



Address by Padraig Walshe, IFA President, to the Joint Oireachtas Committee on Climate Change and Energy Security

11 November 2009

Chairman, Deputies, Senators, Ladies and Gentlemen,

I would like to thank the Committee for the opportunity to highlight the agricultural policy issues that remain unaddressed at National, European and International levels as we strive towards achieving a climate change agreement in Copenhagen this December.

Climate change is a significant challenge facing the global community. The response to climate change must not restrict the opportunities for the agriculture sector to create employment, develop export markets and expand into emerging markets.

Ireland's climate change response must address the key issues of energy security and food security, while also maximising job creation. The policy response must ensure that sustainable beef production in Ireland is not replaced by imports into Europe from less environmentally sustainable regions such as South America.

Agriculture – The Growth Sector

This Committee in your second report has called for the introduction of climate change legislation that sets specific targets on a sector-by-sector basis, without taking into consideration the following facts:

1. Agriculture is the largest Irish-owned productive sector, accounting for over 50% of exports from Irish owned manufacturing
2. Agriculture employs over 270,000 people, representing 1 in 7 jobs in the country
3. The Gross Value Added of agriculture and the agri-food sector is €12 billion annually
4. The most significant reduction in emissions from the non-traded sectors since 1990 came from agriculture
5. Emissions from the transport sector have spiralled out of control, running at 178% above 1990 levels

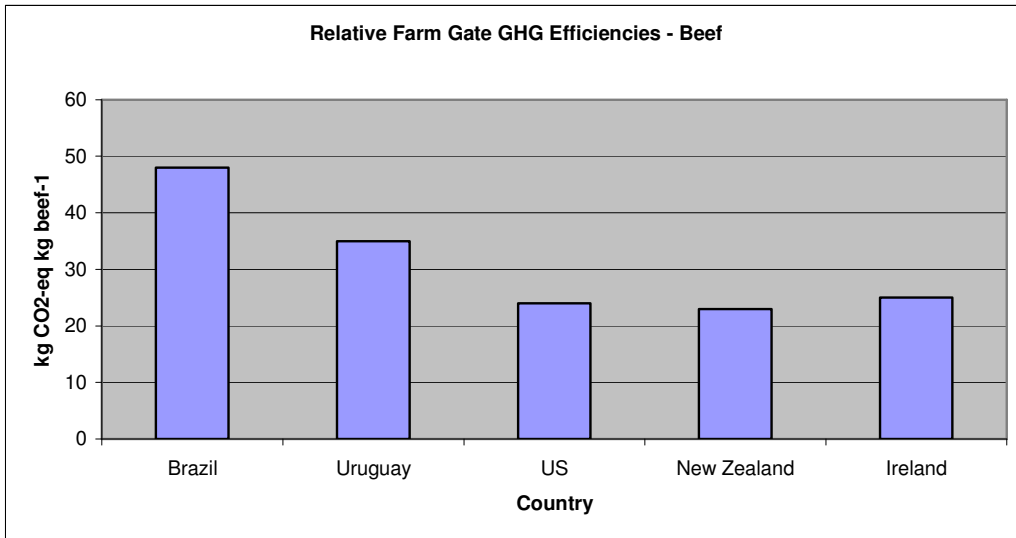
6. Ireland is the largest exporter of beef into EU markets and the fourth largest internationally. Ireland produces beef 50% more environmentally efficient than the largest beef-exporting nation, Brazil.
7. Carbon sinks such as forestry and permanent pastures are not recognised in the current accounting methodology. These sinks provide significant GHG reductions. In 2007, it is estimated that forest sinks alone accounted for a reduction in emissions of 1.36 Mt CO₂e in Ireland.
8. Emissions from the agriculture sector are organic, unlike transport.
9. IFA estimates that the agriculture sector has the ability to deliver an additional €2 billion of exports and 16,000 jobs.

Irish Agriculture - Low Carbon Food Production

Ireland is an agricultural economy. Our emissions' profile tells us this. The recent gathering of farming and agribusiness leaders in the RDS heard eminent business leaders such as Kerry Group CEO Stan McCarthy, Glanbia CEO John Moloney and Aryzta CEO Owen Killian describe the future for Irish food production as bright, with significant potential.

The 26% greenhouse gas (GHG) emission level attributed to agriculture ignores the carbon sinks that are provided by permanent pastures and forestry. In addition, this same 26% ignores the thousands of acres that farmers have planted with carbon sequestering willows and other energy crops. This crude 26% also ignores the renewable energy generated by the agriculture sector.

The second report of this Committee refers to Ireland becoming a low carbon society. The facts are that relative to other beef exporting countries Ireland has a low carbon model of production. The chart below clearly demonstrates that GHG emissions from beef production in Brazil are twice as high, when compared to Ireland.



Source: Teagasc

The rapid growth in beef exports from Brazil in recent years has resulted in thousands of acres of Amazonian rainforest destruction. The cattle sector is responsible for 80% of all deforestation in the Amazon region and on average one hectare of Amazon rainforest is lost to cattle ranchers every 18 seconds.

The climate change law proposed by this Committee completely ignores the issue of carbon leakage and instead propose penalties and fines for “operators in the non-traded sectors.” It is unacceptable that climate change policy pursued by Ireland or Europe may increase international GHG emissions by shifting agriculture production to regions like South America.

Irish Agriculture has an environmentally efficient model that IFA estimates has the ability to deliver an additional €2 billion of exports and 16,000 jobs. This sector must be supported to expand and create employment and must not be suppressed by unreasonable misguided environmental targets.

The EU must immediately *climate proof* all existing trade policies and ensure that food imports from regions such as South America, New Zealand, Russia and China achieve the same environmental sustainability targets as those achieved in Ireland.

Food Security – Key Driver of Climate Change Policy

The Committee’s report correctly identified energy security as a significant resource and geopolitical concern for Ireland and the EU. Equally and perhaps of greater importance is the issue of food security.

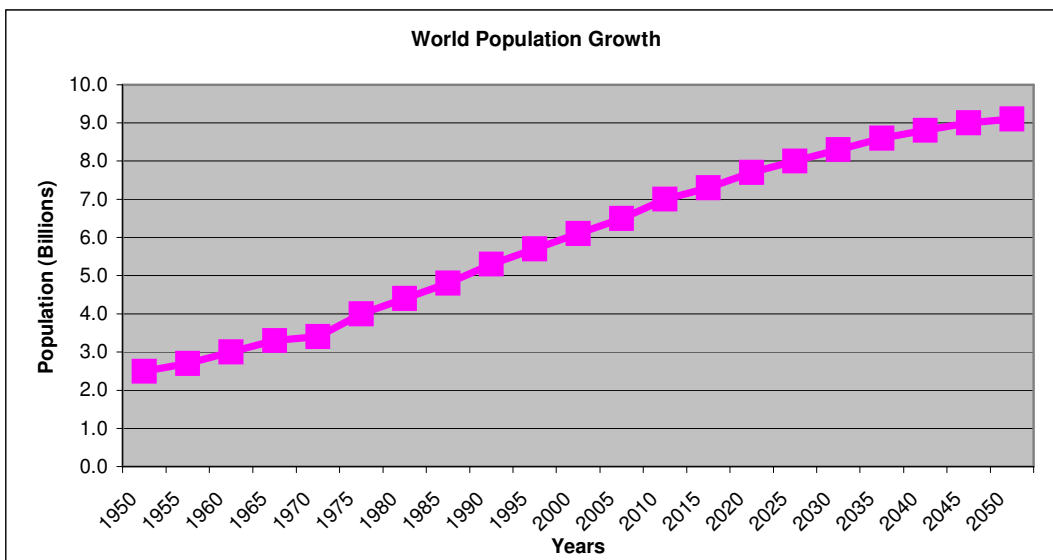
The perfect *food poverty storm* is currently emerging in front of us:

- 1.4 billion people are living in extreme poverty
- 26% of children under five years of age are undernourished
- Demand for food is projected to increase by 70%, by 2050
- Demand for meat is projected to increase by 85%, by 2050 also.

In tandem with this:

- Globally the UN has set a target that GHG emissions will reduce by 85%, by 2050.
- The UN Millennium Development Goal seeks to halve global hunger by 2015.

Today, we may not consider the issue of food security as a major issue within Europe. However, in the context of increased populations growth, food poverty and increased demand for food, the issue of food security cannot be ignored.



World

Population Growth

Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, *World Population Prospects: The 2008 Revision*, <http://esa.un.org/unpp>, Wednesday, September 30, 2009; 10:10:21 AM.

Ireland and indeed other countries within Europe such as Denmark, the Netherlands and Belgium are vital to providing a sustainable supply of meat and milk products to EU countries which are highly dependent on imports, such as the United Kingdom, Sweden, Italy, Poland and Lithuania.

At a time of projected population growth and demand for food there is an intrinsic obligation on Ireland and the EU, in responding to the climate change challenge to plan for and provide for this increased demand.

Carbon Tax – Another Cost on Business?

It would be remiss of me to address you today and not to refer to the proposed Carbon Tax, which the Government has signalled its intent to introduce in the forthcoming budget.

IFA is opposed to the introduction of a carbon tax until other countries whom we compete with have also introduced a similar tax and until the competitiveness issues of our economy are addressed.

This tax was originally spoken about as a revenue neutral tax. However, if the Commission on Taxation recommendations are implemented then €480 million will be added to the cost of business in 2010, rising to an estimated €500 million by 2012. This is not an environmental tax, it is an extra cost on fuels, where no alternatives exist.

Energy costs in Ireland are already amongst the highest in Europe. The Government must improve cost competitiveness by reducing energy, waste and water costs, and other bureaucratic costs before any extra taxation burden, in the form of a carbon tax is imposed.

It is worth noting that an alternative exists. Recently, French President Nicolas Sarkozy announced plans to introduce a carbon tax, at a rate much lower than that proposed by the Commission on Taxation. In addition, the tax will be introduced on a reduced cost basis by replacing the tax on businesses called “taxe professionnelle”. It is anticipated that farmers will be required to pay a lower carbon tax and that the funds collected from the agriculture sector will be ring-fenced and used in the agriculture sector to develop renewable energy projects.

My final comments on this issue are best summarised in the ESRI’s working paper number 246 from June 2006 in which they said “Unless farmers in other countries are taxed at a similar level, Irish farmers would have to accept a lower income, although some would be forced out of business. Lower beef or milk production in Ireland would reduce methane emissions in Ireland, but as global emissions are driven by meat and dairy consumption rather than the location of production, emissions elsewhere would increase by the same amount.”

Therefore, the introduction of a carbon tax in the agriculture sector is a flawed environmental argument.

Agricultural Emissions Increase in Developing Countries

The report published by this Committee identifies the poorest countries as contributing least to the problem of climate change. This is a well rehearse and unchallenged statement which is often widely accepted. However, in the case of agriculture this statement is wrong. Agricultural GHG emissions from Annex 1 countries, with the exception of New Zealand have declined since 1990. However, agricultural emissions from the non-Annex 1 developing countries have increased by 32% over the same period.

Emission Reductions Must be Attributed to Source Sector

The GHG emissions accounting methodology developed by the Inter-Governmental Panel on Climate Change (IPCC) contains a number of anomalies, such as:

1. The methodology used does not allow the agriculture and forestry sectors to receive the carbon credit associated with emission reductions through the production of renewable energy.
2. The Energy and Transport sectors benefit from reductions in GHG emissions, for emissions actually reduced from the agriculture sector.

This reduces the incentive for the agriculture and forestry sectors to develop and grow renewable energy output.

It is essential in Copenhagen, that GHG emission reductions made by the agriculture and forestry sectors are recognised and are counted as part of the overall net contribution of the agriculture sector and not attributed to other sectors.

Climate Change Mitigation - The Key Role for Agriculture

IFA has identified mitigation as the area where agriculture can play the greatest role. The mitigation strategy is based on three key pillars

- Maximising the carbon sequestration potential from the forestry sector.
- Recognition of the significant carbon sink in permanent pastures.
- Reducing the nation's carbon footprint and increasing energy security by harnessing the potential of renewable energy production.

Carbon Sequestration & Sinks

The negotiations towards a new climate change agreement have put forests at the heart of the agenda. Forest loss, primarily tropical Amazonian deforestation to provide beef for international markets, accounts for approximately 17% of global greenhouse gas emissions. However, sustainably managed forests play an important role in climate change mitigation.

Forests, hedgerows and grassland all act as a carbon sink and provide a range of opportunities to directly offset rises in greenhouse gas emissions.

In 2007, it is estimated that forest sinks alone accounted for a reduction in emissions of 1.36 Mt CO₂e in Ireland. 80% of forests planted since 1990 in Ireland are privately owned and therefore account for the majority of these emission reductions.

Over the five-year period 2008 – 2012 Kyoto eligible Irish forests, those established since 1990 (80% are privately owned) will contribute 11 million tonnes of carbon dioxide or 22% of forecasted reductions from National Climate Change Strategy measures. This represents a saving of €220 million to the State.

Forest sinks must be included as part of the measurement of emission reductions in the agriculture sector. In addition, the inclusion of forest sinks will contribute indirectly to emission reductions in the energy sector, through the production of wood biomass.

Permanent pasture is a characteristic of farming in Ireland, with over 90% of total agricultural area in grassland. This permanent pasture stores carbon and provides an environmental competitive advantage for beef and dairy herds, when compared to the high concentrate diets and deforestation associated with other international beef producing regions.

Currently, carbon credits from carbon sinks are not attributed to agriculture. Ireland has the highest level of carbon sequestering permanent pastures in Europe, which when combined with the opportunity to expand the forestry cover can promote a substantial national carbon sink.

CO₂ emission reductions achieved through natural carbon sinks, such as forests and permanent pastures, must be included in the overall measurement of the contribution of the agriculture sector to emission reductions.

Increasing Ireland's Energy Security

In January of this year, IFA launched a policy paper which identifies the potential to create 8,000 *green-collar* jobs from renewable energy production and greenhouse gas emission reductions. Indeed, earlier today I met many of you at our pre-budget lobby session. In the pre-budget submission the Association is seeking a programme of measures that will support farmers achieve the renewable heat, electricity and transport targets while reducing greenhouse gas emissions.

IFA members are currently developing anaerobic digestors, exploring the opportunity to generate gas from grass, and supplying biomass to the semi-state bodies such as Bord na Mona and ESB. Indeed, with the correct market conditions in the wind area IFA is confident that farmers can play a pivotal role in achieving the 40% renewable electricity target by 2020.

In relation to on-farm renewable electricity production it is essential that the planning regulations are amended, the gate system is overhauled and a commercially viable REFIT tariff is introduced. Other measures required include capital allowance relief and smart and net metering.

The achievement of the 12% renewable heat target by 2020 presents the greatest challenge of all the renewable targets. IFA seeks the amendment of the Afforestation and BioEnergy Scheme and the introduction of a Biomass Mobilisation Programme and a Biomass Public Procurement Initiative.

In the case of renewable transport the MOTR scheme must be amended to introduce a use-or-lose clause for recipients of the relief and the re-allocation to companies capable of producing indigenous transport biofuels.

Concluding Remarks

European citizens and the agriculture sector must get a fair deal in Copenhagen. A climate change deal which does not address the specific agriculture policy issues of food security, international carbon leakage and sustainable agriculture will be a bad deal. I want to acknowledge the role of the Departments of Agriculture and Environment and the Taoiseach's Office in making progress in this area. However the Copenhagen round of negotiations are imminent. Food security must be included in the ongoing re-examination of the 2003 European security strategy.

IFA is extremely positive about the potential of the agri-renewable energy sector. However, change is required, change in the way ESB and the CER approach the market, change in the current REFIT tariff and the deliver of the measures outlined to deliver the real opportunities from this sector.

The current emissions accounting methodology must be reviewed to include the positive contribution that forestry and permanent pastures make to reducing GHG emissions in the agriculture sector. The methodology used must allow the agriculture and forestry sectors to receive the carbon credit associated with emission reductions through the production of renewable energy.

Job creation, economic recovery and environmental sustainability must be the cornerstone of Ireland's response to climate change. The importance of agriculture to the economy must be recognised and its low carbon model of food production.

Europe must not accept lower environmental standards from other regions for the sake of an international compromise in Copenhagen.

I request that this Committee would give full support to ignite the real potential of this most important productive agriculture and agri-renewable sector.

Thank You.

ENDS