

Irish agri sector poised for growth beyond Brexit and Covid

Podcast Ep 47: Despite the double-whammy of Brexit and Covid-19, the Irish farming sector is in good health, says the head of [Agri Sector at Bank of Ireland](#) Eoin Lowry.

Operating in the shadow of Brexit and a global pandemic, Irish agriculture commodities and farm incomes were maintained in 2020, demonstrating the sector's resilience, said Lowry.

In his latest industry outlook, Lowry reported that despite operating in a global pandemic and the loss of the global food service market, Irish agrifood exports were back marginally in 2020, while dairy production increased.

Milk and beef prices remained stable during the year while grain prices were slightly higher.

Favourable weather and lower feed, fertiliser and energy costs coupled with stable farm-gate prices saw average farm incomes increase by 6pc during the year.

Emerging from the shadows of Brexit and Covid

ThinkBusiness.ie · Episode 47 - Eoin Lowry

The main driver of continued investments by the agri sector continue to be dairy investment and land purchase.

“I think it's fair to say that farming had a good year in 2020, despite it operating in the shadow of Brexit and a global pandemic,” Lowry said. “There was definitely continued growth in this sector especially around the dairy sector, we saw that expanding further again. While exports did fall back a little bit, they did hold up. Commodity prices remained relatively stable. And we saw that milk prices averaged 34 cents per litre (including VAT) for the year, which was quite strong.

“The stability in the farmgate prices outweighed any price increases for animal feed, fertiliser, or energy. And I suppose another piece that we saw last year was the investment activity continued to increase. There was a little bit of postponement during the height of the pandemic in the early summer, but that picked up at the back end of the year.

“There was a lot of uncertainty around how Brexit would turn out at the end of the year, and I

suppose that changed sentiment among farmers, particularly beef farmers, and their decisions at year end.”

A resilient sector

Lowry said that the dairy segment of the agri sector continues to be a growth story.

“We're now producing 8bn litres of milk. That's 50pc more than we were producing five years ago, which is phenomenal. It means there are 300,000 additional cows on the ground in farms in Ireland which, if you spread that out over the 15,000 dairy farmers, it's about 20 cows extra for every farmer.

“I think that will continue, albeit at a slower pace, simply because we do have a global competitive advantage in that we can produce, and we are the amongst the lowest cost producers of milk in the world. And that's thanks to our climate and the tremendous grass that we can grow on farms here. So, I think that growth definitely will continue in 2021. Milk prices look firm, and milk supply looks strong. And it's expected that milk supply will grow a further 3pc this year.”

Despite the resilience of the sector, the reality is we are seeing gaps in certain food items on supermarket shelves and disruption for agrifood exporters. Asked if all of this will have a knock-on effect for farmers, Lowry explained: “I think it's important to say that thankfully we didn't see that big Brexit bang that we expected. Yes, there has been some logistical challenges in the last few weeks. However, that hasn't really impacted on farmers directly. It's more happening post-farm gate .

“But that's not to say that it will not impact farmers. I think it'll be interesting to watch how the trading relationship develops over the coming months because as the UK imposes more barriers to trade, it will probably impede the flow of products out of Ireland. However, I do think that Ireland will remain a key exporter to the UK and I think the UK will remain our largest single export market for Irish food products as well.”

Despite these challenges, does he predict continued growth for the agri sector?

“I think overall the sector is quite resilient. And the fact that you know that Brexit has now happened, and there a trade agreement in place, I think that this bodes well for the sector. I think that gives an air of confidence to people around what the sector's future will look like.

“We cannot forget that the UK is our nearest neighbour, they share a similar language, culture and tastes. So, I think they will continue to demand Irish food. And, if we look at other markets beyond Europe, we produce high-quality premium protein products that are in demand by consumers all over the world and I think that will be something that will be in demand going into the future,” Lowry

said.

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Published: 16 February 2021