



Submission to the Food Vision Dairy Group

25th March 2022

Submitted by the Irish Farmers Association

Executive Summary

Irish dairy production is one of the most carbon efficient in the world underpinned by our grass-based production system. In the past decade our carbon efficiency continues to improve as we embrace new technologies and increase productivity. We are confident that with sustained research into emerging mitigating technologies Irish agriculture will meet its 2030 climate targets without any further policy interventions to restrict production.

According to the United Nation (UN) the world's population is projected to increase by 26% by 2050. It is estimated that 58% more milk will be required by 2050 compared with 2010 consumption levels to cater for this increase (FAO). It is estimated that Ireland's carbon footprint per unit of milk output is less than half the international average. Therefore, any restrictions in Irish dairy production will inevitably lead to a rise in global emissions due to carbon leakage.

Over the past number of years Irish Dairy farmers have shown their willingness to step up when required. The adoption of Low Emission Slurry Spreading (LESS) technology, the adoption of protected urea to replace ammonium-based fertilisers, the adoption of the Economic Breeding Index (EBI), and the incorporation of clover into pasture swards are just a few examples where dairy farmers have proved they will embrace new technologies that reduce emissions.

The Irish dairy sector, when assessed under economic, environmental and social sustainability, has very strong credentials. The carbon footprint of Irish dairy output is among the lowest in the world. Water usage tells a similar story with water usage levels a fraction of our international counterparts due to Ireland's natural rainfall levels. From a social perspective, dairy farming has allowed the next generation to pursue a career in farming while the average Irish herd size is much lower than our international counterparts.

The Teagasc Marginal Abatement Cost Curve (MACC) outlines the capacity for current proven technologies to deliver reductions in emissions. The adoption of these technologies must be accelerated through innovative industry and government initiatives.

The dairy sector across farmer and processor level, has invested c, €3.7bn into the Irish economy over the past 7 years. As a result of this investment, dairy farmer borrowings are the highest among all farm sectors. Any restrictions introduced could have major implications on the financial vulnerability of a sizeable cohort of Irish dairy farmers.

Research into new technologies that will assist in reducing emissions from the dairy sector continue to show substantial potential. This research includes a more accurate measurement of methane emissions from grass-based diets (which is likely to be significantly lower than current estimates); feed additives such as 3-nitrooxypropanol (3-NOP) which received EU market approval in February 2022; and slurry additives. The area of breeding and the work of the Irish Cattle Breeding Federation (ICBF) can deliver further reductions based on improved breeding and selection. Other new technologies such as ZELP (Zero Emissions Livestock Project) may also result in significant reductions in emissions with research ongoing to prove these. Research into the level of carbon that grassland and hedgerow can sequester is also underway with results expected in the second half of this decade. This research needs to be given sufficient time to harness the opportunity it presents.

Global demand for dairy is forecast to increase with an ever-expanding world population and a growing middle class. The Climate Action and Low Carbon (Amendment) Act 2021 (Climate Act) outlines that the government must give due regard to the impact of carbon leakage as a consequence

of measures implemented by the State. Restricting dairy production in Ireland has the potential to significantly increase global emissions associated with dairy production and thus must be avoided.

Ireland's dairy and beef production systems, while highly efficient from a carbon footprint perspective, are judged solely on greenhouse gas emissions (GHG) measured on a production basis. A production-based measurement fails to reward regions whose carbon emissions are below average and does little to inhibit carbon leakage. It is imperative that a review of GHG emissions from agriculture is carried out on a consumption basis in line with the commitment in the 2019 Programme for Government – Our Shared Future.

Summary of conclusions

- IFA is completely opposed to quotas or restrictions in any sector of Irish Agriculture. Restrictions create significant inefficiencies and can often be detrimental to the sustainability of sectors as evidenced by the introduction of milk quotas in the dairy sector.
- The Irish dairy sector is one of the most sustainable agricultural sectors in Europe. Placing restrictions on its output is not consistent with its economic and social sustainability – both of which were heavily espoused in the recently published Food Vision 2030 strategy.
- It is clear that global demand for dairy will increase. It is also acknowledged that the Irish dairy sector has one of the lowest carbon footprints in the world. Therefore, any constraint on Irish dairy will clearly increase global emissions as a result of carbon leakage.
- The 2015 Paris Agreement clearly stated our climate targets should be achieved “in a manner that does not threaten food production”. Given the recent statements by the G7 leaders, the FAO and the UN it would be reckless to proceed with any measure to reduce food production capacity in Ireland. This clause in the Paris agreement is also enshrined in the Climate Act.
- The recent increase in dairy cow numbers should be viewed in the context of a previous 30-year period of reduction. Further expansion is being naturally restricted by factors of production such as land and labour and other inputs which is being exacerbated by the current crisis.
- The next CAP programme with increased space for nature requirements, eco schemes along with the new Nitrates Action Plan, with increased N excretion rates for dairy cows, will also slow growth in cow numbers.
- There are already signals that global milk production is stagnating and may well decline in 2022. Rabobank's most recent analysis points to a year-on-year 0.7% reduction in milk production globally for the first half of 2022. Ireland is following a similar trend with domestic milk production reducing by 4.1% in January 2022 when compared with January 2021. Industry feedback points to a similar trend for the months of February and March of 2022. Therefore, the recent trend growth in production in Ireland is unlikely to continue at anywhere near the levels of the past 6 years.
- Any restrictions imposed on the Irish dairy sector would place it at a distinct disadvantage to other European countries where no plans are in place to impose similar restrictions. It is difficult to see how this would be consistent with EU Common Market rules and would place Irish dairy farmers at a distinct competitive disadvantage.

- The recent geopolitical events have transformed how food security is viewed within Europe. Therefore, this is not the time to place restrictions on one of the most efficient dairy-producing countries internationally.
- It is hard to see any medium to long term benefit of any cow/farmer retirement scheme. Looking at the age demographic of the sector, encouraging earlier exit is only likely to bring forward the retirement of those who are already close to retirement. Therefore, we do not consider it to be the best use of available resources. We would also be concerned about the message such a scheme would send out about the sector. It is a vibrant sector that is a world leader from a climate and economic perspective.

Recommendations to Food Vision Dairy Group

Encourage adoption of proven technologies

There are a number of proven technologies, particularly with regard to Nitrous Oxide, which will reduce emissions. The Teagasc MACC curve provides full detail of these technologies and their potential impact. The adoption of these technologies should be encouraged and incentivised through appropriate industry and state initiatives.

Allow time for the impact of recent policy changes to be assessed

The implementation of a new CAP programme in 2023 and a revised Nitrates Action Plan in 2022 are likely to have a notable impact on the Irish dairy sector at primary level. We need to fully understand the impact these will have on dairy farming and time should be provided to allow the impact of these new policies to be assessed.

Increase funding levels for Irish-based research

Ireland is fortunate to have some of the best research bodies internationally. Ireland's grass-based production system requires us to conduct research to understand how new technologies developed internationally can be adopted in Ireland. In addition, ongoing research is needed to understand the on-farm impact new technologies will have on mitigating emissions. Funding and support is vital to expedite this work.

New technologies

There continues to be positive developments on new technologies to help abate emissions. Feed additives such as 3NOP (market-approved since the formation of the Food Vision Dairy Group), slurry additives, and improved genetic breeding have the potential to help decouple emissions from production. Time must be provided to the industry to maximise the use of these technologies within the Irish dairy sector.

Co-ordinated approach to research and measurement

A co-ordinated approach to ongoing research by state agencies is vital in order to maximise the potential benefits of advancements in technology. We need joined-up thinking across the sector including clarity of roles and the establishment of a multi-agency forum to co-ordinate developments in this area.

Appropriate measurement at farm and country level

Currently, GHG emissions from agriculture are measured solely on a production basis, penalising carbon-efficient food producers which Ireland clearly is. A review of GHG emissions from agriculture on a consumption basis urgently needs to be completed in line with the commitment in the 2019 Programme for Government – Our Shared Future. A move to emissions measurement on a consumption basis would fundamentally change Irish emissions calculations. Measurement at farm

level also currently solely focusses on emissions with no assessment of removals due to carbon sequestration. A proper framework to measure both emissions and removals on a verified basis should be developed to ensure a holistic picture of each farm's carbon footprint is developed. This is in line with recent European Commission proposals that every land manager should have access to verified emission and removal data by 2028.

Properly support other sectors

The economic returns from the dairy sector, when compared with the other sectors, is one of the key reasons for the growth in the sector. The lack of government support for the more vulnerable sectors, in particular the drystock and tillage sectors, was a significant contributor to dairy expansion. Improving the viability of other sectors will lead to less farmers considering moving sector on the basis of financial returns from their current farming business.

Clarity required that no restrictions on production planned

Recent commentary emanating from the Food Vision Dairy Group has had an impact on dairy farmer business decisions. Some farmers, fearing that 2022 may be some sort of reference year for output restrictions, have postponed possible cow culling decisions as a result. Clarity that there are no plans for the introduction of restrictions is vital to remove this level of uncertainty.

Food Security

The dynamic of the Food Vision Dairy Group has changed fundamentally with the Russian invasion of Ukraine. Food security is now being called out as a major concern by all global leaders. Ireland has a duty to maximise its production, within regulatory rules, to produce as much food as we can. Now is not a time to encourage dairy farmers or any other farmers to retire. They were never needed more.

Market forces

The dairy sector should be allowed to operate like any other sector of the economy, with the market determining supply and demand within the confines of the regulatory environment. The Irish dairy sector is fortunate to have a largely co-operative based model. The supply demand dynamics should be left between milk sellers (farmers) and milk buyers (co-ops). Interference by the Government is likely to do more harm than good.