

Supporting the Irish meat sector



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The impact of the crisis on the Irish meat sector

The meat processing sector generates annual exports of €4 billion, direct employment of 15,000 and processes the output from some 100,000 livestock rearing farms. It plays a critical social and economic role in Ireland's rural economy. The unprecedented sudden shutdown of the domestic, European and global food service sectors, due to COVID-19, has caused major market disruption, a consequential market collapse - all resulting in major revenue and margin losses for companies and producers. All meat categories are impacted, some more than others.

Phase 1 Actions to support the Irish meat sector in the next 100 days

- 1. Continue Temporary Wage Subsidy Scheme:** The TWSS needs to be continued beyond the initial operational period as companies will remain significantly impacted by the continued market disruption associated with the food service sector shutdown. Also, the impacts of social distancing will persist well beyond the 're-opening' of national and EU foodservice channels, thus limiting the pace of market recovery.
- 2. Export Credit Insurance:** Processors are currently hampered in trading into active markets due to a credit squeeze caused by COVID-19 related market disruptions. A government guaranteed comprehensive export credit scheme is urgently required to safeguard the exposure food businesses against commercial risk in export markets.
- 3. Market support measures:** Either introduce a support measure that addresses the major carcase imbalance created by the loss of sales to food service or alternatively, introduce a targeted direct financial support scheme for those producers who marketed livestock during the Covid-19 period, to mitigate their losses due to the exceptional market failure.

Phase 2 Actions to support the Irish meat sector by end of 2020

- 1. Make funds available for investment scheme:** Following EU State Aid approval in February 2020 for a capital grant aided investment programme for primary agri-food processing, funds must be made available to launch the scheme immediately and the level of aid intensity increased. This should be further supported by Government Guarantees/Loans to facilitate the investments.
- 2. Market access:** Efforts at DAFM and national level must be further intensified to open new markets and enlarge the range of products and markets eligible for export to international markets for each meat species. Processors have identified access improvements needed and key target markets; resources should be put in place to secure immediate access to these markets.
- 3. Securing EU market equilibrium:** Government must engage with the EU Commission to use the resources of the EU promotional budget to drive a consumer campaign specifically aimed at the promotion of consumption of the higher value meat stocks built up during the closure of the food service channel. In tandem with this, the EU needs to limit the surge in beef steak imports which will undermine efforts to reboot the foodservice channel demand.

Phase 3 Actions to support the Irish meat sector by 2023

- 1. Introduce FTA with UK:** The Government and EU Commission must ensure that a comprehensive Free Trade Agreement is secured with the UK, which delivers continued unfettered access (tariff-free and quota-free) for exporters. It is essential that the meat sector avoids a detrimental No-Deal trading scenario.
- 2. Protect Common Agricultural Policy (CAP):** The Government and EU must work together to ensure that the next CAP is fully funded and that proposed spending reductions are reversed.
- 3. Climate change:** While working together to achieve the ambitions set out in the Climate Action Plan, it is essential that the Government recognises the economic importance of the Irish agri-food sector and its role in a green economic recovery. The development of a national programme to support the investment needs of the agri-food industry in transitioning to a low carbon footprint in accordance with the Government's Climate Action Plan, is a key priority.

Impact of phased action on the Irish meat sector

The actions outlined above are essential macro-economic measures needed to stabilise the meat markets; to shield the meat processors and other stakeholders from the worst effects of the COVID-19 shocks; to support producers and processors during the closure of the foodservice channels; to underpin producer incomes short term and to assist the meat sector to be better prepared and competitive when, inevitably, post COVID-19, national, EU and international economies resume normal activities. All these recommendations will be necessary to successfully reboot the sector.

'The meat processing sector has been severely affected by the closure of food service outlets across the globe. The measures we have outlined are key to ensuring the full recovery of the sector and rebuilding of market positions as economies begin to reopen'.

Philip Carroll

Chair of Meat Industry Ireland

Reboot & Reimagine

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