The Past, Present and Future of Irish Agriculture

Brendan Kearney

Introduction

The agricultural sector has received considerable attention over the years in the public arena in the policy, media, organisational, institutional, social, and economic circles and its development and performance has been the subject of innumerable analyses and examination. From time to time dedicated special studies have been undertaken on the state of the sector, dealing with the challenges and constraints facing it and nearly always stressing its unrealised potential. For the years before EU entry these were mainly undertaken by Government but for many years thereafter NESC was the main agency. Then beginning in 1999 a number of reports have been published by Government on the agri-food sector, the last been in July this year entitled Food Harvest 2020. The majority of the State sponsored reports have focussed on the main issues facing the sector, identifying the constraints on its development and outlining strategies for enhancing its contribution in economic and social terms.

This paper is broadly titled: The Past, Present and Future of Irish Agriculture and covers its changing in role in the economy, its changing structure and performance with respect to output and incomes, and the prospects and challenges which lie ahead. We begin with its changing role in the economy and this is followed by a review of the main policy developments and output/ income trends, the changing structure and performance of the sector and conclude with the prospects and challenges which lie ahead and in particular the Harvest 2020 and CAP Reform 2013.

Role of agriculture in the economy

In relative terms, the role of agriculture in the national economy has inexorably declined in common with that in virtually every other country in the developed world. Table 1 outlines how it changed over the years with respect to the economy, the labour force, and exports. From a proportion of GNP in 1973 of 18% it has declined to about 2% at the present time, the rate of decline being particularly rapid during the Celtic Tiger years with rapid expansion in the non-farm economy and with virtual stagnation in the farm economy itself. With respect to exports the agri-food share has fallen from 40% in 1973 to 7% currently, or somewhat greater if some items excluded from ‘agricultural’ exports but heavily dependent on agricultural raw materials are included. Indeed the food sector is experiencing more diversification and value added in
recent years than the primary sector with positive effects for the national economy and external trade. However the agri-food sector makes a more important contribution to the net inflow of funds to the Irish economy than its share in the official statistics suggest. Analysis undertaken for the DAFF (Riordan 2008) highlights that the net foreign earnings of the ‘biosector’ contribute approximately 30% of the total net earnings from primary and manufacturing industries. This is approximately double the sector’s contribution to exports. The main reasons for the sector’s disproportionately large net contribution to earnings from exports are, its low import dependence, accounting for half of all purchased Irish goods and services by the manufacturing industry, and the low levels of profit repatriation among its processing firms.

The work force in agriculture has declined absolutely as well as relatively. The contractionary trend in Ireland mirrored the shape of the aggregate European experience, but at a somewhat slower rate. The numbers employed in Irish farming fell at an annual average rate of 3.1% in the 1960s and at 3.0% during the 1970s. The rate of decline of the Irish agricultural workforce fell to 1.9% a year during the 1980s, but tended to increase again in the 1990s (2.1%). Throughout the last three decades of the last century, Ireland has been losing jobs in farming at a slower pace than the Union as a whole.

When we joined the EU in 1973 the farm work was about 263,000 representing 25% of the total workforce. The numbers at work in farming in the last years of the last decade were estimated at about 100,000 or about 5% of total employment but more recent revised estimates put that figure at 85,000 in the second quarter of this year or about 4.6% of total employment and with little indication that the decline in the labour market is having any effect to-date on farm employment.

Table 1: Role of agriculture in certain aggregates (%)

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<tr>
<td>GNP</td>
<td>18</td>
<td>11</td>
<td>9</td>
<td>5</td>
<td>2</td>
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<tr>
<td>Exports</td>
<td>40</td>
<td>35</td>
<td>21</td>
<td>10</td>
<td>7</td>
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<tr>
<td>Labour force</td>
<td>25</td>
<td>18</td>
<td>15</td>
<td>8</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: CSO
Policy evolution

Entry into the EEC/EU-the early years

The historical development of the CAP is illustrated in Figure 1. Ireland was offered attractive and guaranteed terms on accession to the then EEC in 1973 and a plethora of studies and official pronouncements projected a bright outlook for the main branches of Irish farming. Accession offered major market outlets for the principal products at high and guaranteed prices, something that was yearned for since the late 1940s.

Irish farm prices before accession were considerably less than the prevailing common EEC administered price level and the transitional steps upwards towards that common level were guaranteed, while at the same time annual price increases were almost taken for granted. The hefty price increases which followed evoked a very positive from farmers, especially in the dairy sector and to a lesser extent in barley and beef production.

Figure 1 Historical development of CAP

<table>
<thead>
<tr>
<th>The Early Years</th>
<th>The Crisis Years</th>
<th>The 1992 Reform</th>
<th>Agenda 2000</th>
<th>CAP Reform 2003</th>
<th>CAP Health Check 2008</th>
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</thead>
<tbody>
<tr>
<td>Food security</td>
<td>Over production</td>
<td>Reduced surpluses</td>
<td>Deepening the reform process</td>
<td>Market orientation</td>
<td>Reinforcing 2003 reform</td>
</tr>
<tr>
<td>Improving productivity</td>
<td>Exploding expenditures</td>
<td>Environment</td>
<td>Competitiveness</td>
<td>Consumer concerns</td>
<td>New challenges</td>
</tr>
<tr>
<td>Market stabilization</td>
<td>International friction</td>
<td>Income stabilisation</td>
<td>Rural development</td>
<td>Rural development</td>
<td>Risk management</td>
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<tr>
<td>Income support</td>
<td>Structural measures</td>
<td>Budget stabilisation</td>
<td></td>
<td>Environment</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Simplification</td>
<td>WTO compatibility</td>
</tr>
</tbody>
</table>

Source: Harvey 2010
Meanwhile the sheep sector, without the benefits of an EEU market support regime, went into decline as producers abandoned the enterprise in response to poor prices and market conditions. However the market outlook changed with the establishment of a common market for sheep meat in 1980. The market opportunities lived up to that projected and once again farmers responded eagerly and production more than doubled in the following decade.

**The crisis years-the era of limits on output begins**

In the wider market arena, however, markets disimproved sharply and with the farm support budget rising alarmingly in the early eighties, the first major casualty was the dairy sector with the introduction of the milk quota in 1984. A limit had now been placed on the fastest growing component of Irish agriculture and the corset effect of that policy stimulated expansion in alternative enterprises and especially in beef and sheep production. This meant that developments in agriculture were largely policy driven and not strictly dictated by market forecasts.

Irish agriculture experienced difficult times in the mid to late eighties as the continuing budgetary difficulties in the EU led to the introduction of restrictive measures on output, especially in the beef and cereal sectors and farmers had little option but to respond accordingly. The major restrictive policy option then operating apart from the dairy quota was the stabiliser mechanism. This involved setting a maximum guaranteed quantity for products such as cereals with penalties in the form of price reductions where that quantity was exceeded, co-responsibility levies and ‘prudent’ price policies. The response from farmers was largely negative in character and the signals emanating from Brussels in those times were anything but optimistic.

Eventually the matter came to a head with the 1992 CAP reform. That reform can be viewed as a watershed, marking the transition from an era of major dependence on price and market support as a basis of underpinning farm incomes to an era characterised by a lower price regime and direct payments. The most significant adjustments were the reduction in support prices for cereals and beef with partial compensation for that reduction at fixed rates of payment through direct area and livestock payments.

The next major reform of the CAP was enshrined in the Agenda 2000 Agreement which continued the reform of the CAP along the lines of the 1992 reform with lower support prices and partially offsetting compensatory payments. This process underlined and emphasised the
crucial importance of compensatory/direct payments in farm income formation and conditional on the protection of the environment. The agreement also included a strengthening of structural, environmental and rural development policies and their incorporation into a 'Second Pillar' tasked with responsibility for rural development and the multi-functionality of farming. 'Modulation' was also introduced on a discretionary basis whereby funds could be transferred from Pillar 1 (market support and direct payments) to rural development measures (Pillar II) by means of a modulated cut in direct payments above a certain level.

Further reform of the CAP came somewhat earlier than anticipated with the 2003 Luxembourg Mid-term Review and a major one it was.

The key elements of the new reformed CAP included:

- a single farm payment for EU farmers, independent from production, consolidating area and livestock payments into a Single Farm Payment (SFP),
- this payment linked to the achievement of environmental, food safety, animal and plant health and animal welfare standards, as well as the requirement to keep all farmland in good agricultural and environmental condition ("cross-compliance"),
- a strengthened rural development policy with more EU money, new measures to promote the environment, quality and animal welfare and to help farmers to meet EU production standards starting in 2005,
- a compulsory reduction in direct payments ("modulation") for bigger farms to finance the new rural development policy.

While some Member States chose coupled payments requiring continued production for their receipt, Ireland opted for full decoupling and so all direct payments for cattle, sheep and arable crops were fully decoupled from production from 1 January 2005. All existing Livestock Premier and Arable Aid Schemes were abolished with effect from 1st January 2005. This included any quotas relevant to those schemes. The Rural Environment Protection Scheme (REPS), and Disadvantaged Areas Compensatory Allowances, (Formerly Headage Payments Schemes) were not included in the Single Payment Scheme and were to continue as before. There was no specific requirement to keep livestock after 2005 to qualify for the decoupled payments. However, farmers were required to keep their holdings in good environmental and agricultural condition and comply with certain statutory management requirements. These include the
identification and registration of animals, public, animal and plant health, and animal welfare and the environment. Sanctions may be applied where farmers fail to keep their land in good agricultural and environmental condition or fail to comply with certain statutory management requirements.

Another step in the reform process was the **Health Check of the CAP in 2008** which, inter alia, continued the trend towards decoupling, agreed the elimination of milk quotas by 2015 and eliminated compulsory set-aside. Other measures agreed were the raising of the common modulation rate from 5% to 10% and extending the period to 2013 over which New Member States could apply the Single Area Payment System.

So to summarise, for the past twenty years, or more in some instances, farming options were severely circumscribed by the prevailing EU market policies with the emphasis on production restrictions and supply management. The introduction of the dairy quota in 1984, and the extension and strengthening of supply control, with partial compensation by way of direct aid and livestock payments in 1992, reduced options for diversification and expansion and distorted price and market mechanisms. In reality, since we became members of the EU in 1973 we only had two periods when farmers had complete freedom to farm in the sense of deciding what and how much to produce. These two periods were the first decade of EU membership and in the period since the introduction of the Single Farm Payment in 2005. Of course we still have the dairy quota in operation although its influence is waning and its days numbered, so we are once again heading towards the wide road of freedom to farm.

The next major reform will be in 2013 which merits some comments later in the paper.

**Output - its level and character**

Despite the ebbs and flows of markets, prices, and incomes the overall enterprise mix and pattern of farming has changed little. Changing markets and associated price developments, unless these are way outside the range of previous experience, may not greatly alter the product mix of agriculture or the way farmers respond. That product mix—so much cattle, milk, sheep or cereal output etc.—reflects the climatic and geographical features of the country, so unless there are unprecedented swings/changes in markets we will by and large continue to have the pattern of output that we have today, even though the proportions may change. The dominant enterprises are cattle and milk production accounting for up to 70% of total output with pigs, cereal and sheep output accounting for 7%, 4% and 4% respectively.
The hefty price increases which followed EU membership evoked a very positive from farmers, especially in the dairy sector and to a lesser extent in barley and beef production. The expansion in milk production was quite dramatic and up until the introduction of the dairy quota in 1984 dairy output expanded by 70% or at annual rate of over 5%. A limit had now been placed on the fastest growing and most dramatic component of Irish agriculture and the corset effect of that policy stimulated expansion in alternative enterprises and especially in beef and sheep production. This meant that developments in agriculture were largely policy driven and not strictly dictated by markets.

The volume of gross agricultural output expanded by 50% from entry to the Union until 1990. It only expanded very slightly in the nineties but the trend in the last decade was downwards and the volume last year was less than it was 20 years ago. The decline seems to have been exacerbated by the introduction of the decoupled or single farm payment in 2005, an outcome that was anticipated at the time and cattle and sheep numbers and the areas under cereals have also edged downwards.

What is more worrying than the relatively static to lower level of gross output is the significant decline in gross value added at basic prices or the difference between gross output and intermediate consumption/inputs in recent years. While there was little change in productivity during the nineties, value added in real terms was over 30% lower last year than in 2000. It seems to be the case that while gross output has tended downwards there has not been a corresponding decline in the level of inputs being used in the sector. The data in 2008 and 2009 clearly show that Irish agriculture is becoming less cost effective in the short term at least, as annually since 2007 costs consume a larger percent of output.

With regard to the competitiveness of Irish agriculture some recent evidence reported (DAFF 2010a) shows that there was a slight deterioration in the cash cost competitive positioning over the period for Irish milk producers in the decade up to 5 years ago and while cash costs remained below the average of all the countries examined, this competitive advantage deteriorated when total economic costs were considered. The most significant imputed cost that contributed to the relatively high figure was the charge for owned land.
The indicators for **specialist beef systems**, over the period 1996 to 2005, show that Irish producers had a competitive advantage when cash costs were examined as a per cent of total output. However, the competitive position exhibited by Irish beef farms was much weaker when cash costs were expressed as a total of market based output in 2004/2005. For example, in Ireland for cattle rearing farms cash costs were 39% higher than market based output in 2004/05. When total economic costs were considered the competitive position of Irish beef producers deteriorates further. In 2004/05 total economic costs as a per cent of total output were 22 per cent and 10 per cent higher than the average of all countries for beef rearing and finishing farm respectively. Again the imputed charge for owned land and labour had a large negative influence on the relative competitive advantage of Irish beef farms.

Irish **cereal producers** maintained a competitive advantage relative to the average of the other countries in the analysis. Irish cereal producers had the second lowest cash cost to total output ratio compared to the other countries examined for 2004/05. Even when total economic costs were measured Irish cereal producers maintained a competitive advantage compared to the average of all countries. When non-market based output was excluded from the analysis and costs were expressed as a per cent of market based output, Irish cereal producers remained competitive during the period 2004/06.

Irish **sheep producers** had a comparative advantage compared to France and the UK, over the period 1996 to 2005 when cash costs as a per cent of total output was examined. Irish producers have the lowest cash costs as a percentage of output, but this result changed when cash costs were expressed as a per cent of market based output only. In 2004/05, cash costs were 55% higher than market based output, which was 10% higher than the average market based output of all countries examined. This result not alone highlights a competitive issue but a viability issue given that cash costs are well in excess of market based output.

**Highs and lows in farm incomes over the years**

As stated earlier, the initial expectations on entry into the EU with respect to incomes were quickly realised and despite the economic crisis in 1974 farm incomes rose dramatically in real terms up to 1978 even allowing for the rapid inflation in input costs. Thereafter market conditions deteriorated because of rising market surpluses, and price increases moderated significantly due to mounting budgetary costs of the CAP. Who can forget the butter and beef
mountains and wine lakes of that period? Still the CAP offered guaranteed and unlimited markets for the bulk of Irish agriculture. But the farm income bonanza came to an abrupt end and incomes took a buffeting over the next 8 years. A moderation in CAP price increases, due to mounting budget costs and product surpluses, the continuance of high rates of domestic inflation, and a reduced ability to win Green Pound devaluations after EMS entry in 1979 combined to expose farming to a crippling and prolonged cost/price squeeze.

In the late eighties and early nineties

Conditions improved after 1986. The introduction of the milk quota in 1984 led to a hardening of dairy prices; domestic inflation decelerated and the unilateral devaluation of the Green Pound within the ERM in the summer of 1986 paved the way for a substantial Green Pound devaluation and a resultant robust increase in farm incomes. While at the time of the 1992 reform agreement expectations for farm output and incomes were none too optimistic, buoyant world market and trading conditions boosted world prices and when combined with a devaluation of the Green Pound in 1993, prices were maintained at a much higher level than anticipated at the time of the CAP reform in 1992. Contrary to expectations, output and income trends generally moved strongly upwards and had a particularly good run from 1992-1996, after which the BSE crisis and depressed world markets put a halt to the upsurge in farming fortunes.

From the late nineties

Over the following five years up until 2002 farming endured a totally unexpected torrid experience being buffeted by a combination of animal health crises such as BSE and FMD, weak markets, low prices and the never far away, bad weather. Over that period total farm income declined by 15% in nominal terms, despite a massive increase in direct payments. The prevailing markets and outlook did not inspire much confidence among farmers and even where there were limited opportunities for expansion the output response was virtually negligible.

Incomes rose slightly again in 2004 but by a further 22% to almost €2.7bn in 2005 as the impact of the Single Payment Scheme under the Luxembourg Mid-Term Review (MTR) kicked in. The substantial increase was due primarily to a once-off overlap between payment of arrears on 2004 premia schemes and payment of the bulk of the Single Payment Scheme in December
2005. This resulted in over €2.28bn being paid in direct payments in 2005 compared with €1.65bn in 2004.

Conversely, farm income decreased by 13% in 2006 due to a reduction in direct payments following the once-off overlap between arrears on the old premia payments and the introduction of the single payments scheme in 2005. Total direct payments in 2006 amounted to €1.9bn, or 81% of aggregate income. The year also showed a small increase in agricultural output, reflecting positive trading conditions especially in the beef market and a good harvest in the cereal sector.

There was a further increase in incomes in agriculture in 2007 due to strong prices on world markets for dairy products and cereals. As a consequence milk and cereal prices in Ireland notched up unprecedented gains of 23% and 68% respectively and the huge increase in world food prices generally became a major cause of concern especially in developing countries. These price spikes were not foreseen by any of the forecasting agencies - indeed the causative factors for such spikes are by their nature random and are by definition not foreseeable.

Figure 2: Volume of output and aggregate farm income in real terms, 1973-2009
In the following two years 2008 and 2009 there was a catastrophic drop in farm incomes. In the latter year their level was back 20 years in nominal terms following a 12% decrease in 2008. The decrease of 30% in 2009 was mainly caused by an almost unprecedented price decline, but especially for milk and cereals where the fall was of the order of 30%.

**Relative incomes**

Considerable interest is often expressed in comparative incomes in agriculture and in the non-farm economy. The usual comparator is average industrial earnings in the rest of the economy with income per labour unit in the farm economy. For virtually all of the period reviewed industrial earnings always exceeded income per labour in farming with the latter being typically 50 to 60% of the industrial earnings. However for most of the last decade average earnings in farming were closer to 50% or below relative to that in industry and in 2009 that fell to about 37%. However a more meaningful comparison would that between labour income on full-time farms and earnings in industry but even here the latter would nearly always exceed that in farming.

**The role of direct payments**

In earlier years of EU membership, while most of the price and income support for agriculture was given in the form of high prices underpinned by import protection and export subsidies, the ongoing price reduction process and associated offsetting direct payments significantly shifted income support for farmers in the direction of the cheque in the post. Table 2 outlines how this has progressed since 1990.

| Table 2: Contribution of Direct Payments to Farm Income-€mill |
|-----------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Operating surplus (1) | 1,977  | 2,438  | 2,235  | 2,175  | 2,319  | 2,607  | 2,301  | 1,612  |
| Direct payments (2)   | 486    | 949    | 1,314  | 1,633  | 1,986  | 1,995  | 2,067  | 1,991  |
The data in the Table demonstrate the dramatic increase in the role of direct payments in relative and absolute terms, in income formation. In relative terms they have risen from 25% of total farm income in 1990 to 75% in 2003 and to 86% in 2006. However the most remarkable figure in the Table is that for 2009 where it is revealed that DPs accounted for 124% of income, meaning that the sector incurred a loss of about €380 million in its production operations in that particular year.

The National Farm Survey (Teagasc, 2010) provides further data on the returns from the main systems of farming and the contribution of direct payments to income formation in the respective systems. In recent years it has become common to express direct payments as a percentage of Family Farm Income. The main reason for expressing these payments as percentage of farm income is to highlight the growing dependency of a large number of farmers on EU and government based subsidies and direct payments. The data clearly show the growing importance of subsidies from 1995 onwards especially in the dry stock sector where their contribution exceeded Family Farm Income by over 30 per cent in most years since 2000 and increasing to 204% in 2009 i.e. returns from the market place were not sufficient to cover total production costs. In 2009 market based output from the Cattle Rearing System, which accounts for almost one quarter of all farms in the country, was €13,396 per farm, whilst total production costs were €19,125 resulting in a loss from the market place of €5,729 per farm. Subsidies as a percentage of FFI was also high in the tillage sector at 111%, 92% and 85% respectively in 2002, 2004 and 2006; declined to 61% in 2007, but increased to 162% of FFI in 2009. Direct payments contributed 45% to specialist dairy farmer’s income in 2008 but increased to 87% in 2009 due to a decline in milk price. The 2009 data show tillage farms and dairy/other farms receiving the highest direct payments at €24,668 and €24,351 per farm respectively.

**Farm structure**

Over time there has been substantial and unremitting change in the structure of agriculture with fewer farms, less employment, larger farms, specialisation and concentration of production, and growth in part-time farming. Indeed these changes are continuing and open-ended in that there is no plateau or end-point emerging at which point change ceases or shows a significant
change from trend. In the mid-sixties, some years before we joined the EU, the number of farms or holdings was about 239,000 and in the mid seventies this figure stood at 228,000. Due to changes in methodology in the system in the 1991 CSO enumeration, when a large number of micro holdings were removed, we are comparing the trends from that year but it must be pointed out that the pattern of decline has been similar both before and after that year notwithstanding the change in enumeration methods.

In the 1991 Census of Agriculture there were 170,600 holdings in the country, falling to 128,200 in 2007, a decline of almost 25% or 1.45% a year (Table 3). This evolution reflects the general trend observed in the European Union (EU) and continues a basic trend apparent from the previous FSSs, namely of a continuously decreasing number of farms in the State, the rate of decline being slightly greater in the nineties than in the last decade. This decline is spread across most regions of the state but it is most pronounced in the West region.

<table>
<thead>
<tr>
<th>Size (ha)</th>
<th>1991 Number '000</th>
<th>%</th>
<th>2007 Number '000</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;20</td>
<td>91.6</td>
<td>53.7</td>
<td>55.1</td>
<td>43.0</td>
</tr>
<tr>
<td>20-30</td>
<td>31.0</td>
<td>18.2</td>
<td>24.1</td>
<td>18.8</td>
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<td>30-50</td>
<td>28.4</td>
<td>16.6</td>
<td>'26.3</td>
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<tr>
<td>&gt;50</td>
<td>19.6</td>
<td>11.5</td>
<td>22.7</td>
<td>17.7</td>
</tr>
<tr>
<td>All farms</td>
<td>170.6</td>
<td>100.0</td>
<td>128.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Average size</td>
<td>26.0</td>
<td>------</td>
<td>32.3</td>
<td>--------</td>
</tr>
</tbody>
</table>

**Sources: Farm Structures Surveys, CSO**

The trend of increasing farm size observed in previous years continued in 2007. The average farm size across the State in 1991 was 26.0 hectares, compared with 32.3 hectares in 2007. This increase since 1991 is evident across all regions of the State.

Table 4 shows the age profile of farmers in 1991 and 2007. There has been a decline in the numbers and proportions of farmers in the younger age categories over the period, with the
proportion of farmers aged 44 or younger decreasing from 33% to 25% and the proportion of farmers aged 65 and over increasing from 23 to 25%. The buoyant labour market especially in the construction sector could have been a factor influencing this adverse situation in the age structure of the farm population.

Table 4: Number of farms by age of holder

<table>
<thead>
<tr>
<th>Age</th>
<th>1991 Number’000</th>
<th>%</th>
<th>2007 Number’000</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;35</td>
<td>22.5</td>
<td>13.2</td>
<td>8.9</td>
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<td>35-44</td>
<td>33.9</td>
<td>19.9</td>
<td>22.7</td>
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<tr>
<td>45-54</td>
<td>37.2</td>
<td>21.8</td>
<td>31.4</td>
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<td>55-64</td>
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<td>&gt;65</td>
<td>38.9</td>
<td>22.8</td>
<td>31.9</td>
<td>24.9</td>
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<tr>
<td>Total</td>
<td>170.6</td>
<td>100.0</td>
<td>128.2</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: CSO

Land renting is another major structural feature of Irish farming. In 2007, 42,500 farms (33% of all farms) rented in a total of 762,000 hectares of agricultural land (an average of 17.9 hectares per farm). This compares with 36,500 farms in 1991 (21% of all farms) that rented in a total of 553,000 hectares of agricultural land (an average of 15.2 hectares per farm).

Land fragmentation has also increased noticeably. The average number of parcels per farm was 1.9 in 1991, against 3.4 in 2005 and 3.5 in 2007. Farms are more fragmented in the West region, with an average of 4.1 parcels of land per farm in 2007, than in any other region. It is worth noting that some of this increase between 1991 and 2007 may be due to differing data collection methods after 1991.

Side by side with the restructuring of agriculture there have been major changes in the pattern of farming and land use also. Agricultural census data show that regional differences in Irish farming and land use have continued to widen further during the last decade, that size of business between Objective 1 regions and the other regions has widened, that the switch away from dairying is greater in the North West than in other areas of the country and conversely that dry stock farming is increasingly become the preserve of part-time farmers, and that
AFFORESTATION is considerably greater on average in the Objective 1 region counties than other counties. Participation in the agri-environment programme is also higher in the northwest, west and midlands.

**Part-time farming**

There are a few fundamentals which characterise farming not just in Ireland but world-wide as mentioned earlier, but one of them surely is the growing incidence of part-time farming. Unless one goes back a very long time, there was always some degree of part-time farming. Using the NFS as the basis, the proportion of part-time farmers rose from about 23% in 1990 to 33% in 2000. This increased further to 42% in 2006 but has since tended downwards and last year it stood at 35% reflecting the decline in employment and the more challenging jobs market in the rural economy. The highest incidence of off-farm employment among holders was reported on cattle and sheep farms, while spouses had a greater tendency to have off-farm employment on dairy farms.

The growing significance of part-time farming has obvious implications for the structure of farming and farming enterprises. It is clearly evident that part-time farming is more associated with the smaller and less labour intensive farming systems such as cattle and sheep farming, where the participation rate is up to 60%. But there is growing evidence also that the operators of smaller dairy and tillage units are increasingly taking off-farm jobs and switching to less intensive farming systems or ceasing farming. This process will lead to continuing decline in the number of farmers in these enterprises and an increased concentration in production, while the proportion of farms in the more extensive systems is growing all the time. So the further expansion in part-time farming will lead to further concentration in the intensive farm enterprises but conversely dry stock farming will increasingly become the preserve of part-time farmers.

The growth in part-time farming also means that less and less of the land area of the country is in the hands of full-time farmers. From information available from the National Farm Survey, it is estimated that the proportion of the total area in the hands of part-time farmers has grown from about one fifth to nearly one third since 1994 and this has possibly negative implications for growth and productivity in the sector as part-time farmers do not farm as intensively as their full-time counterparts.
The land question

Trend in land prices

While on the subject of structural change there is the phenomenon of the land market in Ireland and the low degree of mobility in that market. Table 5 shows the trend in the relevant variables in certain years from 1970 to the present. The data on land prices from 1970 to 1989 are available from work in An Foras Taluntais (Kelly, 1981) and the ESRI (O'Connor and Conlon 1993) and the CSO instituted a new land price series in 1990 but discontinued the exercise in 2005 as they were unhappy with the extent to which their methodology was accurately reflecting market price developments. The highest proportion of land traded over recent decades from the data available was in 1978 when the figure stood at 2.1% and has largely been in decline ever since. The volume of agricultural land being offered for sale on an annual basis in the early part of the 2000 decade was only about one-seventh that of 20 years previously or only about 0.15% of the total farmland area.

Just 3 years before we joined the EU in 1973 the average agricultural land price in Ireland was €524 per hectare but the upward trend really took off in the second half of that decade. There was a tenfold increase up to 1979 in line with the upsurge in output prices and income arising in agriculture and in relative terms dramatically exceeding the rates of increase in the relevant indices of incomes and agricultural and consumer prices. However throughout the eighties land price levels fluctuated sharply and by 1990 were lower in nominal terms than a decade earlier. In those years also the amount of land traded was considerably greater than in later decades. By the mid nineties prices began to advance strongly again and by the year 2000 were over double that of a decade earlier.
## Table 5: Some features of the land market by year

<table>
<thead>
<tr>
<th>Year</th>
<th>Land Price €/ha</th>
<th>Land Price Index</th>
<th>Agr.Output Price Index</th>
<th>Income Arising Index</th>
<th>CPI</th>
<th>Area of Land Traded('000ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>524</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>n.a.</td>
</tr>
<tr>
<td>1975</td>
<td>1,873</td>
<td>357</td>
<td>221</td>
<td>251</td>
<td>187</td>
<td>n.a.</td>
</tr>
<tr>
<td>1978</td>
<td>4,012</td>
<td>766</td>
<td>384</td>
<td>430</td>
<td>269</td>
<td>97.98</td>
</tr>
<tr>
<td>1979</td>
<td>5,234</td>
<td>999</td>
<td>407</td>
<td>383</td>
<td>305</td>
<td>42.90</td>
</tr>
<tr>
<td>1980</td>
<td>4,292</td>
<td>819</td>
<td>396</td>
<td>366</td>
<td>361</td>
<td>44.52</td>
</tr>
<tr>
<td>1985</td>
<td>3,928</td>
<td>750</td>
<td>546</td>
<td>646</td>
<td>643</td>
<td>41.50</td>
</tr>
<tr>
<td>1990</td>
<td>5,033</td>
<td>960</td>
<td>583</td>
<td>893</td>
<td>755</td>
<td>31.74</td>
</tr>
<tr>
<td>1993</td>
<td>4,963</td>
<td>947</td>
<td>607</td>
<td>1,033</td>
<td>815</td>
<td>14.20</td>
</tr>
<tr>
<td>1996</td>
<td>6,468</td>
<td>1,234</td>
<td>600</td>
<td>1,113</td>
<td>869</td>
<td>18.10</td>
</tr>
<tr>
<td>1998</td>
<td>8,978</td>
<td>1,713</td>
<td>556</td>
<td>1,052</td>
<td>903</td>
<td>10.44</td>
</tr>
<tr>
<td>2000</td>
<td>12,665</td>
<td>2,417</td>
<td>567</td>
<td>1,110</td>
<td>969</td>
<td>11.76</td>
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<tr>
<td>2002</td>
<td>13,486?</td>
<td>2,574</td>
<td>567</td>
<td>930</td>
<td>1,063</td>
<td>6.87</td>
</tr>
<tr>
<td>2004</td>
<td>16,261?</td>
<td>3,103</td>
<td>577</td>
<td>999</td>
<td>1,125</td>
<td>6.15</td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>n.a.</td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>n.a.</td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>n.a.</td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>n.a.</td>
</tr>
</tbody>
</table>

Sources: 1970-1989 Kelly and O’Connor and Conlon, 1990 et seq CSO.

The upward surge continued and the last recorded annual CSO estimate for 2004 showed an increase of 28% over 2000 and the agency implied that that average was probably an underestimate. There are no published data for 2005 or 2006 but in 2007 the Irish Farmers Journal published its first ever county-by-county Agricultural Land Price Report. It showed that in that year the average price was €50,508 per hectare or about three times the estimated figure for 2004 produced by the CSO. The author of the IFJ report (Busteed, 2010) claims that land prices doubled from 2004 to 2007 which would imply a figure of €25,004 for 2004 or about 50%
more than the CSO figure and it could very well be the case that the deviation between the CSO estimates and the actual or real market prices increased over time. Despite the confusion there seems little doubt that agricultural land prices escalated during most of the last decade but came to a shuddering halt in 2007. The most recent IFJ report shows that prices fell by 22% in 2008 and by a further 36% last year- a decline of 50% in 2 years. Looking back at the pattern of land prices over the past decade and a half or so it is easy to see a correspondence between the price trend and the performance of the wider economy as depicted by the rise and fall of the Celtic Tiger. During the upward and onward march of the Tiger a combination of a limited market supply and a voracious demand from professional, business, and speculative interests drove prices sky high but farming activity was hardly a priority for these new owners but perhaps hobbying pursuits. By contrast back in the seventies there was a significant relationship between the area of land traded in any year and the real price of land the following year. and land prices were positively influenced by agricultural prices and incomes. In those years also the role of non-farmers in the market was probably considerably less than in the Celtic Tiger years.

Land use

The total area of land is estimated at 6.8 million hectares, of which 4.442 million is utilized agricultural area. Since 1970 the area under crops has fallen from 532,000 hectares to about 400,000 at the present time.

The most significant change in land use over the chosen period is in the areas of land which have been diverted to forestry. Since 1970 over 440,000 hectares have been afforested representing 6.4% of the total land area of the country. This now brings the proportion of the total area of land under forestry to 10.7%. up from 4.3% in 1970. About 55% of this additional afforestation, or 241,500 hectares were planted by the private sector with the balance of the planting being undertaken by Coillte. The annual area planted has fallen from about 20,000 in the mid nineties to about 7,500 in recent years with virtually all of the planting by being done by the private sector. Within going into any deep analysis there is ample scope for considerable expansion in forestry without any adverse effect on agricultural output.

In the coming years there may also be some expansion in organic production but expectations may be optimistic. A more significant development in terms of land use will probably be the growing of energy crops such as willow and miscanthus as there is no doubt that the demand
for renewable energy sources will increase and the land base in Ireland offers suitable opportunities for the cultivation of such crops.

The current situation/ Food Harvest 2020

In the current economic climate agriculture is one of the sectors which is showing some sign of optimism and recovery—largely due to the export orientation of the sector and the high exposure to the UK and third country markets—after the calamitous decline in farm incomes in the past two years. The recovery is due to a large pick-up in product prices almost across the board but particularly for milk, cereals and sheep, more favorable exchange rates and a virtual stagnation in input costs with a consequent dramatic increase in the internal terms of trade and in farm incomes. The latter lift could be of the order of over 20%. However it would take a further huge increase next year to bring incomes back to their 2007 level and while a further rise in incomes is possible next year that degree of recovery may take a little longer. The prospects for the next couple of years in income terms are as uncertain as ever but there are more upside than downside possibilities that the current upward movement in incomes can be maintained. One of the factors inhibiting a greater rate of growth in the next three to four years is the sluggish performance of agricultural output and there seems little prospect of growth in any meaningful way until after 2014 after the next round of CAP reform in 2013.

In the meantime the Government (DAFF, 2010b) has published Food Harvest 2020- A vision for Irish agri-food and fisheries. The report outlines a strategy for the medium-term development of the agri-food (including drinks) fisheries and forestry sector for the period to 2020. The strategy presents the key actions needed to “ensure that the sector contributes to the maximum possible extent to …export-led economic recovery and the full development of the smart economy”.

Among the overarching targets for 2020 in the report are:

- an increase in the value of primary output in the sector of €1.5billion- a 33% increase over the 2007/2009 average,
- an increase in value-added of the sector by €3billion- a 40% increase over 2008 and
- an export target of €12billion- a 42% increase over 2007/2009.
The report envisages that these targets can be achieved if the sector works and acts ‘smartly’ so as to make the most productive use of Ireland’s rich natural ‘green’ resources in a way that is both economically viable and sustainable in the future. These targets and approaches are laudable and challenging but their achievement will depend on the responses and decisions of individual entrepreneurs and on the prevailing circumstances in the national and international economies. With respect to the **primary output target** there is no mention of the relative contributions of each sector or of price and volume to its achievement and there would appear to be a considerable reliance on favourable market price developments to reach target as the implicit primary output growth assumptions are quite challenging. A similar judgment would apply to the **export target**. In any event the sector(s) have little control or influence over market prices but much can be done to provide institutional support to the sectors.

There is one of many fundamentals in Irish agriculture which merits mention here. Changing markets and associated price developments, unless these are way outside the range of previous experience, may not greatly alter the product mix of agriculture or the way farmers respond. That product mix- so much cattle, milk, sheep or cereal output etc-reflects the physical and other relevant features of agriculture here, so unless there are unprecedented swings/changes in markets we will by and large continue to have the pattern of output that we have today, even though the proportions may change.

Dealing with the targets for specific sectors within agriculture, while most of the recommendations and targets are reasonable, one that is most discussed and challenging is that of a 50% increase in **milk production** by 2020, using the average of the years 2007 to 2009 as a baseline. The reason that milk production is being singled out for significant expansion is that the milk quota policy will expire by April 2015- a 'soft landing' is ensured by increasing quotas by one percent every year between 2009/10 and 2013/14 and the enterprise is considered as the most competitive of all enterprises in Ireland. In pre-quota days dairy farming was the star enterprise and the most rewarding in the agricultural firmament, being undertaken by the more progressive, better resourced and more dynamic producers in the sector, and milk production expanded at a more rapid and consistent rate than any other major enterprise. In the first decade of EU membership-1973 to 1982- milk production expanded by about 50%, or at an annual rate of about 4%. During most of that period the prevailing economic environment was quite favourable to expansion in the sector with generally rising milk prices due to transitional arrangements to the common EU price levels and reasonably buoyant
markets. Indeed over that first decade before the introduction of the dairy quota the average price of manufacturing milk actually trebled. It is most unlikely that such a scenario will operate over the coming decade! Another factor which may retard the realization of the targeted expansion is that the resource base of the dairy sector is now much narrower both in respect of the number of producers and the associated land resources. Back before the introduction of the dairy quota, the total number of milk suppliers was about 63,000, today there are about 18,500. The estimated amount of land farmed by the population of dairy farmers in 1983 was about 1.7m hectares whereas it is estimated at less than 1m hectares now. Thus the capacity for expansion is now effectively much less than in pre-quota days in the sense that the land being farmed by dairy producers is considerably less now than then, and individual producers are now more specialised and have less capacity for expansion on their existing holdings, unless of course they acquire additional land by purchase or leasing arrangements. I doubt however whether the amount of extra land required can be profitably acquired by these means in this time horizon. Of course dairy farming will be an option to all farmers in the coming years as it was also in pre-quota days when there were about two new entrants into dairying for every five leaving the activity and new dairy farmers will have to play an important role to achieve reasonable expansion.

With respect to beef the Committee drawing up the Report believes that a growth of 20% in the output value of the sector is achievable by 2020 (using the average of the years 2007 to 2009 as a baseline). The continuing pattern of live cattle exports could affect volume targets here. Again the same comments would apply as to the overall primary targets especially with respect to the relative contributions of price and volume to the target and here also much will depend on the outcome of the 2013 CAP Reform discussions, bearing in mind the enormous dependence of cattle farming on direct payments and given that beef production is quite unprofitable and scale, and productivity are quite low.

The target for the pig meat sector is very challenging also with a target of 50% growth in the value of output by 2020 (using the average of the years 2007 to 2009 as a baseline) primarily on the basis of productivity and a significant increase in the size of the national herd. While the target is technically achievable and the main barriers are outlined but the most difficult may be compliance costs and environmental constraints.
All in all the preparation of the Report was a useful exercise, providing a stocktaking of opportunities, and constraints and directing attention to approaches and best practices that must be adopted and implemented if the industry is to progress and be competitive. It does not however take into account the 2013 CAP Reform or its possible impact on the sector. However the recommendations and targets in the Report and the roles of the stakeholders and agencies should be constantly reviewed and monitored to ensure that the objectives are not pious aspirations. However perhaps the two most critical factors which have a bearing on achieving those objectives are our land structure and mobility and the endowment and quality of the labour force in the sector which may be the least amenable to change in the short term but are the overarching barriers to further development.

The Common Agricultural Policy after 2013

The CAP is due to be reformed by 2013 and the EU Commission has published a policy paper setting out different options for the future of the CAP (EC 2010). Funding arrangements for the current Common Agricultural Policy are fixed until 2013 under the EU Financial Perspective 2007 to 2013. Currently there is a review in train of all aspects of the EU budget which will be followed by negotiations to determine the composition of the next Financial Perspective of the EU from 2014 to 2020, including the funding available for agriculture and rural development.

To put the issue in context, Ireland received €1,824million and €1,705million in EU receipts respectively in the years 2008 and 2009. Of this, the allocation for the Single Farm Payment was €1,300million, with an average payment per farmer of somewhat over €10,000 or €314 per hectare. The SFP accounts for about two-thirds of all direct payments to farmers, the other major payment schemes being REPS and the Area-Based Compensatory Allowance Scheme for Disadvantaged areas. As demonstrated earlier, direct payments are of paramount importance to farm income formation, and over the past four years the proportion of total farm income derived from these payments varied from 85% in 2006 to 123% in 2009. Hence the critical importance of the outcome of the forthcoming CAP Reform exercise for Irish agriculture.

Brief summary of Communication: The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future.
In the discussions leading to the publication of the current document it was concluded that a majority of views expressed that the future CAP should remain a strong common policy structured around the current two pillars dealing with market and income support for farmers and rural development...

**The objectives of the future CAP to 2020 are:**

- Viable food production including compensation for natural handicaps,
- Sustainable development of natural resources including the provision of public goods and pursuing climate change mitigation actions and
- Balanced territorial development to promote diversification and rural diversity.

All potential options for the future CAP imply changes in the current instruments. Among the most controversial future instruments for the Reform of the CAP are some necessary adaptations to the system of direct payments, relating to the redistribution, design and better targeting of these payments. There is widespread agreement that the future of direct payments should be reviewed and made more understandable to the taxpayer. The criteria should be economic, in order to fulfill the basis income function of direct payments, and environmental, so as to support the provision of basic public goods... The use of a basic flat rate payment was one of the proposals floated in the public debate. However producers face different economic and social conditions across the Union so it will be difficult to achieve an equitable distribution of direct aids that will please anybody. Reaching a more equitable distribution that reflects the declared objectives of support while providing a sufficient transition to avoid disruptive changes which could have far reaching consequences in some production regions and systems will be a challenge for the Union the Commission notes. A possible route could be a system which limits the gains and losses of Member States by guaranteeing that farmers in all Member States receive on average a minimum share of the EU wide average level of direct payments.

**Three broad policy options are presented:**

**Option 1:**

This option would introduce further gradual changes to the current policy framework. This would build on the well-functioning aspects of the present policy but focus on limited improvements in specific areas e.g. more equity in direct payments. This option would ensure continuity and
stability with the current CAP, thus facilitating long-term planning for operators along the food chain.

**Option 2:**

Capture the opportunity for reform and make major overhauls of the policy in order to ensure that it becomes more sustainable and that the balance between different policy objectives, farmers and Members States is better met with more targeted measures. This option would imply greater spending efficiency and greater focus on the EU value added.

**Option 3:**

This involves a more far reaching reform of the CAP and with a strong focus on environmental and climate change objectives while moving away gradually from income support and most market measures. Providing a clear financial focus on environmental and climate change issues through the Rural Development policy framework

*Each of these options has associated market and rural development proposals. Based on the responses from the appropriate stakeholders and institutions to this Communication formal legal proposals will be presented in 2011.*

**Some thoughts on possible impacts of the Reform**

Leaving aside for the moment the issue of the size and share of the Budget which will be allocated to agriculture and rural development in the period 2014-2020, in the discussions leading up to the publication of the document, a majority of Member States envisaged the continuation of direct supports beyond 2013 but with a different focus. The Commission had made clear its view, that the further in time one moves from the reference period of 2000/2002, the less justification there is for payments based on the historic model, with increased pressure to move away from that model towards flatter rates of payments and this is reflected in the Commission document.

Possible adjustments being considered to the Single Farm Payment are an EU-wide flat rate per eligible hectare, the application of SAPS in all Member States, and movement towards regional flat rate entitlements applied to all eligible area or based on current entitlements. If an EU-wide flat rate per eligible hectare were applied it would involve a major redistribution of funding between Member States while not necessarily affecting the equity of the distribution of
payments within individual Member States and the Communication recognizes the difficulty with that approach. Ireland would clearly be among the losers if that were to happen.

A less drastic approach to common flatter payments would be the application of a flat rate payment on a regional basis or national basis with a given national allocation. If this were to be the case it would have the effect of transferring funding from farmers in the south and east to the north and west. (Shrestha et al. 2007 and Hennessy 2008). Farmers who received higher than average SFPs under the historical scheme would lose in terms of the size of their payment if a flat rate payment scheme was implemented. The cattle rearing and sheep systems would gain most from a shift to a flat rate area payment with tillage losing the most while dairy farms would be largely unaffected.

There are calls from some Member States for greater targeting of single payments to link them to the delivery of public goods. From this perspective any system of direct payments after 2013 would be linked to the achievement of more measurable outcomes and would involve a more precise measurement of the results achieved.

If, as will probably be the case, the historic model is discontinued for the allocation of the SFP, and some form or other of a flatter payment is adopted, it will mean significant adjustments in terms of winners and losers. It would entail transfers to less intensive producers with corresponding losses to more viable and commercial farmers and would imply assigning a higher priority to the public good objective of the CAP and less to the food production approach. In this scenario the losers would become more dependent on market returns to determine their income but there is no certainty that product prices would rise sufficiently to compensate for the reduction in direct payments.

The ending of the historic model as a basis for payment means that there is no longer an activity or business size basis for receipt of the SFP. Farm size would thus be the main criterion for allocating payments, but it seems possible that some system or other could be introduced to differentiate them in such a way which would minimise the gains and losses and leave the overall distributional effect as neutral as possible. This approach would probably find favour with the political establishment and some of the farming organisations!

Aside from the probable proportionate allocation of the agricultural budget, the distribution of which might be delegated to individual Member States, the prospects for agriculture in the next Financial Perspective are none too propitious. First, there will be considerable opposition to any increase in the Budget in the current circumstances especially from some Member States such
as the U.K. Second other MS seem are keen on other objectives such as promoting cohesion, innovation and R& D. thus arguing for a lower proportion on CAP spending. And last but not least the new Member States are demanding a larger share of funds as they have done less well out of the last allocation of the Guarantee Funds. In such circumstances it would be unduly optimistic for Ireland to expect to retain its current financial allocation from Community funds.

**Concluding comments**

The future of the agricultural sector in Ireland over the next decade or so is no more or no less challenging than for any other sector of the economy. In actual fact it might be more insulated from the current budgetary, economic and fiscal woes than any other group in society as there are at least reasonable market prospects for the agri-food sector and the farm labour force is mainly self employed even if its remuneration is largely residual and for some rather meagre in nature.

However in the short and medium term it may well have to make do with less support from both national and Community sources. The state of the national finances probably dictate that government support for agriculture as indeed for other sectors may be more stringent than in recent times, but with the complete ending of supply management as manifested in the forthcoming termination of the milk quota policy it will be important to maintain institutional support for the sector so as to generate sustainable growth, efficiency and productivity. Likewise after 2013 it is highly probable that the funding from the EU in the form of the next Financial Perspective, even if still considerable, will be less generous than in the 2007-2013 period and that in time the way in which CAP supports agriculture, after 2020 may be fundamentally altered, and towards addressing climate change and sustainable development.

As mentioned previously, one of the factors inhibiting a growth trajectory in the next three to four years is the sluggish performance of agricultural output with little prospect of expansion in any meaningful way until after 2014. Indeed one of the factors which is impeding growth is the increase in live cattle exports and the downward trend in cattle numbers partially attributed to the decoupled system of direct payments. There is also the huge dependence on direct payments to support the extremely important cattle/beef sector, and this enterprise is plainly unviable without this support unless there is a significant increase in market prices in the medium term.
There is also the almost overweening dependence on market prices to effect improvements in aggregate incomes rather than on improving efficiency and productivity. There is still an extraordinary degree of variation in farm performance between the upper and lower cohorts of producers and while these gaps have been highlighted ad nauseam they remain stubbornly resistant to change.

In many respects the structure of farming has disimproved also over recent decades. An ever increasing proportion of the utilized agricultural area is now in the hands of part-time farmers, and while this may help to maintain the rural economy, it may have negative implications for agricultural development and may hinder rationalization and land mobility. Land fragmentation has increased also, the age structure has deteriorated, and there seems to be a general torpor on a wide swath of dry stock farmers in particular. Increasingly, there is a decline in the number of farmers in intensive enterprises with operators whose further potential is thwarted by the low degree of land mobility, while the proportion of farms in the more extensive system(s) is growing all the time. Unless the inherent defects in the structure of farming are addressed either by way of the land market or by fiscal/legislative inducements, then the impediments to land mobility will remain and will pose a major constraint to development.

Finally, lest that I not appear to be unduly pessimistic, the ending of the dairy quota policy will reinvigorate the sector and restore a new dynamism which has been lacking for 30 years. Let's hope it will become infectious and that agriculture will remain a resilient sector of our economy and a bastion of security and stability in these recessionary times.

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