



Public Consultation

On

**The shape of the Common Agricultural Policy after
2013**

Submission from the

Western Development Commission

September 2009

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Introduction

The Western Development Commission (WDC) welcomes the opportunity to make a submission to the consultation on the shape of the Common Agricultural Policy (CAP) after 2013.

The WDC is a statutory body whose remit is to promote, foster and encourage economic and social development in the seven county Western Region¹. The WDC operates under the aegis of DCRA². One of the main functions of the WDC is regional policy development. The WDC has extensive experience in this area, both ‘on the ground’ and in relation to policy and through this work seeks to ensure that government policy responds to the needs of the region in areas such as infrastructure investment, the sustainable development of natural resources, sectoral and rural development. The WDC also tracks the implementation of policies and recommends adjustments as appropriate.

The WDC regards agricultural and rural development policies as important components of the suite of policies which should work together to achieve more balanced regional development generally and to drive economic growth and social development in lagging rural regions such as the seven western counties.

Agriculture, farmers and their future and are influenced by a wide range of policies and programmes implemented by different government departments. The CAP is obviously the most important for agriculture, but any developments in that policy should complement other policies, for example in relation to regional and rural development, renewable energy, and tourism so that all are directed at achieving the same broad outcomes and benefits to the regions and the country as a whole.

In seeking to achieve goals for the farming industry we also need to consider the broader benefits of agriculture and its contribution to rural areas, and as an extension of this, the need to maintain viable (if not necessarily full time) farms in all parts of the country and to seek an agricultural policy that will support all farmers not just those who are most commercial, and which will provide public goods which benefit rural areas and Ireland as a whole.

In this submission we provide a brief description of the characteristics of the Western Region relevant to agriculture and rural development and highlight the work done by the WDC on the changing nature of rural areas and the changing role of agriculture in these areas. We then address specific points on the shape of the CAP post 2013, referring to the consultation document and drawing on our experiences in working in a rural region.

¹Counties Donegal, Sligo, Leitrim, Roscommon, Mayo, Galway and Clare.

²Department of Community, Rural and Gaeltacht Affairs

The process of shaping the CAP post 2013 is only just beginning and the WDC believes it has useful input to make on the development of future agricultural policy and the shape of the CAP. We would like to continue to be involved in the process as it progresses towards 2013.

Agriculture in the Western Region

This section provides a brief description of the Western Region in order to establish the context in which this submission is being made. The key points are noted here first.

- The Western Region is a rural region. Most of the population live outside towns (69% of the population of the region live outside towns with a population greater than 1,500). Even among the urban population, only a quarter of the population of the Western Region live in towns of more than 5,000 people. While many rural areas had significant population growth in the last intercensal period, some rural areas in the region, in particular the remotest areas, continued to experience population decline³.
- Employment in agriculture, forestry and fishing is relatively more important to overall employment in the Western Region than nationally but the share in this sector has continued to decline. (see Chart 1 and 2 below).
- Farmers in the Western Region tend to have smaller landholdings, and are more likely to be involved in livestock activities⁴ (see Annex for a map of economic farm size and a chart of farm type by region.). These factors have contributed to farming becoming predominantly part-time, and increased the linkages between the farm and non-farm economies.
- Farm incomes in the BMW region lag considerably behind those in the S&E. In 2008 the Family Farm Income (FFI) in the BMW was €11,893, just over 52% of the FFI in the S&E region (€22,835).⁵ The difference at the more regional level (NUTS 3) is even starker and is discussed further below.
- The Western Region has 37% of all organic producers within the state⁶.

Changes and developments in the CAP should reflect and respond to the changes in the rural economy in Ireland. These changes are particularly evident in employment patterns in rural areas and highlighted in the following charts which show the changes in employment in agriculture in the seven Western Region counties.

In Chart 1 the numbers working in Farming, Forestry and Fishing (most of the employment is in agriculture), between 1996 and 2006 are shown. The fall in the numbers over the period is stark, particularly between 1996 and 2002. These figures highlight the changing nature of rural employment, and the decline in the numbers directly involved in the primary sector in the region and the enormous changes which occurred in agriculture in the course of one decade.

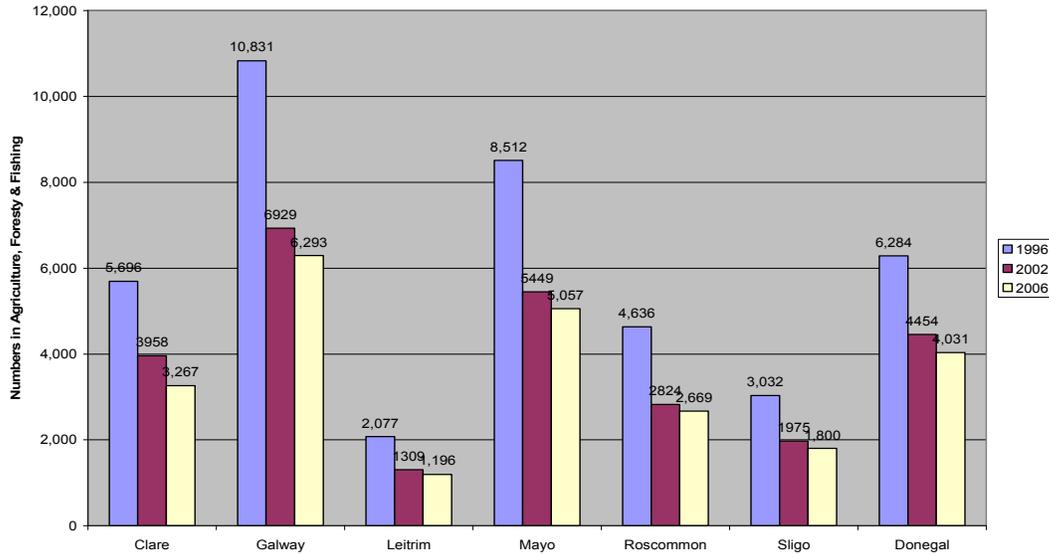
³ CSO, Census of Population 2006

⁴ Teagasc, National Farm Survey 2008

⁵ Teagasc, National Farm Survey 2008

⁶ Department of Agriculture and Food, Census of Irish Organic Production 2002. This is the most recent full, reliable survey. The Review of the Organic Sector in the North West Region 2002 – 2007 (RJ Consulting, 2008) shows that the region had 376 organic producers with 8,647 hectares land designated organic and 4,450 in conversion.

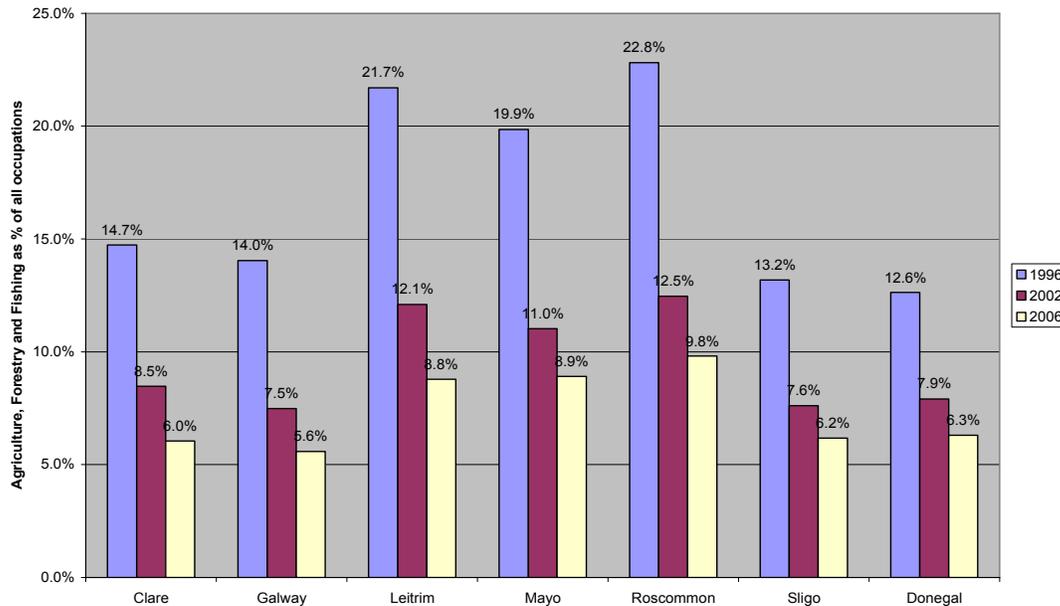
WDC Chart 1: Numbers employed in Farming, Fishing and Forestry in Western Region in 1996, 2002 and 2006



Source: Census of Population, 1996, 2002, 2006

At the same time as this decline occurred, there was a very significant increase in the labour force, so even as there was an expansion in the numbers working in the region, the numbers working in these primary industries continued to fall.

WDC Chart 2: Farming, Fishing and Forestry as percentage of all occupations, 1996, 2002 and 2006



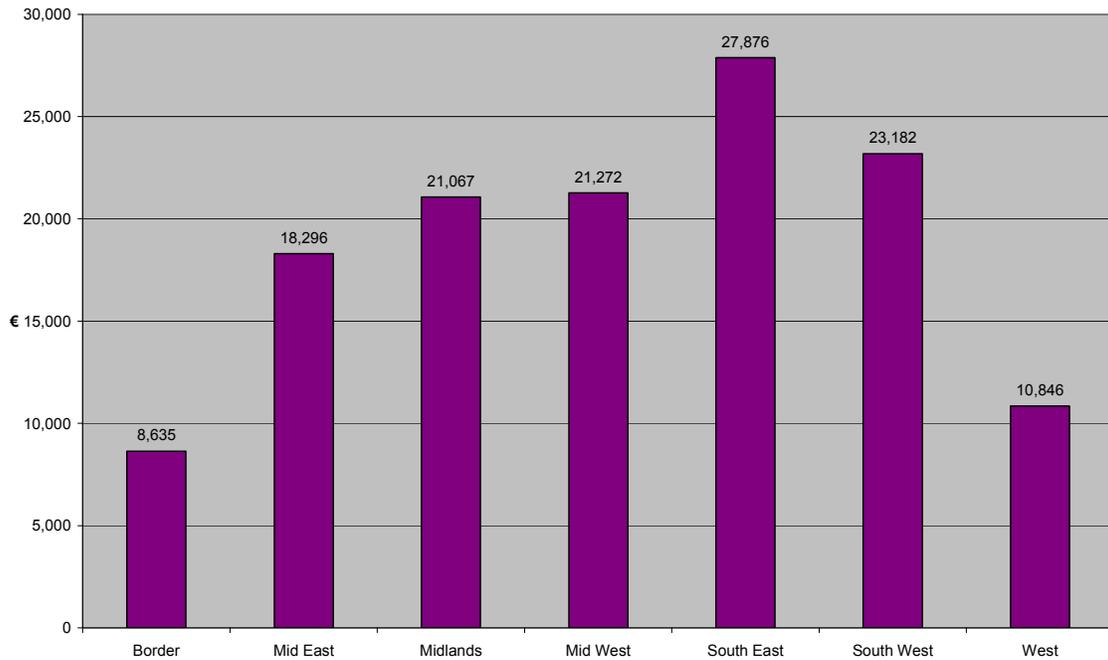
Source: Census of Population, 1996, 2002, 2006

This is clearly illustrated in Chart 2 which shows the percentage of those working in agriculture as a percentage of all occupations. Again the change in the ten years between 1996

and 2006 is stark. One in five workers in the most rural counties (Leitrim, Mayo and Roscommon) were in Agriculture, Forestry and Fishing in 1996. By 2006 even in these most rural counties less than 10% of the working labour force were in this sector.

Family Farm Income

The variation in the Family Farm Income (FFI) in the different regions is striking. The two NUTS 3 regions which form the major part of the Western Region⁷ had very low incomes, the West it was less than €11,000 and the Border only €8,635. The national average FFI was €16,993 but all of the other regions were above this average with some having very significantly higher incomes.



Source: National Farm Survey 2008

The variation in incomes across regions needs to be recognised and the future CAP should target these differences and respond to the needs of the regions with the lowest incomes. There are few options for farmers in the Western Region where the quality of land and the structure of farms is poorer. Most of the farms are producing cattle and sheep, which have traditionally been the weakest sectors.

Nonetheless, livestock farms in the region are producing the inputs for the beef industry, with the meat coming from beef breeds and not as by products of the dairy herd. Support for these farms allows them to continue in production and makes an important contribution to the wider agricultural economy. While at an individual level many of the farms are small, when considered together they are vital to the processing industry. Without this supply of cattle the beef sector would shrink significantly. Thus decisions about future support need to be based on this bigger picture of the agri food industry in Ireland.

⁷ Clare is the only one of the seven Western Region counties outside these two, it is in the Mid West.

Similarly supporting more extensive farmers it allows for the continued provision of agricultural services throughout the country which also make important contributions to local rural economies.

The sheep sector is in a period of very serious decline with the numbers of sheep nationally dropping very significantly in recent years. Many farmers in the Western Region have land which is only suitable for sheep production. They do not have any other farming options. This should be recognised and these farmers need to be the subject of more focused support if they are to survive.

With a sparser population there is less demand for alternative services which farmers could provide on their land, compared to those farmers near bigger urban and more densely populated areas. Yet farming in the Western Region provides important public goods in terms of landscape, and maintaining the natural environment. It will be of most benefit to the region if this provision of public goods remains a key focus of the CAP but the maintenance of good commercial farming in the region is also very important and should be supported where possible. The more commercial farms in the region can become isolated, away from the services provided to agriculture in other regions, because of low numbers, and remote from other farmers in similar activities. In the case of dairying, there is concern that if the quantity of milk produced in the region falls below a certain threshold it will make the whole sector less viable in the region because of higher processing costs.

While agricultural employment is no longer such a significant element of rural employment, it continues to be a significant activity in the rural economy along with the agri food industry and the provision of ancillary services to farmers. Therefore despite the weaker agricultural situation in the Western Region than elsewhere, agriculture is still a vital element of the rural economy of the region.

This submission provides a western perspective on the needs of agriculture and farming. It is important that the particularly difficult situation in agriculture in this region is recognised and the needs of farmers in the region are given full consideration when forming a position on what is needed for Ireland from the CAP post 2013.

The Shape of the CAP after 2013

The future shape of the CAP and the stance Ireland needs to take when negotiating should be based on explicit goals for farming and the Irish agri-food industry. It should be clear whether the main goal is to support and develop commercial farming and agriculture or whether the focus of the CAP is to support family farming in all parts of the country. The decision about the key goals should be the subject of wide debate. The overarching objective will influence the most appropriate negotiating position. The WDC, whose focus is on agriculture in the Western Region, where farms are smaller, incomes are lower and there is a higher instance of part time farming, believes that the future CAP should aim to improve the situation of farmers beyond the most commercial areas. Farming produces basic agricultural commodities, (although there has been an increase in the value added on some farms) and it also produces public goods such as the agricultural landscape and can maintain the natural environment. These public goods provide an important justification for the incomes supports provided for farmers through the Common Agricultural Policy. While commercial agriculture is largely in the southern and eastern parts of the country it could be argued that the production of public goods, (which are generally associated with a more extensive agriculture and with more traditional farming methods), is more associated with farming in the western and north western part of the country.

In this section we address the headings in the consultation paper which we feel are relevant to the future of agriculture in the Western Region.

Continuation of the CAP beyond 2013

A strong agriculture policy at EU level will remain important for Ireland after 2013. It is necessary, both in terms of support for Irish farmers and the Irish agri-food industry, but also in terms of providing a form of payment for the public goods produced by farmers which are intrinsic to the maintenance of our rural landscape and environment. Payments through the Common Agriculture Policy have brought a significant external funds into Ireland. These funds come directly into rural areas and are largely spent in the local economy. It is therefore important that the CAP continues as a key EU policy post 2013. However, a wider more equitable spread of payments to farmers with fewer high end recipients would be better for rural economies, those on lower incomes tend to spend proportionally more on basic essentials (e.g. food, fuel) and services which tend to be purchased locally.

Rebalancing Member States shares of Agricultural Funding

The rebalancing of Member State funding towards the newer member states is likely to form an element of the negotiation process. While Ireland will not want a diminution of the agriculture funds available here the position taken in regard to rebalancing may depend on concessions or achievement of other objectives for Ireland. It will be important, however, that there is no tendency to rely more on national funding as a result of this rebalancing.

Emphasis on Territorial Cohesion

Agriculture and the agri food industry are important parts of the rural economy. They are however, elements of a whole and policies for these sectors should be complementary to other development policies, at a national, regional and rural level. The overall objective is to have a thriving economy and society, and policy for agriculture is one element of this. More co-ordination and integration of agriculture policy with other policies forming a part of the Territorial Agenda is not necessarily bad for agriculture, and could bring about efficiencies in achieving policy goals which benefit rural areas and wider regions.

Pillar 1 versus Pillar 2

While Pillar 1 is associated with the more traditional agricultural supports for farming and Pillar 2 with wider rural development and public good programmes, the maintenance of separate pillars should not be the real focus of the development of agricultural policy and could be a distraction from the achievement of the most favourable policy for Ireland. There may be concerns that an integration of the two pillars would involve a move away from the support for food production focus of Pillar 1 towards the rural development, more alternative supports (such as for renewable energy) or more public good focus of Pillar 2. In negotiating new agricultural policy the overall objectives for Irish agriculture and rural areas should be clear and the form and types of programmes should be in line with these, rather than necessarily having a narrow focus on areas which have previously been strongly supported. With the CAP to be renegotiated for 2013 and the Rural Development Programme also due to be completed in the same year there is a key opportunity to improve the synergy of the two pillars and ensure they work together to achieve a balance in policy for agricultural and rural areas.

Agricultural restructuring has a strong spatial dimension – the regions where commercial farming is increasingly concentrated will benefit disproportionately from supports aimed at making conventional agriculture more competitive. In the marginal farming regions, such as the West, there needs to be a strong emphasis on developing new farming and forestry

products for markets that show the greatest growth potential. This is why the WDC believes that there should be more development of supports for sectors where lagging rural regions can develop competitive advantage such as organic agri-food, and non-food production such as biomass and other renewable energy sources.

Full Decoupling and Continuation of Single Payment Scheme

As Ireland has already decoupled significantly this process is well under way. If there is to be any further development or continuation of support available for regions or sectors which are under particular pressure, then this should be a priority. Significant areas of the Western Regions have small agricultural holdings, low farm incomes and limited sectoral options. While the designation of disadvantaged areas currently covers much of the country, it may be opportune to reconsider the criteria for the designation and to focus on the most disadvantaged areas. Additional support for farming in these areas can be justified both in terms of aiding adjustments, and also for the provision of public goods.

The Single Farm payment has been applied based on historical levels of entitlement. There is however a case for applying it on a regional basis which help to address the issues for areas less suited to the development of a more commercial agriculture.

Flatter payment rates

As previously Ireland should negotiate for a CAP which most suits Irish agriculture and which meets Irish objectives for agriculture and rural areas and brings the greatest benefits to Ireland. Setting of policy objectives and analysis of the options should dictate the position on this. The WDC believes that a more regional approach to flat rate payments which would involve a shift from east to west and towards cattle rearing and sheep farming would be of more benefit to agriculture in the Western Region, which is the area of lowest farm incomes (see section 2 of this submission). This would also mean a wider spread of support and greater numbers benefiting.

Establishment of upper and/or lower unit values for entitlements

The establishment of upper and lower limits on payments is likely to lead to a more equitable payment system (as indicated in the consultation paper). This greater equity is a benefit in itself, providing higher payments to those who need them more. A minimum single farm payment would be a significant support to the smallest and most vulnerable farmers and would provide some income security and stability from their farming. It would also serve to make the direct payment system more acceptable to EU taxpayers and to the general public which, along with better understanding of the importance of agriculture for rural areas in the EU, is important for the future of the CAP as a key EU policy. As outlined in the consultation paper the establishment of upper and lower values for entitlement is likely to shift the payments from the more intensive to the less intensive farms, and also likely to shift from more intensive regions to less intensive regions where agriculture is already under the greatest pressure. The options for and possible levels of such upper and lower unit values should be investigated and assessed in more detail prior to the negotiations so that the effect of various options is known.

Caps on payments

The level of cap on payment being proposed does not appear to be relevant in Ireland's case. However, very high payments to individual farmers or companies involved in farming are likely to undermine to acceptance of the CAP with the general public. A maximum payment (for example €80,000) should be considered, and consideration should also be given to having a higher minimum single farm payment.

'Variable' direct payments

The WDC does not have any views on this option. If a more developed policy were to be proposed it should be considered in the context of how it would help to achieve objectives for agricultural and rural development in Ireland.

More targeted direct payments

It is likely in the negotiation of the CAP for post 2013, that payments will be more focused on the delivery of public goods. Public goods such as maintenance of the landscape the environment are important in the Western Region. As farmers in the region are under increased income pressures, because of the size and type of farming, targeting payments for public goods to those best delivered by Irish farming should bring benefits to the region and to Ireland as a whole.

All policies should have clear objectives and be aimed at achieving measurable outcomes in order to ensure they operate effectively to achieve their goals. It is likely, however, that the skills and techniques for establishing outcomes and measuring whether they have been achieved will need to be developed, so that this can be done effectively in the future. Where clear achievements can be shown, this will lessen the pressure to reduce direct payments or to use the funds for a different type of support. Equally, if it can be shown that quality public goods are being delivered as a result of focused direct payments, and that this is likely to produce greater public benefit than using cross compliance to secure public goods, then this payment type is more likely to continue. Evidence based policy making is become more essential.

Modulation

As noted above in relation to Pillar 1 and Pillar 2 the Irish negotiating position should be based on what achieves the best policy for Irish agriculture and rural development, and which is directed at achieving the goals and objectives we have in these areas. The support of the CAP would be spread widest if the rate of modulation were to vary according to the level of payments farmers receive, so that those receiving lowest levels of the single farm payment should pay less, while those receiving bigger payments pay more. For example those receiving less than €10,000 from the single farm payment should not have any modulation, and those receiving between €10,000 and €20,000 should pay a lower rate. In contrast those receiving the largest payments (e.g. over €80,000 up to whatever cap was placed on payments), should experience higher rates of modulation.

The goal should be to ensure that the funds from modulation should be allowed to be spent in the ways which achieve the best outcomes for Irish agriculture and rural areas. The funds from modulation need to provide benefits to both farmers and the wider communities and further environmental and landscape maintenance work should be considered, as should support for more non food activities such as renewable energy production.

If one of the key issues relates to the degree of co-financing, the long term implications of more national funding of agricultural schemes needs to be considered. Any move away from the Europe wide, centrally funded CAP, which provides reasonably equal supports for farmers in all Member States, should be resisted.

Eligible rural development measures and division between axes

In tandem with considering how the CAP should operate post 2013, key items to be addressed under the rural development programme should be considered. If, as noted above, there is to be a move to more modulation, it will be important to have considered new challenges facing

agriculture and rural development and rural areas and to be in a position to propose or support those proposals which are most in line with the Irish agriculture and policies for it.

In terms of the balance and limits on where funding can be spent, as stated throughout this submission, it is important that we consider where we want Irish agriculture and rural areas to be positioned in the future, rather than basing negotiations on historical patterns of support.

More precise measurement of results of rural development measures

As discussed above in relation to the delivery of public goods, the trend is towards establishment of clear policy objectives, the outcomes to be achieved and the development of indicators and evaluation methods which can be used to measure effectiveness and impacts of rural development programmes. Whatever the shape of the CAP post 2013 it is likely that the monitoring and evaluation elements will be increasingly important. It would therefore be important in the period prior to 2013 to develop these skills in relation to policy and to be in a better position to negotiate clear and operational monitoring and evaluation methods to ensure that they are as easy to apply as possible, and at the same time can be used to provide clear evidence of value for money.

Co-financing of rural development programmes

While it is likely that there will be increased co-financing of rural development programmes in future, as mentioned throughout this submission, the overall aim should be to have an effective policy and one which makes best use of public funds, in particular those from the exchequer. The aim should be to have policies of most benefit to agriculture and rural regions rather than being overly concerned about the balance between the types of policies. However, while there has been a history of co-financing of rural development programmes, with Pillars 1 and 2 likely to be closer and more co-ordinated in the future, there should be resistance to the establishment of a principle of national funding of CAP type schemes.

Supply and market management measures

While the CAP has been steadily moving away from market management and supply measures, and the Commission is likely to wish to continue to do so, the exceptional price and supply volatility in current agricultural markets has sent a reminder to many that the smoothing out of price fluctuations was one of the original objectives of the CAP. While it is not likely that market management measures will be a significant part of the CAP post 2013, there is a need for emergency mechanisms which can be applied at times of either extreme price or supply pressures. This would provide some security for farmers without significantly changing the focus of the CAP as it is currently operating.

Emergence of crisis management measures

While the WDC does not have a view about future crisis management measures, it should be noted that those farming smaller holdings, on poorer land, and in less profitable enterprises (as is the case in most of the Western Region) are more vulnerable to shocks from weather or markets. Any development of crisis management measures, or requirements associated with these, should be mindful of the needs of these farmers as well as the more commercial, larger farmers.

Views expressed by Ireland to date

See below for the WDC view on future agricultural policy.

Agriculture and rural development options for the Western Region

One of the most fundamental challenges for the region is the impact of restructuring in agriculture and the associated need for diversification and growth in the non-farm rural economy. In Ireland, the previous buoyancy in the economy enabled rural economies to absorb the decline in the primary sectors of agriculture and fisheries, and also in industrial employment in some regions. Indeed, because of the attractiveness of rural lifestyles, as employment opportunities have grown, most rural areas have gained population. However, since the downturn, rural areas have experienced employment difficulties as much of the non agricultural employment was in the construction sector⁸.

Trends in population growth and the WDC's experience with the WDC Investment Fund and the Look West initiative⁹ indicate that individuals and businesses are willing to relocate to rural areas and contribute to the rural economy. The extent to which this can and will happen is related to job opportunities, business prospects and quality of life.

The WDC believes that strategies for diversification of rural economies should be based on the sustainable development of natural, cultural and human capital. Thus, sectors based on natural and cultural resources, such as tourism, agri-food, and renewable energy need to be the focus of creative and innovative strategies to develop their undoubted and well-documented potential. Rural economies' human capital is depleted by rural-urban migration so strategies to encourage entrepreneurship and the establishment of micro-enterprises, particularly those that are part of the knowledge economy, as well as facilitating skills development, are fundamental to rural development.

Some geographic areas that have a particular reliance on declining industries, and which also face falling agricultural activity, should be targeted with supports to address their vulnerability and stimulate alternative employment opportunities. Examples of such areas include coastal areas faced with declining fishing production where there is little other employment, areas in transition from dependence on employment in large multinationals e.g. parts of Inishowen and south Donegal. While these areas are not under the CAP, recognition of the problems in the wider rural economy and the difficulties in establishing alternative areas of employment, needs to shape our position on the future CAP.

The WDC has a number of development projects relevant to this submission, in the areas of organic agri-food and renewable energy. The reasons for our involvement and the projects themselves are described briefly here.

Organic Agri-Food Sector

Organic agri-food production possesses considerable economic potential and the WDC has been to the forefront in highlighting why the Western Region, with its green image could and should tap into this potential market.

Over the last decade, organic agricultural production has increased considerably in Europe, largely driven by government support for conversion, education, research, extension and marketing. Despite this growth, the Irish organic agri-food sector remains proportionately very small, yet the market for organic produce has had strong growth over recent years and this is

⁸ WDC, 2008, Employment and unemployment in the Western Region 2000-2008.

⁹ The WDC's Look West initiative aims to promote the Western Region as an attractive location to live, work and do business, see www.lookwest.ie

expected to continue in the medium term. Bord Bia has found that there was scope for expansion in both the home and the export markets¹⁰. These markets are growing, and the increased interest from consumers, producers, processors and retailers provides a solid basis for expansion. Ireland imports up to 70% of some organic commodities.

The Agri-Vision 2015 Committee considered that the limited response by Irish farmers to the economic opportunities in organic production was due to the substantial cost of switching to organic production systems and the relatively underdeveloped marketing structures for organic produce in Ireland.¹¹

While supports for organic farming are under the National Rural Development Programme, the shape of the CAP after 2013 will also have significant effects on the development of organic agri-food and these effects need to be considered when developing a policy position.

Renewable Energy – Biomass Sector

Renewable energy production can create economically and environmentally sustainable rural enterprises and play an important role in the provision of employment opportunities in rural areas experiencing agricultural decline.

Ireland is committed to achieving a target of at least 40% of electricity generating capacity from renewable sources by 2020. CO₂ emission reduction targets will also increase and provide further impetus for the biomass sector. Ireland must therefore substantially expand its renewable energy sector.

The WDC has established that there is significant potential and a reasonable level of activity already underway in the biomass sector. However a number of significant barriers to development do exist such as a shortage of information on forestry resources, a lack of advisory support for potential growers and limited public awareness. There is also a lack of co-ordination between the existing projects. Energy crops represent a new income opportunity and the development of a market for first thinnings is an immediate need within the forestry sector.

The Western Development Commission (WDC) has secured European Union (EU) funding of €1 million to develop the wood energy sector in the Western Region. The project, Regional Approaches to Stimulating Local Renewable Energy Solutions (RASLRES), will receive total funding of €2.8 million, under the EU INTERREG Northern Periphery Programme, which includes international partners from Northern Ireland, Scotland, Sweden, Finland and the Faroe Islands.

In the Western Region the project will focus on the growth of supply chains based on wood fuel from forestry and will provide a range of demand and supply-side support measures to the wood energy sector including:

- an awareness and information campaign to highlight the opportunities for fuel producers as well as information for end users about the advantages of using wood energy.
- For private industry and public sector heat users, the project will provide impartial advice and expertise on the feasibility of using wood to supply their energy requirements

¹⁰ Bord Bia (2004), Report on Prospects for Organic Food in Ireland

¹¹ The Agri-Vision 2015 Report, December 2004.

- In early 2010 the WDC will roll out various support services to assist the development of fuel supply based on the forestry resource in the region

RASLRES will also design & deliver two other pilot projects based on use of energy crops, specifically reed canary grass (located in Sweden), and marine biomass, specifically seaweed for use in anaerobic digestion (location yet to be agreed).

The project will support farmers, rural enterprises and rural communities to expand the wood heat sector. The project moves the region and the renewable energy work of the WDC onto an EU platform. At an EU level the project will increase the knowledge and understanding of how the uptake of RE in rural areas can address a varied policy agendas for example. energy targets, sustainable regional development and environmental.

Conclusion

The WDC agrees that it is important to maintain a strong production base in the EU, and that there should be a strong production base in Ireland in areas where commercial farming is a viable future option. Agriculture is most viable in the southern and eastern parts of the country but there are pockets throughout the country where full time commercial farming is possible, in particular where the farmer is business oriented and innovative. Thus agricultural policy needs to support these farmers, regardless of regional location. Future agricultural policy needs to allow those farmers who are in a position to farm commercially to do so, and supports for developing their business should be available. However, the main focus of the CAP needs to be on those farmers with lowest incomes, in the poorer agricultural regions.

Despite the extensive nature of farming in the Western Region significant inputs to the food processing industry come from this region, in the form of quality beef cattle. Thus while at an individual level farms are small and not as commercial as in other regions, they are essential suppliers to our food processing industry and make an important contribution to the local and national economy.

For the most part, farming in the Western Region is on poorer land, with smaller holdings and in the livestock sector which tends to give poorer returns than from either tillage or dairying. Farmers are, however, in a position to provide high quality public goods such as maintenance of landscape and environmental quality. The WDC believes that the focus of future agricultural policy should be on this multi dimensional agriculture and that support should focus most on these areas. Payments for public goods are most palatable to the wider non farming public, more acceptable in terms of world trade and, by maintaining the landscape and environment, bring other important wider economic benefits to rural areas and the country as a whole.

Although the CAP is a sectoral policy, it should be integrated with the suite of policies for the development of the Irish economy and society. Support for farming and the agri food industry has rural development benefits, but it should be recognised that it is not the most efficient way to achieve rural development goals. There is thus a balance to be found among the types of policies which are used to achieve environmental, agricultural, rural and regional goals.

Agriculture also has considerable potential in future in terms of non food production. The WDC has been involved in the development of renewable energy in the region. The Western Region has comparative advantage in this area in terms both of wind resources and also in the development of the wood heat sector, as the Region has more than 40% of the national forest resource. The WDC was also involved in the development of organic agri food in the region

and sees this as an area with further potential. Agriculture and rural development policies in the future are likely to have more focus in these areas.

At this stage of the process of shaping the CAP post 2013, the objectives for Irish agriculture and rural development need to be defined with the necessity of focussing support on the less commercial farmers made clear. This makes the best position to take in relation to different aspects of the renegotiation more obvious and the negotiating position is arrived at more objectively.

The WDC is happy to provide further information or examples in relation to this submission, should they be required. We look forward to participating further in this consultation process and in the shaping of the new Common Agricultural Policy.

**Western Development Commission
September 2009**

If there are any queries in relation to this submission, please contact:

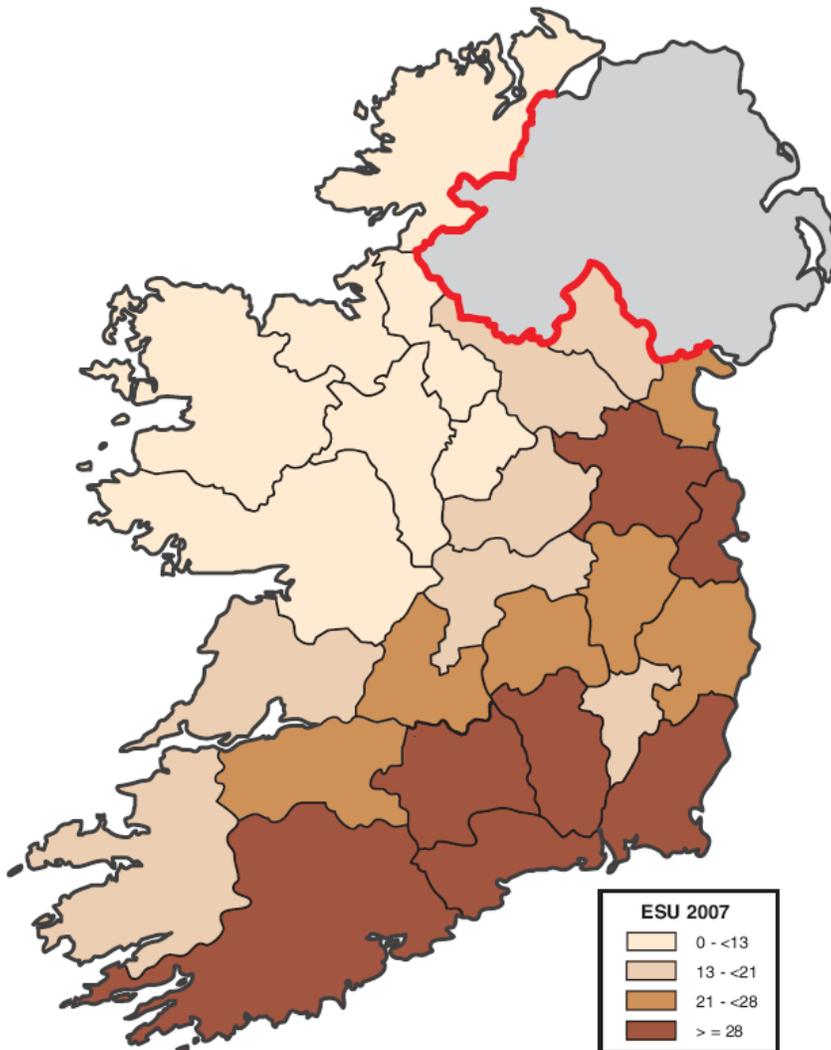
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Annex

Economic Farm Size

The map below illustrates the geographical distribution of economic size of farms. As is the case with farm size, farms with larger economic size are found in the East and South of the country with smaller economic size farms being found in the West and North of the country. In fact the map shows that six of the seven counties of the Western Region are the economically sized farms. Clare the seventh county is in the next size category.

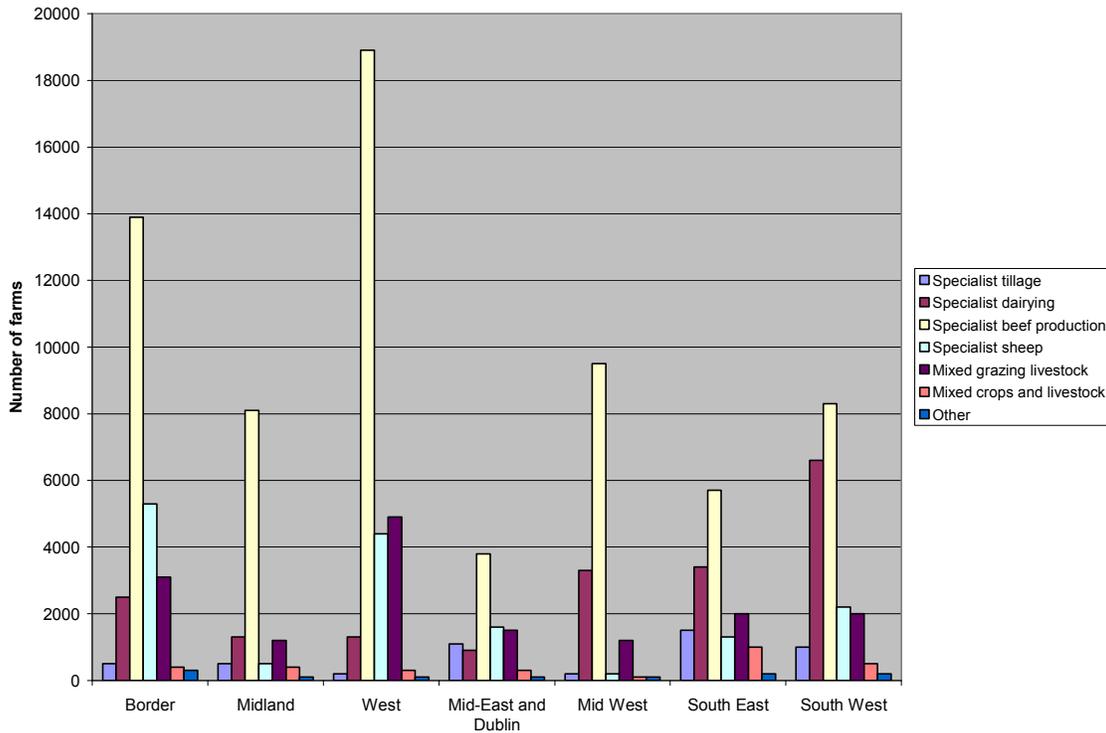


Source: CSO Farm Structure Survey 2007, Map 2, December 2008

Farm Types by Region

The chart below highlights the importance beef production, in particular, and sheep and mixed livestock in the Western Region, and also shows the contrast in farm types among regions, with the significance of tillage and dairying in the better farming regions.

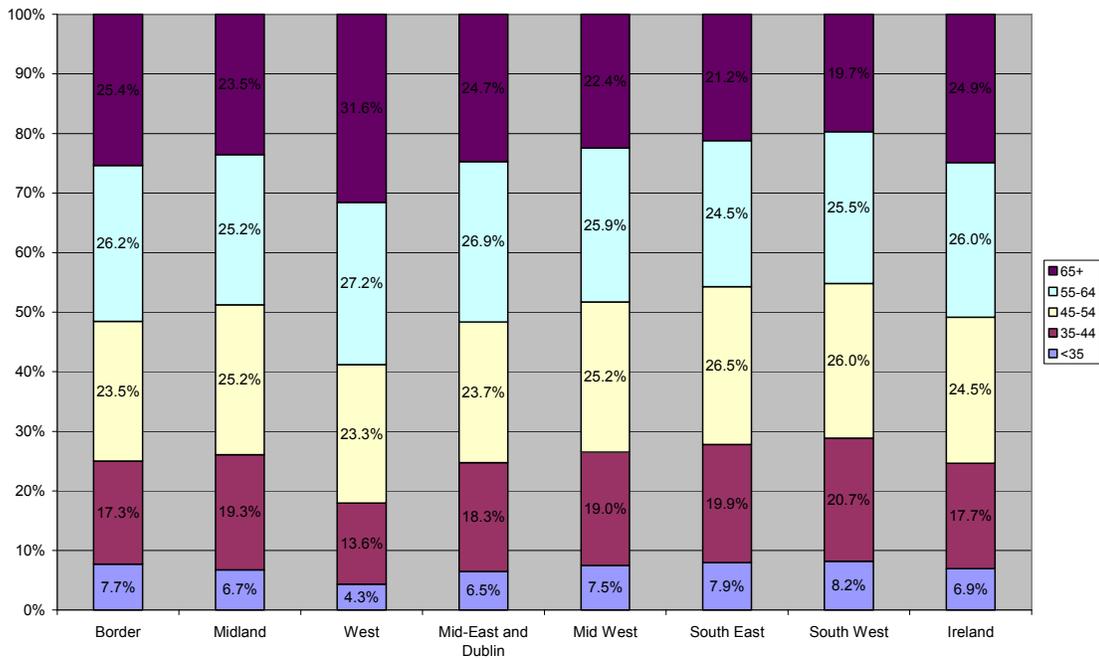
Number of farms classified by type of farm in each region 2007



Source: CSO Farm Structure Survey 2007, December 2008

Age of Farmers by Region

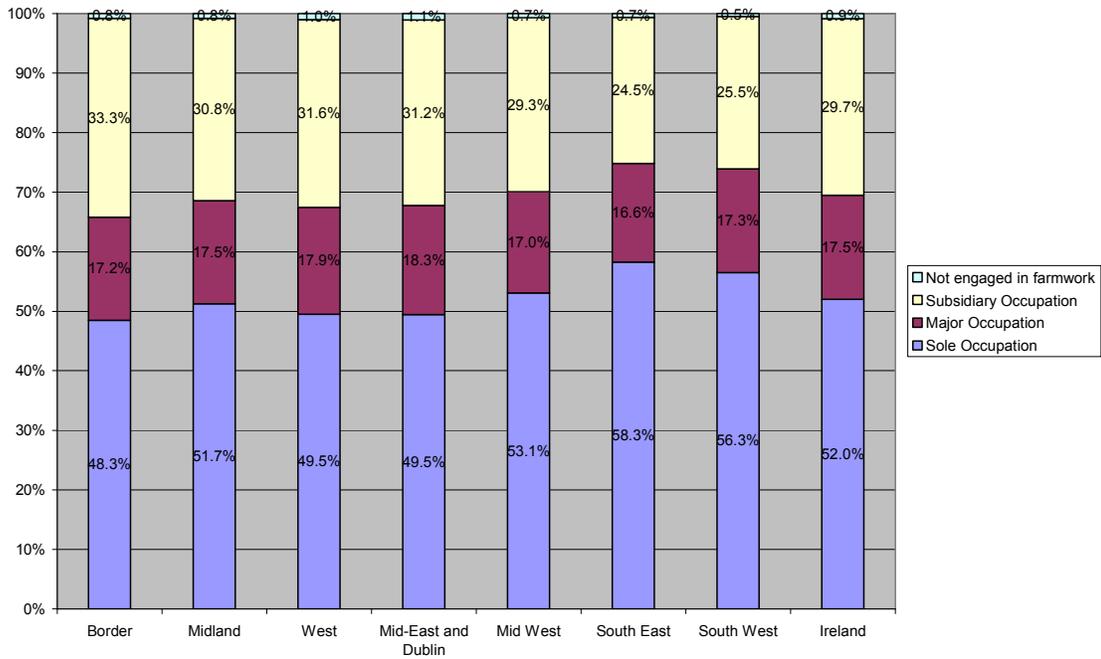
The chart below shows the age structure of farms in the different regions. Again the West region stands out with the poorest age structure (fewest younger farmers and most farmers over 65). The Border region has a better age structure, but that region is mixed in terms of farm type and size and it is likely that the more western counties of that region have a similar age structure to that in the West region.



Source: CSO Farm Structure Survey 2007, December 2008

Importance of Farm work.

The farm structure survey also gives regional classifications for the importance of farming as an occupation for the holder. In both the West and Border regions just under 50% of the holders classified themselves as having farming as the sole occupation. This was also the case for Dublin and the Mid East, while the most commercial farming areas had the highest proportion classifying farming as their sole occupation and the lowest proportion regarding it as a subsidiary occupation. A third of farmers in the Border region regarded farming as a subsidiary occupation.



Source: CSO Farm Structure Survey 2007, December 2008