

North South Parliamentary Forum Joint Working Group meeting

Plenary session B

The role of the EU in shaping issues and challenges in Fishing and Agriculture

**Background briefing prepared by the Library and Research Services of the
Northern Ireland Assembly and of the Houses of the Oireachtas**

Contents

The Common Fisheries Policy (CFP) – current and potential impacts on the Irish Sea Fishery.....	3
The Common Agricultural Policy (CAP) – background and challenges posed by recent reforms	41

The Common Fisheries Policy (CFP) – current and potential impacts on the Irish Sea Fishery

Key Points

- In the case of both Northern Ireland and Ireland the fishing industries are an important source of economic activity, making a significant contribution to both economies in terms of output, employment and exports;
- A programme of decommissioning of vessels over recent years has impacted on the profile of both fleets including in terms of the age profile;
- Both Irish Sea fishing fleets are heavily dependent on and oriented towards the catching of *Nephrops* (prawns);
- The *Nephrops* fishery in the western Irish Sea appears to have been operating on a sustainable and largely self regulating footing for many years raising questions around the need for further centralised regulation and bureaucratic burden that may actually lead to the decline of the fishery and the fleet it supports;
- *Nephrops norvegicus* (known variously as the Dublin Bay prawn, Norway lobster, langoustine) featured in the top three species in Irish ports in both 2009 and 2010. Given their importance and high value in the context of the Irish Sea fishery, any difficulties within this species category would be of concern to policy makers in both Northern Ireland and Ireland;
- A particular challenge of CFP reform relates to the voice of fishermen, in Northern Ireland and Ireland, being both better heard and listened to at EU level;
- With regard to Ireland, it was reported in October 2011 that the Irish Sea prawn fishery was suddenly closing until 2012 (this move affecting up to 50 Irish fishing vessels). According to the report, vessels were told that a ban on fishing had been applied even though they still have unused quota and that this was due to the expiry of their “days at sea” or kilowatt days until next spring. This is an EU fishing effort management system. Management of the *Nephrops* fishery industry is also linked to the Irish Sea cod recovery programme.

Introduction

This paper sets out some of the background to and issues affecting the sea fishing industries within Northern Ireland and Ireland both at present and in the near future. As such, this paper does not seek to present solutions to the issues but rather attempts to quantify and pin down some of the key challenges that fishing communities and those who live and work within them face. In the context of addressing topics of mutual concern this paper focuses mainly on the Irish Sea fishery and on the fishing of cod and *Nephrops* (prawns) in particular.

There are three sections to this topic as follows:

1. The role and contribution of the sea fishing industries (with a particular focus on the Irish Sea);
2. Background to the CFP as it relates to the Irish Sea; and
3. Common challenges in relation to the Irish Sea cod and *Nephrops* (prawn) fisheries.

1. The role and contribution of the sea fishing industries

For the purpose of this paper references to the fishing industries relate to the sea fishing industries as this makes up the biggest part of the industries in both Northern Ireland and Ireland. In the context of addressing topics of mutual concern this paper focuses mainly on the Irish Sea fishery and on the fishing of cod and *Nephrops* (prawns) in particular. However, background information is also given on general aspects of the industry and in relation to other fish species.

1.1 Northern Ireland

Table 1 below highlights the total number of UK fishermen at regular periods from 1938 to 2009.

Table 1 : UK constituent country fishermen numbers, 2010¹

	Northern Ireland	England and Wales	Scotland
1938	898	29,011	17,915
1948	1,100	29,319	17,228
1960	650	16,358	11,246
1975	823	12,463	8,848
1985	1,102	13,020	8,102
1991	1,369	No data	8,095
1995	1,159	10,432	8,395
2005	569	7,107	5,155
2006	613	7,116	5,205
2007	658	6,854	5,359
2008	625	6,597	5,392
2009	654	6,209	5,349
2010	648	6,889	5,166

It is clear from the data in table 1 that the numbers of fishermen both within Northern Ireland and the UK as a whole has fluctuated significantly since 1938, but that in general terms the number of fishermen across the UK is now lower than it once was. Whilst the industry in England, Wales and Scotland peaked in 1948 and 1938 respectively, Northern Ireland saw its biggest number of recorded fishermen in 1991 when there were a total of 1,369 fishermen employed in total.

In terms of ports, the boats which constitute the sea fishing industry in Northern Ireland are mainly located in the three Co Down fishing villages of Portavogie, Kilkeel and Ardglass. Based on 2010 figures all three of these ports are within the UK's top 20 ports in terms of the tonnage of fish landed by UK vessels. Table 2 over highlights the catch landed in each port in 2009/2010 as well as the approximate value of these catches in millions of pounds.

¹ [United Kingdom Sea Fisheries Statistics, 2010, Marine and Fisheries Agency, Defra](#)

Table 2: Fish landed into NI ports by UK vessels, 2009 and 2010²

	2009 Quantity (tonnes)	Value (£ millions)	2010 Quantity (tonnes)	Value (£ millions)
Ardglass	8,500	5.6	10,200	6.9
Kilkeel	4,100	5.4	5,700	7.0
Portavogie	3,000	4.7	2,800	4.7

In terms of the actual types of fish that make up these landings in Northern Irish ports table 3 below provides a breakdown.

Table 3: Fish catches by UK boats at NI ports - type, tonnage and value, 2010³

	Demersal tonnes	Demersal £	Pelagic tonnes	Pelagic £	Shellfish tonnes	Shellfish £
Ardglass	100	200,000	7,700	3,400,000	2,400	3,400,000
Kilkeel	700	1,100,000	100	-	4,800	5,800,000
Portavogie	500	900,000	-	-	2,400	3,800,000

It is clear from the figures presented in table 3 that shellfish make up the most significant part of the overall catch landed at Northern Ireland's three ports. Pelagic fish⁴ (which incorporate species such as mackerel and herring) make up the next largest tonnage landed at Northern Ireland ports followed by the lower tonnage but more expensive Demersal fish⁵ (which incorporate species including cod and plaice).

According to the recently published *State of the Seas* report⁶ produced by the Department of the Environment, the Northern Irish fishing fleet is broken down as follows:

- 147 registered vessels over 10 metres in length – mainly fishing for *Nephrops* (prawns);
- 204 registered vessels under 10 metres in length - mostly doing inshore fishing;
- 2 vessels seasonally targeting Irish sea herring;
- A small fleet of semi-pelagic trawlers targeting whitefish; and
- Small boat (skiff) fishery targeting herring on the Mourne shore.

The actual age of the fishing fleet (see table 4 over) is also of interest given the fact that of the 370 boats making up the total fishing fleet within Northern Ireland in 2009 the greatest number of boats had been built between 1981 and 1990 (28%).

² [United Kingdom Sea Fisheries Statistics, 2010, Marine and Fisheries Agency, Defra](#)

³ [United Kingdom Sea Fisheries Statistics, 2010, Marine and Fisheries Agency, Defra](#)

⁴ Pelagic fish consist of species that live near the surface.

⁵ Demersal fish consist of species that are bottom-dwelling fish.

⁶ [Northern Ireland State of the Seas Report, AFBI and NIEA, January 2011.](#)

Table 4: Age of the fishing fleet - NI versus rest of the UK, 2010⁷

Year of Construction	Number of boats (NI)	Percentage of total (NI)	Percentage of total (Scotland)	Percentage of total (England)	Percentage of total (Wales)
Unknown	27	7%	8%	6%	11%
1960 or earlier	9	3%	3%	3%	1%
1961-70	43	11%	7%	7%	3%
1971-80	92	24%	21%	20%	17%
1981-1990	104	28%	30%	28%	31%
1991-2000	61	16%	18%	19%	18%
2001-2010	43	11%	13%	17%	19%

Looking at the figures from across the UK it is clear that the fishing fleet within Northern Ireland has more older boats when compared with the other UK nations in percentage terms, with 38% being constructed between 1960/or earlier and 1980, as compared to 31% in Scotland, 30% in England and 21% in Wales.

With regard to the issue of representation there are currently 2 fish producer organisations that have active memberships within Northern Ireland in the form of the Anglo Northern Irish Fish Producers Organisation (ANIFPO), which had a total 44 vessels membership in 2010 and the Northern Ireland Fish Producers Organisation (NIFPO), which had a total of 111 vessels in membership in 2010⁸.

1.2 Ireland

Ireland's fishing industry is an important source of economic activity for the national economy and, in particular, the coastal regions in which it is concentrated. According to a Department of Agriculture, Fisheries and Food⁹ report, the Irish seafood industry makes a significant contribution to the national economy in terms of output, employment and exports.¹⁰

It is estimated that the seafood industry, which comprises the commercial fishing industry together with fish farming, processing and marketing, contributes about €700 million annually to national income and employs 11,000 people.¹¹ More specifically, the industry's contribution to the national economy in 2010 has been estimated at approximately €713 million (DAFF, 2011). The breakdown of employment in the seafood industry for 2010 is presented in table 5 over. It shows that there are almost 5,000 fishermen in Ireland at present, making it the largest category of employment within the seafood industry.

⁷ [United Kingdom Sea Fisheries Statistics, 2010, Marine and Fisheries Agency, Defra](#)

⁸ [United Kingdom Sea Fisheries Statistics, 2010, Marine and Fisheries Agency, Defra](#)

⁹ This department has since been renamed as the Department of Agriculture, Food and the Marine.

¹⁰ Department of Agriculture, Fisheries and Food (DAFF) (2011) *Annual Review and Outlook for Agriculture, Fisheries and Food 2010/2011*. Available at

<http://www.agriculture.gov.ie/media/migration/publications/2011/AR02011.pdf>

¹¹ Bord Iascaigh Mhara website available at <http://www.bim.ie/about-the-seafood-industry/>

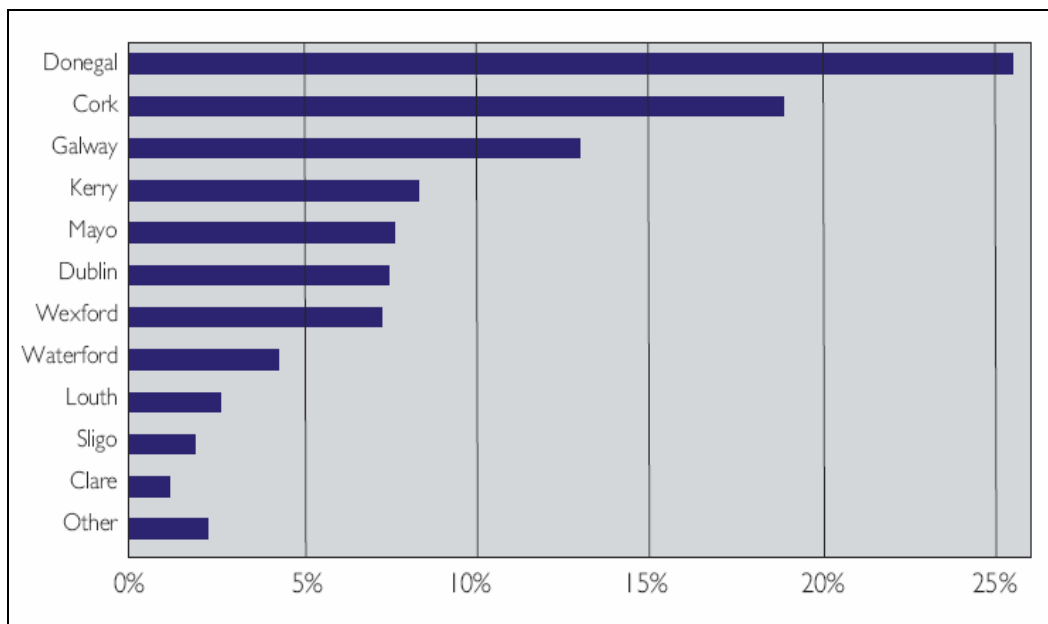
Table 5: Employment in the Irish seafood industry, 2010

Category	Number
Fishermen	4,987
Fish farmers	2,058
Processing	2,867
Ancillary	1,185
Total	11,097

Source: Bord Iascaigh Mhara website available at <http://www.bim.ie/about-the-seafood-industry/>

Figure 1 shows the distribution of employment throughout Ireland in the overall fisheries sector. Of the counties congruent to the Irish Sea zone, the distribution of employment in the fishery sector is highest in Dublin and Wexford.

Figure 1: Distribution of fishery sector employment (full and part-time)



Source: DAFF (2011), p. 107

Geographically, the fisheries industry in Ireland is predominantly concentrated on the western seaboard and the harbour towns of the south and east coasts. In terms of the fish catching sector of the industry, fish and shellfish are landed at six major fishery harbour centres:

1. Killybegs, Co.Donegal;
2. Castletownbere, Co.Cork;
3. Howth, Co.Dublin;

4. Ros an Mhíl, Co.Galway;
5. Dunmore East, Co.Waterford; and
6. An Daingean, Co.Kerry.

In addition, fish landings are recorded at 40 secondary ports and a further 80 piers and landing places. Table 6 below identifies the top 20 landing ports for 2010. It indicates that in that year, the top landing port in respect of the Irish Sea zone was Howth.

Table 6: Top 20 landing ports in Ireland (2010)

Species Class	Value (€000's)	Live Weight (Tonnes)
Killybegs	61,874	163,447
Castletownbere	29,883	19,030
An Daingean	18,848	12,761
Kilmore Quay	13,764	3,260
Dunmore East	13,672	8,387
Greencastle	7,479	4,039
Ros an Mhíl	7,199	4,822
Union Hall	6,236	2,716
Howth	5,278	2,475
Clogherhead	4,367	1,155
Duncannon/St. Helens	2,019	1,117
Kinsale	1,813	1,005
Cobh	1,624	586
Baltimore	1,587	2,766
Wicklow	1,486	1,678
Skerries	1,385	871
Ballycotton	1,342	571
Fenit	1,246	391
Malin Head	1,210	765
Rosslare	1,097	572

Source: Sea Fisheries Protection Authority (SFPA) website available at [http://sfpa-
ie.access.secure-ssl-servers.biz/index.php?q=2010](http://sfpa.ie.access.secure-ssl-servers.biz/index.php?q=2010)

The breakdown of the actual species landed at Irish ports in 2010 is presented in table 7 over. It shows that Demersal fish are the most significant species in value terms whilst Pelagic fish account for the largest tonnage landed.

Table 7: All landings to Irish ports (2010)

Species Class	Value (€000's)	Live Weight (Tonnes)
Deepwater	405	455
Demersal	79,285	40,867
Pelagic	60,880	164,517
Shellfish*	65,565	24,770
Boarfish**	1,694	15,348
Total	207,829	245,956

Source: Sea Fisheries Protection Authority (SFPA) website available at <http://sfpa-ie.access.secure-ssl-servers.biz/index.php?q=2010>

Notes: *Shellfish figures do not include Mussel seed.

** Boarfish figures are reported separately to the four main species classes because though often demersal in habits they are landed in very large quantities and have relatively low value by weight.

However, it should be noted that a vessel may fish in the Irish Sea (Area VIIa), or any other area for that matter, and land anywhere. It does not necessarily follow that all ports along the Irish Sea only receive landings from vessels fishing in the Irish Sea.

Previous trends would however suggest that the following ports are those that take landings from the Irish Sea:

- Annagassan;
- Arklow;
- Balbriggan;
- Clogherhead;
- Drogheda;
- Dún Laoghaire;
- Duncannon/St.Helens;
- Dunmore East;
- Fethard/Slade;
- Heilbhc;
- Howth;
- Kilmore Quay;
- Malahide;
- Mornington;
- Rosslare;
- Skerries;
- Wexford; and
- Wicklow.

Composition of the Irish fleet

According to the Department of Agriculture, Fisheries and Food (DAFF), the Irish fleet contains 5 main segments as follows:

1. **Refrigerated Seawater (RSW) Pelagic Segment:** Engaged predominantly in fishing for pelagic species (herring, mackerel, horse mackerel and blue whiting, mainly).
2. **Beam Trawler Segment:** This contains vessels, dedicated to beam trawling, a simple trawling method used predominantly in Irish inshore waters except in the southeast, where it is used to catch flatfish such as sole and plaice.
3. **Polyvalent Segment:** This contains the vast majority of the fleet. These vessels are multipurpose and include small inshore vessels (netters and potters), and medium and large offshore vessels targeting whitefish, pelagic fish and bivalve molluscs.
4. **Specific Segment:** This segment contains vessels which are permitted to fish for bivalve molluscs and aquaculture species.
5. **Aquaculture Segment:** These vessels must be exclusively used in the management, development and servicing of aquaculture areas and can collect spat from wild mussel stocks as part of a service to aquaculture installations.

The vast majority of the fleet is within the polyvalent segment, which comprised 1,862 vessels in 2010. A breakdown of the fleet by type of vessel is outlined in table 8 below.

According to the DAFF, the main industry stakeholders are the primary production sectors of fish catching and aquaculture, the primary and secondary processing sectors, the marketing sectors and ancillary industries such as net making, vessel repair, transport, and a number of other services.

Table 8: Overview of the Irish fishing fleet, 2010

Fleet Segment	Number of vessels	Gross Tonnage (GT)	Kilowatts (KW) ¹²
Aquaculture	86	4,654	12,256
Specific	150	3,044	14,139
Polyvalent	1,862	32,510	120,937
Beam Trawl	11	867	2,356
RSW Pelagic	23	27,912	46,801
Total	2,132	68,987	196,489

Source: DAFF (2011)

¹² 'Days at sea' is an EU effort management system whereby fishing capacity is measured in engine power in kilowatts, multiplied with number of fishing days at sea.

It was noted above that the vast majority of the fleet is within the polyvalent segment (1,862 out of 2,132). Ireland's whitefish fleet has undergone significant restructuring in recent years including through decommissioning initiatives. According to Ireland's National Strategic Plan for the fisheries sector, two successive renewal programmes (the Whitefish Renewal Scheme and the Fleet Development Measure) have resulted in:

“the introduction of 79 new and modern second-hand vessels into the fleet over the past seven years and the withdrawal of an estimated 300 older and generally smaller vessels [...]

*As much of the State and EU grant aided investment was directed at the polyvalent segment, a significant portion (25%) of the polyvalent over 12 metre capacity consists of modern all weather vessels less than 15 years old. A further 45% of the capacity is between 15 and 30 years old and the balance (30%) ranges in age from 30 to 66 years”.*¹³

There has been significant private investment in the pelagic sector. Overall, 81% of the fleet is less than 10 years old and with an average age of 8 years.

Table 9 below sets out the profile of vessels decommissioned under the 2008 scheme based on the applications received. It shows that the average age of these vessels was 31 years. Their withdrawal is said to have further improved the age profile of the fleet as well as onboard hygiene, operating, living and safety standards (Ireland National Strategic Plan).

Table 9: Profile of vessels decommissioned - Overview of the Irish fishing fleet (2010)

Age	
Average age	31 years
Minimum age	15 years
Maximum age	60 years
Length	
Average length	23.30 m
Minimum length	15.98 m
Maximum length	40.75 m

Source: The Irish Seafood National Programme 2007 - 2013, p. 15. Available at <http://www.basis.ie/servlet/blobServlet/Seafood%20Development%20Programme.pdf?language=EN>

¹³ Ireland National Strategic Plan, The Fisheries Sector 2007 – 2013, In accordance with Article 15 of Council Regulation EC No. 1198 /2006 of 27 July 2006. Available at http://ec.europa.eu/fisheries/cfp/eff/national_plans/list_of_national_strategic_plans/ireland_en.pdf

According to Ireland's National Strategic Plan for the fisheries sector, some 180 onboard jobs have been lost to date as a direct consequence of decommissioning, however it is claimed that many of those affected have found employment elsewhere in the fleet or outside the industry.

The *Irish Seafood National Programme 2007 -2013*, published in July 2010, notes that the economic situation of the fleet has declined further in recent years. It attributes this to the ongoing and substantial increase in the cost of fuel oil, a further decline in the quotas of key deep water stocks and a commitment to further reduce quotas at an EU level to help meet international obligations including the Johannesburg Agreement on sustainability.¹⁴ It further notes that:

“Thus while the approach adopted remains valid, the value of some of the critical parameters has changed. An updated analysis, incorporating these adjustments, now indicates that whitefish stocks generally, and available quota in particular, would have to be some 45% greater to yield a viable return for the vessels now in the whitefish sector. On this basis, and taking into account the current capacity of the polyvalent and beam trawl segments of the fleet it is appropriate that, in total, 14,460 gross tonnes should be decommissioned of which 3,320 gross tonnes has been scrapped to date. Thus the revised target for this scheme is set at 11,140 gross tonnes. Of this amount some 8,904 gross ton[n]es will be decommissioned through this Operational Programme”.

¹⁴ http://www.europa-eu-un.org/articles/en/article_1566_en.htm

2. Background to the Common Fisheries Policy (CFP) as it relates to the Irish Sea fishery

2.1 General overview of the CFP

The EU's Common Fisheries Policy is the main policy mechanism impacting upon the sea fishing industry within Northern Ireland and Ireland, past, present and future.

The general principle that all EU members should have equal access to the waters of all member states was broadly agreed as part of the then European Economic Community's aspirations in 1970. The formalised Common Fisheries Policy emerged from this principle in 1983 and is the EU's key mechanism for the management of fisheries.

In 2002 the CFP underwent a significant reform with the aim of ensuring the sustainable development of fishing across the EU taking account of the environmental, economic and social impacts of the industry. The 2002 reforms¹⁵ also brought to the fore the need for reliable and independent scientific advice and evidence when decisions were being made around the setting of fishing quota and the management of fish stocks.

As things currently stand with regard to the remit of the CFP, the European Commission currently promotes the following as being the important areas of action within the policy¹⁶:

- laying down rules to ensure Europe's fisheries are **sustainable** and do not damage the marine environment;
- providing national authorities with the tools to **enforce** these rules and punish offenders;
- monitoring the **size of the European fishing fleet** and preventing it from expanding further;
- providing **funding and technical support** for initiatives that can make the industry more sustainable;
- **negotiating on behalf of EU countries** in international fisheries organisations and with non-EU countries around the world;
- helping producers, processors and distributors get a **fair price for their produce** and ensuring consumers can trust the seafood they eat;
- supporting the development of a **dynamic EU aquaculture sector** (fish, seafood and algae farms); and
- funding **scientific research and data collection**, to ensure a sound basis for policy and decision making.

¹⁵ [Council Regulation \(EC\) No 2371/2002 of 20 December 2002 on the conservation and sustainable exploitation of fisheries resources under the Common Fisheries Policy](#)

¹⁶ [European Commission Website, Common Fisheries Policy Information.](#)

The 2002 reforms also introduced the concept of stakeholder involvement in decisions relating to the development of the CFP. This commitment led to the creation of seven Regional Advisory Councils (RACs) in 2004 with the aim of advising the European Commission on strategic policy decisions around fishing. Of the seven created RACs, five are based on a geographical coverage whilst two deal with wider issues as follows:

- Baltic Sea RAC;
- Mediterranean RAC;
- North Sea RAC;
- North Western Waters RAC (including the Irish Sea);
- South Western Waters RAC;
- Pelagic Stocks RAC; and
- High Sea RAC.

The Regional Advisory Councils currently have a minimal role in the actual management of the EU's fisheries but they provide a vital space where stakeholders and interested parties from the fishing industry, EU Commission, environmental groups, consumers and scientists can interact.

Looking to the future of the fishing industry across the EU, in 2008 the Commission launched what has been generally referred to as a 'radical reform' of the Common Fisheries Policy (CFP). The first stage in this process saw the publication of a Green Paper¹⁷ that was put out for public consultation between April and December 2009, and this process yielded 17,000 responses and a subsequent synopsis paper of the main issues raised¹⁸. A conference held in La Coruna, Spain in May 2010 looked at the responses to the public consultation under the 3 broad headings of governance, access and resource management and the differentiated regime for small-scale and coastal fisheries.

As part of this ongoing process of reform the European Commission published legislative proposals for the reform of the CFP on the 13th of July 2011 with a view to a revised CFP coming into force on the 1st of January 2013. This package of proposals is set out in detail in COM (2011) 416-18 and 424-25 and consists of the following components:

- A legislative proposal for a new Regulation setting out the main rules of the CFP;
- A legislative proposal for a new Market Policy;
- A Communication on the external dimension of the CFP; and
- An overarching communication explaining the links between the above.

¹⁷ [Green Paper on the Reform of the Common Fisheries Policy, Commission of the European Communities, 22 April 2009](#)

¹⁸ [Synthesis of the consultation on the reform of the Common Fisheries Policy, Commission Staff Working Document, European Commission, 16th April 2010.](#)

In a press release the Commission stated that sustainability and long-term solutions were the key points of these proposals and that they set out the following elements:¹⁹

- All fish stocks will have to be brought to sustainable levels by 2015, which is in line with the commitments the EU has undertaken internationally;
- An ecosystem approach will be adopted for all fisheries, with long-term management plans based on the best available scientific advice;
- The waste of food resources and the economic losses caused by throwing unwanted fish back into the sea, a practice known as 'discarding', will be phased-out. Fishermen will be obliged to land all the fish that they catch;
- The proposals also include clear targets and timeframes to stop overfishing; market-based approaches such as individual tradable catch shares; support measures for small-scale fisheries; improved data collection; and strategies to promote sustainable aquaculture in Europe;
- Consumers will be able to get better information on the quality and sustainability of the products they buy;
- General policy principles and goals will be prescribed from Brussels, while Member States will have to decide and apply the most appropriate conservation measures. In addition to simplifying the process, this will favour solutions tailored to regional and local needs;
- Operators throughout the fishing sector will have to make their own economic decisions to adapt fleet size to fishing possibilities; Fishermen's organizations will play a stronger role in steering market supply and increasing fishermen's profits;
- Financial support will only be granted to environmentally-friendly initiatives contributing to smart and sustainable growth. A strict control mechanism will rule out any perverse funding of illicit activities or overcapacity; and
- Within international bodies and in its relations with third countries, the EU will act abroad as it does at home and promote good governance and a sound management of the sea in the rest of the world.

This package is being submitted to the European Parliament and Council for adoption under the ordinary legislative procedure (i.e. co-decision).

In addition, later this year the Commission plans to put forward a new funding mechanism for fisheries and maritime policy, in line with the Multi-Annual Financial Framework.

¹⁹ European Commission press release available online at: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/873&format=HTML&aged=0&language=EN&guiLanguage=en>

2.2 Impact of the CFP on Northern Ireland

In terms of how the Common Fisheries Policy actually impacts on the Northern Ireland sea fishing industry the most obvious and well known example is the creation and maintenance of the quota system for catches. Under this system EU member states are allocated a quota for the amount and type of fish they can catch based upon their existing fisheries.

In an effort to ensure that there is no overfishing the CFP operates a mechanism to calculate the maximum amount of fish that can be removed from any fishery called the Total Allowable Catch (TAC). These TACs are traditionally agreed by EU Fisheries Ministers every December.

The last EU Fisheries Council meeting that was held in Brussels on the 13th-14th December 2010, and attended by the then Department of Agriculture and Rural Development (DARD) Minister, Michelle Gildernew, saw the following changes being made to the TAC figures for selected species within area VIIa (ref page 34, Figure 3 in this paper) covering the Irish Sea:

Table 10: 2011 Total Allowable Catch (TAC) for selected species and percentage change from 2010 – Area VIIa (Irish Sea)²⁰.

Species	Council TAC 2010 (tonnes)	Council TAC 2011 (tonnes)	% difference
Cod	674	505	-25%
Haddock	1,424	1,317	-8%
Herring	4,800	5,280	+10%
<i>Nephrops</i> (Dublin Bay prawns)	22,432	21,759	-3%
Plaice	1,627	1,627	-
Pollack (all of area VII not just Irish Sea)	13,770	13,495	-2%
Sole	402	390	-2%
Whiting	157	118	-25%

In addition to these figures it is possible to look at the fishing quota allocation for area VIIa (Irish Sea) in terms of the overall UK quota and that allocated to the two Northern Ireland fish producer organisations (NIFPO and ANIFPO), and table 11 over highlights this data.

²⁰ [European Commission, press release 13-14th December 2010](#)

Table 11: UK and Northern Ireland based FPO quota allocation for selected species within Area VIIa, 2011²¹

Species	2011 Total UK sector quota allocation(tonnes)	NIFPO quota allocation (tonnes)	ANIFPO quota allocation (tonnes)	Local FPOs total as % of overall UK sector quota
Cod	177.7	89	41.6	73%
Haddock	598.1	311.3	140.5	75%
<i>Nephrops</i> (Dublin Bay prawns) (all of Area VII including Porcupine Bank)	7770.4	4,903.1	1895.1	87%
Plaice	499.8	134.2	67.1	39%
Pollack (all of area VII not just Irish Sea)	2054.7	235.1	54.1	13%
Sole	79.2	7.7	4.2	14%
Whiting	54.9	30.2	14	80%

One of the most significant impacts of the CFP in Northern Ireland has been on the shape of the actual fishing fleet. The actual number of sea fishing boats operating within Northern Ireland has reduced since the introduction of the CFP in 1983. Between 1993 and 2003 a total of 124 fishing vessels were decommissioned in Northern Ireland²².

In addition the types of catch that Northern Ireland fishing vessels are landing has changed in recent years. The heavy restrictions on the fishing of white fish such as cod, due to the apparently parlous state of stocks within the Irish Sea, has seen local fishermen focussing upon catching prawns and other shellfish. The Cod Recovery Plan that has been in force for the Irish Sea since the year 2000 has seen severe restrictions being placed upon the number of days that fishermen can spend at sea and on the type and quantity of fish they can catch. In this regard it is very clear that the TAC figures and Cod Recovery Plan have had and continue to have a very direct effect on both the size, profitability and target species of the Northern Ireland fishing industry.

The CFP has also seen the creation of a grants scheme to enable the fishing industry across the EU to be more efficient and sustainable. The European Commission has introduced a series of schemes as a way to support the fisheries sector. At present the European Fisheries Fund (EFF) is running from 2007-2013 with a total budget of €3.8bn. That scheme was preceded by the Financial Instrument for Fisheries Guidance (FIFG).

The EFF scheme requires national governments to draw up a national plan setting out how they plan to develop their fisheries (inland and sea) over the period of 2009-2013. Each national plan needs to set priorities as well as commit matching government

²¹ [UK Area VII Quota use statistics 2011, Marine Management Organisation website](#)

²² [Tingley D., Northern Ireland Fleet Futures Analysis \(2004-2013\) - Methodology and Analysis, DARD, April 2006](#)

funding to what is available from the EU. At present the EFF has 5 priority areas as follows²³:

- **Adjustment of the fleet (axis 1)** – can mean aid for decommissioning on a temporary or permanent basis or measures to improve efficiency and safety of active vessels;
- **Aquaculture, processing and marketing, inland fishing (axis 2)** – funding available for diversification into new species, environmentally friendly aquaculture, public and animal health measures and lifelong learning;
- **Measures of common interest (axis 3)** – support can be given to activities such as the protection of aquatic flora and fauna, ports, shelters and landing sites, pilot projects and the development of new marketing and promotional campaigns;
- **Sustainable development of fisheries (axis 4)** – aims to help local communities reduce their dependency on fish catches. Coastal communities with a significant level of employment in the fisheries sector can access funds to strengthen their general competitiveness, develop tourism infrastructure and services, protect the environment and encourage inter-regional and transnational co-operation; and
- **Technical assistance (axis 5)** – covers items including studies, reports, information activities and other actions relating to the implementation of the operational programmes.

The EFF within Northern Ireland has been allocated a total of €18.1 million. This figure which is matched by DARD means that fishermen and fishing communities in Northern Ireland potentially have access to grants worth a total of €36 million.

The previous FIGG scheme provided total funding of nearly £29 million to Northern Ireland from 2000-2006²⁴. Just under £9 million of this amount went towards the decommissioning of fishing vessels on either a temporary basis whilst the funding also enabled significant infrastructural investment in each of Northern Ireland's three sea fishing ports that included examples such as the building of a chill room in Portavogie, the refurbishment of a slipway in Kilkeel and the refurbishing of the old fish market building in Ardglass.

In more recent developments, on the 27th September 2011 the European Commission presented its first proposal for 2012 fishing opportunities²⁵ for certain stocks in the Atlantic and the North Sea. The proposal sets levels of total allowable catch (TAC) and fishing effort for the fish stocks managed by the EU exclusively.

Under this system the Commission's stated goal is to set TACs at science-based levels which help recover the stocks and make fisheries sustainable in the long term. TAC

²³ [European Fisheries Fund Factsheet, European Commission Website](#)

²⁴ [The European Fisheries Fund Draft Investment Plan, DARD, 2nd May 2008](#)

²⁵ [Fisheries: Commission proposes fishing opportunities for 2012 for EU fish stocks in the Atlantic and North Sea, European Commission - Press release, 27th September 2011](#)

unit VIIa covers the Irish Sea and the proposal would see the following changes to TACs within the Irish Sea in 2012 when compared to the 2011 TACs:

- Cod - zero catch;
- Haddock - 25% reduction;
- Herring - 25% reduction;
- Plaice - 25% reduction;
- Whiting - 25% reduction; and
- Common sole - 25% reduction.

In addition the proposed TAC for *Nephrops* for TAC area VII, which includes the Irish Sea (VIIa), West Ireland (VIIb) and Porcupine Bank (VIIc) divisions that are mainly fished by the local prawn fleet, is for a 19% reduction compared to the 2011 figure.

Responding to these proposals the current Minister for Agriculture and Rural Development Michelle O'Neill commented:²⁶

"A 19% cut has been proposed for Nephrops (prawns) which is the mainstay of our fishing fleet. The stock is key to the survival of our fleet and the processing industries that depend [on] the landings made into Ardglass, Kilkeel and Portavogie. But this stock is assessed over a very wide sea area which takes in the Irish Sea, Celtic Sea and grounds along the west coast of Ireland.

Our fleet works mainly in the northern part of the Irish Sea and we have robust scientific evidence which confirms that stocks in this area are in good condition and are being fished sustainably. So as always we are affected by the Commission's perception of the state of the stocks in the wider area.

I'm also very disappointed to see that the [C]ommission has imposed blanket 25% cuts to stocks where data on their status is judged to be 'poor'. A better approach is to ensure that all available robust evidence is used in the decision-making process."

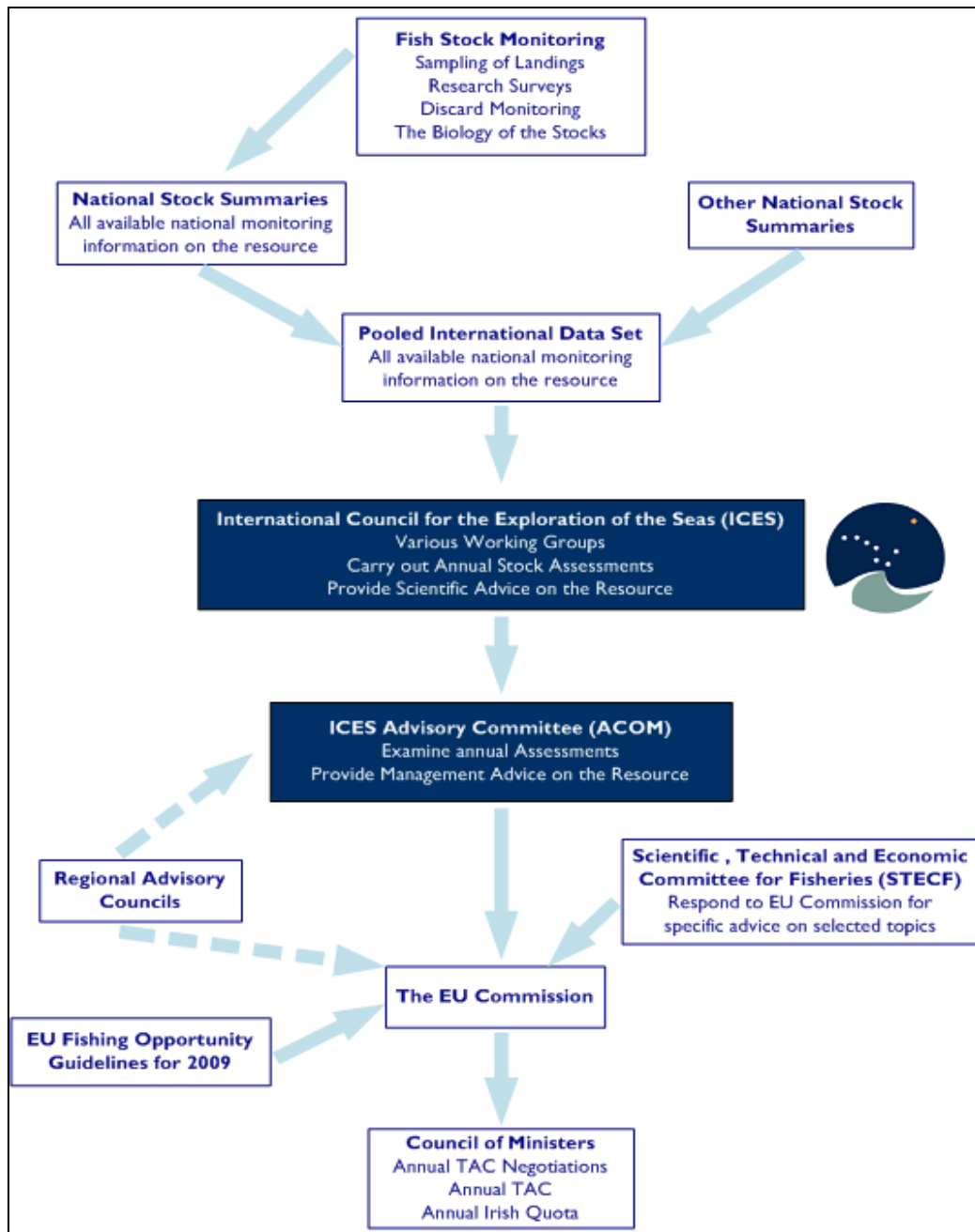
2.3 Impact of the CFP on Ireland

As noted in section 2.2, the Total Allowable Catch (TAC) is the CFP's system of catch limits set for most significant commercial fish stocks. These are established by regulation each year for most stocks in the waters around Ireland, with TACs set every two years for deep sea species (those living at depths of over 400 metres). There is an increasing trend towards setting TACs in line with multi-annual plans.

²⁶ [O'Neill very disappointed at proposals for fishing opportunities in 2012, DARD press release, 29th September 2011](#)

TACs are proposed by the Commission on the basis of scientific advice on the state of the stocks concerned and decided on by the Council of Fisheries Ministers.²⁷ This traditionally takes place in December each year. Member States are then allocated a proportion of TACs which become the national quota. This is done under a system known as 'relative stability' which aims to keep national quotas stable in relation to each other, even when the total quantity of fish that can be caught varies with the productivity of the fish stocks.²⁸ The process is illustrated in figure 2 below.

Figure 2: Determination of TACs



Source: Marine Institute website at [http://www.marine.ie/home/services/operational/fishstock/Total+Allowable+Catches+\(TACs\).htm](http://www.marine.ie/home/services/operational/fishstock/Total+Allowable+Catches+(TACs).htm)

²⁷ See http://ec.europa.eu/fisheries/cfp/fishing_rules/tacs/index_en.htm

²⁸ See http://ec.europa.eu/fisheries/cfp/fishing_rules/tacs/index_en.htm

As with the UK the size of the national quota is of great significance for Ireland. Table 12 shows the TAC and Ireland's quotas for selected species in the Irish Sea (zone VIIa) for 2011.

Table 12: TAC and Irish quotas for selected species in zone VIIa, 2011

Species Class	TAC	IE quota
<i>Benthic and Demersal species</i>		
Megrim (VII)	18,300	3,029
Sole	390	73
Saithe (VII and other zones)	3,343	1,516
Anglerfish (VII)	32,292	2,447
Haddock	1,317	570
Skates and rays (EU waters of Vlab, VIIa-c, VIle-k)	11,379	1,485
Plaice	1,627	1,063
Whiting	118	68
<i>Nephrops</i> (prawn) (VII)	21,759	8,025
Greenland halibut IIa (EU waters), IV (EU waters), Vb (VI (EU and international waters)	520	2
Pollack (Zone VII)	13,495	1,030
Cod	506	332
Boarfish (EU and international waters of VI, VII, VIII)	33,000	22,227
<i>Pelagic species</i>		
Herring	5,280	1,374
Blue whiting (VII and other zones)	40,100 (TAC for various zones)	1,187
Horse mackerel (VIIa and other zones)	158,787	40,439
Mackerel IIa (International waters, Provisional quota), Vb (EU waters and International waters, Provisional quota), VI(Provisional quota), VII(Provisional quota), VIIIabde (Provisional quota), XII (International waters, Provisional quota), XIV(International waters, Provisional quota)	NA	54,861
<i>Deep sea species</i>		
Tusk (VII and other zones)	3,217	17
Roundnose grenadier (VII and other zones)	2,924	190
Blue ling (VII and other zones)	2,032	5
Ling (VII and other zones)	14,164	575

Source: European Commission website at http://ec.europa.eu/fisheries/documentation/publications/poster_tac2011_fr.pdf

In September 2011, the European Commission presented its first proposal for 2012 fishing opportunities for certain stocks in the Atlantic and the North Sea. The Minister for Agriculture, Food and the Marine Simon Coveney TD has identified the proposal for TACs for next year as the immediate major hurdle facing Irish fishing interests:

*“The initial proposal from the Commission is not good news for our stocks. Of the 34 stocks of interest to Ireland, all but four are seeing significant cuts in the amount available for Irish fishermen. The cuts range from 15% and 25% for most stocks to a recommended zero quota for cod in the Irish Sea and off the Donegal coast. These are not the final quotas, however, and the quota negotiations will take place during the first weeks of December. The starting point has clearly put us under pressure to build the science and arguments we need to hold what we have and increase quotas where we have the science to back that up”.*²⁹

The Minister has rejected the Commission proposal to automatically apply a 25% reduction to TAC for stocks where Member States have not provided detailed scientific data to prove that fishing efforts on a particular stock can be maintained (the precautionary principle).³⁰

The Programme for Government (2011) contains a number of commitments related to fisheries and the CFP including:

- Negotiating the best possible deal for fishermen in the review of the Common Fisheries Policy; and
- A Sea Fisheries Sustainability Impact Assessment, based on consultation with all major stakeholders, will be brought before the Dáil annually before EU fisheries negotiations commence.³¹

The fishing fleets of Ireland and other Member States are governed by the rules of the CFP. EU co-funded schemes supported by Bord Iascaigh Mhara (BIM) under the European Fisheries Fund (EFF) form part of the co-funded Seafood Development Operational Programme 2007-2013 and include fleet decommissioning.³²

The issue of Ireland's fleet and decommissioning of vessels has been assessed in recent years. The central recommendation of a 2005 review of decommissioning requirements for Ireland's demersal and shellfish fleets was that the Government should back a decommissioning scheme to remove 25% (10,937 gross tonnes or GTs) of the whitefish fleet (polyvalent and beam trawl segments) and to reduce the scallop fleet to a level of 4,800 kilowatts (kW).³³ Later analysis in the Cawley report³⁴ indicated that a greater reduction in vessels in the demersal sector would be required in order to yield a viable return:

“An updated analysis undertaken in the Cawley review in 2006 indicated that whitefish stocks generally, and available quota in particular, would

²⁹ See Parliamentary Question, 6 October 2011. Available at <http://debates.oireachtas.ie/dail/2011/10/06/00025.asp>

³⁰ See Parliamentary Question, 6 October 2011. Available at <http://debates.oireachtas.ie/dail/2011/10/06/00025.asp>

³¹ Programme for Government 2011. Available at

http://www.taoiseach.gov.ie/eng/Publications/Publications_2011/Programme_for_Government_2011.pdf

³² See <http://www.agriculture.gov.ie/publications/2010/schemesandservices2010-2011/12seafisheries/>

³³ Padraic White (2005) *Decommissioning Requirements for Ireland's Demersal and Shellfish Fleets*. Available at <http://www.bim.ie/media/migration/fisheries/engineering/publications/WhiteReportFinal.pdf>

³⁴ The full title of this report is *Steering A New Course, Strategy for a Restructured, Sustainable and Profitable Irish Seafood Industry 2007-2013* (the Cawley report).

*have to be 45% greater to yield a viable return for the vessels in the demersal — whitefish and Nephrops — sector. Steering a New Course, the Strategy for a Restructured, Sustainable and Profitable Irish Seafood Industry 2007-2013, the Cawley report, recommended a restructured fishing fleet consistent with the sustainable exploitation of available resources and economic requirements of vessel owners and the shore-based industries dependent on it”.*³⁵

The 2008 scheme to permanently withdraw capacity from the whitefish sector of the Irish fishing fleet was formally launched in February 2008. Some 45 vessels out of a total of 71 applications were decommissioned at a total cost of €36 million and with a total of 6,818 gross tons and 19,039 kW being removed from the register.³⁶ Some €21 million of this was spent in 2008 with the remainder being spent in the first quarter of 2009.³⁷

The Cawley report also stated that:

*“decommissioning undertaken up to the point of its publication notwithstanding, the catching capacity in all fleet sectors currently matches or, more generally, exceeds the resources available to Irish vessels. This is exacerbated for certain stocks where the number and catching capacity of vessels greatly exceeds the available resources”.*³⁸

Section 2.2 also outlined how the EU has introduced a grant scheme for the fishing industry. The operational programme for the European Fishing Fund (EFF) in Ireland has been allocated €42.26 million over the period 2007 – 2013.³⁹ Funding is also delivered nationally through the Operational Programme (The Irish Seafood National Programme 2007 -2013). Table 13 over sets out the financing plan by priority axis for the period 2007 - 2013 for Ireland.

³⁵ See Seanad debate, 26 March 2009. Available at <http://debates.oireachtas.ie/seanad/2009/03/26/00009.asp>

³⁶ See Seanad debate, 26 March 2009. Available at <http://debates.oireachtas.ie/seanad/2009/03/26/00009.asp>

³⁷ See Seanad debate, 26 March 2009. Available at <http://debates.oireachtas.ie/seanad/2009/03/26/00009.asp>

³⁸ *Steering a New Course, A Strategy for a Restructured, Sustainable and Profitable Irish seafood Sector 2007-2013*: Report of the Seafood Industry Strategy Review Group. Available at <http://www.corkcoco.ie/co/pdf/697913056.pdf>

³⁹ See press release, 25 September 2008 available at <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/08/584&type=HTML>

Table 13: Operational Programme for the European Fisheries Fund in Ireland for the period 2007 -2013, co-funded by EFF (in €)

Priority axes	Total Public a=(b+c)	EFF Contribution (b)	National Contribution (c)	EFF co-financing rate ² (d)=(b)/(a)*100
Priority axis 1	46,355,000	34,766,000	11,589,000	75%
Priority axis 2	N/A	N/A	N/A	N/A
Priority axis 3	12,800,000	6,000,000	6,800,000	47%
Priority axis 4	7,200,603	1,500,603	5,700,000	21%
Priority axis 5	N/A	N/A	N/A	N/A
Total	66,355,603	42,266,603	24,089,000	64%

Source: Europa press release, *Ireland: Operational Programme “European Fisheries Fund 2007 – 2013”*. 25 September 2008 available at <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/08/584&type=HTML>

In addition, Ireland received €70 million in EU funding from the Financial Instrument for Fisheries Guidance (FIFG) over the period 2000-2006. A total of 850 projects were supported by the end of that period, mainly for the decommissioning of fishing vessels and for investments in aquaculture.⁴⁰

At a seminar held by the Institute of International and European Affairs on the 27th of September 2011 Commissioner Damanaki signaled that she was not in favour of allocating any further EU funds to ship decommissioning but was in favour of developing the capacity of national fleets to use innovative fishing gear which would, for example, reduce fish discards.⁴¹

⁴⁰ See press release, 25 September 2008 available at <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/08/584&type=HTML>

⁴¹ This point was not in the seminar speaking notes of the IIEA keynote speech delivered by Commissioner Damanaki but can be viewed (between minutes 7 and 12) on the accompanying recording available online at: <http://www.iiea.com/events/reform-of-the-common-fisheries-policy--whats-in-it-for-ireland>

2.4 Future development of the CFP

2.4.1 Northern Ireland

A key requirement for the majority of EU nations in respect of reforming the CFP is the increased regionalisation/decentralisation of the CFP and the associated increased involvement of local fishermen in the actual management of local fisheries such as the Irish Sea.

These key principles of regionalisation/decentralisation and greater stakeholder involvement sit well with the following more specific and agreed UK issues for the CFP to address, which were outlined by the UK Department for Environment, Food and Rural Affairs' (Defra) Fisheries Minister Richard Benyon at the EU Agriculture and Fisheries Council meeting in Luxembourg on the 29th June 2010⁴².

- **Getting rid of unnecessary and over-detailed regulation** - which means moving away from the current centralised system that attempts to micro-manage fishermen's daily activities to a reformed CFP that enables fishermen to take responsibility for the sustainability of the stocks.
- **Dealing with the rigidity of current quota rules** - it is recognised that the current, inflexible system of annual quota allocations is contributing to high levels of discards. There is a need to find a better way to manage mixed fisheries more imaginatively, and again we would support approaches that will help fishermen to take responsibility for good fisheries management.
- **Catering for the diversity of the fishing fleet** - there are many different fleets both locally and throughout the EU that have different needs and circumstances. Our long term aim is for all fishermen, from large scale to artisanal, to be economically viable in a market-based system which allows them to extract the maximum wealth from the fisheries they access. But we recognise that special measures may be needed to help small fishing businesses adapt and prosper, including where they make a substantial contribution to local, sometimes remote, coastal communities.
- **Reducing discards** - we want to see European-wide action to tackle this economic and environmental waste. A reformed CFP must provide the incentives and regulatory framework to enable us to catch less but land more of it.
- **Greater integration of fisheries with other marine policies** – we acknowledge that Fisheries has tended to be seen as somehow separate from what else goes on in our seas. But with increasing and competing pressure for using the resources our marine environment has to offer there is a need to align the CFP with other marine objectives, especially those in the Marine Strategy Framework Directive. We want to see rules streamlined so that Member States can implement conservation measures in a straightforward way.

⁴² [Agriculture and Fisheries Council \(June\), The Secretary of State for Environment, Food and Rural Affairs \(Mrs Caroline Spelman\), Written Ministerial Statements for 12 July 2010, Houses of Parliament, Hansard.](#)

- **Management of aquaculture** - this is set to play an increasing role in the supply of fish and food security. But we would argue that it does not follow that the CFP should seek to exert detailed control over aquaculture and unless good reasons can be given, the management of aquaculture should be left to Member States.

Other developments include the 18th October 2010 Fisheries Committee meeting where Commissioner Damanaki revealed that she was “..aiming to have the upcoming CFP reform package ready in time for the Commission to adopt it towards the end of the first half of next year”.⁴³

In addition, Commissioner Damanaki revealed that the proposed package would consist of the following five parts:

- **An overarching Commission Communication**, explaining the content of our proposals, but also highlighting the Commission's ideas for all those areas which will not be part of the proposed legal instruments. I am thinking here, for example, about issues such as what we intend to do to improve the quality of scientific advice;
- **A Communication on the reformed international dimension of the CFP** covering international organisations, Regional Fisheries Management Organisations and Fisheries Partnership Agreements.
- **The proposal with the basic framework for the functioning of the CFP**, to introduce the radical reform we have already discussed.
- **A proposal to reform the market policy**, we will address sector organisation and the role of producer organisations, to improve the management of fisheries and aquaculture activities and the marketing of fisheries and aquaculture products. It will also revisit instruments to support stability of the market and information to consumers, through a labelling system.
- **A proposal on a fund to support the new Integrated Maritime Policy, the Common Fisheries Policy and aquaculture**, here we envisage integrating all the financial instruments we need, building it in support of the objectives of our fisheries policies and contributing in a broader context to the aims of the Europe2020 Strategy. I can already tell you that I won't be proposing more of the same. The new fund will be there to help deliver the policy we want.

The EU Fisheries Council meeting on the 19th July 2011 provided the first opportunity for DARD Minister Michelle O'Neill to respond to Commissioner Damanaki's proposals on reform of the CFP published on the 13th July 2011 (see section 2.1 of this paper). At this meeting Minister O'Neill revealed⁴⁴ that she had:

“...hoped that the proposals (made by the Commission on the 13th July 2011) would mean greater regionalisation of decision making and a move

⁴³ [Press release by Maria Damanaki, Member of the European Commission Responsible for Maritime Affairs and Fisheries, Meeting of the Fisheries Committee \(PECH\) of the European Parliament, 18th October 2010](#)

⁴⁴ [O'Neill responds to Common Fisheries Policy proposals in Brussels, DARD press release, 19th July 2011.](#)

away from the overly bureaucratic, centralised approach to fisheries management. We need to exploit the knowledge of local fisheries managers and the fishing industry more in the design of future fisheries management measures.”

In addition the Minister made clear her concerns around “...the Commission’s proposals which would require Member States to introduce mandatory “transferable fishing concessions”. Ultimately this could lead to a consolidation of fishing rights in the hands of some of the more wealthy fishing fleets to the detriment of coastal communities which depend on fishing.”

In relation to issues specific to the local fishing industry the Minister used the Fisheries Council meeting to:

“...discuss the Commission’s CFP reform package, the impact of the Cod Recovery Plan on our fleet and prospects for the vital negotiations on fish quotas which will happen in November and December. I also wanted to reinforce my commitment to take measures in Irish Sea fisheries to reduce discarding of unwanted fish and to explain how important local experience was in the development of anti-discard measures.”

The specific issue of reducing fish discards had also given the Minister the opportunity to outline the work that DARD had undertaken in partnership with its scientific advisors and the local fleet which had led to the successful testing of:

“...new fishing gears which have been found to be more effective than those currently specified in EU regulations. This new design would more than half the discards of small haddock and whiting caught by the Nephrops trawlers. We want to do further work on gear technology later this year. Where there are successful solutions I want to see that can be introduced with the minimum of fuss and bureaucracy”

2.4.2 Ireland

The previous Government published *Ireland’s Response to the Commission’s Green Paper on the Reform of the Common Fisheries Policy* in February 2010. This document outlines that the changes Ireland considers necessary ones cover the following areas:

- New focus on addressing discarding of fish at sea with a complete ban being introduced for stocks in a depleted state;
- The retention of a management system based on national quotas supported by increased flexibility and a rejection of the mandatory privatisation of fish quotas or the introduction of international trading of fish quotas;

- Access to coastal waters to be re-examined with a view to an extension of the coastal limit from 12 to 20 miles with new management arrangements in place to strengthen coastal communities dependant on inshore coastal fisheries;
- New measures to strengthen the market for EU producers and increase quay side prices;
- Reinvigoration of European aquaculture with continued structural support and a roadmap that establishes a route for growth in harmony with Community environmental law; and
- New regional structure to decision making at EU level with increasing industry responsibility and the development of a culture of compliance.⁴⁵

In May 2010, Ireland and five other Member States⁴⁶ issued a joint declaration concerning the future financial instrument of the CFP. In the joint declaration, which was sent to the EU fisheries Commissioner, the six Member States defend subsidies to the fisheries and aquaculture sectors:

“France, Ireland, Italy, Portugal, Spain and Belgium,

1. consider that, in order for the European fishing and aquaculture industry to adapt to the new challenges it faces, a strong financial instrument dedicated to supporting the industry must be maintained, without prejudice to the final outcome of the discussions over the future financial perspectives,

[...]

3. believe that funding for this future instrument benefitting the fishing and aquaculture sector must, at minimum, be maintained at the same level as for the 2007-2013 period, based on the importance of the sector in each Member State,

*4. consider that this financial instrument should contribute to the adaptation of the European fishing fleet in order to achieve economic, environmental and social objectives of the future common fisheries policy. The reduction of the fleet's capacity and of the fishing effort for fisheries where this is still necessary in view of achieving sustainability targets should be taken into account for a transitional period”.*⁴⁷

A further eight Member States have since jointly declared that they want to maintain a strong financial instrument for the fisheries sector after 2013.⁴⁸ This means that 14 Member States out of 27, including Ireland, have declared their desire to maintain strong fisheries subsidies post-2013.

⁴⁵ See press release, *Killeen Launches Ireland's Proposal on the Reform of the Common Fisheries Policy*, 23 February 2010. Available at <http://www.agriculture.ie/press/pressreleases/2010/february/title.39895.en.html>

⁴⁶ The other signatory governments were France, Italy, Portugal, Spain and Belgium.

⁴⁷ See Joint Declaration on the Future Fisheries Instrument of the Common Fisheries Policy available at <http://www.cfp-reformwatch.eu/wp-content/uploads/2011/06/Declaration-sur-le-financement-de-la-PCP-15-06-11.pdf>

⁴⁸ These eight MS comprise of Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland and Romania.

At the EU Fisheries Council meeting in July 2011, the Minister for Agriculture, Food and the Marine Simon Coveney TD responded to the European Commission's proposals on reform of the CFP. Whilst the Minister welcomed many aspects of the proposals such as bringing fish stocks within sustainable levels, he identified a number of concerns from an Irish point of view:

"I have significant issues with the Commission's approach in respect of the mandatory application of an Individual Transferable Quota system (ITQ), discards and regionalisation".⁴⁹

The Commission has proposed the mandatory introduction of an ITQ system for the management of fish stocks within each Member State. Minister Coveney has expressed the concern that the Commission proposal will result in "the effective privatisation of fish quotas and their concentration in the hands of multi-national companies without links to Ireland's coastal communities" and the consequential potential effects on Irish fishing jobs.

In relation to fish discards, the Commission proposal involves the introduction of a ban on discarding of fish which would be applied incrementally over the period 2014 to 2016. The Minister, while also calling for an end to discards, has rejected the Commission's proposal for a ban as being too simplistic and likely to lead to the concealment of such practices rather than to their end.

Minister Coveney and his French colleague Minister Bruno Le Maire have sought an increase in the cod quotas for Celtic Sea cod. This followed the receipt of scientific advice from the International Council for the Exploration of the Seas (ICES). The two countries' request for an increase in the quota for the autumn has been supported by Spain and the United Kingdom.

⁴⁹ See press release *Coveney sets down Ireland's priorities in the CFP Reform and progresses the case for increase in cod quota in the Celtic Sea*. 19th July 2011. Available at <http://www.merrionstreet.ie/index.php/2011/07/coveney-sets-down-irelands-priorities-in-the-cfp-reform-and-progresses-the-case-for-increase-in-cod-quota-in-the-celtic-sea>

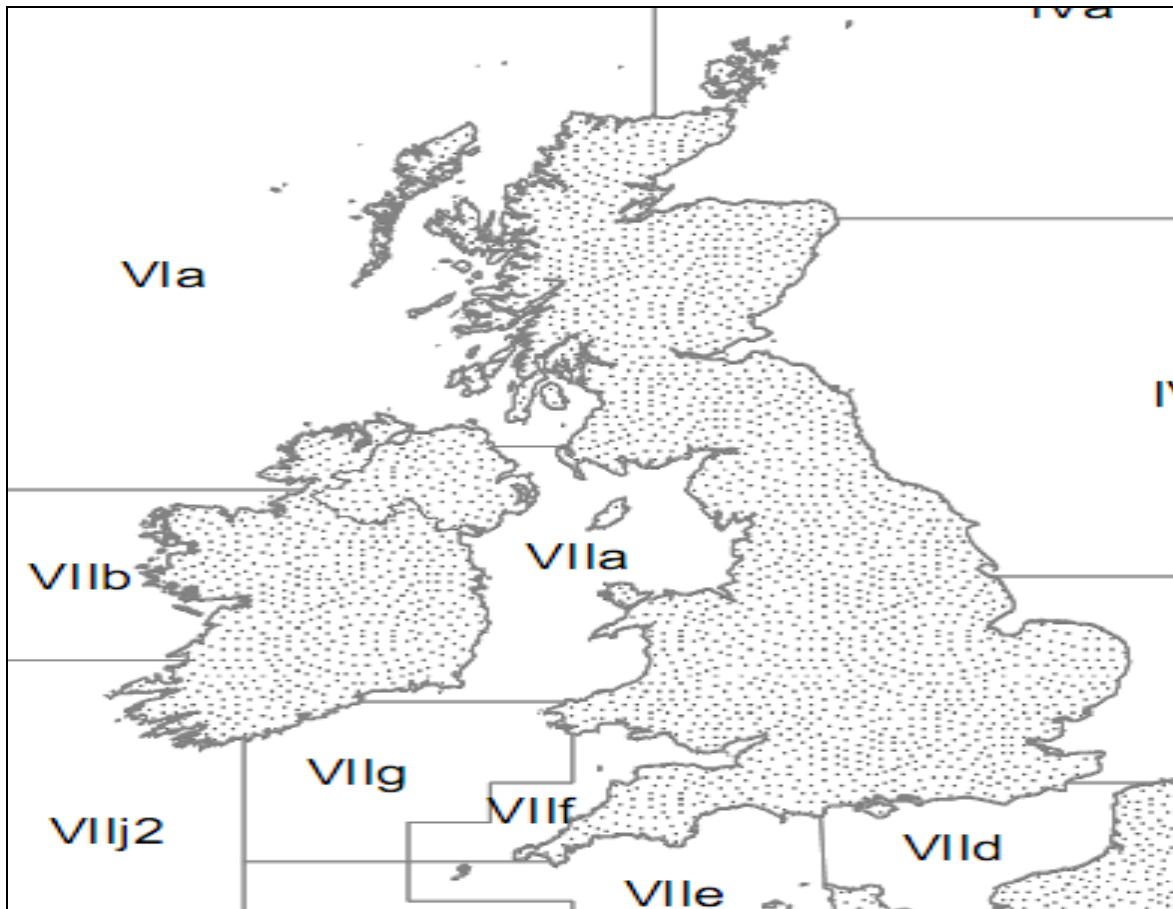
3. Common challenges facing both Northern Ireland and Ireland in relation to the Irish Sea Cod and *Nephrops* (prawn) Fisheries

3.1 The general state of the Irish Sea Fishery

For the purpose of this paper the focus is on the Irish Sea Fishery which has traditionally been the main focus of effort for the majority of the Northern Ireland fishing fleet. In the case of Ireland the fishing industry is distributed in several areas but the Irish Sea is one of those and is of significant value.

The geographical limits of the Irish Sea fishery are generally accepted as being those set by the International Council for the Exploration of the Seas (ICES), which identifies the Irish Sea as area VIIa (see figure 3 over) on all of its correspondence. This designation is generally widely accepted as a result of ICES providing scientific support and guidance on sea fishing to the European Commission, which is the main source of fisheries legislation.

Figure 3: International Council for the Exploration of the Seas (ICES) Area Map⁵⁰



In terms of the health of the Irish Sea fish stocks ICES is the body that collates and analyses the data provided by marine scientists within individual nations on which stock assessments are based.

A fish stock assessment is made using data collected by monitoring fish landed at ports, the catches onboard fishing vessels, and by research ships undertaking independent sampling surveys in terms of catches. This data once collected enables an assessment of the health of the fish stock to be established. There are three critical measures used here as follows:

- **The level of fishing mortality** – the proportion of a stock killed/dying as a result of fishing activity;
- **The spawning stock biomass** – the total weight of fish within a stock that are able to spawn (reproduce); and
- **The recruitment levels** – the number of young fish entering the fishery either through year groups ageing or fish migration.

⁵⁰ [ICES Area Map, ICES website, 2nd February 2011](#)

By taking into account the data under these three headings for each fishery and species of fish within it an assessment is made as to the overall health and state of the fishery. The 2010 ICES stock assessments for the Irish Sea fishery are presented in figure 4 below which is taken from the recently published State of the Seas report.

Figure 4: Status of the main commercially exploited fish stocks in the Irish Sea, 2010⁵¹

Species	Biomass	Exploitation	Trend	Irish Sea TAC 2010	2010 ICES assessment of state of stock
cod	Red	Red	▲	674t	Harvested unsustainably since the late 1980's. The stock has had reduced reproductive capacity since the mid-1990s. After 7 years of some of the lowest recruitments in the time series, the 2009 year class is estimated to be more abundant and is estimated by surveys to be the largest since 2001
haddock	Green	Green	▲	1,424t	Stock trends indicate an increase in spawning biomass over the time-series but a decrease since 2008. Total mortality appears relatively stable
plaice	Green	Green	▲	1,627t	The spawning biomass trends show an increase in stock size since the mid-1990's to a stable level. Total mortality shows a declining trend since the early 1990's
sole	Red	Yellow	▼	402t	Spawning biomass has continuously declined since 2001 to low levels and recruitment reached its lowest level in 2008. A large reduction of fishing mortality in recent years reflects a reduction in fishing effort
whiting	Red	Red	▼	157t	The present stock size is extremely low. Landings have seen a declining trend since the early 1980s, reaching lowest levels in the 2000s. Survey results indicate a decline in relative spawning biomass
herring	Green	Green	▲	4,800t	Spawning biomass is close to its highest abundance in the 17 year time-series. The current fishing pattern shows no signs of being detrimental to the stock

Biomass	Red	reproductive capacity impaired		
	Yellow	at risk of suffering reduced reproductive capacity	Trend	▲ state improving
	Green	at full reproductive capacity		▶ stable
Exploitation	Red	overfished		▼ state deteriorating
	Yellow	at risk of becoming unsustainably fished		
	Green	sustainably fished		

Looking at the assessments contained within figure 4 it seems clear, on the basis of the scientific evidence utilised by ICES, that with the exception of haddock, plaice and herring there are serious concerns at the current stock levels for species such as cod, sole and whiting. In terms of the trends for stocks however it is worth noting that ICES believe that the trend for stock of all species, with the notable exceptions of sole and whiting, is improving. It should however be recognised that there will be a time lag between stocks recovering and being able to be fished sustainably.

⁵¹ [Northern Ireland State of the Seas Report, AFBI and NIEA, January 2011.](#)

The other major target species for the Northern Irish fishing fleet within the Irish Sea remains *Nephrops* (prawns). According to the State of the Seas report:

“..the Nephrops stock in the western Irish Sea has maintained a stable size composition and sex ratio during the past four decades, suggesting that the stock is harvested sustainably.”⁵²

3.2 Issues relating to the Irish Sea Cod fishery

As highlighted previously ICES believes that the stocks of cod within the Irish Sea are seriously depleted. The science utilised by ICES supports the assertion that high and ultimately unsustainable levels of fishing of cod within the Irish Sea over a number of decades has reduced the reproductive capacity of cod within the fishery. It should be recognised that recruitment levels within the fishery are finally showing signs of improvement but the reality is that whilst more fish are being recruited the spawning stock remains dangerously low and is likely to be so for some time to come.

Efforts to improve the state of the cod fishery within the Irish Sea have effectively been ongoing since the year 2000. In February 2000 the European Commission implemented a series of measures within the Irish Sea in an effort to return cod stocks to a sustainable level. A key component of these steps was the creation of two close spawning areas in the Eastern and Western Irish Sea during the fish spawning season. Additional restrictions around the type of towed net allowed for use within the Irish Sea were also adopted in November 2000 in an effort to reduce the pressures on cod whilst not diminishing the ability to fish for prawns and flatfish. In spite of these efforts to improve the situation, in 2004 ICES formally advocated that there should be no catches of cod within the Irish Sea due to the fact that the science suggested that stock levels were not improving, particularly in relation to the older and more likely to spawn fish.

Further mechanisms such as the control of fishing effort (trawl duration), the decommissioning of fishing vessels and a 15%-25% TAC reduction per year since 2006 have also been instigated by the European Commission and in their entirety these alleviation measures were referred to as the Cod Recovery Plan (CRP) which was formally set out in European Council Regulation no 423/2004⁵³. The core objective of the 2004 CRP was defined as creating a situation whereby for:

“..two consecutive years, the quantity of mature cod has been greater than that decided upon by managers as being within safe biological limits.”

⁵² [Northern Ireland State of the Seas Report, AFBI and NIEA, January 2011, page 41.](#)

⁵³ [European Council Regulation \(EC\) No 423/2004, establishing measures for the recovery of cod stocks, 26 February 2004.](#)

The European Commission openly acknowledges that in terms of achieving this primary objective the 2004 CRP failed. This view is also endorsed by research conducted by Kelly, Codling and Rogan relating to the Irish sea who reflected that:⁵⁴

“..the Irish Sea cod stock at the end of 2004 seemed to be in a state similar to that in 1999, so the recovery plan seems to have had little effect.”

The current Long Term Cod Recovery Plan (CRP) has been in force since the beginning of 2009 having being proposed in European Council Regulation (EC) No 1342/2008⁵⁵. Whilst the focus of the regulation continues to be on enabling cod stocks to recover hence enabling their sustainable exploitation the new regulation has also seen a change from:

“..a biomass-based target to a fishing mortality-based target, which should also be applied to permitted levels of fishing effort.”

In relation to the Irish Sea this new approach has seen a 25% cut in both the TAC and fishing effort for cod in 2009, 2010 and 2011.

Figures published for 2009 and referred to previously in this paper, suggest that the cod recruitment level for 2009 is estimated to be the largest since 2001, indicating that the stocks may finally be improving. In spite of this apparent improvement however the European Commission remains concerned that the reductions in cod mortality as required in the Cod Recovery Plan are not being met in the Irish Sea Fishery. This concern led the European Commissioner for Fisheries, Maria Damanaki, to write to the governments of both the United Kingdom and of Ireland in November 2010 to suggest that the Commission may invoke Article 10(2) of the current CRP and implement greater reductions in both fishing efforts and cod TAC for the Irish Sea than the originally proposed 25%.⁵⁶

Commissioner Damanaki's motivation for this course of action is linked to her assertion that more cod are 'missing' in the Irish Sea than can be explained by the official landing discard statistics, and that this discrepancy is due to unofficial landings and discards, an allegation strongly refuted by both the governments of the UK and of Ireland. At the December 2010 EU Fisheries Council meeting Commissioner Damanaki initially proposed to cut the fishing effort and TAC allowance for cod in the Irish Sea but this was negotiated back to the initially proposed 25% cut.⁵⁷

A significant outcome from the 2010 EU Fisheries Council has been the commitment by the European Commission to undertake a review of the Cod Recovery Plan, as set

⁵⁴ [Kelly, C. J., Codling, E. A., and Rogan E. 2006. The Irish Sea cod recovery plan: some lessons learned - ICES Journal of Marine Science, 63: 600e610](#)

⁵⁵ [Council Regulation \(EC\) No 1342/2008 of 18th December 2008 on establishing a long-term plan for cod stocks and the fisheries exploiting those stocks and repealing Regulation \(EC\) No 423/2004.](#)

⁵⁶ [Fisheries: Commission proposes science-based, sustainable fishing opportunities for 2011, European Commission Press Release, 11th November 2010.](#)

⁵⁷ [Gildernew resists excessive cut in prawn quota, DARD press release, 15th December 2010](#)

out in an EC press release⁵⁸ issued after the Fisheries Council meeting which states that:

"The Commission, taking note of the continued poor state of stocks of cod concerned by Council Regulation (EC) 1342/2008 and the lack of evidence of a reduction in fishing mortality rates, will undertake a review of all pertinent factors concerning the fisheries catching the relevant cod stocks. The review will include the measures fixed according to the aforementioned Regulation, their implementation and their effects, including discard reduction measures and measures affecting cod management decided by Member States as well as the application of the fishing effort limits.

The review will cover scientific and control aspects and will require the submission of relevant data by Member States. The Commission will request the advice of STECF⁵⁹ concerning the review and will consult stakeholders through the Regional Advisory Councils. The Commission undertakes to convene a conference to discuss the findings of these consultations."

As yet there are no further details with regard to either when or how this review will be conducted, but both the UK and Irish governments are hopeful that such a review will help to accurately establish both the rates of cod mortality and the levels of discard within the Irish Sea.

By way of information a factor that will require further investigation in relation to Irish Sea cod stocks is the impact of climate change. A recent scientific paper⁶⁰ prepared by an Expert Group under the auspices of the International Council for the Exploration of the Sea (ICES) concluded that rising sea temperatures are both having and will continue to have an impact on both the numbers and distribution of cod within the North Atlantic area (including the Irish Sea).

To summarise this report there is evidence that the levels of cod recruitment to a fishery bear a strong relation to the mean sea bottom temperature. The paper highlights the fact that **cod are currently not found in waters with mean bottom temperatures of more than 12°C**. Based upon this figure **an increase of only 1-2°C mean bottom sea temperature within the Irish Sea would potentially see the collapse of the cod fishery, with any remaining fish steadily migrating further north to colder waters** (as shown in figures 5 and 6 over).

⁵⁸ [European Commission, press release 13-14th December 2010](#)

⁵⁹ Scientific, Technical and Economic Committee for Fisheries (STECF).
http://ec.europa.eu/fisheries/partners/stecf/index_en.htm

⁶⁰ [Ken F. Drinkwater, Corinna Schrum, Keith M. Brander, editors, Cod and future climate change, ICES Cooperative Research Report, No 305, September 2010.](#)

Figure 5: Expected changes in abundance of cod stocks with temperature increase 1°C above current mean sea bottom temperature.

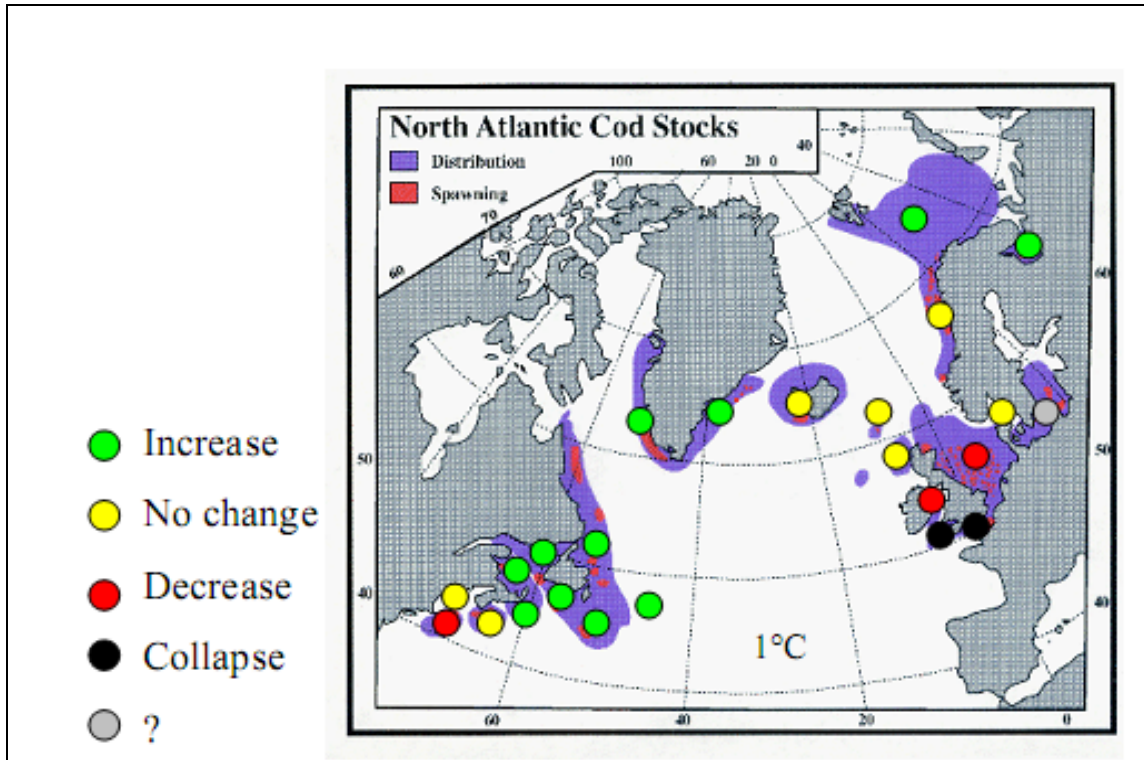
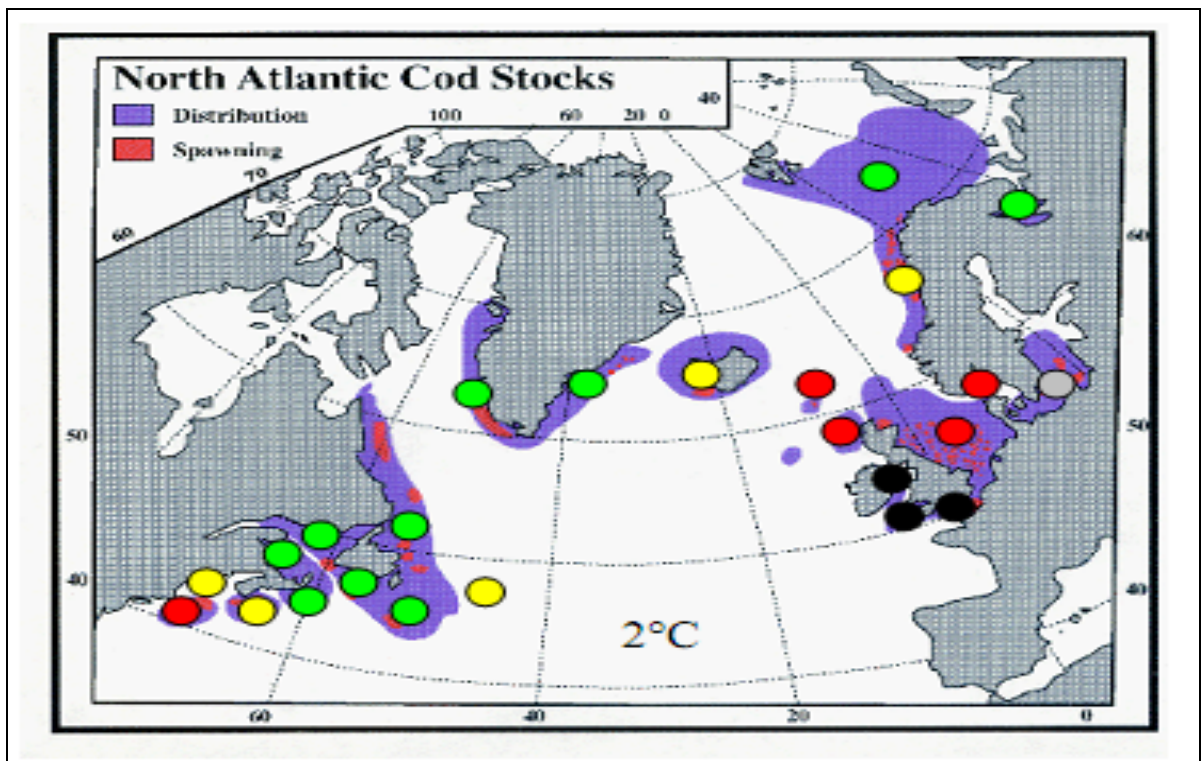


Figure 6: Expected changes in abundance of cod stocks with temperature increase 2°C above current mean sea bottom temperature.



Whilst models for climate change impacts and potential temperature increases are to be treated with care there does appear to be a sound rationale for additional specific work to assess the potential impacts of any such changes in the Irish Sea cod stocks.

Finally, it should again be noted that the Commission announced its intention in September 2011 to propose a complete ban on cod fishing in the Irish Sea in respect of 2012.⁶¹

3.3 Issues relating to the Irish Sea *Nephrops* (prawn) fishery

As stated previously within this paper the generally held view by many local fishermen and marine scientists alike is that the *Nephrops* fishery within the western Irish Sea is being harvested sustainably. In spite of this assessment however over the last few years ICES has recommended cuts to the overall *Nephrops* TAC within the Irish Sea on the basis that they believe *Nephrops* stocks within Area VII cannot sustain the current levels of exploitation. The major problem here was that ICES and the EU did not recognise the specific area of the western Irish Sea when the *Nephrops* TAC was being set, but rather set their TAC for all of area VII, which covers a wide area with *Nephrops* fisheries in various states of health.

This move to a universal TAC and harvest ratio for all *Nephrops* stock in ICES areas IV, VI, and VII was first proposed in 2009 despite the opposition of fishermen and marine scientists in both Northern Ireland and in Ireland. Such a move was seen by local fishermen as unduly penalising them, despite the apparently sustainable nature of the western Irish Sea *Nephrops* stock.

To further complicate matters ICES and the EC now recognise that there is spatial variation within Area VII and other *Nephrops* fisheries, and this position was put forward in a 'non paper' published by the EC on the 30TH June 2010 entitled "*Spatially Structured management of Nephrops in Zone VII*". In simple terms the proposals which the EC wish to bring forward would see the creation of 7 smaller Functional Units within area VII each of which would have their own *Nephrops* TAC. At first glance the advocacy and creation of a Functional Unit (sub regional) approach to the setting of TACs for *Nephrops* appears to make sense but there are a number of potential problems associated with this approach.

Firstly the data on which the TAC for each Functional Unit area is set becomes very important. As part of its proposals the EC plans to use data for period of 1998-2008 to establish both the baseline situation and the basis for future catches. In the case of the western Irish Sea local fishermen are opposed to this approach as they argue that this reference period is too short, given that the western Irish Sea *Nephrops* fishery has been in operation for over 40 years. The Northern Ireland Department of Agriculture and Rural Development (DARD) is also of the opinion that the proposed reference

⁶¹ <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/1081&type=HTML>

period is wrong and would prefer to see data being used from 2006-2010, as this would better reflect the most recent fishing patterns and exclude landings prior to the introduction of Buyers and Sellers legislation in 2006 that DARD believes to be inaccurate. In addition there are some concerns that the use of such data would not take account of some landings of *Nephrops* by Scottish vessels and would therefore underestimate the sustainable catch for the fishery, which could potentially reduce the TAC for the fishery.

For some stakeholders, a key concern around the Functional Unit model is that it has the potential to both restrict movement and thereby reduce flexibility in relation to the exploitation and management of the *Nephrops* fishery within the western Irish Sea. The present largely self-regulated system has operated for over 40 years with boats moving from areas which are not producing to areas that are. It is debatable whether an additional level of bureaucracy and regulation would enable this approach to continue and as such could jeopardise both the viability of the stock and the fleet within the western Irish Sea.

At present it is likely that the Commission will return to the proposals for the spatial management of *Nephrops* stock in 2012 because it has made a commitment to do so in the TAC and Quota regulation.

The Common Agricultural Policy (CAP) – background and challenges posed by recent reforms

Key Points

- Agriculture remains a significant industry both in Northern Ireland and in Ireland;
- The number of full time farmers and active farms in each jurisdiction is falling and those who remain in the industry are ageing;
- Both industries are dominated by the raising and keeping of livestock for meat and the production of dairy products;
- The EU's Common Agricultural Policy (CAP) has had a major impact on the industry in both parts of the island;
- CAP reforms over the last few decades have seen the introduction of the Single Farm Payment (SFP) and the decoupling of farm support and production;
- Both Agricultural industries face a range of challenges in relation to the latest detailed proposals for CAP reform published on the 12th of October 2011. Issues relating to the proposed greening measures, New Basic Payment scheme, the 'active' farmer definition, 2014 as the reference year for establishing new entitlements and support proposals for young farmers will have varying effects on agriculture.

Introduction

This paper sets out some of the issues affecting the area of agriculture in both Northern Ireland and Ireland, at present, and in the near future. As such, this paper does not seek to present solutions to the issues but rather attempts to quantify and focus on many of the key challenges that rural communities and those who live and work within them face.

The first part of this paper provides background information on agriculture in Northern Ireland and in Ireland. It then outlines the background to the CAP.

Finally, this paper explores in some greater detail the specific challenges being faced by the agricultural industries in light of both the detailed CAP reform proposals published on 12th October 2011 and some wider issues impacting worldwide.

1. The role and contribution of Agriculture

1.1 Northern Ireland

Agriculture remains a critical industry and employer in Northern Ireland with a labour force of 46,948 directly involved in agriculture⁶². Agriculture contributes £378 million gross value added to the local economy (1.3% overall), more than double the UK average⁶³.

Whilst these figures are still significant the overall trend in agriculture over the last 10 years has been a reduction in the number of farms and full and part-time farmers as illustrated in table 1 below.

Table 1: Number of farms and farmers in Northern Ireland - comparative figures for 2000 and 2010⁶⁴

	2000	2010	Percentage change
Total farms	29,891	24,471	-18%
Full time farmers	20,534	15,965	-22%
Part time farmers	15,386	13,596	-12%

The EU Farm Structure Survey completed by the Department of Agriculture and Rural Development (DARD) in 2007⁶⁵ also reveals a number of interesting facts in relation to the makeup of the agricultural workforce:

- 94% of farmers were male;
- The median age for farmers in Northern Ireland was 57 – and the trend over the last few surveys is very much one of this median figure increasing;
- Those with Medium or Large farms were generally younger, 44% over 55 years old, than those with Very Small or Small farms, where 57% and 54% respectively were of that age;
- 52% of farmers worked for at least 30 hours per week and have been termed “full time”, compared with 65% in 1993; and
- 37% of farmers had some other gainful activity (the same as in 2005), on or off farm, the proportion having risen significantly from 19% in 1993

In common with the rest of the EU the Common Agricultural Policy (CAP) has greatly shaped and influenced the agricultural industry in Northern Ireland. Since the UK's

⁶² [Key Statistics, Northern Ireland Agri-Food Sector, Policy and Economics Division, DARD, June 2011](#)

⁶³ [ibid](#)

⁶⁴ [ibid](#)

⁶⁵ [EU Farm Structure Survey 2007, Northern Ireland, Policy and Economics Division, DARD](#)

entry to the then European Economic Community in 1973 farmers in Northern Ireland have benefitted from the provisions of the CAP.

Support to farmers under the CAP is delivered in a two pillar approach following the Agenda 2000 reforms, namely rural development and support for production. Support for production is currently delivered through the form of the Single Farm Payment scheme. According to figures provided by Defra there were a total of **39,080** SFP beneficiaries within Northern Ireland in 2009 who received payments which totalled **£301,825,754.21**⁶⁶.

With regard to the actual types of farming undertaken in Northern Ireland the climate and nature of the land have a major bearing. The prevailing mild and damp conditions mean that agricultural land in Northern Ireland is particularly well suited to the production of livestock and it is for these reasons that the numbers of cattle for both beef and dairy production per hectare are far higher than the numbers recorded in other parts of the UK, as shown in table 2. Similarly Northern Ireland is well below the UK average in terms of the percentage of holdings which are used to produce crops.

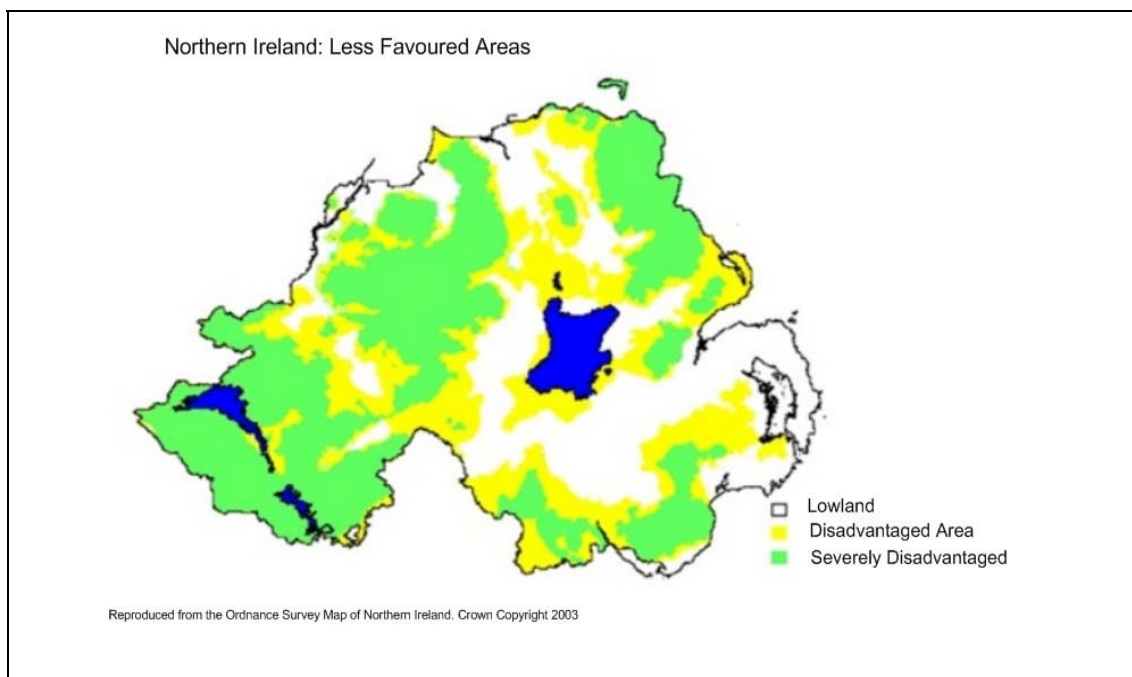
Table 2 : Crops, grazing and livestock levels - UK comparative statistics

	Northern Ireland	England	Scotland	Wales	UK
% of area on holdings under crops	6%	52%	10%	6%	27%
% of area on holdings under grassland	78%	43%	24%	75%	42%
Number per ha. of agricultural holdings - sheep	1.88	1.59	1.23	5.59	1.83
Number per ha. of agricultural holdings - cattle	1.59	0.58	0.32	0.76	0.57
Number per ha. of agricultural holdings - pigs	0.43	0.41	0.07	0.01	0.27

⁶⁶ [2009 CAP beneficiaries Northern Ireland, CAP Payments Search, Defra website](#)

70% of the agricultural land within Northern Ireland is recognised as being Less Favoured, meaning that agricultural production is hampered or restricted by factors including lower quality vegetation to support animal grazing and low population densities.

Figure 1: Less Favoured Areas - Northern Ireland⁶⁷



At a time when other business sectors are in decline or stasis, the agri/food sector appears to be growing within Northern Ireland, a situation borne out by the fact that total income from farming grew by 19% in real terms within Northern Ireland between 2009 and 2010, whilst contracting by 4% for the UK as a whole.⁶⁸

1.2 Ireland

The agri-food sector consists of primary agriculture, forestry and logging, fishing and aquaculture, agri-food and beverages (excluding tobacco) and wood-processing. However, this section focuses on primary agriculture.

The most recent *Factsheet on Irish Agriculture* was released in June 2011 by the Department of Agriculture, Food and the Marine (DAFM).⁶⁹ The Factsheet (DAFM 2011) provides some of the most up-to-date statistics on Irish agriculture. As in Northern Ireland, the agri-food sector continues to be a significant industry. Overall there are approximately 118,200 people employed in the agri-food sector; 77,600 of

⁶⁷ [Review of Support Arrangements for Less favoured Areas in Northern Ireland, DARD Consultation Document, March 2009](#)

⁶⁸ *ibid*

⁶⁹ Available at:

<http://www.agriculture.gov.ie/media/migration/publications/2011/FactSheetIrishAgJune11update.pdf>

these are employed directly in primary agriculture and a further 40,600 work in the agri-food industry.

As detailed in Table 3 over, primary agriculture in Ireland accounted for 1.08% of gross value added (GVA) at basic prices in 2010.

Table 3: GVA, total labour force in primary agriculture and agricultural holdings in Ireland

GVA at basic prices - € million 2010	GVA at basic prices - % of country total 2010	Area of agricultural holdings 2010 - % of total land area	Total labour force in primary agriculture (2010) – thousands	Total labour force in primary agriculture (2010) - % of country total
1529.00	1.08% in 2010 (0.68% in 2009)	60.9%	77.6	4.6

Ireland's land area is 6.9 million hectares (ha), of which 4.2 million ha are used for agriculture with almost 80% devoted to pasture, hay and grass silage (3.34 million ha), 11% to rough grazing (0.45 million ha) and 10% to crop production (0.42 million ha). Of the 10% under crop production, in June 2010 there were 77,800 ha in wheat, 19,700 ha in oats, 174,800 ha in barley and 12,200 ha in potatoes. Beef and milk production currently account for 69% of agricultural output at producer prices (excluding forage) (DAFF 2011).

The Central Statistics Office (CSO) conducts a Farm Structure Survey every two to three years. Apart from the Census of Agriculture (conducted every ten years) this is the largest regular survey of farming in Ireland. The CSO conducted a Census of Agriculture in 2010 but the results of the survey have not yet been released. The most recent Farm Structure Survey was completed by the CSO in 2007⁷⁰ (CSO 2008). Some of the results of the survey and comparisons to earlier Farm Structure Surveys (CSO 2003⁷¹) indicate that:

- There were 128,200 active farms in June 2007, compared to 141,500 in June 2000. This was a fall of some 9.4% in the number of farms;
- The average farm size increased from 31.4 hectares in 2000 to 32.3 hectares in 2007;
- Between 1991 and 2007 there has been a decrease of 42,400 farms, an average of 2,650 a year;
- In 2007, a little over half (52.5%) of farmers described farm work as their sole occupation, compared to 57.5% of farmers in 2000;

⁷⁰ [Central Statistics Office \(CSO\), 2008. Farm Structure Survey 2007](#)

⁷¹ [Central Statistics Office \(CSO\) 2003. Survey news - Farm Structure Survey](#)

- In 2000, 39.5% of family farm holders were aged 55 or over; this age category represented 41.8% of holders in 2003, 47.7% of holders in 2005 and 50.5% of holders in 2007;
- In 2000, 13.0% of family farm holders were aged under 35; this age category represented 11.2% of holders in 2003, 8.2% of holders in 2005 and 7.0% of holders in 2007; and
- Specialist beef production was the most common type of farming, accounting for over half of all farms in 2007.

Data on farm incomes, outputs, costs and investments are updated annually in the National Farm Survey (NFS) which is undertaken by Teagasc. The most recent NFS was conducted in 2010 and published in July 2011 (Teagasc 2011).⁷² The NFS population estimates are based on the 2007 CSO Farm Structure Survey and do not include pig or poultry farms or very small holdings. In line with developments in the wider macro-economy, the number of households where the farmer and/or spouse has an off-farm job declined from 54% in 2009 to 51% in 2010. The average Family Farm Income (FFI) in 2010 was €17,771, up 46% from 2009 (€11,968) (Teagasc 2011).

2. Background to the CAP

The principle of supporting agricultural production so that European consumers had access to a stable and affordable supply of food, whilst ensuring that the farmers who produced the food had a viable income and livelihood was one of the primary motivations for the creation of the EEC/EU. This principle was formally enacted and implemented in the form of the Common Agricultural Policy (CAP) in 1962, which has subsequently provided direct and indirect financial support to agriculture and the wider rural economy.

As a result of a number of reforms the focus of the CAP has gradually been moving away from production since the 1980's, with the introduction of milk quotas in 1983 for example, setting the trend for limitations on production and the reduction of food surpluses. Currently the CAP accounts for around 42% of the entire EU budget⁷³ organised under two pillars – Pillar 1 being focussed on direct payment to farmers largely in the form of the Single Farm Payment (SFP), and Pillar 2 focussing on wider rural development measures including diversification, habitat/environmental conservation, and wider rural sustainability.

The EU is currently committed to a further and wide ranging reform of the CAP in 2013. The proposed reforms have 3 key objectives as follows:

- **Viable food production;**
- **Sustainable management of natural resources and climate action; and**

⁷² Available at: <http://www.teagasc.ie/publications/2011/1016/NFS10.pdf>

⁷³ [EU Budget 2011 explanation, Financial Programme and Budget page, Europa website, 10th October 2011](#)

▪ **Balanced territorial development.**

In proposals published in late November 2010 the European Commission set out its broad proposals for CAP reform in the period up to 2020. This paper set out broad policy options for reform, based upon the continuation of a two-pillar CAP.

The European Commission published more detailed proposals for CAP reform on the 12th of October 2011 and it is these detailed proposals and whether they will be adopted or adapted that will shape the CAP reform debate over the next few years.

Some of the key elements to these latest proposals are summarised as follows:

- **The Single Farm Payment system will be replaced** - a new Basic Payment System will be linked to cross compliance (including environmental and animal welfare conditions). All payments are to be set at a flat and uniform rate per hectare either at national or regional level and this needs to be in place by no later than January 2019. The reference year that will enable the identification of farmer entitlements under the new scheme is proposed as 2014.
- **Budget allocation convergence** – National allocations for direct payments will be adjusted and nations receiving less than 90% of the EU average payment per hectare will receive more. The ultimate aim is for complete convergence post 2020 in terms of direct support across the EU.
- **Direct payments will be capped at €300,000 per year** - there will be penalties for lower payment levels as well, i.e. reduced by 70% between €250,000 and €300,000, 40% between €200,000 and €250,000 and 20% between €150,000 and €200,000. Recipients can deduct the costs of salaries in the previous year before these reductions are imposed. Any monies 'saved' through this process are proposed to be kept within the Member State and moved to Rural Development measures to support farm innovation and investment.
- **Additional 'greening' measures** – as well as the New Basic payment 30% of direct payments will be subject to 3 new greening measures that will require farmers (additional requirements do not apply to organic farmers) to:
 - maintain permanent pasture;
 - diversify crops in the case of arable farmers (must cultivate at least 3 crops with none accounting for more than 70% of the land, with the 3rd crop accounting for 5% of the land); and
 - maintain an ecological focus area of at least 7% of farmland excluding permanent grassland.

- **Payments for areas of natural constraint** – Member States have the option to grant additional payments (up to a maximum of 5% of national allocation) to farmers operating within areas of natural constraint. This measure would be funded under Pillar 1 and be separate and additional to the Less Favoured Area options within the Rural Development Programme (Pillar 2). Areas of natural constraint will be defined using 8 bio-physical criteria dealing with factors such as soil quality.

- **Direct payments only available to ‘active’ farmers** – payments will not be made to applicants for whom the CAP direct payment are less than 5% of total receipts from all non-agricultural activities. Farmers whose direct payments are less than €5,000 will not have to meet the active farmer criteria. Payments will also not be made to farmers whose agricultural areas are mainly areas naturally kept in a state suitable for grazing or cultivation and on which they do not carry out the minimum activity required, as defined by Member States.

- **New scheme for young farmers** – new entrants aged under 40 will receive an additional 25% top up to their Basic Payment for the first 5 years of operation. The top up will be limited to the average farm size within the individual Member State but will have to apply to a minimum of 25 hectares in Member States where the average farm size is small.

- **New small farmers scheme** – any farmer claiming support in 2014 can choose to enter this scheme and receive an annual payment fixed by the Member State of between €500 and €1,000, regardless of the size of the farm. Participants will be subject to less stringent cross compliance measures and exempt from further greening measures. Total cost of this scheme may not exceed 10% of the national envelope.

- **Continued but simplified cross compliance** – access to Direct Payments will still require cross compliance but the number of Statutory Management Requirements and rules on Good Agricultural and Environmental Condition will be reduced.

- **Limited Coupled support provision can continue** – up to a maximum of 5% of national envelope and in relation to specific products or sectors if the Member State currently provides 0-5% of coupled support. In cases where the current couples support is higher than 5% Member States can commit up to 10% of national envelope. Payments to farmers would be annual and based on fixed areas, yields or numbers of animals.

- **Funds can be transferred between Pillars** – Member States will be able to transfer up to 10% of their national allocation for direct payments (Pillar 1) to their

Rural Development (Pillar 2) envelope. Member States in receipt of less than 90% of the EU average for direct payments will also be able to transfer up to 5% of their Rural Development (Pillar 2) allocation to Direct Payments (Pillar 1).

3. Potentially challenging impacts of detailed CAP reform proposals on agriculture for Northern Ireland and Ireland

3.1 Northern Ireland

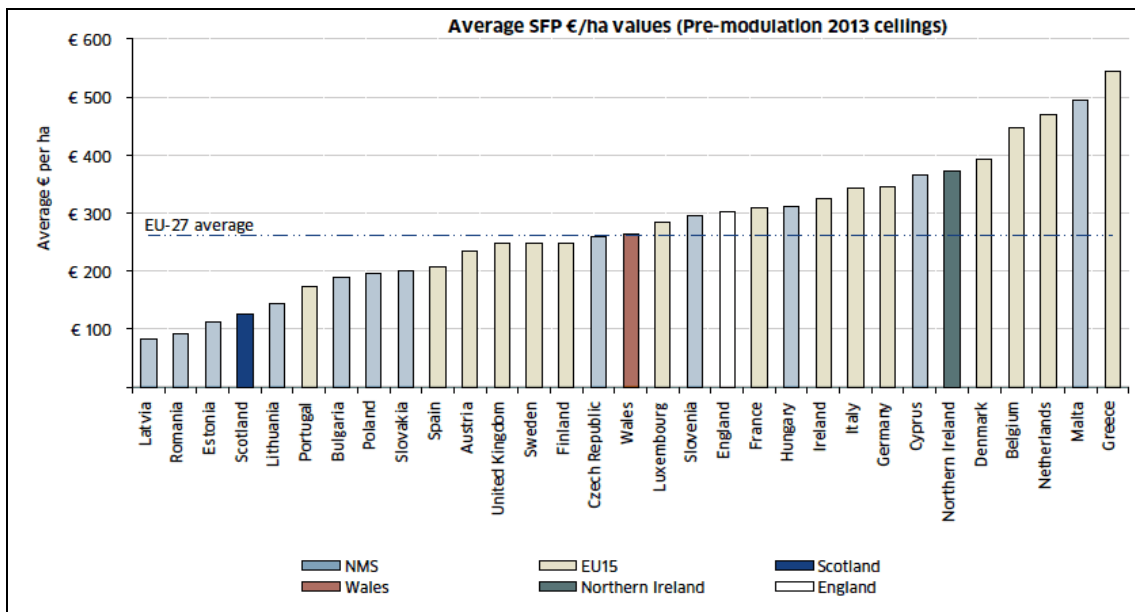
The detailed CAP reform proposals published on the 12th of October 2011 present particular challenges and opportunities for agriculture within Northern Ireland. Whilst a full and detailed analysis of the likely impacts is difficult at this time it is possible to postulate on some of the key issues that are likely to dominate debate over the coming years as follows.

3.1.1 New Basic Payment Scheme

The creation of the new Basic Payment Scheme presents a number of threats and challenges to farmers in Northern Ireland. One of the main areas for concern is the proposal for the new payment scheme to be based on a flat rate determined at either national or regional level. As figure 2 below reveals however, under the current Single Farm Payment scheme, which was calculated using different criteria across the UK regions, Northern Ireland appears to have fared well on an average per hectare basis given that the average per hectare values are €125 for Scotland, €263 for Wales; €303 for England; €372 for Northern Ireland; and €247 for the UK as whole.

Given these figures it is clear that the adoption of a common flat rate across the UK would be likely to have a greater adverse impact in the devolved nations. In Northern Ireland's instance, and in recognising the fact that some will argue that we have fared better under the current Single Farm Payment model, it stands to reason that we have more to lose from such changes. In these circumstances the key task for farmers in Northern Ireland will be to either secure a UK flat rate that is set high enough to not unduly penalise them, or if the UK goes for the regional rate approach to secure either a fair overall regional rate or a Northern Ireland specific one.

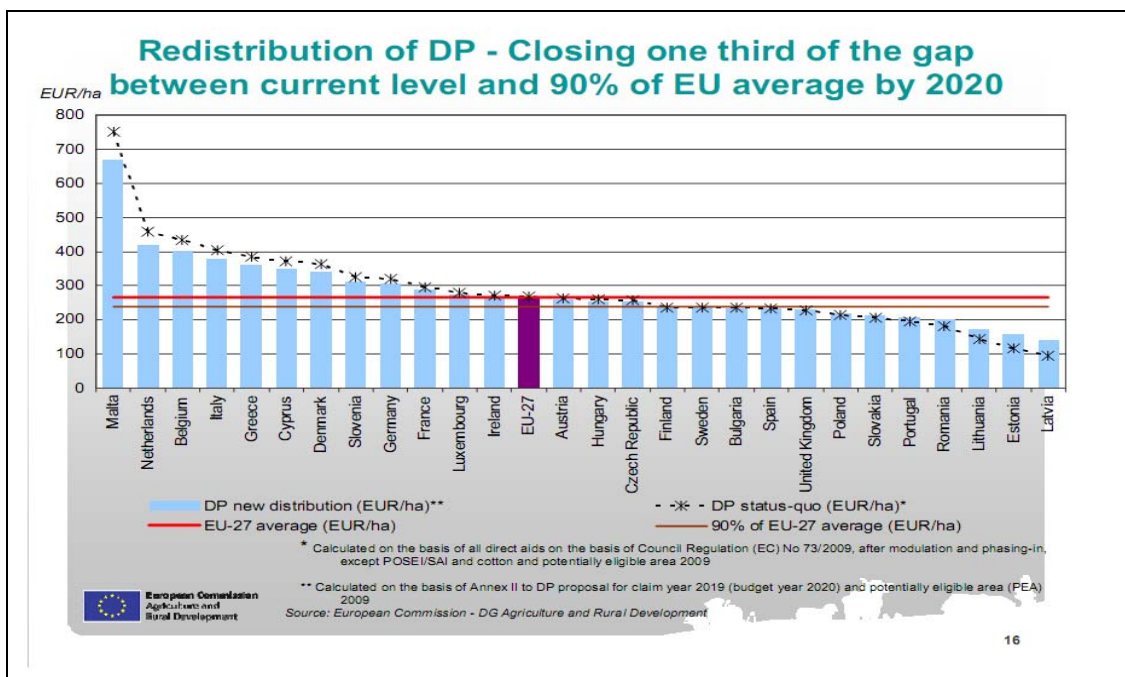
Figure 2: Average SFP €/ha values – EU and within UK comparisons⁷⁴.



3.1.2 Budget allocation convergence

At first glance it seems clear that the process of budget allocation convergence is likely to see the overall UK CAP budget allocation grow due to the fact that the UK currently receives less than 90% of the EU average payment per hectare (see figure 3 below).

Figure 3: Direct Payments - current levels and nations outside or inside 90% threshold⁷⁵



⁷⁴ [The road ahead for Scotland, Final report of the Inquiry into future support for agriculture in Scotland, The Scottish Government, November 2010.](#)

⁷⁵ [The CAP towards 2020, Legal Proposals, presentation by Commissioner Ciolos 12th October 2011](#)

Whilst a rise in the UK CAP allocation/ceiling (as illustrated in table 4 below) will be welcomed by local farmers the challenge will once again relate to how this money is redistributed to each of the devolved administrations. The potential challenges presented by this process have already been highlighted by the recent intervention of Scottish MEP, George Lyon who has called for a fairer allocation of CAP funding for Scotland, which in real terms would mean money being taken from farmers in England, Wales and Northern Ireland.⁷⁶

Table 4: National CAP Ceiling Allocations 2014 onwards⁷⁷

<u>ANNEX II</u>						
<u>National ceilings referred to in Article 6</u>						
<i>(In thousands EUR)</i>						
Calendar year	2014	2015	2016	2017	2018	2019 and subsequent year
Belgium	553 521	544 065	534 632	525 205	525 205	525 205
Bulgaria	655 661	737 164	810 525	812 106	812 106	812 106
Czech Republic	892 698	891 875	891 059	890 229	890 229	890 229
Denmark	942 931	931 719	920 534	909 353	909 353	909 353
Germany	5 275 876	5 236 176	5 196 585	5 156 970	5 156 970	5 156 970
Estonia	108 781	117 453	126 110	134 749	134 749	134 749
Ireland	1 240 652	1 239 027	1 237 413	1 235 779	1 235 779	1 235 779
Greece	2 099 920	2 071 481	2 043 111	2 014 751	2 014 751	2 014 751
Spain	4 934 910	4 950 726	4 966 546	4 988 380	4 988 380	4 988 380
France	7 732 611	7 694 854	7 657 219	7 619 511	7 619 511	7 619 511
Italy	4 023 865	3 963 007	3 902 289	3 841 609	3 841 609	3 841 609
Cyprus	52 273	51 611	50 950	50 290	50 290	50 290
Latvia	163 261	181 594	199 895	218 159	218 159	218 159
Lithuania	396 499	417 127	437 720	458 267	458 267	458 267
Luxembourg	34 313	34 250	34 187	34 123	34 123	34 123
Hungary	1 298 104	1 296 907	1 295 721	1 294 513	1 294 513	1 294 513
Malta	5 316	5 183	5 050	4 917	4 917	4 917
Netherlands	806 975	792 131	777 320	762 521	762 521	762 521
Austria	707 503	706 850	706 204	705 546	705 546	705 546
Poland	3 038 969	3 066 519	3 094 039	3 121 451	3 121 451	3 121 451
Portugal	573 046	585 655	598 245	610 800	610 800	610 800
Romania	1 472 005	1 692 450	1 895 075	1 939 357	1 939 357	1 939 357
Slovenia	141 585	140 420	139 258	138 096	138 096	138 096
Slovakia	386 744	391 862	396 973	402 067	402 067	402 067
Finland	533 932	534 315	534 700	535 075	535 075	535 075
Sweden	710 853	711 798	712 747	713 681	713 681	713 681
United-Kingdom	3 624 384	3 637 210	3 650 038	3 662 774	3 662 774	3 662 774

3.1.3 Direct payments capped at €300,000 per year

Whilst the full impacts of this proposal have still to be worked out the reality is that due to the relatively small size of farms within Northern Ireland very few farmers are likely to be affected by the €300,000 cap on Direct Payments. More work is needed to determine the overall picture in terms of numbers of businesses that will be impacted by deductions for Direct Payments between €150,000 and €300,000. In overall terms

⁷⁶ [MEP calls for fairer UK CAP share for Scotland , Farmers Guardian, 17th August 2011](#)

⁷⁷ [European Commission proposal for a Regulation of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy, 12th October 2011, Annex II page 59](#)

this proposal does not appear to pose a significant threat to agriculture within Northern Ireland at this time. It is however possible to envisage a situation where these caps and penalties could potentially restrict the growth and expansion of local agriculture at some point in the future.

3.1.4 Additional 'greening' measures

Agriculture within Northern Ireland is currently dominated by the grass based livestock and dairy sectors, and as such, much of our farmland and the majority of our farms could be described as being permanent pasture. With this in mind many of our local farms and farmers will potentially need to undertake no additional or new actions to meet the additional greening measures. A challenge may come further down the line in relation to this permanent pasture due to the fact that the level of permanent pasture will be fixed in the reference year of 2014. Thereafter farmers will only be allowed to reduce their permanent pasture coverage by a maximum of 5% and a reduction of more than 5% will result in penalties. As a result, and in theoretical terms, any move away from livestock farming due to factors such as rising input costs or the emergence of demand for new products ideally suited to be grown in our local climate could potentially see local farmers being penalised if they radically changed the uses they are putting their land to.

In relation to the proposed ecological focus area of at least 7% of farmland excluding permanent pasture, it is worth noting that this 7% can include land left fallow, terraces, landscape features (including hedges and drains), buffer strips and afforested areas. These provisions for what can constitute the 7% of farmland may mean that many local farmers should be able to meet this obligation without too much difficulty. It is however legitimate to postulate that the mapping or recording of these areas in order to prove eligibility could present challenges to farmers and DARD alike, along the lines of the recent EU disallowance fines due to the inaccurate recording of eligible land.

3.1.5 Direct payments only available to 'active' farmers

The proposed definition of an 'active' farmer within the CAP reform proposals could well present challenges to some local farmers whose Direct Payments are in excess of €5,000. It is generally believed that up to a third of the agricultural land within Northern Ireland is held under 'con-acre', effectively meaning that there is a landlord who owns and lets the land and tenant farmers who actually farm it. Under the proposed definition of an 'active' farmer payments will not be made to applicants for whom the CAP direct payments are less than 5% of total receipts from all non-agricultural activities. Under this criterion many landlords including private individuals, churches and charities may not qualify for Direct Payments and this could potentially impact on the good management of farmland as well as raising rent for tenant farmers as landlords seek to meet the shortfall potentially created by not being able to access Direct Payments.

The other group that could be negatively impacted by this proposal is the 15,596 part time farmers⁷⁸ within Northern Ireland. Whilst many of these individuals may well receive Direct Payments less than €5,000, and as a result not be subject to this regulation, there may still be part-time farmers claiming more than this threshold and for whom their Direct Payments are less than 5% of total receipts from all non-agricultural activities. Farmers in this position could well lose a significant income supplement which would have a knock on effect on the viability of the farm, family income and the wider rural community.

As an added complication the proposal that payment will also not be made to farmers whose agricultural areas are mainly areas naturally kept in a state suitable for grazing or cultivation and on which they do not carry out the minimum activity required, as defined by Member States, raises the question as to how the UK will define 'minimum activity required'.

3.2 Ireland

As identified by Minister for Agriculture, Food and the Marine, Simon Coveney TD in a Dáil debate of 13th October 2011 on the latest proposals for CAP reform, Ireland shares many of the same concerns as Northern Ireland. Of primary concern to the Minister is the issue of the distribution of direct payments, specifically the need for flexibility and the proposal to use 2014 as a reference period for establishing new entitlements.

Positive elements of the proposals relate to the support being offered to young farmers and the focus on competitiveness, innovation and research & development. These issues are considered further hereunder.

3.2.1 New basic payment scheme

As in Northern Ireland, the CAP has been very important to Irish farmers and Ireland currently receives €1.3 billion in direct payments from Brussels.

The move to a new basic payment scheme is considered the issue of most concern to Ireland. There has been continued opposition here to any transition from an historic to a flat-rate (based on regional or national averages) payment scheme. However, there is little support among other member states for the retention of the historic model and the most recent reforms now propose to move to flat-rate payments by 2019.

Opponents argue that the new system will create winners and losers in terms of farm income with support moving from top producers to low-level farmers. To minimize disruption to farm income, maximum flexibility will be needed when it comes to determining the payment model best suited to Ireland. The transition from historic to flat-rate payments should be gradual and back-loaded to avoid sudden shocks to the industry.

⁷⁸ [Key Statistics, Northern Ireland Agri-Food Sector, Policy and Economics Division, DARD, June 2011](#)

The proposal to use 2014 as a reference year for establishing new entitlements is causing considerable controversy. 20% of agricultural land is in conacre in Ireland and allocating payment entitlements in 2014 to active farmers who used at least one payment entitlement in 2011 could lead to distortions in the land rental market between now and then.

3.2.2 Additional greening measures

While Ireland is not opposed to further greening of the CAP, there are concerns about the proposal to assign 30% of direct payments to additional environmental measures. This would accelerate the transition to a flat-rate payment in Ireland and the existence of separate greening conditions could complicate the single farm payment scheme.

In the context of farming similarities between Ireland and Northern Ireland (with regard to what constitutes the proposed ecological focus area of at least 7% of farmland) it is likely that some farmers should be able to meet this obligation without too much difficulty. However, it may be harder to achieve for others such as high-end beef farmers and could hinder their competitiveness.

At a time when food security is a priority across the world, the proposal to set-aside 7% of farmland for ecological purposes is considered by some as “immoral” (Cadogan 2011).⁷⁹

3.2.3 Young farmers and rural development measures

It is very important to support young farmers and encourage structural change through both pillars of the CAP.

A positive contribution of the CAP reform proposals comes in the form of the support on offer to young farmers (those under 40 years of age). As the average age of farmers continues to rise and the number of young farmers entering agriculture has been in decline, the basic payment top-up to new entrant young farmers (funded by up to 2% of the national envelope) is to be welcomed.

Proposed rural development measures should have a positive impact. Support for innovation, research & development and knowledge sharing and the focus on competitiveness will offer a boost to the industry. Grants for rural development projects should encourage farm diversification into areas such as agri-, eco-, and food-tourism. Young farmers would also benefit from the measures which include business start-up grants (up to €70,000), training and advisory services.

⁷⁹ Cadogan, S., 2011. Coveney: SFP plan may split farmers. Irish Examiner [online]. 17 October. Available at: <http://www.irishexaminer.com/ireland/kfqlausnauoj/rss2/> [accessed on 02.11.2011]

4. Common challenges and opportunities facing agriculture in Northern Ireland and Ireland

Whilst the CAP has had and will continue to have an impact on the fortunes and development of agriculture in Northern Ireland and in Ireland it is worth noting that there are other factors that will present both challenges and opportunities to agriculture as follows.

4.1 Farm and Farmer Succession - supporting older farmers and the younger generations

As revealed by the references to the EU farm structure survey within this report, the average age of farmers in both Northern Ireland and Ireland is increasing and this upward trend looks set to continue. The implications of having many farmers aged in their late 50s and early 60s are not to be underestimated. Whilst it is undoubtedly encouraging that people are remaining economically active up to, and in all likelihood beyond, the conventional retirement ages of 60 or 65 it needs to be understood that farming is a physically and increasingly mentally demanding business.

The challenge here is effectively summarised as addressing two distinct issues. Firstly supporting those farmers who are older and ageing to either continue to farm or explore ways to leave the industry whilst securing an income. Secondly the challenge of attracting the younger generations and introducing new ideas to agriculture is critical to the long term viability and success of the industry and this issue needs to be addressed urgently. On this second issue the CAP reform proposal to encourage the entry of young farmers to the industry is a positive contribution.

4.2 Food Security

The issue of food security is one that the general public are becoming increasingly aware of. In recent years, media coverage of circumstances such as the growing world population, the rising costs of food, the potential impacts of climate change on agriculture and the rising costs of energy have all been increasingly presented in terms of the challenges that they pose to 'food security'.

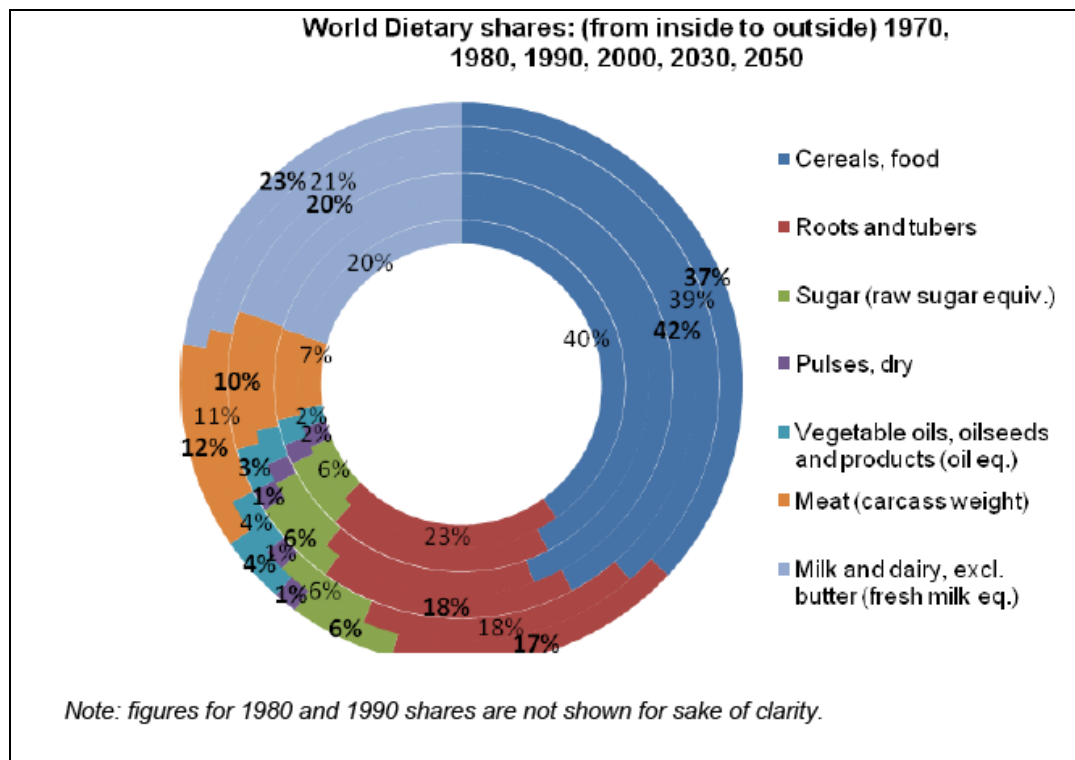
With regard to what constitutes food security, the definition developed by the United Nations Food and Agriculture Organisation (FAO) is the most widely referenced and commonly used in today's literature. In this definition food security exists when,

"All people, at all times have access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life"⁸⁰

⁸⁰ [Rome Declaration on World Food Security and World Food Summit Plan of Action, Food and Agriculture Organization of the United Nations 1996.](#)

The world's population is projected to rise from its current level of 7 billion to over 9 billion people by 2050, which will require a 70% increase in food production⁸¹. The types of food that people eat are also projected to change on a global level and this is likely to have implications for the nature and type of food that will be produced. Looking at how changing diets are affecting demand for certain foods over the last few decades, and may change over the coming decades (as illustrated in figure 4 below) it seems clear that demand for foods such as meat and dairy is set to increase whilst demand for cereals and roots and tubers is projected to decline.

Figure 4: World dietary shares 1970 - 2050



Source: UK Food Security Assessment: Detailed Analysis, defra, January 2010, page 19
 Web link - <http://archive.defra.gov.uk/foodfarm/food/pdf/food-assess100105.pdf>

A surge in demand for food has a potential economic spin off. The projected rise in dietary share for dairy and meat products could present real opportunities for local agriculture, given that these are two areas in which our agricultural industry has both a good reputation and strong exports.

On a more cautious note however, other parts of the world may well look to maximise their production in these product areas so the competition for raw products to enable production and the scale of production needed to meet demand may well pose challenges to our local industry and environment.

⁸¹ [How to feed the world in 2050, FAO website](#)

4.3 Peak Oil

The twentieth century saw many radical changes to how we live and work but it could be argued that many of these changes were driven by the availability of cheap reliable and highly portable energy and other commodities derived from oil. This situation is perhaps nowhere more apparent than in relation to the modern agri-food industry. Without oil and the products derived from it, the production, availability and variety of food that we currently enjoy would be far harder to achieve.

Whilst oil has been both cheap and readily available in large volumes for most of the last 100 years there is a growing recognition that this era may well be coming to an end. The rising demand from emerging economies such as China and India has seen both world oil consumption and prices soar, at a time when the yield from many of the easiest to exploit oil reserves has at best levelled off or in some areas showed signs of decline. This situation has led some experts to speculate that the world may now have reached or be about to reach the much vaunted point of “peak oil” – when world oil production reaches its maximum and then begins a rapid and terminal decline. In such conditions the price of oil is likely to rise rapidly over the coming years as demand exceeds supply. The impacts of this situation on the production, storage and distribution of food worldwide are not fully established but it seems reasonable to assume that these will be considerable if our agricultural production continues to rely heavily on oil.

99% of Northern Ireland’s energy needs are currently met by the importation of fossil fuels (Green New Deal for Northern Ireland, 2009) while Ireland was 95% dependent on fossil fuels with import dependence of 89% in 2009 (SEAI 2010).⁸² This situation creates vulnerability to increasingly volatile prices for fossil fuels and in particular oil. Any rise in commodity prices has a knock on impact on the costs of production and with this in mind more needs to be done to both reduce and stabilise the costs of energy for agriculture. The potential of renewables could also be better utilised along with efforts to identify ways to reduce energy consumption and make production more efficient – areas that require more research and support.

4.4 The Dairy Industry – rising global demand and structural change

The dairy sector continues to be one of the key elements of the local agricultural industry, but it is a sector which is likely to experience significant changes in the coming years, not least as a result of the proposed abolition of the milk quota system in 2015.

With regard to future changes in the demand for dairy products the Asian market is expanding rapidly due to factors such as growing prosperity and a growing focus on the

⁸² Available at:
http://www.seai.ie/Publications/Statistics_Publications/Energy_in_Ireland/Energy_in_Ireland_1990-2009.pdf

health and wellbeing benefits of dairy products. In India alone this demand is projected to be 45 billion litres by 2019. Research conducted by Fonterra in New Zealand is also pointing to the fact that the developing Asian market is likely to be willing to pay more for dairy products than the developed western world.

Looking to the future of the industry on the island of Ireland there should be, in the context of the abolition of the milk quota system in 2015, considerable potential for increased milk production. Ireland's *2020 Food Harvest* report, for example, calls for an increase of 50% in milk production by 2020. In practical terms there are concerns with regard to the impact that such rapid increase in production could have in terms of milk processing capacity. However, the abolition of milk quotas and growing global markets could offer economic opportunities for both dairy industries, providing that structural deficiencies within the industries are addressed and that the competitive challenges presented by the international marketplace are met.