

Charlie McConalogue TD
Minister for Agriculture, Food and the Marine
Agriculture House
Kildare Street
Dublin 2

21st April 2022

Dear Minister,

The updated Teagasc Situation and Outlook report sets out the income challenge suckler and beef farmers are facing in the current input inflation crisis. Suckler and beef farmers do not have the financial capacity to absorb the extent of cost increases that have occurred on input prices and there is an urgent need for immediate direct financial supports for these farmers to offset the costs being faced.

Beef price increases this year have already been eroded by the sharp rise in input prices, with this showing no sign of abating. The Teagasc report identifies suckler and beef farms facing a significant drop in income this year which will have severe implications for the sector if urgent supports are not provided. The report finds the impact of increased input expenditure will exceed output growth for the year. The production costs on suckler and finishing farms are projected to increase by 24% and 30% respectively.

Suckler and beef farming are low-income sectors dependant on direct payments for 160% of FFI, recent developments place even more significance on the value of these supports and bring the flawed CAP policy sharply into focus, where our most productive suckler and beef farmers will see their payments slashed in 2023 if not amended.

Suckler and beef farmers are also the most exposed to the impacts of Brexit. While the full impact of market access and UK trade deals has yet to be determined, beef farmers are already impacted by sterling volatility and market disruption from stockpiling of products in December 2020, which led to beef price drops in early 2021.

These very same farmers have or are in the process of having BEAM monies claimed back from them at a time when Teagasc predict incomes on these farms will drop by up to 30% this year. This is unacceptable.

Suckler and beef farmers are in the process of making key management decisions on their farms that will influence the supplies and the supply patterns of beef for the next number of years, these decisions require long term investment commitments with no guarantee on returns.

It is critical suckler and beef farmers are given a clear signal of the financial supports available to continue to produce beef to the highest animal welfare and environmental standards. Attached are IFA's proposals on supports and commitments that need to be provided to suckler and beef farmers. We ask that you give this matter your urgent attention and look forward to your response.

Yours sincerely,



Tim Cullinan
IFA President



Brendan Golden
IFA National Livestock Committee Chair

c.c. Sinead McPhillips, Assistant Secretary, Department of Agriculture, Food and the marine
Mike Magan, Chair, National Fodder and Food Security Committee

IFA Suckler and Beef Farmers' Requirements

1. Availability of key inputs such as **fertiliser, fuel and feed**.
There is an urgent need to provide an inventory of fertiliser and fuel supplies followed by a full appraisal of available and projected feed supplies for the remainder of the year and next winter
2. All land must be utilised to produce food.
Restrictions on land use under schemes must be removed to ensure farmers are facilitated in using all lands at their disposal to produce food. These include areas such as traditional hay meadows and low input grasslands in the GLAS scheme.
 - **Traditional hay meadows**
 - The facilitation for grazing must be extended past the 15th April to allow farmers utilise the potential of all grasslands at their disposal
 - Farmers must be allowed cut the meadows prior to the 1st July to maximise the quality of the crop and facilitate earlier utilisation of the lands afterwards
 - The limits on chemical fertiliser usage must be increased
 - **Low input grasslands**
 - Farmers must be allowed harvest hay and or silage on these lands
 - The limits on chemical fertiliser usage must be removed

3. **Direct financial support** to farmers for producing food.
Immediate direct financial supports must be provided to farmers to offset the increased costs for feed, fertiliser and fuel on suckler, cattle rearing and finishing farms. These supports must be paid directly to farmers based on their level of production.

The value of the current beef price increases has been eroded by the increase in feed, fertiliser and fuel costs. Suckler and beef farmers do not have the capacity to absorb these cost increases, these farms depend on direct payments for 160% of FFI.

Decisions on suckler and beef farms are long term and security must be provided to these farmers. Decisions to put suckler cows in calf require a commitment to the back end of 2023 when the calf is reared, decisions on feeding and finishing farms to purchase light stores for finish in the Autumn, Winter and into 2023 require a huge financial commitment with no guarantee of a return.

The stakes in the current climate are too high for farmers to take these decisions without direct supports. Beef farmers have worked hard at building a consistent year-round supply of beef for our key customers, this must be protected and decisions taken on farms in the coming weeks will determine our beef supplies for the next 18 months. The production costs on suckler and finishing farms are projected to increase by 24% and 30% respectively, significantly exceeding output growth for the year.

IFA is seeking a direct payment for suckler and beef farmers based on the production cost increases identified by Teagasc for each farm type and stocking levels for all inputs.

These payments must be provided without condition in order to allow each farmer address the situation on his/her farm that best suits the farm enterprise, land type and commodity. The €18m claw back from suckler and beef farmers in the BEAM scheme must form part of the support package in addition to the crisis fund of up to €48m which the Commission have provided €16m towards and allowed flexibility for 200% national co-financing.

4. Guaranteed support for farmers investing in beef production for the remainder of the year and into 2023 – Input costs and BREXIT uncertainty.

It is vital cattle continue to be finished in line with our well-established production systems which have delivered a consistent year-round supply of beef and have been fundamental in securing and maintaining our key export markets. These practices require upfront investment in animals and feed which in normal times carries a degree of risk.

This risk is now at levels that are not sustainable for the low margin beef production sector and as identified in the Situation and Outlook report higher input costs will not be recouped from the market place for suckler and beef farmers.

Any disruption to the beef trade at the level of investment beef farmers have made and continue to make for the Autumn of 2022 and 2023 will have devastating consequences for these farmers. There is a real concern the trade of beef animals will be severely disrupted and in turn our supply chain for beef if there is a failure to put guarantees in place for farmers who are producing beef for this Autumn and 2023.

Direct financial supports must be committed for these farmers to ensure beef production continues as normal for the remainder of the year and into next year, our trade in cattle functions uninterrupted and we protect our established supply patterns for beef.

Improving the income resilience on suckler and beef farms is critical to achieve these objectives. Input availability and affordability are recent uncertainties for the sector; however, the impact of BREXIT poses the greatest challenge for suckler and beef farmers. The UK market is our largest and closest for beef.

The Brexit Adjustment Reserve (BAR) must be utilised for suckler and beef farmers to address this issue. Suckler and beef farmers are the most exposed sector in Irish agriculture to the impact of Brexit and must be directly supported from the BAR.

We have already experienced the direct impact of the uncertainty caused by the vote and subsequent consequences at various stages from sterling weakening to concerns for import controls. Most recently the stockpiling of beef that took place in late 2020 prior to the 31st December had very serious consequences for beef farmers between January and April 2021, with beef prices falling to €3.95/kg for R3 steers. These farmers must receive support from the BAR.

Bi-lateral Trade deals between the UK and countries outside the EU have the potential to displace our product from this market. This exposes Irish suckler and beef farmers to the volatility of international markets and associated increased access costs and price competition from beef not produced to the environmental, animal health and animal welfare standards of Irish production and associated costs. This will require changes to farm practices on Irish farms. Suckler and beef farms are recognised as the most exposed to the impacts of Brexit and the level of direct support to these farms from the BAR must reflect this. Areas where investments will be required include improved animal performance and soil fertility to reduce or input demands and cost exposure.

5. Food security must be protected and food producers valued

The direction of travel of policy makers at EU and National level has failed EU consumers and EU farmers. The relentless pursuit of a cheap food policy, erosion of supports for food production and the trade-off of Irish and EU farmers in trade deals for the benefit of large corporations and industrialists has undermined Irish and EU food sovereignty.

The CAP, Green Deal and Farm to Fork have further undermined the ability of Irish and EU farmers to produce food. The damage done to productive farmers in these flawed policies must be reversed.

Irish and EU farmers must be supported directly for the production of food based on their levels of production. EU and National policy must value the vital role of farmers in providing security of food for the citizens of the EU, food which is produced to the highest environmental and welfare standards in the world.

Suckler, beef and cattle rearing and finishing farmers must be provided with meaningful targeted payments in the new CAP.

Suckler farmers must be provided with €300/cow payment, farmers rearing and finishing cattle must be provided with a minimum payment of €100/animal.