



# IFA

## **IFA Submission to the Department of Jobs, Enterprise and Innovation Statement of Strategy**

### **Introduction and Overview**

IFA welcomes the opportunity to input into the key issues for inclusion in the Department of Jobs, Enterprise and Innovation (DJEI) Statement of Strategy 2016-2019. IFA is the representative organisation of over 75,000 members throughout the country and is the recognised voice of Irish farmers in Europe and internationally. The Association promotes the ongoing development and competitiveness of Irish agriculture and the food industry, which is making an important contribution to Ireland's economic recovery.

The farming and agri-food sector is Ireland's largest indigenous sector, providing employment to over 300,000 people directly and indirectly. Exports from the agri-food sector have grown by over 50% since 2009, and are likely to exceed €11b in 2016. A strong agriculture sector is critical to the achievement of a more balanced economic recovery. Agriculture provides employment and generates earnings across the country, not just at farm level, but in the thousands of regionally based jobs dependent on and linked to the sector. Many of these jobs are located outside of the main urban centres.

The submission identifies key issues for consideration in the development of the DJEI Statement of Strategy 2016-2019.

### **Access to Credit**

Access to credit, at a competitive rate, is a critical issue for farm enterprises, with ongoing capital investment required to increase efficiency and improve work practices. The costs of credit for SMEs and farm businesses remain too high, with term loan rates consistently higher than the EU average. For the export-dependent primary agriculture sector, this puts producers at a competitive disadvantage.

The DJEI Statement of Strategy must maintain as a priority an improvement in competitiveness in the banking sector in Ireland. This must include attracting competitors to the existing banks into the Irish market, identifying new funding sources, and removing other barriers to competition in the sector. This would include tackling the high cost of registering a legal charge, which is effectively preventing the movement of customers between financial institutions. The DJEI strategy should also continue to target the reduction of financial transaction costs for electronic payments, in order to encourage movement away from less secure, and inefficient payment methods.

### **Identifying and tackling the challenges arising from UK vote to leave the EU**

With 40% of agri-food exports going to the UK market, the UK exit from the EU presents a significant challenge to the development of the primary agriculture and agri-food sector. Irish owned exporting companies, with a similar dependence on the UK market, are also facing a real challenge. Exchange rate volatility has put immediate pressure on prices in our exporting sectors. IFA is clear that political certainty is a critical first step to minimising this volatility and providing consumer confidence.

Longer term, the key risks are in relation to the future trading relationship between Ireland and the UK and the implications for the EU budget. The imposition of barriers to trade would all add to costs and undermine the competitiveness of our agri-food exports. The DJEI Statement of Strategy should identify key priorities for the Irish exporting sectors, including both the minimisation of future trading barriers between the UK and Ireland, the maintenance of the strong EU budget, and the prioritisation of increased market diversification outside the UK market.



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## **International trade policy**

As a major exporter, market access is critical for the Irish agri-food sector. While recognising the potential opportunities arising from comprehensive trade deals, Ireland must ensure that trade deals do not damage the position of Irish agricultural produce on the EU market. The interests of European and Irish agriculture must not be sacrificed in trade negotiations in pursuit of an overall trade deal.

As a fundamental principle in trade discussions, EU negotiators must insist on equivalence of standards. That is, all imports must meet the same animal health, welfare, traceability and environmental standards as is required of EU producers

## **Improving the functioning of the food supply chain**

Enforcement of the new Grocery Goods Regulations must be a key priority. It is critical that the Competition and Consumer Protection Commission is strong in its role of monitoring the compliance of retailers and wholesalers with the legislation, including all the requirements for retailers/wholesalers in staff training, annual compliance reporting and maintaining of records.

Suppliers need contracts that are effective, their complaints must be investigated, and any offenses against the regulations prosecuted. The new Grocery Regulations must lead to a fundamental change by retailers and wholesalers in relation to prompt payment for supplies.

Consideration should be given to further legislation, which would provide for a ban on below cost selling and the establishment of an independent retail ombudsman. This would ensure that suppliers who are subject to unfair trading practices by retailers can have confidential and effective recourse to an Independent Ombudsman to investigate and pursue their case.

## **Increasing transparency in the supply chain**

IFA welcomes the European Commission's proposals to increase transparency rules for multinationals on taxation, turnover and profit and believes that the Irish Government should support their passage through the European Council and the European Parliament. The transparency that will arise from the publication of this information will expose market failures that may exist in individual Member States. The financial disclosure requirements will provide other undertakings in the supply chain – e.g. suppliers in the grocery chain – with accurate information on which to base negotiations. It will also provide consumers with information on the breakdown of the final retail price.

## **Quality employment and a good industrial relations environment**

In setting up the Low Pay Commission, the Government recognised the need for balance between a fair basic minimum pay rate and allowing employers to continue in business and maintain and create quality jobs. Key issues that the Commission are charged with taking into account are the expected impact of changes to the minimum wage on employment, the cost of living and national competitiveness, and currency exchange rates.

Farming is an export dependent sector, and it is critical that the cost environment for farm enterprises is sufficiently competitive to allow high quality Irish produce compete on international markets, and with imports on the Irish market. The more labour intensive sectors in agriculture are seriously affected by the impact on prices arising from exchange rate volatility. These include the domestic horticulture sector and our mushroom industry, of whom almost all of its €120m in exports are destined for the UK market.