



## APHA Animal Health Conference

Agriculture – An Investment Opportunity in 2010

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Agri Vision 2020  
Some Critical Issues Going Forward  
Seamus Crosse



Tuesday 14th September 2010

## Looking to the Future....

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- Agri Vision 2015
- Anticipating Tomorrow
  - Shaping the future of the Irish Food & Drink Market towards 2020 *Bord Bia*
- An End-To-End Strategy for the Irish Food and Drink Sector
  - Economic Impact and Policy Challenges
- OECD – FAO Agricultural Outlook 2006 – 2015
- Building Irelands Knowledge Economy
  - The Irish action plan for promoting Investment in R&D to 2010
- European Technology Platform on Food for Life
  - The vision for 2020 and beyond
- Teagasc 2030
  - Creating Knowledge for the BioEconomy
- **Food Harvest 2020 – A vision for Irish agri-food and fisheries**

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## Food Harvest 2020.

A vision for Irish agri-food and fisheries



Department of Agriculture, Fisheries and Food  
Talmhaíochta, Iascaigh agus Bia

## Importance of Agri-Food & Fisheries Sector at a Glance

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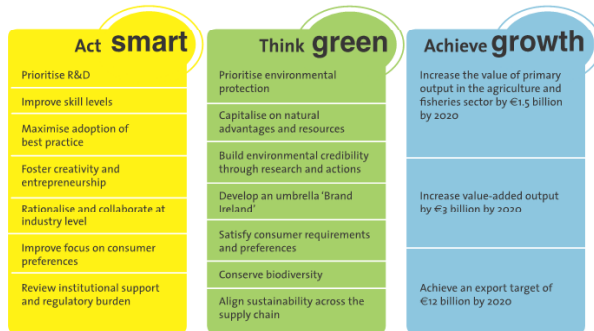
- Contributes gross annual output approaching €24 billion
- Directly employs over 150,000 people
- Provides the outlet for the produce from Ireland's 128,000 family farms
- Represents 60% of manufacturing exports by indigenous firms
- Domestically sources 71% of its raw materials
- Contribution of Gross exports to Gross National Product:
  - Bio-sector (~50%)
  - Non Bio-Sector (~20%)



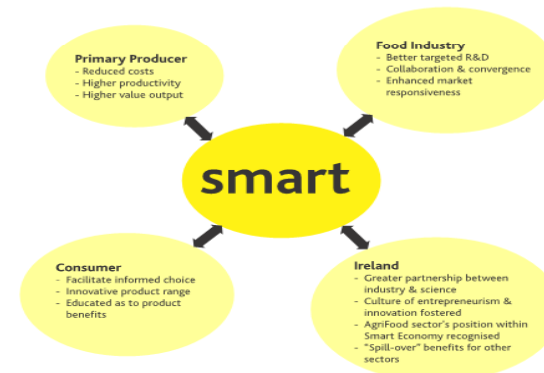
## Growth Targets for 2020

- Increasing the value of primary output in the agriculture, fisheries and forestry sector by €1.5 billion. This represents a 33% increase compared to the 2007-2009 average.
- Increasing the value added in the agri-food, fisheries and wood products sector by €3 billion, This represents a 40% increase compared to 2008.
- Achieving an export target of €12 billion for the sector, This represents a 42% increase compared to the 2007-2009 average.

## Overall Vision



## Smart: The Approach



## Green: The Opportunity



## Sustainable Growth

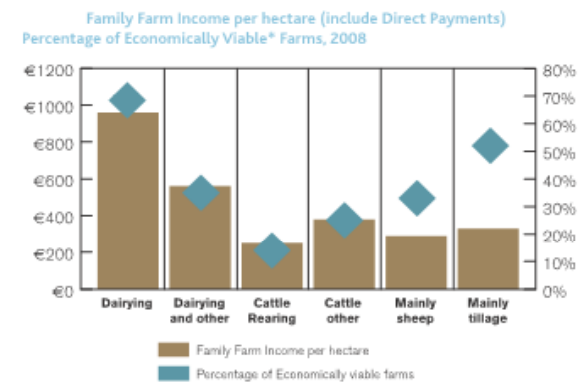


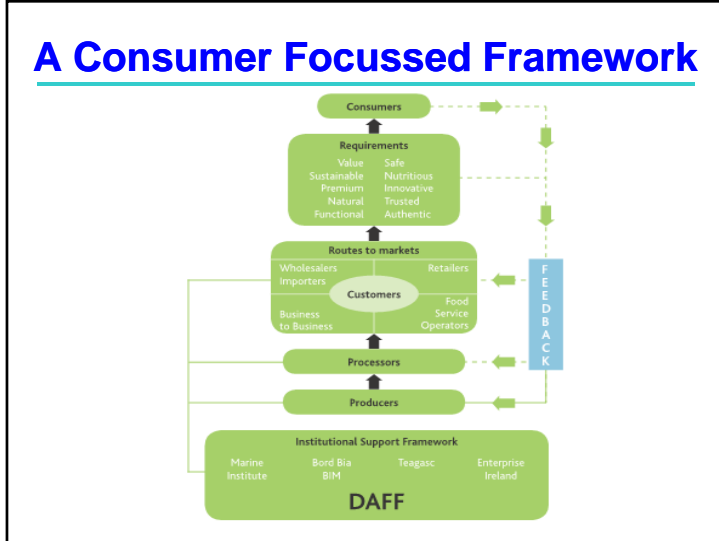
## Growth and Competitiveness

- **Main factors affecting growth and competitiveness**
  - Input costs and the business environment
  - Industry configuration
  - Knowledge Infrastructure
  - Policy environment

These will vary depending on the Sector

## Farm Level Competitiveness and Growth





### Customer and Consumer Focus

Commodities-based supply to one that is increasingly brand centred and consumer focused

Conventional

Convenience

Foods for Health & Active Living

Speciality



### Beef Sector

Irish beef and livestock production makes an extremely important contribution to the overall Irish economy, with a current annual output value of some €1.9billion

- Increase of 20% in value of output
- Enhanced viability across supply chain
- Premium product status
- Improved market returns
- Reduced GHG emissions

## Dairy Sector

Prospects for the dairy sector in the medium to long term are positive. Given projections for significantly increased demand, the abolition of EU milk quotas in 2015 presents a real opportunity for the Irish dairy sector.

- 50% increase in milk production
- Growth in exports
- Growth in employment
- Sustainable returns
- Reduced GHG emissions /Litre of milk produced

## Other Sectors

- Sheep – Growth in output value of 20%
- Pigmeat – target of 50% growth in value of output
- Cereals – Opportunity to grow but will face significant market pressures
- Horticulture- Sector has potential for further development
- Organic Production – Has significant growth potential
- Poultry – 10 % increase in value of output by 2020

## Output in Agriculture €M (2009)

- Goods output (excl. Forage) €3,870 (100%)
  - Beef output 1,489 (38%)
  - Dairy 1,063 (28%)
  - Sheep 159 (4%)
  - Cereal 96 (2%)
  - Pigs 292 (8%)
  - Others 771 (20%)
- Forage Plants 857

Goods Output @ Producer Prices €4,727

## Dairying – Towards a 50 % Expansion



## Challenges Facing the Sector

The Food and Drink sector faces major "change" issues right across the industry value chain

### Changes to the CAP (and WTO arrangements)

- however they are positioned, will fundamentally change the economics of agriculture supply/production in Ireland and the EU.

### Competitiveness

- The relentless increases in business and regulatory compliance costs in the Irish economy, coupled with a broadly "deflationary" consumer food market in Ireland and the EU, means that manufacturer margins are being eroded and this may lead to products and services being sourced from lower cost locations.

### Concentration levels and buying power of multiple food retailers

- and changes in distribution arrangements is further inhibiting Irish cost recovery.

### Increased scale

- A combination of deflationary markets and increased concentration requires increased scale at manufacturer/supplier level.

### Responsible marketing and consumption

- of alcoholic drink and increasingly food products has a major public health dimension.

### Policy drift

- as demonstrated by a tendency to disconnect decisions affecting costs from debates about prices is directly undermining the sectors competitiveness.

Source: IBEC

## Challenges to Agri-Food Prosperity

- On farm increases in productivity and scale
- Developing a more competitive food industry
- Compliance with environmental legislation
  - (Nitrate Directive, Greenhouse Gasses, Water Framework Directive, Soils Directive)
- Compliance with animal health and welfare requirements
  - (legislation, codes of practice etc)
- More progressive legislation:
  - » Land mobility
  - » Partnerships
  - » New entrants options
- Developing Human Resources

## The pace of efficiency gains in Ireland is up to ten years behind our international competitors

(Prospectus Report September 2009)

Country	Total Milk MI Tonnes p/a	No of Companies Processing 80% + (2000)	No of Companies Processing 80% + (2009)
Ireland	5.2	6	6
The Netherlands	10.7	2	1
Denmark	4.6	1	1
New Zealand	14.7	2	1

## World Cows Milk Production ('000 mt)

	US	NZ	AUST	SA	Ireland	World
1975	52,371	6,193	6,803	15,200	3,308	388,908
1980	58,241	6,313	5,394	17,378	4,556	429,849
1985	65,166	7,343	6,217	17,532	5,682	460,331
75-85	+24%	+19%	-9%	+15%	+72%	+18%
1990	67,260	7,311	6,448	22,208	5,269	478,963
1995	70,500	9,285	8,460	26,947	5,288	464,155
2000	76,294	12,014	11,183	36,600	5,161	490,527
2007	84,189	15,841	10,350	42,592	5,200	560,394
90-07	+25%	+117%	+61%	+92%	-1%	+17%

## Glanbia Survey

	Current	Potential Moderate	Potential High
Yield/cow (l)	4,808	5,500	6,000
Avg. stocking rate (LU/ha)	1.8	2.3	2.5
Land owned (ha)	38.9	38.9	38.9
Production/ha (l)	8,346	12,500	15,000
Increased production (%)		40%	70%

## Sustainable Grass Based Systems



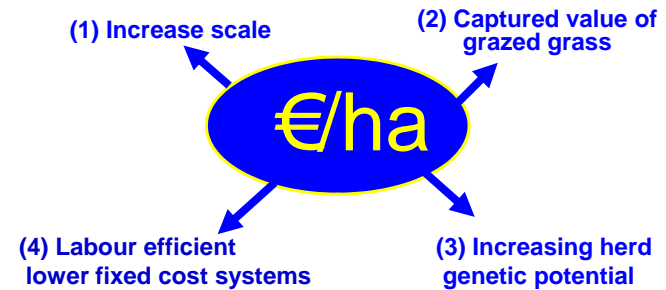
## Sustainable Grass Based Systems

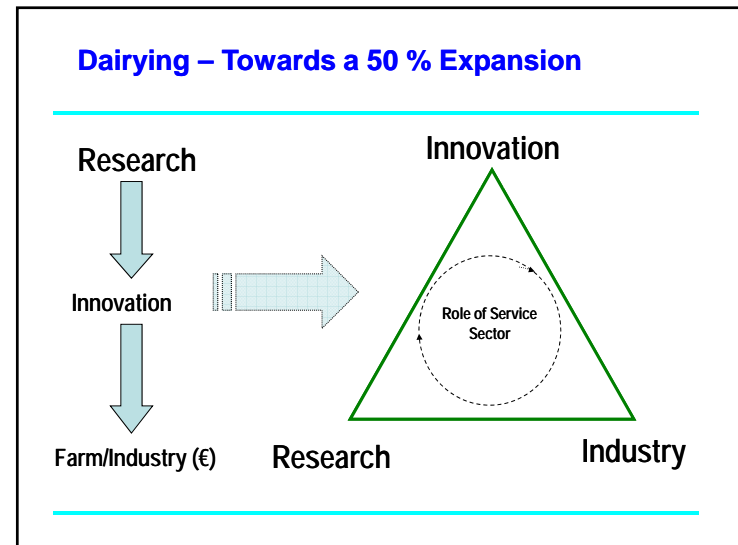
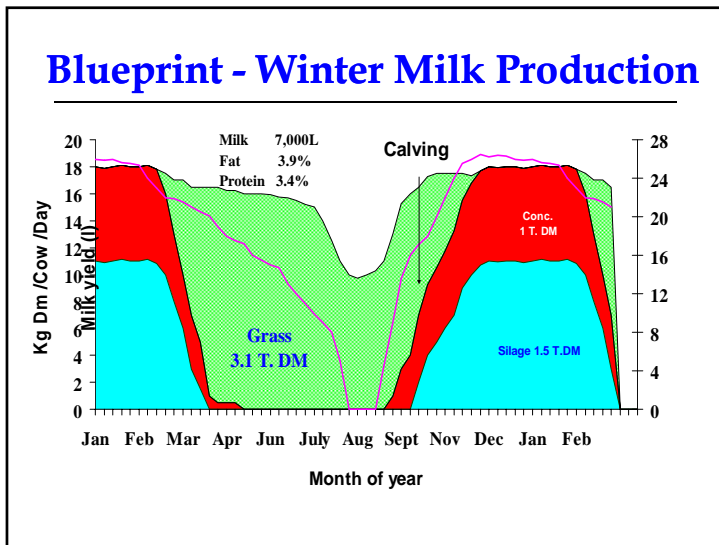
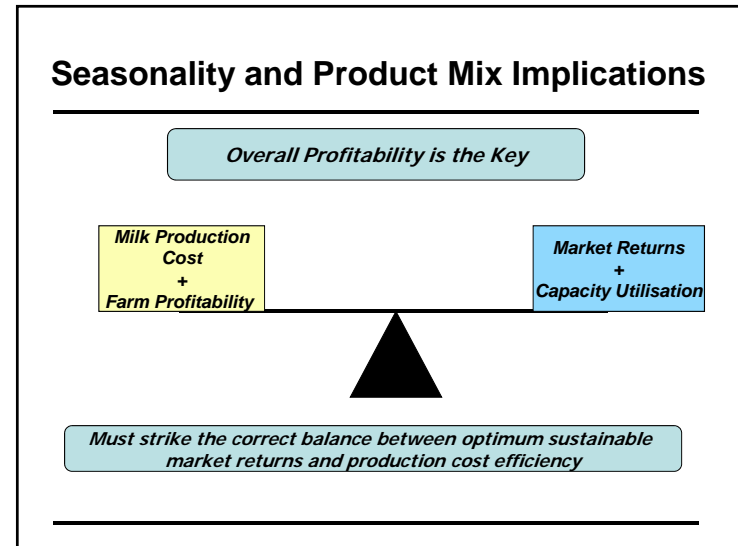
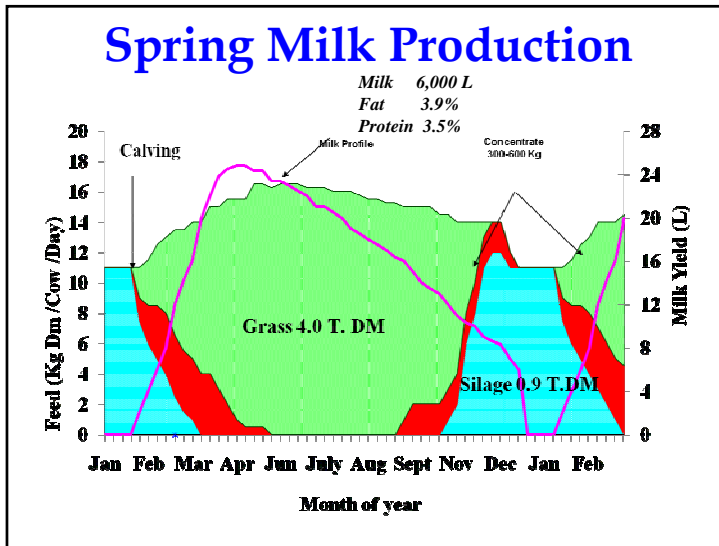
- Grow more grass
- Increase the utilisation rate of grass
- Breed cows suitable for grass based systems
- Improve animal health and welfare, Bio-security
- Sustainable environment
- Low cost housing systems
- Labour efficient systems and good working environment

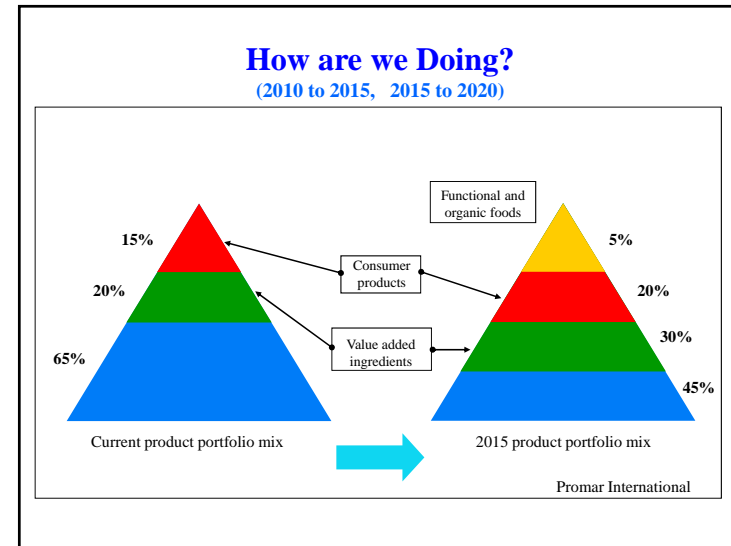
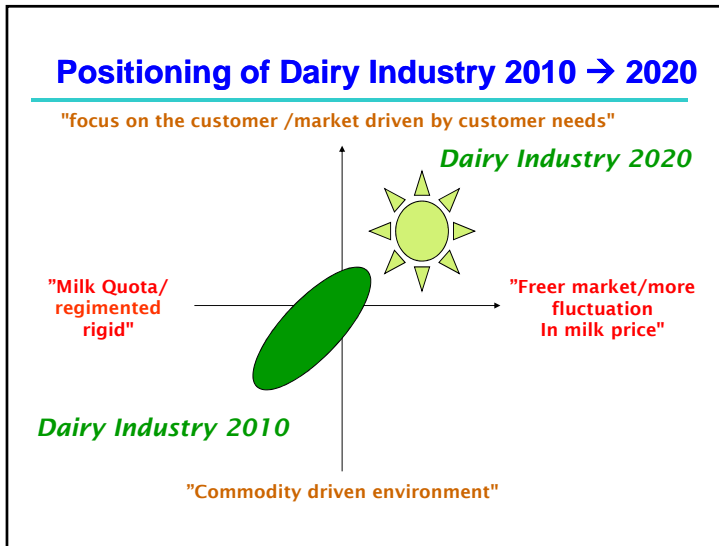
€System and facilitates expansion

## Development Technologies for the Future

New technology – Financial beneficial  
Fit within the system  
Simple to implement







### Change is out of reach or is it?

- A recent study showed that when doctors tell heart patients they will die if they don't change their habits, only one in seven will be able to follow through successfully. Desire and motivation aren't enough: even when it's literally a matter of life or death, the ability to change remains maddeningly elusive.

(Source: Immunity to Change - Robert Kegan and Lisa Laskow Lahey Harvard University)

### Where will the Debate focus?

Issues of today	Issues about the process of Change	Issues associated with where we want to be

