



IFA

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Coronavirus
COVID-19

**SUPPORTING IRISH FARMERS & THE AGRI-FOOD SECTOR
THROUGH THE COVID-19 EMERGENCY**

IFA SUBMISSION TO THE EUROPEAN COMMISSION

The Irish Farmers' Association

30th March 2020

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Introduction

The COVID-19 pandemic is causing unprecedented challenges for the global economy and societies all over the world. Everywhere, it is recognised that keeping a viable food supply chain fully operational is a priority in managing the crisis.

Governments in Europe and internationally have clearly stated this, and implemented protocols within various levels of lockdowns to maintain food production, processing, transport, distribution and retail sales, taking account of necessary social distancing health measures.

In assessing the need for EU measures to fight the economic effects of COVID-19, the EU must be mindful of the importance of the agriculture and food sector in providing food security to EU citizens in the current crisis. The EU must acknowledge the importance of the CAP budget within the Multi-annual Financial Framework (MFF) and be ready to provide maximum flexibility as required from other EU resources to support the agriculture and food sector.

The Irish agri-food sector is mostly export-oriented. It has been negatively affected by the disruption of food sales caused by the pandemic, in which retail sales are rising with some panic buying, while the closure of restaurants and cafes has led to a collapse in food service sales.

While some more domestically-oriented markets have seen increased retail sales at least partially offset the losses, this is not the case for the mainly export-oriented Irish agri-food sector. Lack of availability of food export containers held up at Chinese and other ports over recent weeks has also put varying degrees of downward pressure on some commodities.

With increasing pressure on farm gate prices, the EU Commission must look beyond the somewhat historical data available from its Market Observatories in assessing the market situation, and heed futures markets and market analysts' predictions to ensure farmers' incomes are protected.

Urgent action is needed to assist the agri-food sector in keeping food on the shelves at this critical time.

EU Temporary Framework¹ for state aid

IFA acknowledges the new EU Temporary Framework for state aid under which farmers can now benefit from a maximum aid of €100,000 per farm. This amount can be topped up by *de minimis* aid, that can be granted without prior approval from the EU Commission. In 2019², this ceiling was increased to €20,000 (and up to €25,000 in specific cases), which means that the total national support that can be granted per farm adds up to €120,000 (or €125,000) under the temporary framework.

The Irish Government must now utilise the state aid provisions that have been made available under the Temporary Framework to support farmers affected by the COVID-19 emergency in each sector as set out in this document.

The pandemic situation requires **further urgent EU measures**, including EU direct aid and other market supports, full details of which are included in this submission.

¹ Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak Brussels, 19.3.2020 C(2020) 1863 final

² European Commission revision of State Aid (*de minimis*) 22.2.2019

BEEF

IFA – The need for strong EU Beef Supports in the COVID-19 Emergency

Summary

As the largest net beef exporter in the EU, with annual exports of c560,000t pa, COVID-19 market closures and disturbances are causing unprecedented disruption and having a very severe impact across the beef and livestock sector in Ireland.

IFA is proposing that the Government and the EU Commission must act swiftly and introduce emergency measures including utilising the EU Common Market Organisation Regulation³ to support farmers with direct payments for price related market losses.

Impact on Markets

- Ireland exports c560,000 tonnes of beef annually with 265,000t to the UK market, 250,000t to EU markets and 45,000t to international markets.
- COVID-19 has caused major market closures and disruptions. The restaurant and food service sector are almost fully closed across the domestic market, the UK and all EU markets.
- Bord Bia and MII⁴ estimate that Irish beef sales are divided 40% retail, 32% food service and 29% manufacturing, with large volumes of manufacturing ending up in food service.
- While retail demand has increased (some estimates of a 10% to 20% increase), a high proportion of retail sales are for mince, burgers and diced beef.
- It is estimated that up to 60% of Irish steak sales go to the food service markets. Steak meat represents 30% of the value of a carcass.
- With the collapse in the restaurant and food service sector, the impact on steak sales (volumes and price) has been very severe and the impact in Ireland will be compounded due to our very high export dependence.
- While it is very difficult to get accurate beef sale prices in the current market, some information from processors suggests that prices for steaks are down 40% to 60% compared to 2019. Some examples of the price drops over that period are as follows; Fillets €16-€18/kg down to €6/kg. Striploins €10-€11/kg down to €6/kg. Ribeye €12-€14/kg down to €6/kg.
- In regard to the price of non-EU imports, there are reports of price discounts of 50% on steak cuts and of high quality (Hilton) quota price reductions from €14-€15/kg down to €8-€9/kg.
- The closure of the EU restaurant and food service markets is having a severe impact on the sales of Dutch veal, which in turn is impacting on the live export trade (price and volume) of calves from Ireland.

Impact at Farm Level

- Market confidence is being rapidly eroded with cattle prices falling in an already difficult spring price situation. Farmers are finding it difficult to sell cattle and factories are more reluctant to buy cattle.
- In the last two weeks, beef price quotes (R3 steers) from the factories have fallen by 15/20c/kg from a base price of €3.65/€3.70/kg incl. vat back to €3.50/kg for Monday March 30th. This is a price reduction of €70/€80 per head in a 10-day period, at a time when producers were already

³ EU Regulation 1308/2013, Articles 219 to 221

⁴ Meat Industry Ireland

losing money. In addition, many farmers are finding it very difficult to get factories to offer any price for cattle and some factories have reduced their kill numbers.

- Since Autumn 2018, Irish farmers have endured a prolonged period of exceptionally low and unsustainable beef prices, as a result of on-going Brexit market uncertainty and sterling/euro exchange rate fluctuations. Approximately half of all Irish beef exports go to the UK market. In the last 12 months the Euro/sterling exchange rate has varied from 83p/€ to 95p/€, currently at 90p/€.
- Before the impact of COVID-19, Cattle prices (R3 steers) for 2019 and so far for 2020 are down 20c/24c/kg or up to €90 per animal compared to the average of 2017 and 2018 levels.
- Cattle prices were so low in 2018/2019, that an exceptional aid BEAM scheme of €100m was provided by the EU and Government to support beef farmers.
- Before the COVID-19 crisis, livestock farm incomes were already low due to low beef prices and cuts to direct payments. Average cattle farm incomes⁵ are €14,460 for cattle fattening enterprises and €8,311 for cattle rearing.
- Market closures have also disrupted the important live export trade reducing essential price competition and market outlets.
- The closure of the livestock marts has also severely disrupted the domestic livestock market especially for younger store cattle, weanlings and calves.

IFA Proposals

Keeping a Viable Market Operational

- Swift action is required at Government and EU Commission level in order to support the beef sector, beef markets and beef farmers in order to minimise the impact of the COVID-19 crisis and protect the beef supply chain.
- A priority must be to keep the sector operational and viable and keep routes to markets open including for **live exports**. This is essential at national level and also for exports to the EU Single Market, the UK market and international markets.
- Member states must be provided with maximum flexibility to prioritise trade and movements of animals within members states over TB testing requirements in the Trade Directive. This is important in protecting the health and wellbeing of farmers, farm families, farm workers and veterinary practitioners. The TB testing measures required in the EU Trade Directives must be suspended for internal member state movements to provide this vital flexibility.

Direct Support for Beef Farmers

- In view of the extremely low farm incomes, beef farmers cannot endure any further price cuts from COVID-19 market disruptions. The EU CMO (Common Market Organisation) measures available under EU Regulation 1308/2013, Articles 219 to 221 must be immediately utilised to support farmers with **direct payments** for any price related market losses.
- Beef price losses can be transparently identified, calculated and verified. The same emergency measures were successfully utilised under the BEAM⁶ scheme arrangements in Ireland from September 2018 to May 2019 in response to the Brexit related market disturbances and beef price losses

⁵ Teagasc National Farm Survey 2018.

⁶ Beef Exceptional Aid Measure

Market Supports

- Market supports in the form of specific and targeted APS⁷ may have to be utilised to support specific products / parts of the market.

Suspension of non-EU Imports

- In 2019, a total of 318,500 tonnes cwe⁸ of beef was imported from non-EU countries, with 78% coming from Mercosur countries, which equates to the steak cuts from 45% of the EU beef kill. The majority of non-EU beef imports is chilled/frozen product with a small share as processed beef. The chilled/frozen product is dominated by steak cuts which are targeted at the restaurant/food service sector.
- With the collapse in the steak market due to COVID-19, the EU Commission should move to protect the EU markets and prices, and suspend all non-EU beef imports.

Promotions

- The EU should immediately introduce a strong pan-European promotional programme at retail level on beef targeted at higher-value steak cuts.

⁷ Aid to Private Storage

⁸ Carcase Weight Equivalent

DAIRY

IFA – The need for strong EU Dairy Supports in the COVID-19 Emergency

Summary

The Irish dairy sector produced 8bn litres of milk in 2019, and exports over €4bn worth of dairy products to over 120 countries every year. Its grass-fed production model is the most carbon efficient in Europe, and one of the most sustainable in the world.

With a small domestic market, the sector's focus is on exports of ingredients and commodities, many high-value, but uniquely affected by the impact on global food markets of the COVID-19 pandemic. The seasonality of our production system means that the next 3 to 4 months are critical to the volumes produced and the incomes of farmers.

Already, we have seen a significant weakening of some dairy commodity prices, which all analysts agree will further worsen with the uncertainty, demand and trade disruptions linked to the pandemic.

IFA believes that a suitably designed, and promptly implemented APS scheme, focused on the main commodities, but especially SMP, would help support commodity markets and prices through the short to medium term impact of COVID-19.

Impact on Markets

- In early February, the EU MMO⁹ reported average EU prices for SMP¹⁰ and butter would have returned a farm gate milk price equivalent of 34.65c/l + VAT (this assumes a 5c/l notional processing cost).
- By 21st March, this has fallen to 31 c/l + VAT, with SMP prices at €2,280/t and butter prices at €3490/t. SMP prices have come back far more than butter prices.
- Spot prices reported for Germany, France and the Netherlands currently show even lower product price trends, which the EU needs to take into account. 25th March data show a butter price of €3357/t and SMP at €2215/t, a combination which would yield a farmgate price of 29.8c/l + VAT, assuming again a 5c/l notional processing cost.

Impact at Farm Level

- While milk prices have not yet reduced in Ireland, where the price is set in the month that follows production, adjustments have been made by European milk purchasers who generally set prices at least one month ahead.
- Irish milk production reaches peak at mid-May, with milk volumes building between now and then. Farmers normally receive their largest milk cheques in these months, and conversely the cost of paying for milk is greatest at that point.
- Co-ops, while generally mindful of their farmer shareholders' interests, will almost certainly seek to adjust milk prices to reflect losses from the market impact. It is therefore essential that this impact would be minimised.

⁹ Milk Market Observatory

¹⁰ Skimmed Milk Powder

IFA Proposals

Aid to Private Storage (APS) is the most suitable support for the dairy sector in the face of market disturbances caused by COVID-19

- **APS is relevant to long life dairy products.** The APS scheme is legislated for under EU Regulation 1308/2013, Article 17 onwards. Butter, cheese and SMP are all eligible. These are long life products, which with refrigeration (butter and cheese) or ambient storage (SMP) do not lose substantial value over the minimum storage period provided for in the scheme.
- **APS can be used even when the recorded average prices have not fallen below the reference thresholds.** While Article 18 a) makes reference to average Union market prices recorded (as per EU MMO) and the reference thresholds (which are below production costs, but dictate when the EU can open intervention) and the production costs, there are other conditions which may lead to the aid being granted.
- Article 18 b) states that the conditions for granting aid include “the need to respond in a timely way to a particularly difficult market situation or economic developments having a significant negative impact on the margins in the sector”.
- **The Irish dairy sector has solid experience of APS.** The logic of APS is that it provides a subsidy towards the costs incurred by the operator to store product for a set period, with a stipulated period within which product may go into storage, and a minimum and maximum storage periods before released to the market. This takes the product off the market and reduces supplies temporarily to allow for prices to recover.
- APS became an important EU tool during the market disturbance which followed the Russian Embargo of August 2014. An operator’s willingness to utilise APS depends on their anticipation of a better price level being available at the end of the storage period.
- In its China Food and Agribusiness Monthly for March 2020, Rabobank points to the restart of food imports, which they report are being prioritised as the country slowly gets on top of the COVID-19 pandemic. While they suggest that dairy demand may gradually normalise in the second half of 2020, they warn that domestic stocks have been building.
- **The solid experience of APS used by Irish operators, and the expectation of improved dairy demand late 2020 or early 2021 would suggest that a suitably designed APS scheme could be the most effective way to support markets and minimising commodity price reductions for the short to medium term.**

Export Credit Insurance

- In its Temporary Framework to enable Member States to further support the economy in the COVID-19 outbreak, the EU Commission provided for a relaxation of state aid rules to enable member states to fund temporary export credit insurance.
- For certain markets which present a real non-marketable risk linked to COVID-19, this may facilitate the continuation of export flows and the fulfilment of contracts with a view to keeping them going beyond the crisis. **The Government must seriously consider this measure for the dairy sector.**

Intervention

- In the wake of the 2014 Russian ban, intervention played an important role in supporting markets in the context of a market price collapse.
- Current intervention buying in prices - €1,698/t for SMP and €2,220/t for butter – combine to a milk price equivalent of only 20c/l – well below even the most efficient Irish production costs.
- An increase in the reference price for intervention to align it to real production costs would be necessary for the scheme to provide the exceptional market support needed in these exceptional circumstances.
- The use of intervention after the Russian ban led to a build-up of over 400,000t of SMP which overhung the market for a 3-year period. Disposal of stocks when the COVID-19 crisis comes to an end should be such as to avoid any interference with the rapid recovery of markets.

SHEEP

IFA – The need for strong EU Sheep supports in the COVID-19 Emergency

Summary

The COVID-19 crisis is having a very severe impact on the Irish sheep meat sector. Major markets have been lost and so far, prices at farm level have fallen by as much as €1/kg or up to €23 per lamb. IFA is proposing swift Government and EU action in the form of direct payment aid, market supports, non-EU import suspension and promotions.

Impact on Markets

The Irish sheep sector exports c55,000 tonnes of sheep meat annually to the main markets of France, the UK and Continental Europe. The COVID-19 Emergency has had a very negative impact on the sheep meat markets with the closure of the restaurants and food service sectors across Europe and in the UK. Domestic market contracts have been cancelled and exporters have lost contracts in every export market.

Impact at Farm Level

At farm level, in the week ending March 27th factory prices have fallen from €5.80/€6.00/kg incl. vat at the start of the week to €5.00/€5.20/kg or almost €1/kg, equivalent to €22/€23 per lamb. Some processors are refusing to offer farmers a price for their lambs because of the uncertainty in the trade.

Sheep farm incomes¹¹ are very low, at an average of €13,397 for 2018. The sector is hoping that strong retail demand for Easter (April 12th) and Ramadan (April 23rd) will assist the trade. There is real concern in the sector that the market will come under further pressure in the weeks ahead, as the COVID-19 crisis continues and new season lamb production emerges when slaughter numbers will increase to 70/80,000 per week.

IFA Proposals

IFA is proposing that the Government and the EU Commission move quickly to examine the introduction of the following measures for the sheep sector.

- The EU CMO (Common Market Organisation) measures available under EU reg. 1308/2013, Articles 219 to 221 must be immediately utilised to support farmers with **direct payments** for any price related market losses.
- In terms of market support, the option of **APS** for the sector must be examined.
- A new EU promotional programme for lamb targeted at retail level needs to be introduced.
- The EU must review and suspend non-EU imports during the COVID-19 crisis if necessary, to protect producer prices.

¹¹ Teagasc National Farm Survey 2018

PIGMEAT

IFA – The need for strong EU Support for the Pigmeat sector in the COVID-19 Emergency

Summary

The Irish pigmeat sector and producer prices are closely linked to world market trends. As a consequence of the African Swine Fever (ASF) outbreaks in China in late 2018 and into 2019, there has been a significant and growing global deficit of pigmeat. This has caused an increase to pig prices and a period of prosperity.

The COVID-19 crisis has severely disrupted exports from Ireland and other EU Member States to the Chinese market. Irish pig processors now have a backlog of products in cold storage.

Certain products have a low value on the domestic and EU market, such as pig heads and trotters, but a high value in Asian markets, such as China. The build-up of these products in cold storage and associated extra costs have resulted in a decrease of the pig price of 16c/kg to date, with the immediate outlook that this will decrease further.

Impact on Markets

- COVID-19 has caused major market closures and disruptions. The restaurant and food service sector are practically fully closed across the domestic market, the UK and all EU markets.
- While retail demand has increased, this will result in a build-up of stocks in certain cuts, such as those preferred by Asian markets.
- The logistical challenges of exporting to key pigmeat markets is the main issue facing the sector.

Impact at Farm Level

- The Irish and EU pig price has decreased by approximately 20c/kg or €17 per head, with the immediate outlook that this may decrease further.
- Irish and EU pig farmers, had endured a prolonged period of below cost pig prices since 2017. The relatively high price of €2/kg which was being achieved in late 2019 and early 2020, was necessary to help pig farmers to recoup financial losses sustained in previous years.

IFA Proposals

- The main priority must be to **keep the pig sector operational** and keep routes to markets open. With five pig processing sites having a 92% share of the slaughtering capacity, the industry cannot cope with a closure, however temporary, of any sites.
- **Market supports** in the form of specific and targeted APS should be utilised to support specific products / parts of the market.
- **Export credit** facilities are required for certain pig meat cuts, which have a significant value on particular exports markets that remain difficult to access due to logistical problems.
- **Maintain vigilance** in relation to ASF¹²

¹² African Swine Fever

TILLAGE

IFA – The need for strong EU Grain Supports in the COVID-19 Emergency

Summary

The Irish Tillage sector produced 2.3m tonnes of maincrop cereals in 2019. Of this production, 230,000t were used by the drinks sector and 40,000t for human consumption, while the remainder was used in the animal feed sector.

The COVID-19 emergency has had a very negative impact on the world maize market, with prices falling by up to 15% since the start of the pandemic. According to CSO figures, Ireland imported 1.35m tonnes of maize for animal feed purposes in the 2018 / 2019 marketing year, while we have imported 500,000t up to December of this marketing year. As our domestic grains are mainly used for animal feed purposes, the collapse in the maize price will have repercussions for our native grain price.

Demand from the drinks sector for malting barley was expected to surge to over 250,000t this year however, this demand will be negatively impacted by COVID-19. Irish malting barley prices are benchmarked off international prices such as the FOB¹³ Creil in France. In the past week alone, the price of FOB Creil has fallen by 6%.

IFA Proposals

IFA is proposing that the Government and the EU Commission move quickly to examine the introduction of the following measures for the grain sector.

- The EU CMO (Common Market Organisation) measures available under EU Regulation 1308/2013, Articles 219 to 221 must be immediately utilised to support farmers with **direct payments** for any price-related market losses.
- The EU must introduce a **quota to limit the importation of maize from third countries**.

¹³ Free on Board

CAP FLEXIBILITIES FOR 2020

IFA – The need for EU CAP Flexibilities in the COVID-19 Emergency

Summary

Direct payments are vital to all farmers but particularly so for the Beef, Sheep and Tillage sectors. In the current crisis, it is important that the relevant rules are amended to take account of the COVID-19 restrictions and impact on normal farm business, as well as the additional costs imposed on farmers as a result of the emergency.

The extension of the BPS¹⁴ deadline date may be useful for some member states, however, in Ireland it is the intention of the Department of Agriculture¹⁵ not to extend the application period, as making payments on time is more urgent.

IFA Proposals

- The EU Commission must agree to **100% payment of the BPS on 16th October 2020**.
- The split payments under the RDP¹⁶ must be suspended for 2020 with 100% payment for the ANC¹⁷ and the GLAS¹⁸ schemes commencing in September.
- That 100% payment for all other farm schemes from Autumn 2020.
- Where **inspections** have to be completed in a certain timespan, eg eligibility checks before BPS pay out, this must be waived for 2020.
- The various rules in all schemes must be monitored and changes allowed where these rules impact on the normal business of farmers.

¹⁴ Basic Payment Scheme

¹⁵ Department of Agriculture, Food & the Marine

¹⁶ Rural Development Programme

¹⁷ Areas of Natural Constraints

¹⁸ Green, Low-Carbon, Agri-Environment Scheme

ANIMAL HEALTH & WELFARE

IFA – The need for strong EU Support for Animal Health & Welfare in the COVID-19 Emergency

Summary

Veterinary medicinal products are vital tools for farmers and vets in protecting the health and welfare of farm animals. A guaranteed supply of veterinary medicinal products must be provided.

IFA Proposal

- Member states must be provided with maximum flexibility to prioritise trade and movements of animals within members states over **TB testing requirements** in the Trade Directive. This is important in protecting the health and wellbeing of farmers, farm families, farm workers and veterinary practitioners. The TB testing measures required in the EU Trade Directives must be suspended for internal member state movements to provide this vital flexibility.
- Member states must be provided with maximum **flexibility to ensure availability** of veterinary medicinal products from manufacturers and access to these products for veterinary practitioners and farmers. The Veterinary Medicines Regulation obligations on manufacturers, veterinary practitioners and farmers must be reviewed and amended to guarantee supply of these vital products.

EU NITRATES DIRECTIVE

IFA – Adherence to EU regulations in the COVID-19 Emergency

Summary

The Irish Government has instigated a number of significant measures to curb the spread of the COVID-19, such as requiring livestock sales marts to close. In addition, the majority of the foodservice sector has also closed.

These decisions have had an immediate impact on the normal movement and trade of livestock in Ireland, and created challenges regarding adherence to stocking rate requirements under the EU Nitrates Directive (91/676/EEC).

IFA Proposal

- Farmers who exceed the **stocking rate limits** because of the impact of COVID-19 restrictions must be given the opportunity to address this, once normal trading resumes and must not be penalised. This is a force majeure situation.

WORKING CAPITAL

IFA - Access to working capital during the COVID-19 Emergency

Summary

Many farmers and associated agri-businesses will face significant short-term operational challenges as Ireland and the EU faces into the peak onslaught of the COVID-19 pandemic and its fallout over the coming weeks and months. Farming remains a low-leveraged sector in Ireland, with a proven record of debt repayment. However, COVID-19 is taking its toll on commodity markets and the supply chain, while also disrupting cash-flow.

IFA Proposal

- It is critical that banks inject additional cash into the system to maintain liquidity. Cash flow is essential for farmers at this time and it is paramount that the banks provide farm families with the leeway to get through this extremely difficult period.
- The EU Commission must work with the European Investment Bank and the Strategic Banking Corporation of Ireland, to address working capital difficulties by providing **low-cost loans** to farmers, in particular low-cost term-loan products.

AQUACULTURE

IFA – The need for strong EU Support for Aquaculture in the COVID-19 Emergency

Summary

Irish aquaculture is experiencing a severe and unexpected impact due to the COVID-19 pandemic with market closures and disturbances having an unprecedented level of disruption.

Considering the specific characteristics of Irish aquaculture, IFA proposes the adoption of urgent, powerful and extraordinary measures at Government and EU Commission level to prevent the COVID-19 emergency from having irreversible negative impacts on the normal operation of Irish aquaculture including: amendment to Article 55 of the EMFF¹⁹ Regulation (EU) No 508/2014 to allow for flexibility of EMFF funds to be redirected and distributed as financial aid for the Irish aquaculture industry to assist them to deal with the COVID-19 crisis.

Impact on Irish Aquaculture

- The negative impacts of this situation are devastating for the Irish aquaculture industry and already visible just a few weeks after the crisis began, with impediments to carrying out normal production activity.
- There is drastic reduction in demand from the markets, with difficulties in receiving supplies and for distributing finalised products as well as increasing transport costs particularly for airfreight.
- There will also be significant issues regarding stocking density on aquaculture sites due being unable to harvest, and we are seeking appropriate leniency in that regard to allow to force majeure temporary measures on aquaculture sites.
- Stock management is the biggest challenge faced in this crisis by Irish aquaculture. Growth of the fish and shellfish can be slowed down but not halted. Increased stocking density has an initial impact on fish/shellfish health and welfare but also builds up a potential price collapse risk for once the markets are fully open again.

Impact on the Markets

- COVID-19 has caused major market closures and disruptions. The restaurant and food service sector are practically fully closed across the domestic market, the UK and all EU markets.
- The Irish oyster industry, in particular, has been affected by the crisis since the start of the year due to market losses in China, Hong Kong, and have already suffered considerable losses which are currently in the process of quantifying.
- There will be further impact and financial losses to the whole aquaculture industry, with over 60% decrease of sales of all aquaculture produce due market losses in food service industry in the UK and Europe in particular.
- While retail demand has increased (some estimates of a 10% to 20% increase), a high proportion of retail sales are for frozen/tinned seafood product and not for fresh seafood product. Much of seafood product, such as oysters and mussels, are unable to switch to food retail given its niche in food service as a fresh seafood product.

¹⁹ European Maritime and Fisheries Fund

- With the collapse in the restaurant and food service sector, the impact on seafood sales (volumes and price) has been very severe and the impact on Irish Aquaculture will be compounded due to our very high export dependence to global markets.

IFA Proposals

Keeping the Market Operational

- Swift action is required at Government and EU Commission level in order to support the aquaculture sector in order to minimise the impact of the COVID-19 crisis and protect the food supply chain.
- The first priority must be to keep the sector operational and keep routes to markets open. This is essential at national level and also in terms of exports to the EU Single Market, the UK market and international markets.

Providing Liquidity to Irish Aquaculture operators

In order to prevent liquidity problems from affecting the payment of normal operating costs, IFA proposes the following.

- **Unlocking the available EMFF funds**, including amendment of the Regulation (EU) No. 508/2014, Article 55, to allow flexibility to include:
 - The EMFF may contribute directly to fish or shellfish farmers or to mutual funds which pay financial compensation to fish or shellfish farmers for economic losses caused by a public health crisis, adverse climatic events or by environmental incidents.
 - The level of participation of EMFF in the contributions should be exceptionally set at 80% in the event of a health crisis caused by a viral epidemic in the population.
 - Member States to be allowed, in the event of a public health crisis caused by an epidemic in the population and by deviation from the general rules of the Structural Funds, to draw up a highly simplified form of request for aid and to immediately pay out available funds.
 - Underspend of existing EMFF funds should be redirected and distributed as financial aid for the Irish aquaculture industry to assist them to deal with the COVID-19 crisis.
 - Simplification of the administrative procedures for aquaculture access funds to assist cash flow.
 - In light of the urgent need of financial aid for the aquaculture sector during the current crisis, consideration must be given to relaxing state aid rules for grant aid eligibility to access available funds for aquaculture operators
 - Making operational costs and damages caused by the COVID-19 emergency eligible.

Managing Farmed Fish and Shellfish Stocks

The Government and the EU must support innovative and viable ways to manage the stocking density:

- Cold storage of fish and shellfish has additional costs (which are very high just now because of a national and European shortage of cold storage space). A storage aid scheme for produce that is struggling to find a market at the moment to ensure that a floor is held under prices and that processing can continue to take place.
- Purchasing of the excess fish production directly by the State or European Union, and/or diverting fish/shellfish sales to public procurement (public canteens, hospitals, military, etc).

HORTICULTURE

IFA – The need for strong EU Horticulture / Ornamental Supports in the COVID-19 Emergency

Summary

All horticulture sectors have been hit to a certain extent by the COVID-19 pandemic. Growers supplying the food service sector particularly, the mushroom sector, have experienced supply chain challenges and a drastic drop in income. Producers supplying artisan products, farmers' markets and local restaurants have seen their markets disappear overnight.

The ornamental plant sector is by far the hardest hit with devastating consequences from the sudden drop of demand in excess of 80%. The farm gate value of the sector is estimated at €77m per annum including exports of €19m. It is vital that this sector is supported through this challenging time to continue to grow markets and take advantage of our high plant health status.

The viability and survival of the complete ornamental sector in Ireland, and all related jobs and businesses, is now at stake. This sector does not qualify for direct payment support from the CAP and has always functioned as a purely market-driven sector under the most competitive terms. Its socio-economic contribution at Irish and EU international level is immense. Ornamental products also positively contribute to the quality of life and a healthy lifestyle for all citizens, including mental health.

Impact on Markets and Producers

- The Irish amenity sector is experiencing a severe and unexpected shock due to the COVID-19 pandemic-related disruption.
- There has been a sudden drop in sales/demand of up to 80% across the board.
- The 'domino' effect over the past two weeks on the overall supply-chain is bringing the whole sector to the brink of a total collapse in relation to cash-flow of businesses and related employment across the supply-chain (production, wholesale, trade, distribution channels and retail shops).
- This crisis could not have come at a worse time of the year, March to May, is the period when most of the turnover is made, up to 75% of turnover in some cases.
- These highly perishable and seasonal products rely on a natural plant cycle that cannot be interrupted during the ongoing crisis.

IFA Proposals

IFA proposes the adoption of urgent and powerful measures at Government and EU Commission level to prevent the COVID-19 emergency from having irreversible negative impact on the Irish Amenity sector.

- The newly adopted **Temporary Framework** for state aid should be extended to the ornamental sector. A flexible approach must be adopted to the existing CAP rules and for extraordinary support measures at various levels in order to give the most appropriate responses where possible to this unprecedented crisis.
- Access to low cost credit/finance must be available for all horticultural operators, including the **Credit Guarantee Scheme** and COVID-19 Loan Scheme.

- That members of POs²⁰ have access to crisis income measures.
- Horticulture producers depend on **seasonal foreign workers from other EU Member States** to plant, manage and harvest their crops. These workers need to be classified as essential workers and provision made for them to enter the country in the case of a travel ban.

OTHER SECTORS

IFA – The need for strong EU support for other sectors in the COVID-19 Emergency

Hugh uncertainty surrounds farmers and processors in all sectors of Irish agriculture in the current COVID-19 emergency.

While the impact on some sectors is at present greater than others as set out in this submission, both **the Government and the EU Commission must stand ready to intervene and deploy their resources** to fully support farmers and the agri-food sector as the situation develops.

The objective must be to protect farmers against income losses and preserve their livelihoods to continue to meet the demands of Irish and European consumers and ensure EU food security now and into the future.

²⁰ Producer Organisations