MARKET REPORT ON IRELAND:

Opportunities for New Zealand agri-business

NEW ZEALAND
TRADE & ENTERPRISE
Te Taurapa Tūhono

NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

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SECTION 1

EXECUTIVE SUMMARY

This report provides an overview of the Irish agri-business landscape. It draws on publicly available information and the Ministry of Foreign Affairs and New Zealand Trade and Enterprise's (NZTE) experiences in the market. It has a particular focus on the Irish farming (dairy and beef), agritech and wine sectors given New Zealand's interests in these areas.

Ireland and New Zealand are closely linked not only by a shared heritage, size and outlook on life, but also by a common approach to pasture-based farming. There are many shared interests that underpin long-standing cooperation between New Zealand and Ireland among farmers, researchers, business and government policy makers.

The combination of "policy push" and "commercial pull" factors at work in Irish agriculture mean that continuous improvement to farming practices, including in respect to sustainability, remain a priority for the sector. Ireland has been, and remains, a sizeable and receptive market to New Zealand's technology, with innovations in genetics, machinery and digital solutions enabling Irish farmers to achieve better results in pasture focussed production systems. Likewise, Irish agritech solutions are commonplace in New Zealand.

Photo: Visit to dairy farm in Galway, Ireland, where farmer Henry Walsh has installed a Waikato Milking Systems rotary

In the food and beverage sector, New Zealand's wine exports to Ireland have led the way, increasing in both volume and value to a total of $26m NZD in 2019. New Zealand wine now commands 7% of the total Irish wine market – an almost doubling of market share since 2013.

The New Zealand Embassy in Ireland and NZTE work together closely to promote New Zealand-Ireland business opportunities, including helping Kiwi businesses enter and grow in the Irish market. Over the last year this support has included providing market insights, making connections and introductions to sector leaders and stakeholders in Ireland, hosting and supporting business events, giving profile to New Zealand agriculture expertise in Irish media, and leading New Zealand's presence at significant agri-business events in Ireland.

SECTION 2

2. EXISTING COOPERATION AND CONNECTIONS

New Zealand and Irish agriculture have a strong connection. As small open competitive countries, agriculture holds a central place in our economies and communities. Our pasture-based farming models are unique, we invest in research solutions and apply technology to improve productivity and environmental outcomes on-farm, and we rely on global markets for prosperity (with more than 90% of production in both our largest farming sectors exported to other countries).

We also face many common challenges – from striving to build on already world-leading sustainability practices to help tackle climate change and improve water quality and biodiversity, adapting to changing consumer sentiments, and securing and expanding our access to international markets and growing new ones.

Photo: New Zealand's young farmer of the year, James Robertson, and Ireland's young farmer of the year, Daniel Hawthorne, teamed up to win the Harry Ferguson Safe Driving Award at the Irish National Ploughing Championships in 2019

These connections, shared outlook and common challenges have provided a platform for significant cooperation between farmers, researchers, industry and policy makers.

Farmer-to-farmer links:

including through Macra na Feirme's Stephen Cullinane Scholarship[1], farmer exchange programmes (such as the joint venture run by Ireland's Farm Relief Services and New Zealand Dairy Careers), and the recently established farmer-led Pasture Summit.

Research:

we are co-founding members of the Global Research Alliance on Agricultural Greenhouse Gases, established in 2009, and we also co-chair the Livestock Research Group. Our research has a particular focus on reducing methane emissions from livestock, including several projects to better measure and reduce greenhouse gas emissions and mitigation strategies based on soil management and ruminant diet. Some of this has included work under the EU Horizon 2020 ERA-GAS[2] research call, such as the 'Full Inversion Tillage project' which is looking at soil sequestration options for mitigating emissions (involving researchers from Massey University, Lincoln University, and Teagasc – the Irish Agriculture and Food Development Authority).

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Industry and trade:

a long-standing tradition of New Zealand and Irish agritech companies sharing their innovation to improve farming practices and productivity in both countries. This includes genetics, on-farm machinery, and more recently technology solutions to improve efficiency, yield and enhance sustainability on-farm. Irish and New Zealand agrifood partnerships in third markets also exist, but there is an opportunity to do more. Annex 1 provides further detail on this cooperation and other New Zealand companies currently working in Ireland.

Policy:

we benefit from regular government dialogue[3]. We also work closely in the agriculture and land use negotiation forums in the United Nations Framework Convention on Climate Change given the significance of agriculture in our respective emissions profiles (accounting for 49% of New Zealand's national emissions, and 34% for Ireland – unique for developed economies). Likewise we work together in the United Nations Food and Agriculture Organization (FAO) on, particularly, livestock issues, and we have co-financed an OECD paper on agriculture and climate change.

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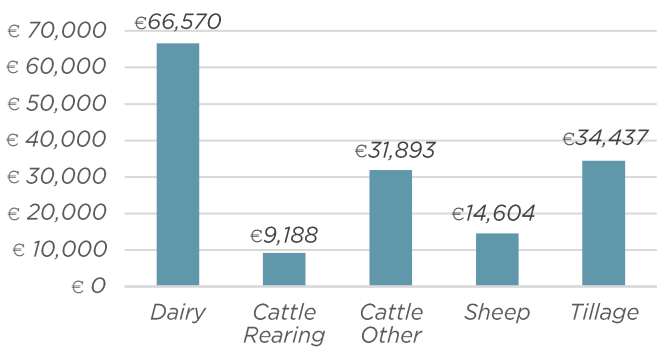
SECTION 3

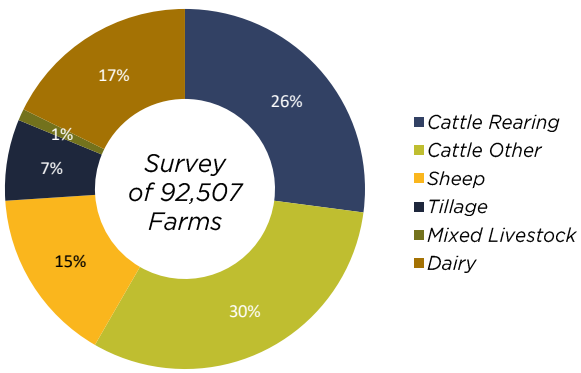
IRISH AGRI-BUSINESS OVERVIEW

a) General trends

Average Irish Family Farm Income (FFI) 2019



Irish Farm Population 2019



Source: Teagasc National Farm Survey 2019

The average farm size in Ireland is just 32 hectares. This is skewed significantly by the large number of beef and cattle rearing farms (56%), many of which are small in scale. There has been significant growth in the dairy sector since EU Common Agricultural Policy (CAP) reforms resulted in the removal of dairy production quotas in 2015.

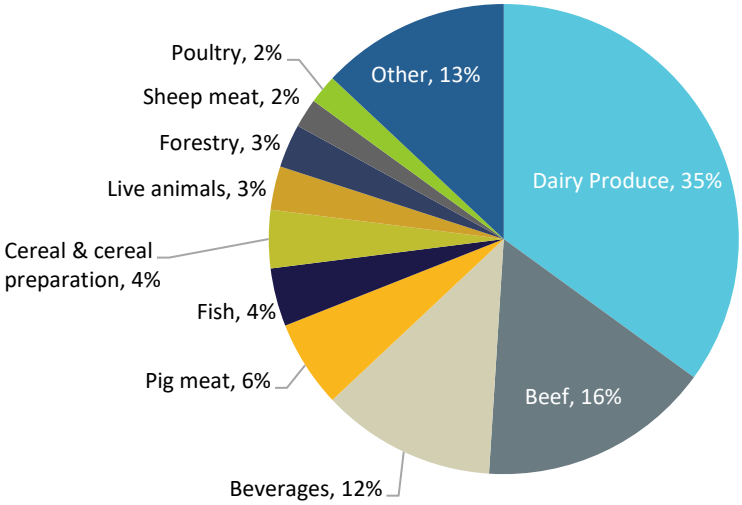
New on-farm investment reached almost €1 billion in 2019, largely split between building and machinery. Over half of this was on dairy farms where New Zealand agritech firms have reported strong demand for Kiwi technology that has held up well during COVID-19, with only minor difficulties experienced in respect to supply chains and customer access to financing. New Zealand's low-cost base for agri-tech products and technologies (comparable to the industry profile in Ireland), similar pasture-based production model, and its long-standing reputation in some segments of the Irish market are advantages for New Zealand firms looking to sell into Ireland.

Agritech investment in Ireland rose above €2 billion for the first time in 2018. Many companies traditionally considered as agri-engineers are now embracing agritech. Various Irish firms are doing business in New Zealand, including Dairymaster, Keenan and Abbey Machinery.

Ireland is a leading food exporter within the EU and Europe, with food, drink and horticulture exports topping €14.5 billion last year (a record and a 67% increase on 2010 levels). Bord Bia – Ireland's food promotion agency – has identified diversification and growth in value-add as two defining factors behind this success. Ireland has also built a formidable reputation in some of its largest markets through the development of successful and trusted brands, and government certification initiatives such as the Origin Green sustainability programme. Grass fed standards for dairy and beef production are also being rolled out in 2020.

Nevertheless, the sector faces challenges with both COVID-19 and Brexit contributing to an increasingly complex global trading environment.

Irish Agri-Food Exports by Type, 2019



Agri-food Exports by Type	€ Million
Dairy produce	5,040.0
Beef	2,348.5
Beverages	1,712.3
Pigmeat	891.2
Fish	578.1
Cereal & cereal production	535.3
Live animals	455.4
Forestry	430.3
Coffee, Tea, Cocoa & Spices	415.2
Animal Foodstuffs	366.7
Sheepmeat	317.8
Miscellaneous Edible Product	317.8
Pultry	293.6
Other	823.8
Grand Total	**14,526**

Source: Irish Agri-Food Sector Exports, DAFM "Trade Fact Sheet 2019"

New Zealand's main agri-business exports to Ireland are wine ($26m NZD million) and agritech (NZ$16 million of new deals over the past three years). Smaller volumes of New Zealand lamb, apples and kiwifruit are also sold in Ireland.

b) Dairy and beef farming

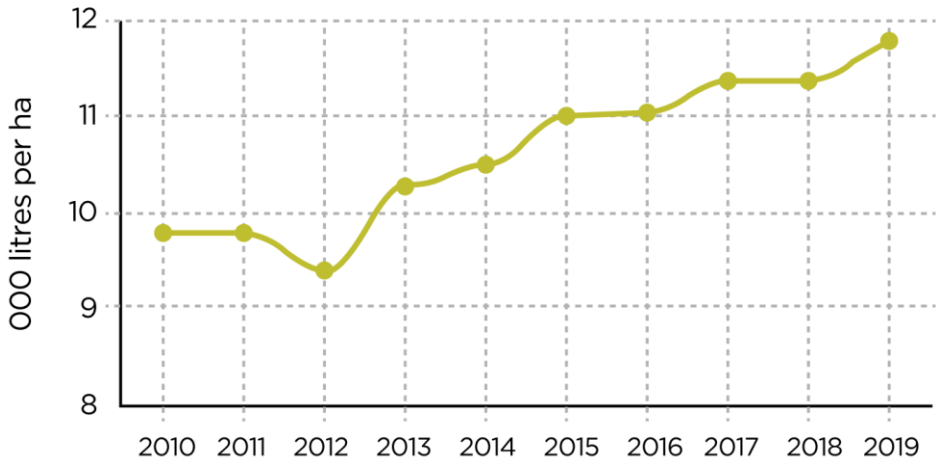
Factor	Year	Germany	France	UK	Ireland	New zealand
Population (Millions)	2020	83.7	65.2	67.0	4.9	4.9
Total Land Area (Sq km)	2018	349,360	547,557	241,930	68,889	268,021
Agricultural Land Area	2016	48%	52%	72%	65%	45.3%
Size of Dairy Herd (Million Head)	2019	32	25	1.9	1.5	6.4
Milk Production (Billion Litres)	2019	32	25	15	8.0	21
Size of Beef Herd (Million Head)	2019	7.6	15.0	7.5	4.7	3.9
Beef & Veal Production (Tonnes)	2018	1.1 million	1.4 million	922,000	638,000	697,000
Size of Sheep Flock (Million)	2019	1.6	7.1	22.7	3.8	27.4
Sheep & Lamb Production (Tonnes)	2018	34,000	102,000	289,000	67,000	389,000

Source: OECD 2020

Like New Zealand, Ireland exports the vast majority (over 90%) of its dairy and beef production. Most of this is sold in the UK (38%) and EU (33%) but there is a drive to diversify and grow other international markets. Irish food and drink sales to China rose by 16% in 2019 (to €900m)[4].

The **dairy** sector has seen particularly impressive growth since EU milk production quotas were abolished in 2015 (after three decades of market constraints). Irish dairy herd numbers have reached approximately 1.5 million (an increase of 40% over the past five years) and is now the 7th largest milk producer in the EU after Germany France, the UK, Poland, Netherlands and Italy. Ireland was also the largest EU exporter of both butter (92,919 tonnes) and cheese (207,341 tonnes) to non-EU countries in 2019. In terms of herd count, dairy farms have doubled in size since 2015 (from an average of roughly 50 cows per farm, to over 100). Farm sizes of 300-400 cows are increasingly common.

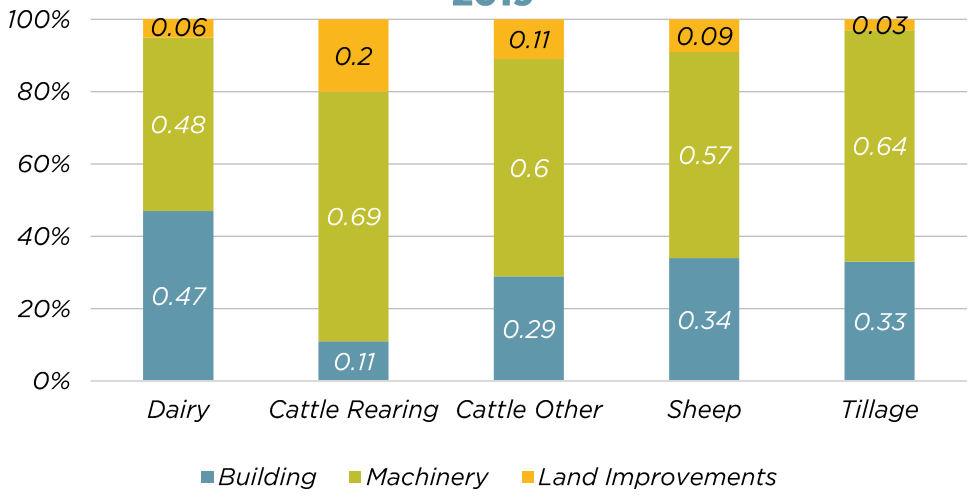
Milk Production (litres per ha) 2010-2019



Teagasc National Farm Survey 2019

To cater for increased production, farmers have made significant investments in infrastructure such as milking parlours, housing and their grassland. The development of larger livestock farms, and the additional environmental considerations this brings, also presents opportunities for New Zealand suppliers of agritech solutions, as the trend of Irish farmers converting to dairy farming looks set to continue. On-farm investment in dairy was almost €32,000 per farm in 2018, up 19% on the previous year, and roughly split equally between buildings and machinery. Investment in dairy outstripped the average on tillage farms by almost three-fold, and was almost five-times higher than the beef sector.

Avg. composition of farm investment by system 2019



Teagasc National Farm Survey 2019

The beef sector by comparison is under stress. Scale challenges associated with smaller farmers (almost half of the sector are part time farmers), lower profitability in the sector, and supply chain relationships that have been strained over the last 24 months between farmers and processors all contribute to a challenging outlook. Concerns over the impact of a no-deal Brexit scenario, COVID-19 challenges (particularly infection outbreaks in processing plants), and changing consumption trends add further uncertainty to the outlook.

Despite these difficultiues, beef production has continued to grow at a higher (albeit modest) rate than in the UK, France or Germany (a compound annual growth rate of 2% since 2010 – from 559,000 tonnes to 638,000 tonnes in 2018).

At the same time, Ireland faces into a future where meat consumption is changing, with consumers looking to eat less but better. Nevertheless, around 87,000 tonnes of beef are still consumed in Ireland each year, which is around 19kg per person (as compared to a European average of 10.7kg).

c) Agritech

New Zealand agritech companies have enjoyed success in Ireland in recent years, and sales during the COVID-19 pandemic have held up well, with only minor difficulties reported in relation to supply chains and customer access to financing (including delays reported by farmers looking to secure government grants and loans from banks).

New Zealand's comparatively lower-cost base for some technologies, similar pasture-based production model, and its long-standing reputation in some segments of the Irish market are advantages for New Zealand firms looking to sell into Ireland. Companies active in the market are listed in Annex 1.

Almost a third of New Zealand agritech companies in Ireland are focussed on the fast growing dairy sector, others are offering solutions for genetics, animal and slurry management, and financial planning (others tend to provide solutions sector-wide).

The value of deals in the Irish market by the leading New Zealand companies in-market have totalled over NZ$16 million over the past three years (based only on figures available), with technology companies like Figured entering the market in the last year.

With Ireland facing the same challenges as New Zealand to reduce emissions, improve environmental sustainability and productivity on large farms, and to upskill farmers (46% of Irish farmers claim to be already using tech on-farm, with 40% planning to do so in the future[5]), there are opportunities to strengthen cooperation between Ireland and New Zealand to develop new technology and research of mutual benefit, taking advantage of the counter-seasonality between both countries, which can allow for a 12-month R&D cycle.

Photo: Waikato Milking Systems rotary (50-bail Orbit platform) in Oranmore, County Galway

d) Wine

New Zealand brands command 7% of Ireland's wine market, a share that continues to grow year-on-year and which has almost doubled since 2013 (the total market currently stands at roughly 9 million cases per annum). The volume of New Zealand sales has risen to 639,000 cases in 2019 (up from 568,000 cases the year before). Three New Zealand labels make Ireland's top 20 wine brands.

The 'off-market' sector (independent off-licences, supermarkets and other retailers – all designated as essential retailers during COVID-19 lockdown) account for 83% of sales in Ireland. Within the sector:

- **87%** of all sales are priced in the standard or premium categories (between €7.00 - €10.99).

- **Sauvignon Blanc** is the dominant varietal, accounting for 37% of all sales. New Zealand has a strong reputation and following in this segment of the market.

The structure of the wine industry in Ireland has seen significant change in recent years with the 2008-2014 recession resulting in consolidation and rationalisation among sector players. Now a small number of companies dominate the import market, handling most of the top brands, with account managers selling into the main supermarkets (Dunnes Stores, Tesco, and Supervalu). In the smaller independent sector, there are 25-30 smaller importing companies who specialise in premium and niche wines and selling them into the on-trade and specialist off-licence retailers.

Market commentators expect the switch to at-home drinking during the COVID-19 period may become a medium to long-term trend in Ireland, alongside an increasing consumer preference for 'drinking less, but better'.

Wine choices are also changing. The growing popularity of rosé (up to 6% of consumption) means that it is no longer seasonal and popular during the summer months, but now sells all year round, while a preference for white wine (48% of consumption) means sales of the popular white varietals continue during autumn and winter[6].

Importer and retailer margins are typically 20% and 30% respectively. Other costs include EU import tariffs and the EU's highest wine excise tax (currently €3.19 per standard bottle of wine, 13% ABV).

Percentage share

	Share % 2000	Share % 2013	Share % 2014	Share % 2015	Share % 2016	Share % 2017	Share % 2018	Share % 2019
Chile	14.9%	20.1%	23.5%	25.3%	25.6%	27.0%	27.2%	27.5%
Australia	16.7%	20.6%	18.6%	18.1%	17.7%	16.7%	15.6%	12.8%
France	23.0%	15.2%	14.7%	14.0%	12.9%	12.7%	11.9%	12.6%
United States	14.1%	8.7%	7.9%	7.2%	7.0%	6.6%	7.0%	6.8%
Spain	5.7%	11.2%	11.8%	11.8%	12.3%	12.6%	13.0%	14.0%
Italy	8.9%	11.4%	10.2%	9.5%	9.7%	9.4%	9.4%	9.8%
New Zealand	0.9%	3.9%	4.0%	5.0%	5.6%	6.0%	6.4%	7.1%
Total Table Wine	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Drinks Ireland Wine, Irish Wine Market Report (2019)

SECTION 4

CHALLENGES FACING AGRI-BUSINESS IN IRELAND

a) COVID-19

Fears of a sharp COVID-19 related drop in Irish farm incomes in 2020, appear to have been averted following a gradual recovery in commodity prices and the provision of additional supports to the sector according to Teagasc (Ireland's Agriculture and Food Development Authority).

Assistance for beef farmers has come through additional government supports and in the dairy sector via price stabilising payments from milk processors. Nevertheless, given Ireland's exposure to international markets, excess supply internationally has led to a fall in prices for farmers. Spending in restaurants and other food consumed outside the home is also forecast to fall by as much as €5 billion this year.

There appears to have been no widespread knee jerk reaction by farmers to the outbreak of COVID–19, although many farmers have used the opportunity to review how they run their farms going forward. Most farms can and have introduced social distancing measures fairly effectively; but COVID-19 outbreaks have occurred in several meat processing plants that impact on production.

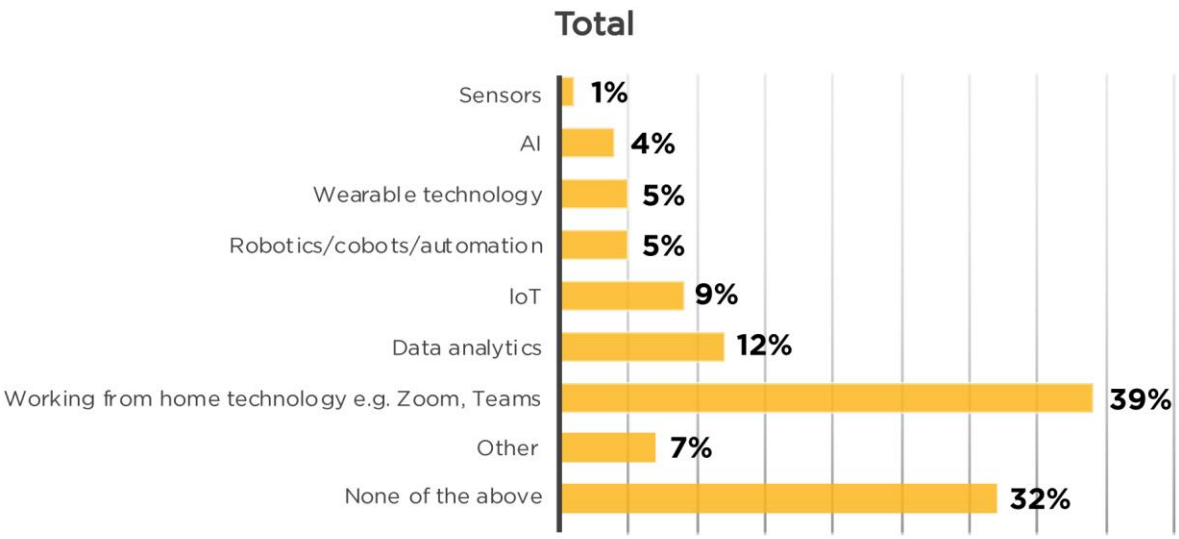
In the mid-to-long term, the impact of COVID-19 is likely to accentuate changes already underway in the Irish supply chain and the businesses (including farmers) who supply it.

These include:

- **all suppliers and supermarkets which still dominate the point of sale, will stress test the robustness of their supply chains and there may be a shortening of these;**
- **the move towards online buying and selling of agricultural and food products with be accelerated and there will be a trend towards more home preparation of food and demand for convenience foods;**
- **shopping habits will change with consumers opting to buy food on a more localised basis;**
- **issues that were important before March 2020 to the supply chain will not go away - these include areas such as plastics reduction, water usage, meeting the challenge and in some cases, the opportunities of climate change, etc.**

COVID-19 has already seen a significant investment by the Irish food agri-business in working from home technology, however investment in other types of technology is still comparatively low, according to a new report by planning and advisory service, IFAC[7].

Investment in Technology



Source: IFAC Food and Business Agri-Business Report (2020)

b) Brexit

For New Zealand exporters:

On 31 December 2020, the Brexit transition period will end. The UK will no longer be part of the EU Customs Union and Single Market and will be treated as a 'third country' to the EU for trading purposes. The EU and UK are currently negotiating their future trading relationship, with the goal to have a comprehensive trade agreement in place by the end of the transition period.

Brexit poses major challenges for the Irish agri-food and fisheries sectors by virtue of their exposure to the UK market (38% of Ireland's agri-food exports went to the UK last year), with importers and exporters of agri-food products having to comply with new customs and regulatory requirements. The Irish beef sector is especially exposed to the UK market. No-deal tariffs on some kinds of meat exports could be up to 50% (applying the UK's new Global Tariff), which would have a significant negative impact on the competitiveness of Irish exports in the UK market.

For Ireland, border arrangements between Northern Ireland and the Republic of Ireland are especially sensitive. The implications for the Peace Process and border communities are well recognised, but there are significant commercial interests in play also. For example, 60% of milk produced in Northern Ireland is purchased by processors based in Ireland, such as Glanbia and Lakeland. While some of this is processed in Northern Ireland, a good proportion of it flows to Ireland. The situation has been further complicated by investments made by Irish agri-food companies in UK processing capacity over the years to service UK customers in both the retail and foodservice sector.

The trade exposure, supply chain and investment challenges are just some of the many complexities the agri-food sector is having to grapple with as it manages Brexit. There is significant uncertainty, anxiety and cost concerns over how arrangements post 31 December 2020 will impact these interests.

For New Zealand traders exporting to the EU, trade will continue as usual from 1 January 2021, subject to the satisfactory resolution of important arrangements for certain agricultural goods traded under the EU's current World Trade Organisation quota obligations to New Zealand. If a trade deal is not reached between the EU and UK, however, New Zealand companies that export to the EU from New Zealand and then move goods to the UK (or vice versa) will need to ensure compliance with EU Customs Tariff, UK Global Tariff and related customs rules (exceptions exist for goods in transit), as well a different sanitary and phytosanitary certification. NZTE has updated its Brexit preparedness website, providing information on the changes that will take place for companies that operate in or trade with or between the UK and EU from the end of the transition period. You can access the updated webpage at www.nzte.govt.nz/brexit.

c) Meeting the environmental challenge

Agriculture is the largest contributor to Irish greenhouse gas emissions by sector, with 34% of the national emissions total in 2018. The 2019 National Climate Action Plan set an emissions reduction target for 2030 of between 10-15% for the agriculture sector, while the 2020 Programme for Government[8] may result in even more ambitious targets or regulation of the sector to achieve a new headline target of reducing overall greenhouse emissions by an average of 7% per annum between 2021 and 2030 (a 51% reduction over the decade).

In developing a new Climate Action Bill, there have been calls for the agriculture sector in Ireland to adopt a similar approach as New Zealand to separating out the treatment of biogenic methane to other emissions. The Programme of Government also touches on this issue: "special economic and social role of agriculture and the distinct characteristics of biogenic methane, as described by the Intergovernmental Panel on Climate Change, will be fully recognised".

While Ireland is already a leading producer of sustainable and carbon-efficent food, expectations continue to grow for further improvements to be made to sustainable agriculture practices. New targets are included under the EU Commission's "Farm to Fork Strategy", which aims to make food systems healthier and more environmentally friendly. These targets, which are for the EU as a whole rather than individual countries, include halving the use of pesticides, reducing fertiliser use by 20%, increasing agricultural land under organic farming to 25%, and lowering antimicrobials used for farmed animals by 50%[9].

Water quality:

though on a much lesser scale than New Zealand, there is a growing awareness of the impact of dairy intensification on Irish waterways and a keen interest to learn from lessons in New Zealand. The Irish Environment Protection Agency (which has responsibility for water quality) issued a report in 2019 which found that just 20 of Ireland's rivers have "pristine" conditions, down from more than 500 in the 1980s.

Biodiversity:

Ireland's New Programme of Government outlines a commitment to carry out a baseline biodiversity survey on every farm to inform future policy development. Additionally a new National Pollinator plan will be published, as well as the introduction of measures to encourage public bodies to promote and protect biodiversity.

Bioeconomy:

the potential benefits for Ireland from the bioeconomy – to contribute to climate change mitigation, promote rural employment and drive economic development – are set out in the government's 2018 Bioeconomy - National Policy Statement. It notes that while Ireland has a number of well-established and early-stage companies that are promising pioneers in the bioeconomy, there is scope to promote further development to realise the full potential of the bioeconomy for Ireland. For example, whey used to be an unwanted by-product of the dairy industry. Now, some of Ireland's new bioeconomy companies are using that whey to manufacture whey protein - a dietary supplement that is used by athletes.

d) Responding to changing consumer trends

Like New Zealand, the Irish agri-food sector faces questions over animal welfare, the environmental impact of its production model, and the public health impact of certain products. There has been a concerted effort by many sector leaders to address misperceptions or representations in certain areas, and better promote the Irish farming story.

Nevertheless, current trends in Ireland do point to changing consumer preferences, particularly for meat, with Irish consumers looking to eat less but better according to Bord Bia – Ireland's agency for food promotion. The agency believes that the Irish meat industry is well-placed to deliver on rising consumer expectations for assurances in respect to animal welfare and sustainable practices, among other things. The Origin Green Programme and development of new Grass Fed Standards for both Beef and Dairy are key parts of Bord Bia's strategy to meeting this challenge.

In February 2020, Bord Bia released an in-depth study into Ireland's evening meal consumption habits, identifying opportunities for the Irish food, drink and horticulture sectors. The survey findings included the following:

- **health and wellness considerations are driving Irish consumer behaviour, with over 80% of people placing a high level of importance on eating a balanced diet;**
- **4 in 10 adults cited awareness of the food they eat and the impact it can have on physical and mental wellness as having a great deal of influence;**
- **3 in 10 people feel making choices that are more positive for the environment has a great deal of influence on evening meals; and**
- **while just over 2 in 10 (23%) people claim to have prepared more vegan meals at home in the last 12 months, the reality is that just 1% of evening meals prepared over the last 7 days were vegan dishes.**

COVID-19 has seen a further move to solidify these demands, with a marked increase in cooking at home, and a desire for safe and nutritious food with clearly identifiable provenance[10]. The foodservice/hospitality sector has been severely impacted, with revenues estimated to be down 80%, while supermarkets have seen strong growth (up 7.5%).

SECTION 5

GOVERNMENT POLICIES AND INITIATIVES

a) Programme for Government - 2020

Increased transparency in the beef sector, a review of farm assist supports, a biodiversity survey of every farm in Ireland, a review of pesticide use by farmers, a national soils strategy and a drive to expand organic farming are just some of the proposals included in the 'Programme for Government' agreed by Ireland's new coalition government that took office in June 2020[11].

New initiatives include:

- a national review of how land such as forests, farms, and peat bogs are being used, which will consider rewetting bogs and planting forests to reduce flooding risks in certain areas;

- ensuring greater transparency in the beef industry supply chain;

- exploring the potential market for crops such as hemp, and a review of the potential of domestic and international markets for wool-based products such as insulation;

- the establishment of a National Food Ombudsman to act as a watchdog against unfair trading practices in the food supply chain;

• the establishment of an Energy Efficient Farming scheme to offer subsidies to farmers who invest in renewable energy and other energy efficient technologies;

• the carrying out of a baseline biodiversity survey on every farm in the country, as well as a national hedgerow survey;

• the setting of an “ambitious new target” for organic farming, and incentives to farmers to plant woodland on their farms to act as carbon stores; and

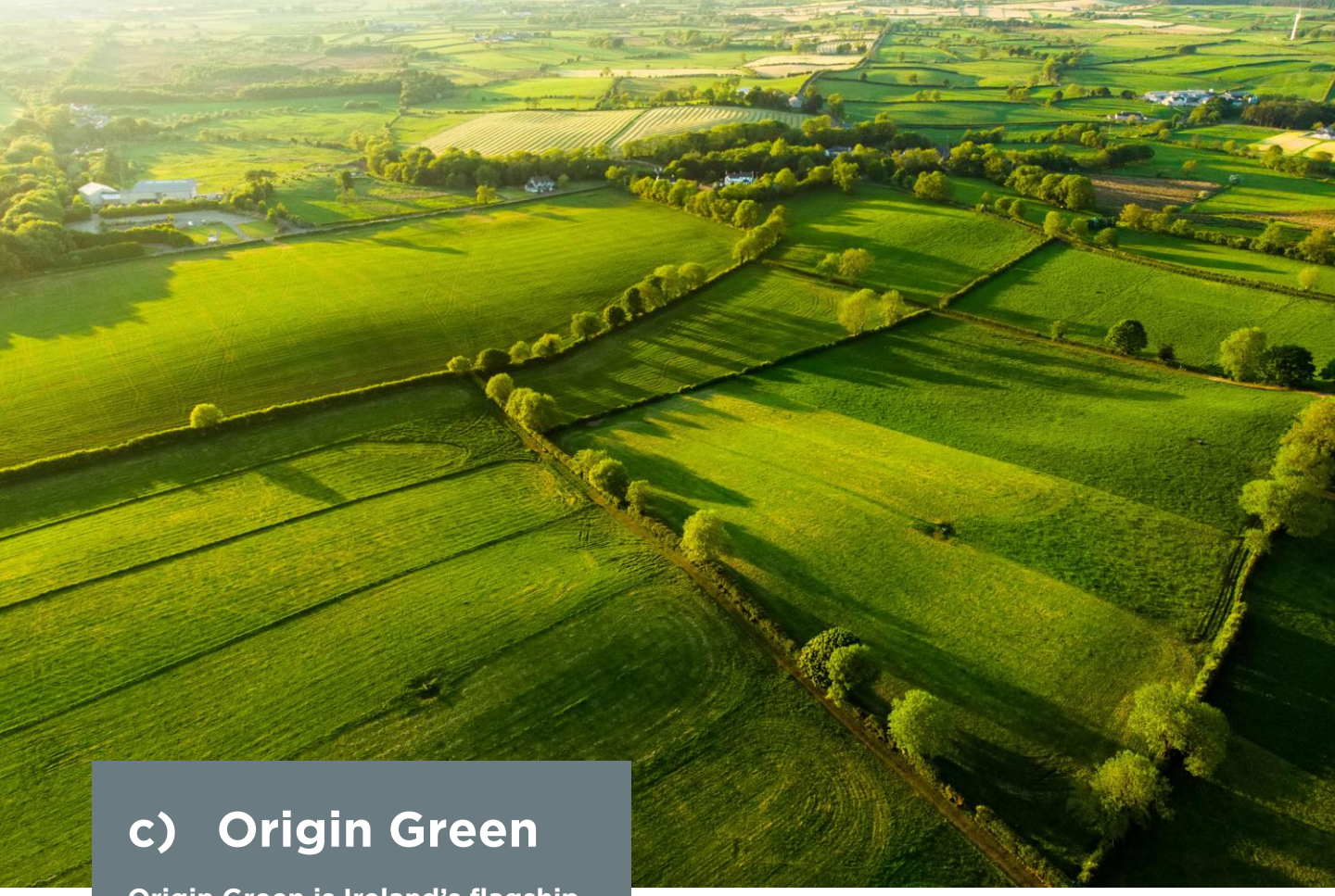
• the introduction of ‘Challenge Calls’ to identify and fund fresh, disruptive ideas for new breeding programmes, feed additives to reduce biogenic methane, agroforestry, paludiculture (i.e. production on wet peatlands) and nutrient management.

b) Agri-Food Strategy to 2030

Irish government policy for the agri-food sector has been shaped since 2000 by a series of ten-year plans, the latest of which – Food Wise 2025 – sets an ambition to increases exports by 85% to €19 billion (compared to 2015 levels)[12]. An update to this policy, the Agri-Food Strategy to 2030, is due to be approved by the end of 2020 and is expected to have a strong focus on measures for both climate action and sustainability, aligning with the EU's Farm to Fork strategy.

Four 'Strategic Priority Areas' have been agreed:

- future food and beverages that meet consumer and societal expectations;
- primary producer viability and well-being;
- an innovative, technology-driven agri-food and bioeconomy sector; and
- a climate smart, environmentally sustainable agri-food sector.



c) Origin Green

Origin Green is Ireland's flagship food and drink sustainability programme, bringing together government, the private sector and the full supply chain (farmers - food producers - foodservice and retail sectors). The programme is the world's only national food and drink sustainability programme, and enables Irish industry to set and achieve measurable sustainability targets that respect the environment and serve local communities more effectively.

Providing programmes for farmers, producers, manufacturers and retailers, Origin Green certification is independently monitored and verified. Origin Green members now account for 90% of Ireland's food and drink exports and over 70% of the country's domestic retail market, including 10 of the largest foodservice companies and retailers in Ireland[13]. Accreditation at farm-level is provided to an ISO standard, while food and drink manufacturers are independently verified by international auditors.

d) Grass Fed Standards for beef and dairy

In addition to managing Origin Green, Bord Bia has also rolled out a new Grass Fed Standard for dairy processors in 2020 (a similar scheme for Irish beef is in the pipeline). For dairy processors to be eligible to market to this new standard, the milk they process must achieve a grass fed average of 95% (the minimum requirement for an individual herd to qualify as grass-fed is a diet of 90% grass, with 99% of Irish dairy farms expected to meet that threshold)[14]. Irish dairy products carrying a Grass Fed Standard logo are set to start appearing in 2020. Bord Bia's market research has indicated that a dairy standard would influence 50% of consumers globally.

e) R&D support

The Irish government has sought to create clusters of innovation across the country that foster collaboration between government agencies, industry, researchers and international partners. This success has been built on the research credentials and reputation of key organisations, such as Teagasc and its Moorepark Technology Centre, as well as major private sector players.

Leading research initiaitves in the agri-food sector include:

- The Science Foundation Ireland (SFI) VistaMilk Research Centre, which is a €40 million project launched in 2019 that aims to develop innovation and enhanced sustainability across the dairy supply chain. The Centre is hosted (virtually) by Teagasc, and brings together some 43 industry representatives from across the country as well as leading groups for biology, computer science, data analytics and telecommunications. A number of international partners have also been engaged. Other SFI centres of interest to agritech include the SFI Beacon Research Centre (focussed on the bioeconomy) and the SFI APC Microbiome Ireland Research Centre.
- Enterprise Ireland, which also supports innovation through its nationwide network of technology centres that link industry with institutes of technology across Ireland. Three centres work with the food industry - an €8 million Meat Technology Centre hosted by Teagasc in Dublin, a €25 million Dairy Processing Technology Centre in Limerick, and the €50 million Food for Health Ireland Centre at the University College Dublin.

Seed capital has also been made available through the founding of a €20 million Irish AgTech Fund run by Ireland's Strategic Investment Fund in cooperation with US-based Finistere (which also works in New Zealand).

SECTION 6

OPPORTUNITIES FOR NEW ZEALAND AGRI-BUSINESS

a) Growing business links is a priority

Ireland is one of 12 priority European markets that NZTE supports New Zealand businesses in. Since the opening of the New Zealand Embassy and with the continued support from Ireland's foreign direct investment agency, IDA Ireland, and also Enterprise Ireland, there has been a strong focus on assisting New Zealand companies looking to establish and grow their business in Ireland.

Since November 2018, the Embassy has supported Kiwi companies by arranging and supporting trade missions, hosting launch events, lifting the profile of New Zealand business, and faciliting introductions with Irish partners and advisers. You can email us at nzembdublin@gmail.com to find out more about how we can help. Support and market access guides for Ireland are also available through NZTE's http://www.my.nzte.govt.nz/ portal.

While **Brexit** brings challenges and is creating uncertainty for business, it also presents opportunities for those companies considering their future footprint in the EU. A number of New Zealand companies have looked at Ireland as a potential base for future European operations, resulting in a number of new market entrants over the past 18 months. A range of factors are influencing the decision to look to Ireland, including deep cultural and family connections, a shared language, common law systems, stable and welcoming business environments, a competitive tax policy, a young and well-educated workforce, significant multi-national investment in Ireland, and the complementary seasons and the many synergies between New Zealand and Irish agriculture. IDA Ireland has assisted a number of New Zealand companies in this work[15].

The successful conclusion of a modern, high-quality, comprehensive, forward-looking, and commercially-meaningful **free trade agreement between the EU and New Zealand** will create further opportunities for business, reduce the costs and barriers to trade and investment, and help boost the profile of New Zealand in Ireland. The agreement will create a more level playing field by eliminating tariffs and reducing other trade barriers, and provide certainty and a legal platform from which trade in goods and services, digital trade, investment, and commercial innovation partnerships can further flourish. More detail on progress and issues being addressed in the negotiation is available at https://www.mfat.govt.nz/en/trade/free-trade-agreements/agreements-under-negotiation/eu-fta/

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b) Agritech

"Policy push" and "commercial pull" factors at work in the Irish livestock sector are driving the need for continued investment in efficient, sustainable and environmentally friendly farming practices. This is creating a range of opportunities for New Zealand argitech firms in the Irish market.

Key drivers of future uptake in Ireland are likely to include:

- the need for the dairy sector to remain price competitive with other non EU producers as the sector looks to develop new markets.

- the profit pressure that beef and sheep farmers are currently under. This may further increase as direct Common Agricultural Policy support is gradually reduced over the next seven years.

- the need for Irish farmers to embrace continuous innovation, research and agritech solutions to remain at the forefront of efficient and environmentally friendly farm practices.

- the need for Irish farmers to adapt to the new market pressures in the wake of COVID-19 and Brexit.

Advantages for New Zealand-based agritech products and technologies in Ireland include a (relatively) low cost of production, proven results in comparable pasture-based conditions in New Zealand, and a strong in-market reputation based on existing world-leading New Zealand brands in market. New Zealand is seen as has having successfully adapted to larger farm sizes over time (albeit with resulting environmental pressures), and this is where the Irish industry is heading since the deregulation of the EU dairy sector.

New Zealand Agritech opportunities in Ireland:

- **Lifting productivity by increasing efficiency in farming or supply chain operations;**
- **Increasing the usefulness of data by way of capture or interpretation;**
- **Helping the industry respond to sustainability pressures (environmental, social, and economic);**
- **Creating solutions around farm animal welfare or disease pressure;**
- **Simple and effective automation;**
- **Contributing to the body of knowledge by supporting research and innovation over a 12 month cycle (given the counter-seasonality of the two countries)**

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There are a number examples of current and past collaboration in Ireland, including established players like Waikato Milking Systems, Gallagher and LIC. In many cases, systems of production, advisory services and after-market support are sold hand-in-hand with "the product". Consistently high levels of service and performance have helped build a strong reputation for New Zealand agritech solutions in Ireland over a number of years. Increasing collaboration with Irish partners (see examples in Annex 1) is also an increasing feature of New Zealand-Ireland agritech trade.

Irish farmers are practical when it comes to selecting their choice of agritech products and solutions - "if it works, it works" is the mantra. Given the higher growth and income levels in the dairy sector, dairy farmers have a greater capacity to invest in and adopt new technologies earlier. The overall prospects for agritech in the beef and sheep sectors are less positive, although it could be argued that agritech offerings need to be part of the solution in helping to raise profitability levels.

c) Food & Beverages

Wine is the largest of New Zealand's food and beverages exports to Ireland, having seen growth in both volume and value in recent years. Retail, and direct to consumer sales, are up 20-30% in 2020, reflecting the current necessity to dine at home, and the increasing popularity of online wine platforms.

New Zealand wineries wishing to enter Ireland, should consider participating in activities organised by https://www.nzwine.com/ (for example, the Annual Trade Tasting which is held in Dublin – in recent years each January). This provides an opportunity to meet members of the wine trade, particularly distributors and agents who serve the on-trade, retail and e-commerce.

Consumer loyality to leading wine brands is strong and many of the supermarkets have adopted a simplify and rationalise approach with trusted and proven labels dominating Irish shelves. The Top 20 wine brands grew in retail value by nearly €4.5 million last year (with three New Zealand brands in that group). New Zealand sauvignon blanc continues to enjoy a leading following in Ireland.

Proteins – Lamb, Venison

There are limited opportunities for New Zealand exports given Ireland's own significant production of high quality protein, as well as a strong 'buy Irish' narrative. Some exporters have traded in Ireland with limited volumes of venison and sou vide lamb for the restaurant sector.

Fruit

New Zealand supplies multiple retailers with kiwifruit and apples via fruit wholesalers, with product often available on supermarket shelves in certain seasons. However, Ireland is not currently a major export destination for New Zealand produce.

Manuka Honey

The Irish consumer has a growing awareness of the benefits of Manuka honey and export volumes have risen steadily year-on-year and is a growing feature on both supermarket and nutrition store shelves. However, export volumes remain small compared compared to other markets in Europe.

SECTION 7

KEY STAKEHOLDERS

Bord Bia – Ireland state agency for promoting sales of Irish food and horticulture both abroad and in Ireland itself: www.bordbia.ie

Department of Agriculture, Food and the Marine – www.agriculture.gov.ie

Enterprise Ireland - the government organisation responsible for the development and growth of Irish enterprises in world markets: www.enterprise-ireland.com

Global Research Alliance on Agricultural Greenhouse Gases – https://globalresearchalliance.org

IBEC - Ireland's largest lobby group representing Irish business both domestically and internationally: www.ibec.ie

IDA - Ireland's inward investment promotion agency: www.idaireland.com

IFA – Ireland's largest association for farmers: www.ifa.ie

Science Foundation Ireland – a government agency responsible for funding research in the areas of science, technology, engineering and mathematics with a strategic focus.: www.sfi.ie

Teagasc – the Agriculture and Food Development Authority: www.teagasc.ie

SECTION 8

KEY IRISH AGRICULTURAL EVENTS

The National Ploughing Championships –
The National Ploughing Championships is an outdoor agricultural show in Ireland incorporating a ploughing contest. Held every September, it drew over 1,700 exhibitors and had 300,000 visitors in 2019.

Timing: Normally held third week of September. Restricted access and no trade stands in 2020, with dates TBC for 2021.
https://www.npa.ie

Pasture Summit –
The Pasture Summit is a bi-annual event between Ireland and New Zealand, and is organised and run by farmers, for farmers and supported by the dairy industry.

Timing: Due to COVID-19, the Pasture Summit conference that was due to be held in Ireland in June 2020 has been postponed with a future date in 2021 to be announced.
https://www.pasturesummit.co.nz

Tullamore Show & FBD National Livestock Show –
Tullamore Show & FBD National Livestock Show attracts breeders of quality cattle and sheep from all over Ireland.

Timing: 8 August 2021
https://www.tullamoreshow.com

FTMA Farm Machinery Show –
This is a flagship biannual event for the Irish farm machinery industry.

Timing: Dates TBC 2021
https://www.ftmta.ie/farmmachinery-show.html

National Dairy Show –
The National Dairy Show is a livestock and agricultural indoor show.

Timing: 19 October 2020
https://nationaldairyshow.com

SECTION 9

REFERENCES

[1] The Stephen Cullinane Scholarship provides recipients tickets to travel to New Zealand and work for six months on a dairy farm.

[2] ERA-GAS (Monitoring & Mitigation of GHG's from Agri- and Silvi-culture) is a funding programme managed by the European Commission and co-funded by the New Zealand Ministry for Primary Industries as part of the Global Research Alliance.

[3] In 2019: Agriculture Ministers' meetings around the FAO Conference, visit by New Zealand's Trade and Environment Minister, and a Ministry for Primary Industries senior delegation visit to Dublin. In 2018: visit by New Zealand's Agriculture Minister to Dublin.

[4] IFAC Food and Business AgriBusiness Report (2020)

[5] IFA 'Digital Agriculture: Adoption and Attitudes' (2019)

[6] NZ Wine – Ireland Market Report (2020)

[7] IFAC Food and Business AgriBusiness Report (2020)

[8] Programme for Government – Our Shared Future (2020)

[9] European Commission – DG Agriculture

[10] Bord Bia Irish Foodservice Whitepaper 2020

[11] Programme for Government – Our Shared Future (2020)

[12] DAFM Food Wise 2025

[13] Bord Bia Origin Green

[14] Bord Bia Grass Fed Standard for Dairy

[15] IDA Ireland (Australia & New Zealand):
https://www.idaireland.com/how-we-help/global-teams/australia

ANNEX 1:
NEW ZEALAND COMPANIES IN IRELAND

ABACUS BIO & THE IRISH CATTLE BREEDING FEDERATION (ICBF):

ICBF – a non-profit organisation, providing breeding information services for Irish farmers, and supporting the application of science and technology to increase livestock sustainability – has been working with AbacusBio for more than 20 years. Specialists in genetic improvement and breeding program design, and agricultural-technology development and evaluation, AbacusBio fronts key innovations and strategies in the agri-business space. AbacusBio have completed a realm for work for ICBF including evaluating the contribution of genetic improvement in dairy cattle to greenhouse gas reductions, and assessing the role of maternal genetics and genomics for beef breeding.

FIGURED, IFAC & BANK OF IRELAND:

Figured, together with Ifac (Ireland's leading farming, food and agri-business professional services firm), and the Bank of Ireland, launched FarmPro in June 2020, a next-generation digital financial management and planning service, with the objective of driving farm efficiency and significantly improving farm viability and sustainability on Irish farms. FarmPro combines proven technology from Figured, with up to date farm accounting data, and Ifac's financial management expertise.

WAIKATO MILKING SYSTEMS:

With the abolition of European milk production quota regulations, the herd size of Irish farms has been expanding, as more farmers convert from beef to dairy farming. Waikato Milking Systems, Milking Automation options help control, monitor and customise a dairy's operation. Waikato has seen more and more Irish farmers turning to rotary platforms to manage large herds. In the past few years, customers in Ireland have installed 40-bail rotary platforms, up to 70-bail, for example. The primary offering of Waikato Milking Systems in Ireland is new rotaries (farms with a herd size of 200 cows and more will make an installation), such as the Supa4 Mid-Line System.

LIC:

Livestock Improvement Corporation was one of the first companies in the world to offer genomic selection technology for use in identifying elite sires as yearlings - a head start in identifying animals with the desired genetic traits for breeding. The Irish Bull Breeding Programme is LIC's genomic selection breeding programme in Ireland, with the goal of delivering genetics suited to Irish conditions earlier and more cost effectively than before. For over 20 years LIC have been delivering high-quality pasture-based genetics to Irish farmers.

GALLAGHER:

Gallagher Power Fence Systems Ireland distributes Gallagher Power Fence systems and Gallagher Weighing and EID systems made by Gallagher Animal management Systems a division of the Gallagher Group, based in Hamilton New Zealand.

PARTNERSHIPS IN THIRD MARKETS

Ornua Nutrition Ingredients (ONI) and EasiYo:

Ornua Nutrition Ingredients (ONI) and EasiYo, the make at home yogurt brand from New Zealand, entered into a supply partnership in 2017, with ONI blending and packing Irish dairy powders into the EasiYo yogurt range. EasiYo has a strong following in New Zealand, Australia, the UK and Europe and this was the first time the make at home yogurt brand had been produced outside of New Zealand, significantly shortening the supply chain to the company's European customers.

HerdInsights and Waikato Milking Systems:

HerdInsights, an Irish agri-tech company that designs smart devices for cows, was founded in 2010. The company has developed a "smart collar" technology for dairy cows that improves heat detection in cows and reduces healthcare costs through early illness detection. At present, HerdInsights smart collars are installed on dairy farms in 10 countries around the world, including Ireland, the UK, the US, South Africa, Australia and New Zealand. The company has also partnered with Waikato Milking Systems to make white-label (own-label) smart collars for them. This partnership has helped to drive the company's growth in the US market.