

IGFA Opening Statement for the Joint Committee on Agriculture and the Marine

The impact of Brexit on the agri-food sector

IGFA is the united voice of the compound feed manufacturers, feed material importers, grain intake and premix companies in Ireland. IGFA's mission is to support our members by creating a political and economic environment that enables them to produce safe and nutritious feed profitably and sustainably.

Key challenges for the feed sector

Brexit has the potential to have very serious and long-term negative impacts on our sector. The key challenges include:

- Ireland has a higher reliance on imported feed ingredients than other countries in the EU. We need to import over 50% of our feed material and additive requirements. Any increase in the cost of imports will add to the financial pressure on our businesses and our farming customers. Significantly, these extra costs for Irish beef and dairy farmers could come at a time when they are already facing a cash flow crisis due to Brexit impacts on their markets.
- The Irish and UK feed supply chains are completely interdependent and characterised by the constant movement of feed products between the two countries. Disruption to those supply chains will have serious knock-on impacts for our customers.
- The additional costs of increased controls, not to mention the costs associated with reduced efficiency, will impact the competitiveness of Irish products entering the UK market.
- There is a risk of divergence over time in the UK from the high product safety and authenticity standards enforced through EU law. The UK may also adopt a new approach to the approval and use of GMOs, new breeding techniques or pesticide authorisations. A reduction in the standards of production could have cost and competitiveness implications for the Irish Feed sector.
- Any impact of tariffs on the food trade (meat, milk, eggs, etc.) with GB will have consequential knock-on effects on the feed industry. Of the 5.1 million tonnes of feed produced in 2019, 3.1 million tonnes (60%) were destined for the ruminant sector and 25% destined for the intensive pig and poultry sector. A hard Brexit will see the highest tariffs fall in the beef, dairy and poultry sectors. It is evident that the feed businesses producing predominately ruminant feed will be immediately impacted. Access to emergency funding for farmers therefore needs to be prioritised.
- The ability to prepare for Brexit has been massively hindered by the prolonged uncertainty, last minute political negotiations and a lack of clarification on the details related to trade. This is putting extra strain on businesses, logistics and supply chains that are already stretched due to the Covid19 pandemic. These systems have weathered the strain of recent months, but operating in a pandemic environment means it takes longer to react and adjust our business systems, particularly to a shock as big as Brexit.

Recommendations

The IGFA position on Brexit has been consistent since 2016. The Irish feed industry needs frictionless trade with the UK and a trade agreement between the EU and UK that is free of tariffs, quotas and any other measures that will disrupt or add costs to feed supply chains.

Business support:

- It is imperative that companies have a national emergency contact point if trading systems break down to guide them in the event of a disruption or crisis. This contact point should be supported by Revenue, DAFM and others so that problems are resolved in a coordinated way.
- Those enforcing the new trading measures required by Brexit must be empowered to act in a rational and pragmatic way that allows proper enforcement but manages risk and limits disruption and congestion.
- It is clear that even if there is a trade deal, costs for feed businesses will increase. If there is no trade deal however, costs will spiral. The €5bn Brexit Adjustment Fund must therefore be available immediately and activated swiftly to avoid significant and lasting market disruption.

Stakeholder engagement:

- IGFA would welcome access to the deliberations of the Joint Committee and specialist committees so that we can remain updated and informed. The DAFM ministerial and technical bilateral and trilateral meetings (UK / NI / IE) should have publicly available agendas and minutes in the future.
- We need to ensure that government is working hand-in-hand with industry on Brexit issues. It is equally important that the various government departments are in constant consultation with one another on Brexit challenges so that we can ensure the competitiveness, efficiency and resilience of our valued feed and food businesses.

Training and information:

- Many of our members have found the Brexit training useful and informative. However, sector specific briefings where concerns and issues could be raised directly with relevant DAFM staff are a necessity.
- Business will continue to require support in 2021. Accessible, succinct and sector-friendly training and information must be made available highlighting lessons learned in the initial weeks and months of 2021 and including support and instruction on how to overcome any trading challenges that arise.

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