REVIEW OF THE AGRI-FOOD INDUSTRY IN 2023

Compiled by The De Paor Consultancy on behalf of IFP Media

Introduction

Last year was another bumper year for Irish agri-food exports, with total sales of €19 billion, up 22% on 2021. The increase was primarily driven by the increasing value for food products as overall volume of exports rose just 1%. The figures are contained in the Department of Agriculture's annual review and outlook report for 2023.

The report notes that there are 165,000 people employed across 135,000 farms, 2,000 fishing vessels and aquaculture sites and 2,000 food production and drink enterprises, with agri-food products exported to 180 countries worldwide. The sector is responsible for 4.5 million ha of agricultural land and 808,848 ha of forestry. Britain remains our top export market, followed by the USA, the Netherlands, France and Germany.

Approximately 90% of Irish beef, sheep meat and dairy produce is exported each year. In 2023 we exported more than one billion euros in value of Irish beef, butter, cheese and whiskey.

The Teagasc National Farm Survey for 2022 issued in June 2023 shows that the average Family Farm Incomes (FFI), across all systems, in 2022 was €45,809 – an increase of 32% on 2021 figures. Latest estimates suggest that dairy farm income will be down 60% which could bring the average dairy farm income in 2023 to around €59,000. While cattle and lamb prices were reasonable, profitability was eroded by higher input costs.

According to the CSO, the value of Agricultural Output at Basic Prices increased by 28% (+€2,787m) to €12,894m in 2022. The value of milk production rose by €1,629m to €5,026m. Milk generated 39% of the value of Agricultural Output while cattle production increased by 17% (+€446m) to €3,027m. While fertiliser volume was down in 2022 by 16%, the cost doubled from €606m in 2021 to €1,208m in 2022. The cost of feeding stuffs increased by 30% or €535m to €2,333m.

2023 has been a very tough year for farmers and agribusiness. Weather conditions were very difficult with a record level of rain during March and July. This delayed crop planting and made harvesting conditions quite difficult for cereal and potato growers. Indeed, significant numbers of farmers were unable to complete harvesting their crops and have therefore incurred substantial losses.

The continuing war in Ukraine impacted on the costs of imported cereals thereby increasing production costs for all livestock farmers, pig and poultry producers. Aside from grass, most feed given to livestock is a by-product from human food production. These include grain leftovers from brewing, pulp from fruit production, sugar beet residues and soya hulls from soya oil extracts. It is interesting that if you produce 1kg of a vegan product like oat drink you will be left with 4kg of non-edible biomass which can be used to feed bovines.

High energy and fuel prices also impacted the price of electricity and farm contracting services. However, fertiliser costs have reduced by 30.4% in 2023, according to the CSO. This compares to their cost jumping by nearly 123% in 2022.

The stricter guidelines under the new 2023 nitrates derogation scheme impacts on the 6,900 derogation applicants and has caused dairy farmers a lot of concern. Many milk producers believe they will have to lease extra land to cope with the new stocking rates or else reduce herd size and suffer a loss on income. According to the Institute of Professional Auctioneers and Valuers (IPAV) the price of land involved in dairy farming was up over 50% for leased land in some parts of the country. In a number of cases, over €500/acre was achieved. Around one-third of dairy farmers are currently looking to lease land according to the IPAV.

As a result, the price of rental land has soared, and this is also impacting on tillage farmers who have lower incomes than dairy farmers.

The value of agricultural land has increased by 8.7% over the first nine months of 2023, according to a new report from Sherry FitzGerald. The introduction of the nitrates rules has already caused a surge in demand for both prime and marginal grassland, underpinning both purchase and rental prices. Land values increased by €940/ac in the first nine months of the year, which is the strongest growth rate for this period since the land report series began in 2013.

Fortunately for farmers a significant portion of their income now comes from various EU schemes. The Government has also come to their aid with some financial support packages such as the attractive new forestry and organic farming schemes introduced during 2023. From a long-term global perspective, a growing world population needs more food. As the standard of living improves in Asia and the third world there will also be an increasing demand for Irish dairy products and meat.

We also have a competitive advantage worldwide in producing quality food with a green image and a low carbon footprint compared to countries such as Brazil, for example. The image of dairy products is very positive with consumers: new research shows even more benefits from increased consumption of dairy products by the elderly.

To optimise their future incomes, farmers need to continue investing in new technology; avail of the latest research advice; and use current best practices to produce food in the most environmentally friendly and economically sustainable manner. For example, recent research from UCD shows that multi species grass swards need 60% less nitrogen (N) and can produce up to 25% more grass for livestock.

Environmental Issues Impacting Farmers

Under the new 2023 nitrates derogation scheme, there's an increased need for comprehensive nutrient management planning, including extra record-keeping requirements and more detailed soil testing. Ireland's nitrates derogation allows farmers to farm at higher stocking rates, above 170kg livestock manure N/ha up to 250 kg N/ha, across the entire land declared on BPS (Basic Payment Scheme). This is subject to additional conditions designed to protect the environment.

According to Teagasc, an interim review of the programme in 2021, indicated that chemical N use had increased by 30,000-40,000t on the previous review in 2017. The national dairy herd climbed by 12% over this period, with an increased concentration of cows in the south and east. Almost half (47%) of rivers had unsatisfactory levels of river nitrate and 29% of rivers had unsatisfactory levels of phosphorous (P).

The new Nitrates Action Programme, when its implemented, will increase the deemed organic nitrates produced per cow based on milk yield and will move about 17% of herds from 89kg of organic N excretion per cow to the next band at 106kg per cow, forcing some dairy farmers to involuntary reduce their stocking rate.

IFAC has conducted a detailed financial review of the potential loss in farm income arising from this new directive. Options open to dairy farmers to minimise any reduction in their herd size include rearing calves and replacement heifers on contract and giving up any beef enterprise on their farms. In addition, many milk producers are overstocked so they could cull 'passenger cows' for various problems. These problems include infertility, mastitis, high cell counts, lameness, low milk/solid yields.

With a reduced herd size there would be more grass available for grazing/cow and for silage conservation. With more grass available per cow, milk yields would also increase and improve farm incomes. The cost of purchased feed would be reduced and there would be less labour, time and costs associated with caring for problem cows, so overall herd profitability would improve. With improved genetics, the heifer replacements would be far and more profitable than their mothers.

While it is possible that the reduction in chemical N use, as called for in the Food Vision Dairy Group report and the Nitrates Action Programme (NAP), could reduce grass production, Teagasc's research suggests that a reduction in grass production could be avoided through better soil fertility, increased use of clover, better grassland management practice, and improved N management.

Improved Genetics for More Profitable Beef Production

Suckler farmers have been urged not to focus solely on mart price and carcase weight, but also on the costs of production as Teagasc and ICBF staff moved to reassure farmers over imminent changes to Ireland's beef breeding indexes.

The board of ICBF recently approved the first significant changes to both the Terminal and Replacement beef indexes since 2015, despite what has been described as 'obvious changes' in output prices and costs of production.

These changes stem from several years of collaborative research between Teagasc and the Irish Cattle Breeding Federation (ICBF) and are now being implemented ahead of the commencement of the Suckler Carbon Efficiency Programme (SCEP). The fundamental changes to the genetic evaluations include updates to the weights on individual traits to better reflect the markets, the inclusion of carbon and new traits such as age at finish, new carcase traits focused on factory specifications and TB.

According to ICBF's Siobhan Ring, the 'improved' Replacement Index, which aims to breed the 'suckler cows of the future', will see the traditional breeds, Angus and Hereford get the biggest boost, while the Belgian Blue breed will have the biggest decline.

These changes will result in cows that are more fertile, are slightly lighter, producing progeny that are easier calved, have a shorter gestation and lower calf mortality. It will also produce progeny that finish at an earlier age and require less feed to get to slaughter, which also have a better genetic resistance to TB.

Depressed Beef Market Impacts Irish Cattle Producers

According to the June CSO data, cattle two years and over increased to 791,300 (+7.6%) from 735,200 over the 12 months since June 2022. However the number of beef cows dropped to 872,100 (-4.5%) when compared with June 2022. The total number of cattle less than two years decreased by 87,200 (-2.1%) so we can expect a drop in all cattle numbers for 2024.

On March 31, this year, there was a total of 901,503 suckler cows in the Republic of Ireland, according to data from the Department of Agriculture, Food, and the Marine (DAFM). The average suckler herd size is only 16 cows and there are 55,357 herds. However, there are 363 herds with over 100 cows and 2,091 herds with between 50 -100 cows. Unfortunately, the decline in the beef suckler herd continues. For 2023 to date, around 53,000 less calves were registered. Over the last five years the number of suckler cows has declined by over 57,000. The area most impacted by the decline in suckler numbers is Connacht.

According to Bord Bia reports, just under 1.4m head of cattle was processed in the first nine months of 2023. This is a decrease of 50,000 head on the same period last year. Some increase in factory supplies is expected in the final months of the year with an increase in on-farm numbers. It's estimated that 25% of the national cattle kill is being sourced from only 160 farms, despite there being close to 100,000 farms with beef listed as an enterprise.

According to Bord Bia, poorer cattle performance at grass this summer has resulted in many cattle taking longer to finish than anticipated. This has also been reflected in lower carcase weights. Over recent months, demand for beef has come under pressure in all our key export markets due to the rising costs of living and inflationary pressures. The markets and returns available are lower for all parts of the carcase. This includes forequarter beef which had been in good demand up until early 2023.

The Irish Cattle and Sheep Farmers' Association (ICSA) is calling on meat factories and Bord Bia to explain how a €1/kg price differential between British and Irish prime cattle can be justified. This is important as the British market accounted for 43% of Irish exports in value terms last year. According to the ICSA, this differential is the highest in living memory and at a time when prices on the continent are moving upwards.

2023 has been a positive year for the live export cattle trade with export figures reported by Bord Bia for year-to-date at 287,174 head. This is 15% ahead of the same period in 2022. Weanling exports performed well in 2023 with steady demand for younger cattle in key EU markets. Tighter supplies of slaughter age cattle in Northern Ireland combined with a firm British beef trade are driving an increased demand from northern buyers.

There has also been growing interest from North Africa in recent months, in particular Algeria, where there is strong interest in cattle for both beef and dairy production.

Improved 2024 Prospects for Cattle Farmers

While live cattle exports remain under intense scrutiny from a number of directions, the outlook for 2024 remains fairly positive with very good feedback from customers on the quality, health status and performance of Irish animals when they reach their destination. From a farmer perspective live cattle exports and the Northern Ireland trade are essential to keep the beef factories under more competition as regards cattle prices.

Access to South Korea for Irish beef has moved forward, according to Minister for Agriculture Charlie McConalogue, who was part of an Irish trade mission to the country in November. With over 50 million people, South Korea imports two-thirds of the meat they consume. After China, the US and Japan, South Korea is the fourth largest importer of beef in the world and is expected to import 610,000t of carcase beef in 2024.

Sustainability assessments are rolled out at farm level through Bord Bia's Assurance Schemes. At farm level, there are over 55,000 members for beef and lamb farmers (92% of beef produced), dairy farmers (95% of milk produced), horticulture (70% of horticulture) and egg (95% of eggs), which are aligned to Origin Green.

Origin Green equips food manufacturers, retailers and foodservice companies to meet the evolving sustainability needs and demands of global consumer markets. Currently 324 food and drink companies across Ireland are members, representing over 90% of food and drink exports along with over 70% of the retail market.

2024 A Much Better Year for Pig Producers

During 2021/2 pig producers were hammered by a combination of low prices for pigs and very high prices for feed, energy. According to the Irish Farmers' Association (IFA), family farms accumulated losses of around €585,000 from August 2021 to May 2023. Such massive losses have been somewhat reduced via two Pig Exceptional Payments (PEPs) from the Irish Government, with payments totalling up to €120,000. According to Teagasc, the Irish pig sector had an income loss for 20 consecutive months from Aug 2021 to March 2023.

Due to these losses, there has been a reduction in breeding sow numbers in Ireland by 12% as a result of the global pig crisis of 2021 and 2022. However according to the June CSO data the number of breeding pigs rose by 8,400 (+6.1%) to 145,600 in June 2023 compared with June 2022.

Pig producers are making profits again since last May due to higher pig prices and lower feed costs. Feed is the largest input at 75% of total costs. The good news is that feed ingredient prices have fallen by about €130/t from the peak in October 2022.

In its Situation and Outlook for Irish Agriculture, published in late July, Teagasc said that the current Irish pig price of 2.36c/kg is an historic high. However it will be May 2024 before pig producers recover their losses. Not surprisingly the cumulative pig kill is down 10% for 2023 ytd.

Close to 230 pig farms account for the €500m of annual pork output. According to PWC the pig sector was worth €1.49 billion to the economy in 2022. In 2021, around 71% of primary Irish pigmeat exports were destined for international markets. Bord Bia also has two EU programmes with significant funding allocated towards pigmeat promotional activity.

It is estimated that the EU sow herd has declined by 920,000 head since 2021. This represents a sow herd fall of 8.4%. This reduction equates to an estimated 23 million fewer pigs for sale per annum. The overall EU pigmeat production in 2023 is expected to fall by 5.2%, giving the lowest supply volume in a decade so this should certainly help farm gate pig prices to increase next year.

Renewable Energy on Farm

Renewable energy can be produced from agricultural crops, bio-oils, meat and bone meal, forestry residues other cellulosic biomass consistent with Ireland's low carbon standards, greenhouse gas and climate change policies.

The Solar Capital Investment Scheme will encourage the purchase of solar investments thereby reducing dependence on fossil fuels. The solar scheme has an investment ceiling of €90,000 and will be grant aided at the enhanced rate of 60%.

Tirlán and Dairygold have joined forces to expand the FarmGen renewable energy solutions programme and make it available to more farming families. The FarmGen systems are designed to power energy-intensive processes such as milk cooling, vacuum pumps, water heating etc. Depending on the system size and battery bundle, FarmGen can deliver energy savings of between 20% and 50% per annum.

A number of large-scale solar farms have been constructed and others are at the planning stage. Incidentally, the land covered by these panels can still be grazed by sheep. The first grid-scale solar farm in Ireland to connect to the national grid was launched in April 2022 in Co. Wicklow.

The 25-hectare Millvale solar farm, developed by independent renewable energy producer Neoen, can generate up to eight megawatts using 33,600 solar modules. According to the Department of the Environment, the energy generated could power around 3,600 homes each year and save 4,800 tonnes of carbon dioxide emissions.

Last April construction began on the first of 20 solar farm projects in Co. Cork, costing an estimated €200 million, which will provide enough electricity to power 80,000 homes a year. The first site where construction is to start is near Carrigaline. The others are at Inniscarra, Kanturk, Mallow, and Whitechurch. By 2026, Amarenco plans to be operating 20 solar farms in Co. Cork. The majority of the sites chosen have already received planning permission. They are in Ballineen, Midleton, Timoleague, Cobh, Currabinny, and Béal na Bláth.

Anaerobic Digestion (AD) – Plants

It's expected around 20 large-scale anaerobic digesters (AD) will be built in the Republic of Ireland by 2025, and up to 200 by 2030. There are already 80 AD plants in Northern Ireland predominately using agri feedstocks including silage. AD is a multi-step process whereby organic waste and residues are converted into biogas by a group of microorganisms in an anaerobic environment. Biogas refers to the gas prior to upgrading, which contains approximately 55% methane (CH_4), while biomethane refers to the upgraded gas, containing approximately 97% CH_4.

The Sustainable Energy Authority Of Ireland has indicated that biomethane could replace 25% of Ireland's fossil fuel gas supply, with forage-based feedstock contributing most to this (over 40%), and waste only 5%. In Denmark, 25% of total gas usage is renewable gas. They aim to have 100% by 2030.

There are many suitable feedstocks for biogas production from the agricultural sector, including crops such as maize specifically cultivated for biogas production, animal slurry and manures, as well as waste and by-products from agri-industries.

Some 60,000t of high-risk meat and bone meal could be used to fuel renewable energy plants, according to the DAFM. As a response to the BSE crisis, the EU introduced a feed ban in 1994 on the feeding of meat and bone meal (MBM) and processed animal protein (PAP) to livestock.

Ireland currently exports 60,000t of high-risk meat and bone meal to Britain, under a derogation that ends on December 31, 2023, and must now dispose of it in Ireland or the EU. However, according to the Department, no EU member state can provide a viable outlet for MBM due to 'economic and environmental constraints' and it is looking for expressions of interest on methods to dispose of it.

According to Teagasc, 3% of Ireland's agricultural land would be needed for grass to meet the biomethane target set for 2030; a bigger challenge than finding the 120,000 ha of grass for biodigesters is sourcing winter slurry from the equivalent of 1.3 million cattle.

So there is a good opportunity for older farmers to grow silage for AD plants. Silage would be harvested by farm contractors and transported to a local AD plant, so no labour is required.

Sending slurry to a local AD plant would also reduce the slurry storage required on farms with increasing herd sizes. According to Teagasc, large beef-finishing enterprises where cattle are kept indoors, or piggeries, could be ideal locations for biodigesters plants, especially in areas with considerable potential for increased grass production.

Teagasc's research has demonstrated that up to 12 tonnes of grass dry matter (DM) can be produced in Ireland, but the average production is only five tonnes. Farmers with low stocking rates could be incentivised to produce grass for biodigester plants.

Research by Teagasc on the sustainability of biomethane production in Ireland demonstrated that 10.77 tonnes of DM per hectare could be produced with a perennial ryegrass and clover sward, or 11.68 t/ha with a more mixed sward of Timothy, perennial ryegrass, red clover, ribwort plantain and chicory, with no added N in either instance.

From an environmental perspective, using slurry in biodigesters significantly reduces methane released into the atmosphere. Digestate is also a potent fertiliser as it contains N, P and K, which are not removed during biogas production.

Digestate can be spread in liquid form (by trailing shoe or direct injection) or processed, and the individual nutrients segregated out. The N is in ammonia form so it will be readily available in the soil. Biomethane from grass compares well with some other energy crops, with German research showing that the output of biomethane from grass (per ha) far exceeds biodiesel from oilseed rape, or bioethanol from wheat.

Teagasc Signpost Programme – Reducing the Carbon Footprint

The mission is to help farmers contribute to the emissions target reduction set for the agri industry. The programme aims to achieve early progress in reducing gaseous emissions from Irish agriculture and also to improve water quality, and maintain, and in some cases improve, bio-diversity. It will also reduce costs and create more profitable and sustainable farming enterprises.

With advisory support, 113 farmers will make a plan to improve by adopting positive changes and technologies, and a team of 21 Teagasc advisors will help them with the implementation of the plan and tracking of progress.

This will also create trust and build capacity for the adoption of new technologies. The programme plans to engage with 50,000 farmers by 2030. AgNav is the programme that calculates the greenhouse gas emissions for a farm. It collates data from the ICBF and Bord Bia and uses Teagasc's life cycle assessment models to calculate the emissions produced on a farm.

Signpost demo farms are located all around the country. These include dairy, beef, sheep, tillage and mixed enterprise farms. Participants in dairy joint programmes, the Green Acres Calf to Beef programme and the Teagasc BETTER Sheep farm programme are involved. Teagasc research, college and demo farms are also included.

As an example of the financial benefits to a dairy farm, in their November/December edition of Today's Farm, Teagasc gave an example of a dairy farmer with 113 cows, 32 calves and 25 yearling replacements on his 61 ha farm with a stocking rate of 2.28 LU/ha. The saving here was approximately €16,000 per annum. At a time of reduced milk prices this is a very significant saving indeed.

EU Schemes are a Major Benefit for Smaller Farmers

The aim of the new Eco-Scheme is to reward farmers for undertaking actions beneficial to the climate, environment, water quality and biodiversity. The payment rate is €67 per eligible ha. €184m in advance payments was issued early in November to 106,137 farmers under the new Eco-Scheme. The scheme was introduced earlier in 2023 by DAFM under the new Common Agricultural Policy (CAP).

Areas of Natural Constraints (ANC) payments worth almost €180m were issued in mid-October 2023. Farmers in this scheme received payments worth an average of €2,100. The scheme provides payments to those farming land in designated areas, facing significant hardships from factors such as remoteness, difficult topography, climatic problems and poor soil conditions.

The Agri-Climate Rural Environment (ACRES) scheme is a new agri-environment climate scheme to help farmers improve biodiversity, climate, air and water quality on their farms. It is part of the CAP Strategic Plan for 2023-2027 and has a budget of €1.5 billion. According to the IFA, it is a farmer-friendly scheme to help biodiversity decline while delivering an income support for farm families.

Many of the 46,000 farmers who applied for ACRES November 2022 had their applications approved in late March. All ACRES participants are required to complete a training course by the end of 2023. Soil samples will need to be taken and uploaded by the 15th of May 2024. Tranche 2 opened for applications in mid-October, with no change to the terms and conditions.

A key feature of ACRES is the introduction of a results-based system that rewards farmers by linking payments to the quality of environmental outcomes delivered. Farmers in the ACRES co-op approach can avail of €17,500 for non-productive environmental actions over the five-year ACRES contract.

Advance payments under the Basic Income Support for Sustainability (BISS) & Complementary Redistributive Income Support for Sustainability (CRISS), worth over €452 million were issued to 103,764 farmers (approx. 90% of applicants), during October.

The BISS scheme is designed to provide a direct income support to Irish farmers to underpin their continued sustainability and viability. CRISS is a new scheme that is designed to redistribute CAP funds from larger farms to medium and smaller sized farms.

According to the IFA, farmers are fully committed to improving the environmental and economic sustainability of their farming enterprises. 97% of BISS applicants have committed to Eco-schemes, and the National Liming Scheme and Tranche 1 of ACRES was hugely oversubscribed.

The new 2023 Suckler Carbon Efficiency Programme (SCEP) aims to provide support to beef farmers to improve the environmental sustainability of the national beef herd. It is a five-year scheme. Farmers in the scheme will be paid €225/ha on the first 15 ha and €180/ha on the remaining land. There is a payment of €150/cow on the first 22 cows and €120/cow on the remainder. For a farmer with 20 cows this works out at €3,000 per annum minus the cost of genotyping.

Over 14,383 farmer applicants joined the Dairy Beef Welfare Scheme in 2023. This is a substantial increase on 2020 where 8,474 herds applied. Farmers can get up to €20 per eligible calf weighed for up to 50 calves. The weights must be submitted to the ICBF and payments are made in December.

The Sheep Improvement Scheme provides financial support to farmers who improve the welfare of their flock. Farmers get €12 per ewe and the total paid to over 17,500 farmers for 2022 was €17.3 million.

All organic farmers who are certified can avail of an annual payment of €2,000 for the first year of conversion and €1,400 thereafter to cover administration and training costs so this is good news indeed for agri consultants. During 2023 the organic farming scheme will deliver an average payment of €15,500 to new entrants so it is a very attractive scheme for smaller farmers.

In 2023 there were 2,200 farmers farming organically including approximately 380 who entered conversion in spring 2022. 1400 of the organic farmers are on the western seaboard. Organically managed land now occupies approximately 2.5% of the total utilisable agricultural area (UAA), a doubling in area compared to the previous decade. This compares with an average of 8.5% of UAA across the EU.

The Targeted Agriculture Modernisation Schemes (TAMS 3) provides grants to farmers to build and/or improve farm buildings and equipment. TAMS III in collaboration with the On Farm Capital Investment scheme will run for five years (2023-2027) with a budget of €370 million and the grants are very attractive indeed. 8,241 applications were submitted under tranche 1 of TAMS 3, which includes 10 different schemes.

However according to the IFA long delays in the DAFM processing TAMS applications is seeing farmers having to invest in time-sensitive projects such as buildings without grant aid. The Irish Creamery Milk Suppliers Association (ICMSA) has also claimed that approvals for TAMS 3 applications could be delayed until early 2024.

According to the Minister, the scheme had an unprecedented level of applications received under Tranche 1 (almost four times the number received under TAMS 2). To help with processing the applications, farmers who require the construction of slurry storage, or urgent animal welfare related investments, could apply for priority approval up to 15 Sept 2023. It is also planned that approvals will issue by scheme, starting with the Solar Capital Investment Scheme.

Improved Prospects for Farm Milk Prices in 2024

According to CSO data, as of June 2023 the number of dairy cows was up by 1.2% to 1,646,600. However, with an increased autumn culling rate for cows and less replacement heifers being reared, we can expect total cow numbers to decline slightly in 2024. However, this should not impact on milk supplies as the replacement heifers will be higher yielders than their mothers.

CSO data for June 2023 indicates a positive trend in milk sales for human consumption, reaching 45.9 million litres — an increase from 41.5 million litres in June 2022. Whole milk constituted 31.1 million litres of this total, with skimmed and semi-skimmed milk sales accounting for 14.7 million litres.

The average dairy herd size in Ireland is now 103 cows and we have 15,973 herds, with 1,429 milk producers with over 200 cows. 4,769 milk producers have herds of 100-200 cows while 6,176 milk producers have between 50-100 cows. Milk yield/cow was only 5,744 litres on average in 2021. It is at 7,900 litres in Northern Ireland where there are around 318,000 cows and average herd size is 120 cows.

Low prices in most key global dairy regions have slowed milk production growth in recent months. While the delicate balance of global milk supply and demand persists, there are signs of optimism for the remainder of 2023 and into 2024, according to Rabobank's Global Dairy Sector Team.

Rabobank's latest quarterly report reviews production and demand factors in seven major dairy exporting regions: the U.S., European Union, New Zealand, Australia, Brazil, Argentina, and Uruguay. Analysts lowered 2023 and 2024 milk production growth in those regions to 0.3% and 0.4%, respectively. That's well below the 1.6% annual average gain seen from 2010 to 2020.

From January 2021 to September 2023, the EU butter price increased by 27%, eggs by 37%, and potatoes by 53%. This is good news for farmers and of course a rising world population guarantees farmers an ever-increasing demand for food. As the standard of living improves in the third world and in Asia, consumers will consume more meat and dairy products which is good news for Irish dairy, beef and sheep farmers.

The Dutch spot price for butter has increased by over €700/t over September and October and is now over €5,000/t. Meanwhile the market for skim milk powder (SMP) has increased by 16.5% since August and is now at €2,600/t. According to John Lancaster of the StoneX Group, forward prices for butter, cheese and powders since September are up by more than 10%.

Bord Bia has embarked on a campaign to drive €15m in dairy export growth to Malaysia (33m people) and the Philippines (112m people). This campaign, which promotes dairy from Ireland, is aiming to target 10,000 Asian buyers in Malaysia and the Philippines. Bord Bia co-funds the campaign with the EU. Asian buyers from Japan, Malaysia, Vietnam, Thailand, and the Philippines will also visit Irish dairy farms and processers.

Bord Bia's recent Future of Dairy in Southeast Asia report shows that the population of Southeast Asia is predicted to grow by a further 100m by 2050, with 20% of this set to be among people over the age of 65. Under this EU campaign, awareness of EU dairy is forecasted to grow by 15% in Japan, Malaysia, Vietnam, Thailand, and the Philippines by 2025.

Farm Labour Solutions

Teagasc figures indicate that as many as 6,000 people will be required to fill on-farm roles in Ireland over the next decade with many of those on dairy farms. New research from Teagasc Moorepark shows that overall labour requirement on a dairy farm can be significantly reduced by applying appropriate farm facilities and efficient practices.

This focus is particularly important now since reduced availability of farm workers is being experienced, combined with farmers themselves placing greater emphasis on achieving a good work-life balance. Farmers are also getting older, so they are unable to work long hours without damaging their health. For example, the average age of a dairy farmer in 2020 was 52, the youngest for all farm systems.

The case study highlighted that a 119-cow dairy herd can be managed with less than 3,000 hours of labour input per year (or 54 hours/week). In this instance, the farmer contributed 77% of the labour input or 47 hours/week.

Previous research has indicated that farmers considered working less than 55 hours per week to be an acceptable working week. This level of labour efficiency was achieved while the farm met all of the key targets for a spring-calving herd.

This study clearly indicates the importance of efficient facilities, work practices and technologies. Such an approach is particularly important in ensuring that the peak workload in spring is managed effectively.

There are now fewer farm holders under the age of 45 and considerably more aged 65 or over. In 2020, almost one-third of all farm holders were aged 65 or over compared to just above one fifth in 1991. With lots of farmers due to retire with no successor this means that it will be much easier for younger farmers to lease extra land and grow their enterprise size.

Reasonable Prospects for Sheep Farmers

According to the June 2023 CSO data, total sheep numbers increased in the last 12 months by +0.3% to 5,983,500. Breeding sheep decreased by 2.8% and non-breeding sheep increased by 3.5%. The EU predicts that sheep and goat numbers will fall by 1.8 % in 2023 and 4.5 % in 2024 which should help improve future farm gate prices. The major EU producers are France, Romania and Spain. Major markets for EU lamb exports include the Middle East and North Africa. The EU are also predicting that lamb imports from Britain and NZ will increase by 10% in 2023 and 4.5% 2024.

EU consumption of lamb is relatively stable and may increase by 0.8% in 2024. Lamb is of course the only meat acceptable to all religious groups and the increasing Muslim population in the EU is also good for business.

According to Bord Bia, Irish sheepmeat exports for the first seven months of 2023 were valued at €259 million, a 6% reduction on the same period in 2022, whilethe volume of exports almost unchanged at 43,000 tonnes. The EU is the priority market for Irish sheepmeat exports and accounts for 70% of exports in volume and 75% in value.

2023 lamb prices reported by Bord Bia remain relatively strong, and on par with the same period in 2022. However higher input costs are eroding profitability and reports from processors are indicating substantial numbers of under finished and lighter lambs being presented. Higher value customers for Irish lamb typically have a desired carcase weight range of 18-21kg. A smaller Irish lamb crop has been forecast for 2023/24 and this may help factory prices to improve.

Tough Times for Tillage Farmers

An additional €7.1 million in state funding to support the tillage sector has been announced. This is being made available from the €8 million once-off Ukraine-related funding provided in Budget 2024 for the tillage sector. It represents a 100% top-up to the €7.1 million allocated under the EU Agricultural Reserve which was announced in early October. It will help cereal and potato growers who have been unable to harvest crops due to difficult weather conditions.

This targeted scheme will be at a rate of €1,000 per ha. Growers will be eligible for up to €20,000 in aid payments for crops which were unable to be harvested due to poor weather conditions in September and October. Payments under the scheme will be made in January 2024.

DAFM figures indicate that the cereal area decreased in 2023 by 6% compared to 2022. However, when protein crops and oilseed rape are factored in, the tillage area only reduced by 2%. If beet and maize areas are included, the overall reduction is 1% compared to 2022.

The winter cereal area dropped dramatically in 2022-23 by approximately 34,297ha to 114,531ha and a further very substantial drop is expected this winter due to poor weather conditions for planting.

Winter cereal planting levels are down by an estimated 40%, year-on-year, according to Seedtech technical director, Dr. Tim O'Donovan. However this should mean that subject to the availability of certified seed an increased area of spring cereals planted.The area of winter oilseed rape has increased significantly again this year to just over 20,000ha, up from 14,000ha in 2022. This is exactly double the area harvested in 2021. The Harvest Report published by Teagasc estimates that the production of cereals was 1.93 million tonnes in 2023. This represents a decrease of 492,500 tonnes (20%) from harvest 2022.

On a positive note, Teagasc forecasts that total costs on the average tillage farm in 2023 will be down by about 10% compared to 2022. The Straw Incorporation Measure (SIM) seeks to support farmers in undertaking actions which will increase soil organic carbon levels and deliver reductions in greenhouse gas (GHG) emissions.

The scheme was oversubscribed for 2023, with over 70,000ha down for chopping from a total of 3,440 applications. A budget of €10m had been set aside for the measure, but a total of 56,700ha of cereal straw and 13,900ha of oilseed rape straw meant that an additional €6m was needed to pay all applicants.

Poor weather conditions during growth and harvesting made for a tough 2023. Apparently, it was the wettest March, warmest June and wettest July on record. Crop quality and yields were impacted and harvesting conditions were difficult in many cases. Indeed, some crops could not be harvested at all – 4,500 acres according to the IFA. Crop quality was a major issue for much of the malting barley which had to be downgraded to feed-only quality. Rejections for malting barley this year, have exceeded 50% for 2023, according to the Boortmalt barley quality manager. In addition, high fertiliser and fuel prices further exacerbated the financial problems for cereal growers.

Teagasc estimates that 45% of this year's spring barley was late sown, from mid-April onwards due to wet weather, and yield expectations in these crops are low, with some crops struggling to reach a potential 5t/ha. Using costs from the Teagasc's Costs and Returns 2023 report and current prices, these crops will have a negative profit margin.

The Tillage Incentive (TIS) scheme is a support measure to increase the tillage crop area and reduce the dependency on imported feeds. A total of €10.9m was paid out through the scheme in 2022. Farmers in the Rebel County received €1.3m in 2022.This was closely followed by Co. Wexford which received €1.2m.

Farmers are paid €200 for each ha under the maintenance option and €400 for each ha under the newly converted land option. According to Teagasc, average tillage farm income in 2023 is expected to be approximately €37,000, a decline of 50% on the 2022 level.

Looking to the future, livestock numbers are at a record level so there will always be a strong demand from the animal feed sector for barley, wheat, oil seed rape, beans etc. The beverage industry is thriving so demand for malting barley will remain strong. There has been a significant growth in the number of plants producing craft beers and Irish whiskey.

The Irish Whiskey Association now represents 48 distilleries — 29 of which also operate visitor centres around the island of Ireland that are local attractions for tourists and Irish visitors. 58% of these distillers have increased staff numbers during 2023.

Bushmills, which has invested in a new £37 million distillery, has been named at an impressive 23 in the World's Most Admired Whiskies by the influential Drinks International magazine on the basis of its remarkable heritage and, most recently, for its growth and innovation, with sales having passed the nine million cases for the first time.

Indeed, the drinks industry uses around 300,000t of Irish barley for beer and spirits production. The market for porridge at home and abroad is growing so the market for oats is increasing nicely. So, some good news for cereal growers. One solution for the future could be the use of crop insurance which is standard in the USA. This is an effective risk management tool that can reduce price volatility, stabilise incomes, improve resilience against weather hazards, and ease access to agri finance.

Bright Long-Term Prospects for Forestry

The Forestry and wood sectors are worth more than €2 billion annually to the economy according to a new COFORD (Council for Forest Research and Development) study. The gross output of the sector is set to double by 2035 against a backdrop of increasing carbon constraint. Our forest sector is ideally positioned to become one of our leading long-term sustainable industries.

The Republic of Ireland has nearly an 11% forest cover or over 750,000ha of land under forestry. This is the lowest forest cover in the EU despite our strong competitive advantage in growing timber. The total value of Irish industry to the economy is €2.3 billion, supporting almost 12,000 jobs primarily in rural areas.

The share of new afforested area planted by farmers in 2021 was 18%, a sharp decline from their share of 97% in 2014. Obviously, this trend needs to be reversed and more farmers encouraged to plant trees.

According to the IFA, many farmers who have planted see huge potential in the sector but are increasingly frustrated by the lack of progress to resolve barriers to planting.

Forestry is not labour intensive and can free up more time for work on or off the farm, and for the family. For older farmers with marginal land, forestry can be a very attractive enterprise and much more profitable than cattle or sheep. For other farmers, forestry premiums can fund third-level education or finance a useful pension pot for their retirement.

Forestry has many benefits for farmers: trees may reduce livestock winter feed costs and veterinary bills, pesticide costs for more vigorous crops and heating bills for farm buildings. Properly planted and managed shelterbelts and hedges can help reduce ground wind speed by up to 50%. This can increase air and soil temperatures up to 5°C and 2°C respectively. Good shelter results in healthier livestock, earlier germination and better yields from cereal crops and reduced heat loss from buildings.

The rotation lengths for each tree crop varies considerably. Sitka spruce varies from 30-40 years while for Oak and Beech it can be up to 120 years. Willow and poplar are high yielding and adaptable species suitable for the production of large volumes of fuelwood over short rotations. This system is used to produce heat and electricity or both.

Good quality woodlands and farm forests are real assets to the sale of land and will increase its capital value, particularly if premiums are still due. For example, where the farm forest is being successfully managed, the farm may increase its capital value by as much as 25%, compared with similar areas devoted entirely to agriculture.

Unfortunately for a third year in a row the total afforestation in the state struggled to exceed 2,000ha – this is in comparison to two decades ago when between 8,000 and 10,000 ha annually were being planted.

According to DAFM, the new €1.3 billion Forestry Programme, launched earlier this year, will drive up the total area under forest significantly in the coming years. The new scheme has attractive new premium rates across a broad spectrum of planting options.

According to Minister of State for Land Use and Biodiversity Pippa Hackett: "We want to see more timber used in construction. Not only is wood a sustainable, home-grown product, but it can also replace steel and concrete, reducing the carbon footprint of our buildings. Timber used in construction is an excellent way of storing and locking up carbon and has a positive impact on our climate. Forests bring great benefits for our climate, water quality, nature and biodiversity - growing timber as a product for construction is also central to our climate efforts and to the future of the forest sector."

The new €1.3 billion Forestry Programme, launched in September 2023 offers attractive grants and yearly premiums for landowners to plant new forests for timber. Applicants can receive grants of €4,452 per ha, and annual payments of up to €863 per annum for 20 years to plant a new diverse conifer forest for timber production with 20% broadleaf species through the new Afforestation Scheme. From native forests to commercial plantations, premiums have seen an increase of up to 66%. The period of tax-free premium payment has been extended for farmers across most categories with 20 years now the standard.

The Native Tree Area (NTA) scheme should be very attractive to farmers. It is lucrative, hassle free and no afforestation licence is required, unlike other forestry schemes which are tied up by bureaucracy and planning problems.

The NTA Scheme supports the creation of small native forests on farmed land alongside streams, rivers and lakes protecting and enhancing water quality and aquatic habitats. The scheme is open to both farmers and non-farmers. Farmers can plant up to 1ha of native woodland without a licence, or up to 2ha if they have a suitable watercourse along which to plant a riparian small-scale native woodland.

The scheme includes grant and annual premium payments over a 10-year period, totalling €22,060/ha for small native forests and €22,840/ha for native forests for water protection. If every farmer planted 1ha then we would make real progress in reaching our forestry targets and improving water quality.

Advisory, Education, Research & Training

Teagasc is the leading organisation in the fields of agriculture and food research in Ireland, as regards animal and grassland research, innovation, crops, environment and land use, food, rural economy and development.

Teagasc employs approximately 1,100 staff at 55 locations with an annual budget of +€160m. Around 75% of Teagasc's yearly budget comes from the Irish exchequer and EU funding with the balance from earned income. Some 40% of the budget is devoted to research with the remainder split equally between advisory and education services.

Recognising the challenges around growing media and the need to find alternatives to peat moss, €1.69m was awarded by the DAFM to a research project,'Beyond Peat'. This five-year project, coordinated by Teagasc, will run until 2027.

Teagasc collaborate extensively with its colleagues in Irish universities. Its postgraduate scholarships supports more than 100 MSc and PhD students annually in its research centres and enhances this collaboration. Students can now avail of at least ten Bachelor of Science in Agriculture degree courses at 13 third level institutions in the Republic of Ireland.

Teagasc Advisory Service provides services to all of Ireland's 130,000 farmers, including 44,000 direct clients. The advisory programme is delivered by approximately 260 front-line advisors located across twelve regional advisory areas.

The Knowledge Transfer (KT) Programme is a three-year programme administered by the DAFM and is delivered by a network of approved KT Facilitators, with farmers participating. For each year, participants will receive a re-imbursement to the value of €750.

KT Facilitators will receive €500 per year per member in their group. The KT programme is facilitated by Teagasc advisers and Ag consultants.

The Agricultural Consultants Association (ACA) represents private agricultural consultants and advisors. Currently the ACA have 165 member offices in Ireland, employing around 280 agricultural and environmental professionals.

Students may also do Level 5 FETAC course at agricultural clleges in Ballyhaise, Clonakilty, Gurteen, Kildalton, Mountbellew and Pallaskenry. This course is accredited by QQI and is for young people who wish to make their career as farmers or seek employment on farms. Graduates of the course are eligible to progress to a Level 6 Green Cert or an Advanced Cert in Agriculture.

They can also transfer to Year 2 of the Higher Cert in Agriculture or a B.Sc in Agriculture at an Institute of Technology or University. As regards education, Teagasc had a record number (1,716) of Green Cert students in 2022. This compares with 1,497 students for 2021. Quite a few southern students also attend agricultural courses at the CAFRE Greenmount college in Antrim and at Queen's University Belfast.

The new 2023 Farm Manager apprenticeship is for anyone who wishes to pursue a managerial career in the agri sector or existing personnel employed on farms to progress with their existing qualifications. The two-year programme will provide the latest research and best practice management knowledge to successfully run a commercial farm business.

Buoyant Irish Food Exports

The Irish agri-food sector is globally orientated, with approximately 90% of Irish beef, sheepmeat and dairy produce exported each year. In the first seven months of 2023 food and live animal exports from Ireland rose year-on-year to €8.3 billion – compared to €8.1 billion for the same period of 2022.

Irish beef exports for the first eight months of the year increased in value by 10% to €1.7 billion, with export volumes also up 10% to 312,747t. The UK has been the standout market for Irish beef in 2023, with exports valued at €811 million, a growth of 11%.

The average value of beef exported to Britain was €5,481/t, an increase of €200/t on the previous year. Britain took 49% of our beef for year-to-date versus 45% for the previous year, the highest percentage since 2019. Due to increased exports to Britain, Irish beef exports for August year-to-date to the EU fell by 5.6% to 139,995t. The value of EU beef exports also fell for year-to-date by 3.6% to €822m.

Bord Bia's has an ongoing EU Beef and Lamb campaign which is 80% co-funded by the EU which will run until May 2025. The three-year campaign targets the high potential markets of Japan, South Korea, China and the USA. The campaign has a marketing budget of €4.8m a year.

The successful application for a PGI (protected geographical indication) for grass-fed beef from the island of Ireland from the EU should help generate a premium for some of our beef exports. Bord Bia has already developed a marketing plan for the launch of the PGI.

94% of Irish dairy product is exported, with €6.8 billion worth of exports in 2022 to over 140 international markets, making it Ireland's largest and most successful native industry. According to Bord Bia dairy demand has come under pressure this year, with rising interest rates, inflation and affordability impacting all markets.

Declining global commodity and farm gate milk prices have yet to be reflected at consumer level, with expensive product acquired in 2022 and early 2023 still in the supply chain. This has resulted in the Global Dairy Trade (GDT) index having fallen close to 20% so far this year, so we can expect the total value of our dairy exports for 2023 to be impacted. However, for early October, the GDT price index had increased by 4.4% on the September event which had increased by 2.7% on the August event. The November index declined by only 0.7%. This is the first decline since August 15, 2023, and comes after four consecutive increases in the GDT price index. The Ornua purchase price index has also reported improved returns for October of over 2c/litre over September.

There are early signs that global milk production has begun to slow, with the US recording high dairy cow slaughters and combined milk supply for the top five dairy exporters flat in June when compared to June of last year.

On a positive note, the new €40 million Kerrygold butter plant in Mitchelstown will double its output to 80,000t of butter annually, or over 1 million packs every day. An Taisce objected to the new plant as they also did to the new Glanbia cheese plant in Slievrue, Co. Kilkenny.

Ornua plans to become the country's first €2bn food brand. Kerrygold Park has the latest processing technology and 10 packing lines for a range of over 50 different product formats available across over 110 markets. The brand has achieved international success in major markets such as Germany and the USA where it is the second largest butter brand.

Since 2018, Irish food and drink exports to West Africa have increased from €227 million to €578 million in 2022. Nigeria is largest market for Irish agri-food goods in Africa with exports worth €208 million in 2022 increasing by 14% over 2021 with Dairy, Seafood and Beverage products the main export categories.

Latest figures from the CSO show Ireland exported more than €688m worth of goods to Arab countries between January and March this year, with Bord Bia reporting a 15% surge in food and drink exports to Middle Eastern countries during the same period.

Exports to Algeria increased by 153% in the first three months of 2023, with a 97% rise in Qatar and a 76% increase in Lebanon. With a population of around 36 million, Saudi Arabia is the largest importer of Irish goods of all the Arab states.

Food and sustainability sector companies now account for 29% of total employment in Enterprise Ireland-supported companies. In 2022, 63,858 people were employed in companies that EI supports in this sector – an increase of 3% on 2021 figures. These companies spent €209 million research and development (R&D) activities in 2022. 170 companies operating in the sector spent €100,000 or more on R&D activities in 2022.

Equipment and Farm Machinery Sector

Despite 2023 being a poor year for most farmers, tractor, slurry tanker and telescopic loader sales were still buoyant due to a carryover of farm profits from 2022 affording an opportunity to take advantage of tax allowances and avail of various grants. For Sept year-to-date new tractor sales at 2,314 were up 3.3% on the previous year. This is significant as the average HP is also increasing. Used tractor sales at 2,229 units were also up 7.6% on the previous year. In Northern Ireland, sales were also good as 471 new tractors were sold for October, year-to-date which is a drop of only 3% taking into account the continuing rise in the average HP.

As expected, Cork has the highest new registrations, Tipperary is second, followed by Wexford. According to the FTMTA, for early 2023 two power bands had equal registration numbers: the 101 to 120hp category and the 121 to 140hp category, which each accounted for 18.48% of all new tractor registrations. Tractors lower than 100hp accounted for 11.85% of all new registrations. The over 200hp category increased to 11.85% of all new registrations.

Massey Ferguson, New Holland and John Deere account for 53.2% of all tractors taxed in Ireland. The first Chinese-made Lovol tractors arrived here during June 2023.

TAMS (Targeted Agriculture Modernisation Schemes) grants for dairy, slurry equipment and tillage equipment was also a big help for equipment and farm machinery sales. TAMS 3 is a five year scheme with a budget of €370 million which provide grants to build and/or improve farm buildings and equipment. Farmers can avail of a 60% grant on Low Emission Slurry Spreading Equipment scheme (LESS) up to a ceiling of €90,000.

With a shortage of family and other labour, plus time constraints, farmers should be availing more of agri contracting and the farm relief services. Farm Relief Services (FRS) is a farmer-owned Coop, that provides a range of services including relief milking, farm fencing, freeze branding, hoof care, sheep and cow pregnancy scanning and farm labour. FRS has more than 1,200 farm operatives, many of them smaller part-time farmers who support more than 5,000 farms across the country.

Agri contractors have better machinery and skilled operators so they are more cost effective than tying up scarce capital on farm machinery which will be underutilised. According to Teagasc the use of contractors to provide mechanisation services is a cost-effective and sensible solution to machinery supply for a large number of farms.

Unfortunately for reasons unknown, professional agri contractors are not eligible for TAMS grants while farmers who also do contacting services are.

The Association of Farm and Forestry Contractors in Ireland (FCI) has claimed that the new TAMS scheme discriminates against all agri contractors. According to the FCI the 1,100 members registered with the association work on average at three farms daily. This amounts to 27,000 farmer interactions each week of the working season.

Agri contractors play a central role in Irish agriculture. It is estimated that 80% of the heavily mechanised work, such as silage making, is done by contractors while the value of services provided is about £500m/year. 92% of contractors surveyed were involved in silage making with the majority having self-propelled machines (60%) while 70% were involved in a substantial way in tillage.

The average spend per farm on Farm Contractor Services is €7,079 per annum. There are 76,581 agri tractors registered for use on public roads in Ireland – 20% or 15,500 are in agri and forestry contractor fleets. According to the FCI, the costs of agri-diesel inflation have doubled the annual fuel costs for the sector from €260 to €525 million based on an annual national consumption level of 350 million litres.

The Dairy Equipment TAMS Scheme offers grant aid of 40%. Items covered include milk storage and cooling, water heating, backup PTO generator, milk recording/milking equipment, auto washer and so on. With increasing herd size and aging milking parlours, many farmers are upgrading plants with new technology or investing in new parlours or milking robots. Due to a strong demand, there is currently a backlog of at least six months in completing orders.

Tillage farmers can get grant aid on equipment at a rate of 40% to a ceiling of €90,000 per holding. This is a €10,000 increase on the last scheme and partnerships have a ceiling of €160,000. Equipment covered includes mulchers, cultivators, beet cleaners, weighbridges, seed broadcasters, soil aeratorsc.

The agricultural machinery industry in Ireland is valued at €1.3 billion in 2023. After a number of years of substantial growth, new investment on Irish farms declined by 11% in 2022, according to the 2022 Teagasc National Farm Survey. This decline is evident across all systems, except for dairy where investment was up by 2%.

Investment on dairy farms was the highest, at an average of €46,005 per farm in 2022 and accounted for over half of total investment in 2022. Machinery was the largest investment across farm systems in 2022. It accounted for just over half of total investment on dairy farms, at just over €24,000, and three-quarters on tillage farms, at just over €16,500.

Building investment averaged €18,500 on dairy farms in 2022, with expenditure relating to land improvement close to €3,000 on the average dairy farm. Across all farm systems, 61% of farms have no farm business-related debt. However, two-thirds of dairy farms had borrowings in 2021. When farms without debt are excluded, the average dairy farm debt in 2022 declined by 8% year-on-year to €127,477.

In 2021 according to CEMA (the association representing the European agricultural machinery), Ireland exported farm machinery with a value of €270 million while imports were valued at €510 million. The best-known Irish firms include Abbey, Dairymaster, Hi Spec, Keenan and McHale Engineering.

Poultry Sector

The poultry sector accounts for some 2% of agri output and supports 6,000 jobs, mainly in rural areas. There are some 350 poultry farms which provide birds for processing in seven plants. Approximately 70 million chickens are produced annually, 4 million turkeys and eggs from 2 million hens. However, it is concentrated in two main areas – Cavan/Monaghan and Cork/Limerick.

Irish poultry export values are estimated to have increased by 14% in value terms to €143 million during 2022, with volumes up 3% at 78,000 tonnes. Britain is a key market accounting for €85 million, or 59% of exports by value.

Chicken giant Moy Park has posted sales of more than £1.8bn for 2022 as Northern Ireland's biggest business. The firm, which employs almost 9,300 saw turnover rising by over £300m during 2022.

Raising broiler chickens is big business in Northern Ireland as almost six million birds are processed for consumption every week. Energy costs for heating broiler houses are considerable and can have a major impact on gross margins. Houses have traditionally been heated using LPG air blown heater and canopy brooder systems.

According to the Department of Agriculture, Environment and Rural Affairs of Northern Ireland (DAERA) conversion to a biomass heating system can provide a cost effective, low carbon alternative to gas. Because biomass heating generates less moisture, the chicken litter is kept drier, reducing ammonia levels, boosting growth and improving bird welfare. Installing a biomass heating system can significantly reduce production costs for poultry producers.

A further income can be generated by availing of the Renewable Heat Incentive (RHI) which is a quarterly payment based on heat generated by a renewable energy technology such as biomass boilers replacing a fossil fuel. A typical payback of between three and five years can be expected.

Horticulture Sector

The horticultural sector is the fourth largest sector in agriculture in terms of output, with a farm gate value of €529 million in 2022. The horticulture sector is a labour-intensive industry with an estimated 17,000 people employed in the sector at both primary and value-added levels.

It is the fourth largest sector after dairy, beef, and pigs in terms of output value. Horticulture food includes mushrooms, potatoes, vegetables, soft fruit, protected crops, and outdoor fruit. Amenity horticulture includes nursery stock, protected crops, cut foliage, and outdoor flowers and bulbs.

The estimate for the field vegetable area in 2021 was 4,600 ha. The sector is very labour-intensive, particularly for crops harvested and graded by hand.

According to Teagasc the vegetable area is expected to decrease by 7% in 2023. Lack of economic sustainability where reduced margin coupled with capital risk have resulted in some growers exiting the sector. The IFA estimates that there are currently less than 100 commercial field vegetable producers left in Ireland.

Poor weather during 2023 has impacted crop quality and a significant area of potatoes could not be harvested due to wet weather and flooding. According to the IFA, as of November around 60% of the crop has yet to be harvested and sizeable losses have already occurred with more expected as potatoes in flooded fields will simply rot.

The vision outlined in the National Strategy for Horticulture 2023-2027 is to grow a more profitable, value-added sector, driven by innovation and sustainability. Recognising the continuing challenges in some areas of fruit and vegetable production, funding of €2.383 million was secured this year under the EU Agri Reserve for the horticulture sector. An allocation of €1.35 million has also been secured in Budget 2024 to support the delivery of the Horticulture strategy.

Since 2018 the Scheme of Investment Aid for the Development of the Commercial Horticulture Sector has approved over €53 million in grant aid. This has supported investment worth over €133 million in the sector. A budget of €10 million has been secured to run this scheme again in 2024.

The mushroom industry is the largest horticultural sector in the Republic, and it has a farm gate value of €119 million, of which approximately 80-85% is exported to Britain. It currently employs over 3,500 people.

Mushroom producers faced a surge in production costs relating to increased energy, packaging and transport costs, however this was partially offset by price increases. Last June, a €6 million Government support package was launched to improve efficiencies in the Irish mushroom sector.

The schemes will be financed from the Brexit Adjustment Reserve Fund and will fund switches to renewable energy sources, automation and new market development following post-Brexit challenges with the British market. Growers and processors can avail of up to 40% grant assistance to all businesses.

The potato sector was also directly impacted by Brexit. In 2022, the Scheme of Investment Aid for the Development of the Seed Potato Sector was launched to address the difficulties faced by growers following the ban on the importation of certified seed potatoes from Britain. The Scheme had a budget of €1.5 million in 2022 and €1.5 million in 2023.

In 2023, the Scheme was expanded to include chipping potatoes with an additional €1.6 million in funding being allocated, bringing the total funding available for the 2023 schemes to €3.1 million.

According to Bord Bia, the horticulture exports to all markets were worth €20 million in 2022, an increase over 2021. The market size of the vegetable growing industry in Ireland was measured at €568.7 million in 2023.