishing groups called for the implementation of an emergency aid package in response to the current crisis exacerbated by recent steep rises in fuel costs, there was much criticism of the format of the aid package. Irish fishing groups were critical of the fact that the EU were disallowing individual state aid as this will favour the larger states as the amount of aid available through the EU will reflect their share of the overall quota. There is also a feeling that the fact that the aid package has been tied to the decommissioning programme that the EU is hoping thereby to entice more fishermen to take advantage of the aid package to agree to leave the sector.

The ISWFPO recognise that there is some merit in the decommissioning programme on the lines proposed in the Cawley report. However, they say that there needs to be more examination of the socio economic impact on smaller countries of the overall impact of decommissioning as it affects fishermen and coastal communities in general.<sup>222</sup> It has also been proposed that the focus of the decommissioning programme be on flagships rather than on genuine local operators and that capacity be reduced in that manner in order to take the pressure off the national fleet.

The group states that in general it is optimistic about future of Irish fishing but is fearful regarding the “casualties” which decommissioning and other changes within the sector will bring about.<sup>223</sup> A more pessimistic scenario,

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217 IFA Aquaculture submission  
218 Submission from IFA Aquaculture, p3  
219 ibid  
220 ibid, p4.  
221 ibid, p7  
222 Submission by ISWFPO  
223 Submission by ISWFPO

and one coloured by a more negative appraisal of the actual objectives behind current EU policy, foresees the virtual closing down of the Irish fishing fleet over the next decade and that that indeed is the actual aim of the current strategy. That point was made in their submission by the Kerry County Development Board who refer to the strong perception among people involved in the sector that the Irish fishery is being deliberately downgraded.<sup>224</sup>

The KCDB is also strongly of the belief that there is little understanding of the needs and problems of the sector at a local level. They are critical for example of what they regard as the lack of response from the Department to particular issues as they arise.<sup>225</sup> They also propose that there be a far higher level of local input into the development of the fishing and seafood sector.<sup>226</sup> As an example of how this lack of local control and knowledge can adversely affect the sector, they point to the fact that while local fishermen are banned from fishing around Cromane that some vessels registered in Northern Ireland are licensed to do so.<sup>227</sup> They also criticise the lack of mussel licenses being granted to fishermen in Kerry and that the Cromane mussel field needs to be re-opened to locals.<sup>228</sup>

Finally a number of submissions also referred to the ongoing situation regarding drift net salmon fishermen following the closure of that fishery. There is still a need to address the issue of compensation and the fact that people involved in the sector but who were not themselves in possession of actual licenses were excluded from the compensation package even though the closure brought an end to their livelihood.

Similar to the impact of the Budget on the farming community, the fishing sector was shaken by the announcement on November 12 by the Commission of proposals to close the north west white fishery and introduce massive cuts in the quota for other species including a 15% quota in the quota for prawn. Some species will be cut by up to 25%.

The proposals are due to be discussed at a meeting of Fisheries Ministers in Brussels in December and there has been a virtually unanimous demand across the sector that the Irish Government reject the proposals.

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224      Ibid.  
225      Ibid, p8.  
226      Ibid.  
227      Ibid, p17  
228      Ibid

# Recommendations

1. Defend SFP as 'green box' payment protected from any attempt to undermine it through WTO
2. Reject any WTO deal that undermines EU food sector
3. Abolition of modulation for lower SFP payments
4. Abolition of SFP for large businesses not directly involved in farming
5. Emphasise the importance of food security in EU agricultural policy
6. Full payment of SFP each October
7. Provision of at least one weeks notice prior to all farm inspections
8. Retention of milk quota
9. Regional ring fencing of quota
10. Introduction of Family Farm status based on REPS participation
11. Incorporate water preservation measures into REPS
12. Consultation with farmers prior to designation of farms as SACs
13. Promotion of traditional cattle and sheep breeds
14. Increase to 45 hectares for Energy Crop grant for REPS participants
15. Oppose introduction of electronic sheep tagging
16. Increase national energy crop grant to €125 per hectare
17. Introduce an Environmental Services Grant
18. Promote community based wind energy projects
19. Maintain ban on Brazilian meat imports
20. Full country of origin labelling for all beef and lamb products
21. Encourage provision of local food outlets
22. Lower of grant qualification limits for small and organic producers
23. Expansion of Rural Social Scheme
24. Inclusion of farmers in scheme to allow pensioners work scheme
25. Greater emphasis on LEADER projects as source of employment
26. Reopening of Installation and Early Retirement Schemes
27. Revoke cuts to Suckler Welfare Scheme
28. Revoke cuts to Disadvantaged Area payments
29. Renegotiation of the Common Fisheries Policy
30. Introduction of Administrative sanctions for fisheries offences
31. Country of origin labelling for all fish products
32. Rejection of closure of north west cod fishery
33. Rejection of other proposed cuts in quota
34. Measures to address the issue of fish discard
35. Increase in quota in proportion to share of fishing waters
36. Consultation with fishing sector on scientific surveys

# List of Submissions

Connacht Gold Co-operative Society

Dara Kavanagh, Chairperson Wicklow Macra na Feirme

Donegal County Council Fisheries and Coastal Protection Committee

Donegal County Development Board Agriculture Forum

Irish Rural Link

Farm Family Support, North Kerry Together

Kerry County Development Board

Agriculture Sub Committee, South Kerry Development Partnership

Irish South and West Fish Producers Organisation

Tuatha Chiarrai Teo.

John Flynn, Tullylannan, Carrick on Shannon, Co. Leitrim

Arigna LEADER

ICMSA

Donegal County Development Board Agriculture Forum

Western Development Commission.

Tom Comer (Galway County Development Board – personal capacity)

IFA Aquaculture

Erris Community Development Project

Erris Inshore Fishermen

Donegal County Council Fisheries and Coastal Protection Committee

Achill Environmental Farmers Group

Federation of Irish Fishermen

Mayo IFA Hill Committee

County Leitrim Partnership

Organics with Altitude

Irish Farmers Association

Martin Halliday, Ahascragh, Co. Galway

Women in Agriculture Group, Killarney