



28 May 2015

Beef farmers broadly optimistic about the future

38% planning to make farm investments over the next three years

AIB today, Thursday, 28th May 2015, releases a report on the Irish beef sector which shows a positive outlook among farmers and the industry due to new market opportunities and Ireland's reputation as a quality and sustainable producer of beef.

As part of the Report, AIB, in partnership with the IFA, commissioned a survey of 200 beef farmers conducted by Ipsos MRBI and Broadmore Research & Consulting, which showed that 70% identified definite opportunities for both themselves and the industry.

Despite the challenges experienced by farmers, particularly in the past year, a clear commitment to beef production is evident from the Research. Sixty-nine per cent of farmers have either invested in their enterprise in the past three years or are planning to do so in the next three years, in areas such as herd expansion, land improvement, breeding, new technology and winter housing. Younger farmers and those with an off-farm job are most likely planning to invest.

Farmers were however keenly aware of the challenges they may face. These include fluctuating cattle prices, pressure on profitability and rising input costs. Encouragingly, in the past three years, 92% of farmers have introduced some measures to address the challenges encountered with 66% planning to introduce further measures, primarily involving grassland management, increased stock numbers, and joining the Bord Bia Quality Assurance scheme.

With only four per cent of beef farmers surveyed aged less than 35 and one fifth aged over 65, the demographic challenges for the sector are clear. Two in three farmers do expect a family member to take over the farm in the future with over 40% of these family members currently involved in the decision making process on the farm.

Welcoming the report, Minister of State Tom Hayes, commented: "I welcome the publication of AIB's report today and am very encouraged by the findings particularly the high levels of optimism amongst beef farmers about their future. The investments which these farmers plan to make over the next few years will help their enterprise to become more profitable. The Government shares this confidence in the future of the Irish beef sector and also plans to invest over €300m by 2020 through a beef genomics scheme which will deliver real benefits to on-farm margins. The fact that Ireland is the first and only EU member state to secure market access to both the US and China is testament to the quality of beef originating from our farms and is another reason why the future of the Irish beef sector is so bright".

AIB's Head of Business Banking, Ken Burke said: "Ireland is the fifth largest beef exporter in the world and the largest exporter of beef in Europe. While much focus has been on dairying and the potential in that area, the beef sector contributes almost similar levels of agricultural output value. Ireland's track record, reputation, green image and traceability means that the sector can continue to look forward ambitiously to serving both existing and new markets. The sector is of immense

importance to the local and national economies. As the leading lender to Irish Farmers, AIB is committed to supporting our customers through both the good and challenging times.”

IFA President Eddie Downey said: “Improving profitability at farm level will be key to a strong future for the livestock sector. The IFA has made this the core message of our submission and work on the Government’s new *Agri-Strategy 2025*. The challenges in the livestock sector remain very acute and the new *Agri-Strategy* will have to return increased profitability to farmers. The target for beef must be to improve the viability of cattle enterprises, through a combination of strong prices, solid direct payment support, increased efficiency and productivity across the sector, and co-operation within the sector to optimise the supply balance.”

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A full copy of the AIB Outlook report into the Irish Beef Sector can be found at

<http://business.aib.ie/help/sme-research>

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Notes to editor:

AIB in partnership with the Irish Farmers’ Association commissioned Ipsos MRBI and Broadmore Research & Consulting to undertake the research report examining the outlook, challenges and opportunities for the Irish beef industry. The primary research, which was carried out in the last quarter of 2014, involved a confidential telephone survey of 200 beef farmers (the farmers interviewed are IFA members) engaged in a range of different systems across the country. Farmers included in the survey sample are farming at least 10 hectares and devote at least 50% of the area farmed to beef. We would like to thank all those who gave their time to share the details on their farm business, their views and plans for the future with us.