

## **Sheep Strategy Implementation Group Report**

**April 2007**

### **Terms of Reference**

To agree the process by which the 37 recommendations of the Sheep Industry Development Strategy Report of June 2006 should be implemented.

### **Membership of Group**

Chairman:	John Malone
Enterprise Ireland:	Peter Jackson
Bord Bia:	Michael Deely (replaced by John Murray February 07)
Teagasc:	Seamus Hanrahan
Meat Industry Ireland:	Cormac Healy
Meat Processors:	Joe Hyland Joe Walsh
IFA:	Henry Burns Kevin Kinsella
ICMSA:	James Brosnan
ICSA:	Mervyn Sunderland
National Hill Sheep Farmers Association:	John Devine
Sheep Producer:	John Kennedy
Department:	Luke Mulligan Ignatius Byrne / Oliver Molloy
Secretariat:	Shay Fogarty / Brian O'Keeffe

### **Introduction**

The Group was established on 25 July 2006. This report sets out the position of the Implementation Group on the actions required to implement each recommendation in the June 2006 Strategy Report and provides a summary of progress to date. The Group approached the implementation of the recommendations by putting them in separate sub-groups to facilitate discussion by those most involved in these areas. The progress achieved is described beneath under the various headings. It is important to point out that the overall development of the sector is an ongoing process involving an integrated approach in all areas. Nonetheless each recommendation or group of recommendations will have different timeframes for implementation.

### **Production / Prices**

The price returned to the producer is a major factor in influencing decisions on future production strategies for sheep farmers. Market price is a variable dependant on outside influences such as prices achievable in export markets, home demand and general supply levels. The Group has looked at other related issues that influence production which can be improved. Chiefly these are: weight specification, grading and pricing structure. It is acknowledged, that to attract the best price, lamb must be produced to the required weight and grade. There must also be consistency in grading and the better quality carcass should attract a premium for the producer at factory

level. An agreed price reporting system which gives full information to producers on prices achieved in different plants on a graded basis is an important element in building producer confidence in the production of better quality animals. Proposals for a quality based pricing system for lamb including specifications on carcass conformation and fat scores with weight ranges is set out in recommendations numbered 1 and 3. However, MII favours the introduction of the price reporting system concurrently with the quality based payment system.

#### **Carcass Classification / Price Reporting**

Much work has been done by the Department of Agriculture and Food in training and monitoring factory graders, for which extra resources have been provided; in examining mechanical grading and working on setting up a transparent price reporting system. It is planned to carry out a trial in mechanical grading in the autumn and work is in progress on setting up an IT system for price reporting. A requirement in this regard is that all factories be obliged to carry out the grading process either by manual or mechanical means and legislation to ensure that this is done will be drawn up and put in place this autumn.

#### **Breeding**

On breeding ICBF has produced a draft plan for the development of a comprehensive breed improvement programme which has the agreement of all the organisations in the Implementation Group as well as the sheep breed societies and will be introduced

#### **Research/Advice**

Teagasc produced a new programme is designed to set optimum standards for the husbandry and management of sheep flocks. Under the proposal, the Teagasc sheep advisory service was to be considerably strengthened.

#### **Processing**

A Capital Investment Support Scheme, directed towards improving the efficiency and competitiveness of both the beef and sheep meat primary processing sectors was introduced by DAFF. The scheme included product innovation and extending the shelf life of product. With a support package amounting to €50 million it was hoped that it would trigger an overall investment of some €120 million.

#### **Marketing**

Bord Bia has undertaken a number of initiatives to strengthen market outlets and improve the promotion of sheepmeat products at home and abroad. It is planned to have a Lamb Quality Assurance Scheme commenced by the start of the 2007 spring lamb season. This will help to raise awareness of this quality product. The Bord will be undertaking promotional ventures aimed at consumers, the retail trade and the food service sector. It is also seeking out niche markets to support areas such as hill sheep. The Group feels that the work of Bord Bia is well targeted and will help increase the demand for Irish lamb at home and abroad.

#### **Policy**

Sheepmeat policy at EU level is fairly settled following the reform of the market. The full effects of decoupling should be felt in Ireland in 2007 after the heavy culling of ewes and replacement lambs from 2004 to 2006. The biggest threat to the sector is a relaxation of tariffs and quotas in any new deal under the WTO. The Group is firmly

of the view that sensitive product status will be needed to protect certain tariff lines for sheepmeat. Obviously a sizeable increase in sheepmeat quotas for New Zealand and Australia would also have serious implications for exports from Ireland. Of these, Australia could be considered the biggest threat as it has a relatively small quota but a huge sheep population and is changing its production orientation to meat. While progress has been slow in the DOHA round, the Department of Agriculture and Food is monitoring developments closely.

**DAF funding**

The Department of Agriculture and Food has reacted positively to these developments and to the Group's proposals in general and is providing the required resources and funding. Provision has been made by the Department for increased and targeted REPS payments including a specific new option for qualification based on sheep and a supplementary measure providing additional payments where sheep grazing takes place on marginal land. It is also proposed by the Department that the new on-farm investment scheme will provide grant aid towards sheep handling facilities including mobile units and fencing.

A substantial amount of DAF funding has been allocated to ICBF to meet costs associated with the development of a comprehensive sheep breeding programme and to Bord Bia to meet the costs of independent inspections associated with the new Lamb Quality Assurance Scheme. There will be considerably increased resources committed to meet the costs of the expanded Teagasc sheep advice and research programme. The costs of introducing mechanical carcass classification, training and monitoring of graders and setting up a price reporting system will also be supported by the Department. The combined beef and sheepmeat primary processing investment package launched by the Department at the end of 2006 to be operated by Enterprise Ireland will commence in the very near future.

**On-farm incentive**

A strong view was expressed by the farmer and industry representatives on the Group that an incentive payment to farmers will be necessary to ensure uptake of the recommendations at farm level to deliver on the overall objective of having a sustainable sheep sector. Representations to this effect have been made by the organisations concerned to the Minister.

**John Malone**  
**Chairman**

**4 April 2007**

## Process for and Progress in implementation of June 2006 Strategy Report Recommendations

April 2007

Rec No	Pricing Group
1.	<p><i>The industry should agree a specification as regards the ideal lamb for our best market outlets. Appropriate bonus and penalties should centre on that specification as part of a <u>price structure</u> in order to give proper market signals on a consistent basis. As a result producers should deliver a better specification of product over a wider period. Discussions should be held between producers and processors to agree an appropriate framework.</i></p> <ul style="list-style-type: none"> <li>• It is proposed that a Quality-based Payment System (QPS) for lamb be introduced at factory level. The objective is to ensure adequate reward for effort and investment at farm level in the production of better quality lamb, on a more consistent basis and for longer periods of the year. The system should incentivise the production of lamb to the desired weight, fat cover and conformation through a redistribution of revenue towards producers delivering the right product.</li> <li>• The introduction of such a system should have a three-fold beneficial impact:             <ul style="list-style-type: none"> <li>(i) result in a higher producer price for better quality lambs</li> <li>(ii) improve the overall quality consistency in our market offering</li> <li>(iii) improve the overall image and the return available in the market place for Irish lamb.</li> </ul> </li> <li>• The QPS would be founded on a combination of carcass quality measurements used to make adjustments to a base price for lambs falling within a seasonal weight range. The quality measurements are:             <ul style="list-style-type: none"> <li>a) Carcass weight with a seasonal flexibility</li> <li>b) Carcass fat score</li> <li>c) Carcass conformation</li> </ul> </li> <li>• The processors submitted their proposed pricing grid for the QPS. The IFA submitted an alternative proposal, following which MII presented an amended compromise proposal. Full agreement was not possible and it was suggested by the parties that following conclusion of this report the Chairman should facilitate further discussions between industry and farmer representatives to bring the matter to an early conclusion. The following charts set out the respective positions:</li> </ul>

**Industry Compromise Proposal  
Conformation/ Fat Score QPS Adjustments**

	E	U	R	O	P
1	Valuation				Valuation
2	+30	+20	Base		
3	+30	+20	Base	Base	
4	-10	-10	-10	-30	
5	-30	-30	-30	-30	

**Producer Proposal  
Conformation/ Fat Score QPS Adjustments**

	E	U	R	O	P
1	Valuation				Valuation
2	+30	+30	+10		
3	+30	+30	+20	Base	
4	-10	-10	-10	-30	
5	-30	-30	-30	-30	

2. *As part of that process, price supply contracts with producers may have a role. The best opportunities for production planning would seem to exist in the early lamb category and possibly in the late season.*

- There are difficulties in implementing supply contracts in the current market environment but the case for such contracts still remains and this should be pursued at the appropriate time.

<p>3.</p>	<p><i>It is accepted that the ideal quality is in the range 18.5 to 21 kgs. It is recognised that meeting this target will take some time. Therefore the following <u>specifications</u> are recommended as a method of achieving the desired goal.</i></p> <ul style="list-style-type: none"> <li>MII presented the following compromise proposal on weight limits to be applied under the QPS described in reply to recommendation number 1 above:</li> </ul> <table border="1" data-bbox="386 483 1328 903"> <thead> <tr> <th colspan="3">Carcase Weight Range</th> </tr> <tr> <th></th> <th>Strategy Report</th> <th>MII Compromise Proposal</th> </tr> </thead> <tbody> <tr> <td>April – May</td> <td>17 – 19 kg</td> <td>16 – 20.0 kg (0.5kg flexibility)</td> </tr> <tr> <td>June – July</td> <td>17 – 20 kg</td> <td>16 – 20.5 kg (0.5kg flexibility)</td> </tr> <tr> <td>August - September</td> <td>17 – 21 kg</td> <td>16 – 21.0 kg (0.5kg flexibility)</td> </tr> <tr> <td>October – December</td> <td>18 – 22 kg</td> <td>17 – 22.0 kg (0.5kg flexibility)</td> </tr> <tr> <td>January – March *</td> <td>18 – 22 kg</td> <td>17 – 22.0 kg (0.5kg flexibility)</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>Under this proposal, overweight lambs would be paid for using the following formula:             <ol style="list-style-type: none"> <li>Carcases will be paid to full weight, according to the grid, up to the cut-off weight</li> <li>Carcase weights within the flexibility band (&lt;0.5 kg above the cut-off weight) will be paid at the cut-off weight, and will be priced according to the QPS as applicable but will not be penalised for being outside the weight specification</li> <li>Carcases in excess of the 0.5 kg flexibility band (i.e. above the cut-off weight plus 0.5 kg) will be paid to the cut-off weight and will be subject to a 10 c/kg deduction off the QPS price</li> </ol> </li> </ul> <p><b><u>Producer Alternative Proposal</u></b></p> <ul style="list-style-type: none"> <li>Producer representatives, to protect producer returns, proposed that the upper limit on each weight range be increased by an additional 0.5kg over that proposed in the above table. It was agreed that this difference will form part of the discussions on the QPS to be facilitated by the Chairman as referred to in recommendation 1.</li> </ul>	Carcase Weight Range				Strategy Report	MII Compromise Proposal	April – May	17 – 19 kg	16 – 20.0 kg (0.5kg flexibility)	June – July	17 – 20 kg	16 – 20.5 kg (0.5kg flexibility)	August - September	17 – 21 kg	16 – 21.0 kg (0.5kg flexibility)	October – December	18 – 22 kg	17 – 22.0 kg (0.5kg flexibility)	January – March *	18 – 22 kg	17 – 22.0 kg (0.5kg flexibility)
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<p>9.</p>	<p><i>Proper <u>presentation</u> of lambs for slaughter should be achieved through the imposition of penalties for unsuitable animals. Clear <u>standards</u> especially in regard to cleanliness should be set. Castration before August and tail docking should be standard features.</i></p> <ul style="list-style-type: none"> <li>The Bord Bia Quality Assurance Scheme addresses standards of presentation. The technical specification for the Scheme requires that in order to avoid the risk of microbial contamination of meat, animals must be presented clean for slaughter:</li> </ul>																					

	<ul style="list-style-type: none"> <li>❑ Prior to slaughter, sheep should be kept from wet/muddy land.</li> <li>❑ The means of transport should be suitable and clean, and loading densities should not exceed the maximum allowed.</li> <li>❑ Where appropriate, sheep should be dagged with particular attention to the tail and belly region.</li> </ul>
<p>10.</p>	<p><b><i>Producer Groups have a useful role and in some cases have been very successful. There should be a clear understanding on both sides as to their exact role and function. There is evidence of some confusion as to their exact role.</i></b></p> <ul style="list-style-type: none"> <li>• There was acknowledgement within the Group of the continued need for Producer Groups. They will also benefit from the introduction of a quality based payment system. Producer Groups (within IFA) were consulted on the pricing issues.</li> </ul>
<p>11.</p>	<p><b><i>The role of livestock marts in the sheep sector has changed and they need to adjust to the new situation. There may be scope for livestock marts in assembling volumes of quality supplies and this should be pursued.</i></b></p> <ul style="list-style-type: none"> <li>• A volume of sheep is still sold through marts and such marts have an important role as venues for the sale of premium breeding stock. They also provide competition in the sector. Their role should be kept under review by the industry.</li> </ul>
<p>14.</p>	<p><b><i>Maintaining the national flock at least at its current level is fundamental. Returns to producers are key to meeting that objective and achieving price returns closer to EU levels is a priority. The target should be to achieve 95% of the EU average in a five year period.</i></b></p> <ul style="list-style-type: none"> <li>• An agreed Pricing Structure allied to plans to improve quality through an ICBF sheep breeding programme and Teagasc farm plans are fundamental to meeting market demands and achieving maximum returns. Mechanical grading, a QPS and a transparent price reporting system will underpin producer confidence in market returns. The basic groundwork has been set out by the Implementation Group for further progress to be made along agreed lines but this process will take some time especially on the breeding side and for mechanical grading.</li> <li>• While market prices depend on many variables the most important of which is the French market, scarcer supplies in the EU in general will support higher prices into the future, provided the market balance is not adversely affected by WTO developments. Nevertheless, the overall framework of grading, pricing structure and reporting proposed by the Group, are important factors in determining optimum prices.</li> <li>• The overall objective is two-fold – to protect the national flock and achieve higher prices for producers. Production levels, price returns and gross margins should be monitored on an on-going basis through</li> </ul>

	<p>the National Farm Survey to assess progress towards the target set in this recommendation.</p>
21.	<p><i>Currently the industry is using the EUROP grading system. In the event that <u>mechanical grading</u> is proven to be a workable alternative the industry should convert to that system.</i></p> <ul style="list-style-type: none"> <li>• Trials on mechanical grading have been agreed between the industry, farmers and the Department and are being planned to be carried out this autumn. In the interim, before the introduction of mechanical grading, DAF is providing further training for factory graders along with increased monitoring of factory grading on a weekly/fortnightly basis to ensure that uniform grading standards are being achieved.</li> <li>• Legislation will be introduced this autumn to make it mandatory to apply the EUROP grid classification system in all sheep export approved abattoirs.</li> </ul>
	<p><b><i>Breeding Group</i></b></p>
4.	<p><i>Priority should be given to achieving an improvement in sheep production through better breeding. A robust <u>breeding programme</u> should be put in place with clear objectives and based on market signals. There is a need for better commitment by breeders than is presently the case and greater use of performance data by commercial producers.</i></p> <ul style="list-style-type: none"> <li>• ICBF has submitted a significant proposal for the development of a comprehensive and effective national sheep breed improvement programme. It will be operated by an Irish Sheep Breeding Company (ISBC), a fully owned operating unit of ICBF, and DAF funding will be provided to enable them to develop and expand the programme. It will be developed on a graduated basis commencing in 2007 and will involve both pedigree and commercial flocks to ensure that the commercial producers benefit from the genetic gain. This will have a very positive impact on the quality of sheep breeding in the coming years. The proposal has the full support of the Implementation Group and in wider consultation it has been well received by the Pedigree Sheep Breed Societies.</li> </ul>
5.	<p><i>The focus should be on breeding for growth rate and prolificacy. <u>Targets</u> should be set in regard to output per ewe and per hectare and should be updated on a regular basis. An output of at least 1.5 lambs sold/ewe to the ram compared with the current figure of 1.3 is a reasonable objective. Consideration should be given to the inclusion of other traits in the breeding programme e.g. foot rot and parasite resistance. The service should be extended to non-registered flocks interested in genetic improvement.</i></p>

	<ul style="list-style-type: none"> <li>The selection of traits to be recorded is a fundamental part of the ISBC programme and will be agreed with producers. Lamb output is one important factor. The National Farm Survey should be used to monitor progress in achieving the target of increasing the lambing rate in the national flock to 1.5 lambs sold per ewe.</li> </ul>
6.	<p><i>ICBF should be involved in the development of breeding programmes, data capture and genetic evaluation and should take over the Sheep Breed Improvement Programme with immediate effect. The data currently available under the existing programme as well as initiatives being undertaken by certain breed societies in regard to data capture should be the starting point. It is accepted that adequate funding and resources should be provided to ICBF to undertake this task and all stakeholders should be involved. The additional work should complement and not undermine its existing role.</i></p> <ul style="list-style-type: none"> <li>All of the recommendations are included in the ICBF proposal referred to at 4 above.</li> </ul>
13.	<p><i>A programme should be put in place to assist <u>hill sheep production</u>, which is essential to sustaining the mountain environment. This should involve pilot projects to develop better and new outlets for light lamb, as well as breeding programmes to protect the future of the mountain flock.</i></p> <ul style="list-style-type: none"> <li>The Group consulted fully with hill sheep farmers in 5 different regions to get their views. The desirability of setting up a flock register for the hill breeds formed part of these discussions and the feasibility of such a project is being pursued by DAF and discussed with ICBF. Hill flocks will be included in the ISBC and Teagasc programmes designed for better selection to maintain viable flocks. The ISBC will include a cross-breeding programme involving hill and lowland breeds to determine cross-breed improvement potential to increase profitability.</li> <li>A review of the market outlets and opportunities for <b>hill lamb</b> were requested in the Strategy. <ul style="list-style-type: none"> <li>Bord Bia conducted the research in the latter stages of 2006.</li> <li>Key recommendations for both processors and producers were presented back, and further opportunities identified for exploration.</li> </ul> </li> </ul>
24.	<p><i>The <u>processing sector</u> should be fully involved in the genetic improvement programmes to be run by ICBF.</i></p> <ul style="list-style-type: none"> <li>There will be full interaction between ISBC and the meat plants to ensure that important data on weights and grades are captured in the ISBC database.</li> </ul>

	<b>REPS</b>
7.	<p><i>The Rural Environment Protection Scheme (REPS) is an extremely important measure for sheep farmers. Therefore an attractive REPS is essential to underpin the future of the sector in the period ahead.</i></p> <ul style="list-style-type: none"> <li>• Sheep farmers are major beneficiaries under REPS and significant increases in REPS payments have been proposed under the National Rural Development Programme 2007-13. An additional option to encourage farmers to maintain two or more species of grazing livestock, including sheep, is included in the new REPS. There is also a proposed new supplementary measure under the heading “traditional sustainable grazing” that will provide additional payments (proposal: €50 per ha to a maximum of 20 hectares) to farmers with privately owned land who keep grazing breeds, including sheep, most suitable to marginal land. The new REPS will provide for payments up to €82 per hectare on commonage.</li> </ul>
	<b>On-Farm Investment</b>
8.	<p><i>Labour saving on the farm should be encouraged through grant assistance for handling facilities, especially mobile facilities. High standard fencing should also be encouraged through grant assistance. Opportunities to assist the sector under the Rural Development Plan should be exploited.</i></p> <ul style="list-style-type: none"> <li>• Special funding for investments on sheep farms to include handling and weighing facilities, mobile units, specialised equipment and dedicated internal paddock and perimeter fencing is included in the new on-farm investment scheme in the proposed National Rural Development Programme.</li> </ul>
	<b>Animal Health and Welfare</b>
12.	<p><i>Formulating an effective and appropriate policy on sheep scrapie has proved difficult. However the industry must remain vigilant and have the necessary programmes in place to ensure consumer confidence. Therefore the voluntary programme on genotyping against scrapie should be supported.</i></p> <ul style="list-style-type: none"> <li>• The Department of Agriculture and Food operates a policy of active surveillance at slaughterhouses and knackeries for the detection of scrapie. Infected flocks are genotyped and the scrapie-susceptible animals removed. The Department assists the affected flock owners by providing free genotyping and pays market value for animals required to be disposed of and a payment of €84 per breeding ewe. Under the National Genotyping Programme, flock-owners can avail of subsidised testing arrangements to genotype their sheep with regard to scrapie and are assisted with disposal of the least resistant categories.</li> <li>• The elimination of scrapie in participating flocks will be an important objective of the ISBC and Teagasc programmes.</li> </ul>

	<b><i>Teagasc</i></b>
15.	<p><b><i>Teagasc should review its approach to the sector and formulate an integrated package for the sector. While it is accepted that Teagasc has needed to tailor its approach in the context of the changing environment a more clearly defined package of measures for the sector is nonetheless needed. Such a <u>package</u> must be geared to market requirements and improved productivity. Adequate financial and specialist human resources should be provided.</i></b></p> <ul style="list-style-type: none"> <li>• Teagasc agreed and submitted a plan involving a major restructuring of its sheep research and advisory programmes which has the full support of the Implementation Group. The aim of the restructuring is to significantly enhance the development and transfer of technology to improve profitability through better productivity, quality, efficiency and animal welfare in sheep farming.</li> <li>• The specific measures include the following: <ul style="list-style-type: none"> <li>□ Appointment of a Head of Sheep in the Advisory Service</li> <li>□ Appointment of 3 regionally-based Sheep Specialists</li> <li>□ A dedicated Sheep Advisor in each management area</li> <li>□ The establishment of Technology Evaluation and Transfer (TET) farms strategically located in both the hill and lowlands areas</li> <li>□ Information will be fed, via the TET regime, to and from up to 1,000 more sheep farmers through regionalised discussion groups</li> <li>□ The Sheep Research Programme will be expanded to include genetic and epidemiological control strategies for foot rot and parasites, advances in genotyping, breed genetic evaluation and nutrition.</li> </ul> </li> <li>• There will be improved integration between the advisory and research services within Teagasc.</li> <li>• The Group was of the view that the scope of the Teagasc programme should be considered to ensure its benefits reach the over 10,000 commercial producers where sheep production makes up a very important part of farm income.</li> </ul>
16.	<p><b><i>In the modern economic environment and given the profile of the national flock, full-time and part-time farmers must be catered for in this context. Specialist <u>advisory programmes</u> should have strong linkages with ICBF.</i></b></p> <ul style="list-style-type: none"> <li>• The Teagasc package provides for close liaison with the ISBC and will include full and part time farmers. Teagasc and ISBC will work closely in sharing information captured in both their programmes.</li> </ul>

17.	<p><i>The role of <u>monitor farms</u> should be reviewed and a cadre of progressive producers should be identified who will act as catalysts for best practice with a strong focus on growth rates, farm productivity and grassland management. Such monitor farms should be adequately supported. The lessons of the New Zealand experience in using monitor farms should be taken into account. There should be strong linkages with Teagasc and ICBF.</i></p> <ul style="list-style-type: none"> <li>• The Teagasc plan provides for the selection of a number of TET (Technology Evaluation and Transfer) farms in both lowland and hill areas to be used in an intensive 5-year programme built around the implementation of known technologies which are expected to significantly impact on the physical and financial performance of sheep enterprises whilst improving labour efficiency. Progressive commercial sheep producers will form the focal point around which the Teagasc and ICBF plans will be progressed.</li> </ul>
18.	<p><i>Development in regard to <u>breeding resistance</u> and <u>resilience to conditions like foot-rot</u> should be examined with regard to their application in this country. Links with research institutes internationally should be intensified. Parasite resistance also fits into this category.</i></p> <ul style="list-style-type: none"> <li>• The Sheep Research Programme is being adapted to include a programme on the epidemiology and control of foot-rot, involving the Veterinary faculty at UCD through the Teagasc Walsh Fellowship.</li> <li>• The current research on parasitology will be further developed to include the application of molecular genetic techniques to the genetic improvement of sheep resistance to parasites and the development of molecular techniques to identify presence of anthelmintic-resistant parasites.</li> </ul>
19.	<p><i>A proactive policy in regard to using latest developments in <u>genotyping</u> should be encouraged.</i></p> <ul style="list-style-type: none"> <li>• The implementation of data capture procedures at the TET farms involving Electronic ID tags will provide valuable practical experience which will be of assistance to ISBC in getting more extensive performance data from sheep farms in the context of genetic improvement programmes.</li> </ul>
	<p><b><i>Processing</i></b></p>
20	<p><i>This study has not examined the issue of <u>slaughtering capacity</u>. Given that there is already over capacity any appreciable decline in the level of throughput would inevitably raise concerns about the long-term viability of the current configuration. Therefore every effort should be made to bridge the gap between the peaks and troughs in the seasonal pattern and to ensure a better utilisation of capacity. Contract purchasing may have a role in assisting that process.</i></p>

	<ul style="list-style-type: none"> <li>All of the measures recommended in this report together with negotiated funding for the sector if implemented fully on a timely basis will have the effect of restoring profitability to sheep production and maintaining throughput levels in the processing sector.</li> </ul>
22	<p><i>The industry needs to make full use of new developments in regard to extending <u>shelf life</u> particularly through carcass handling, modern hygiene innovations, use of electrical stimulation to improve eating quality. There will also be a need for the sector to continuously update its processing standards.</i></p> <ul style="list-style-type: none"> <li>A capital investment programme was announced in November 2006, directed towards improving efficiency and competitiveness in both the beef and Sheepmeat primary processing sectors. The support package, amounting to €50 million, should trigger overall investment of some €20 million. Eligibility criteria will be published in the near future. This scheme should provide aid for improved facilities including those that can be used for product development and creating added-value.</li> </ul>
23	<p><i>The processing sector must play a lead role with the relevant agencies in driving <u>product innovation</u>.</i></p> <ul style="list-style-type: none"> <li>Bord Bia will engage with MII &amp; Teagasc to make progress on extension of shelf life and product innovation.</li> </ul>
	<p><b><i>Bord Bia - Marketing and Promotion</i></b></p>
25.	<p><i>A <u>Sheep Meat Quality Assurance Scheme</u> should be put in place. It needs to have independence and to be based on EN 45011 Standards. This could be run in parallel to the Beef Quality Assurance Scheme and duplicate inspections should be avoided if at all possible. The cost of such a scheme needs to be assessed.</i></p> <ul style="list-style-type: none"> <li>A Standard specification agreed by the relevant industry interests (producers/ processors/consumers) was certified by INAB in February. An auditing body (certified to EN45011 Standard) has been appointed to carry out the audits. Training of auditors is currently underway and the first audits are expected to commence immediately after Easter.</li> <li>A target of 10,000 sheep farm audits to be complete by year end.</li> <li>Mixed beef and sheep farms which are already certified as part of the Bord Bia Beef Quality Assurance Scheme, will be targeted initially. As these farms are already working to an EN45011 Standard, a short supplementary audit will allow farmers already covered for beef to move swiftly into the lamb scheme.</li> </ul> <p><b>Timing:</b> Farm audits to commence April 2007</p>

<p>26.</p>	<p><i>The possibilities in regard to <u>labelling</u> should be fully exploited, especially if an assurance scheme is put in place. There should be mandatory labelling of product on the domestic market.</i></p> <ul style="list-style-type: none"> <li>• Once critical mass has been achieved under the lamb quality assurance scheme, Bord Bia will focus all its retail lamb promotion on the Home Market on product using the Quality / Origin Mark. It is expected that sufficient producers will be Certified in the scheme for this move to take place in the latter part of this year.</li> <li>• Compulsory “origin labelling” for lamb is being proactively pursued by DAF with the Department of Health and Children and it is expected that draft regulations will be submitted to the European Commission for approval in the near future.</li> </ul>
<p>27</p>	<p><i>A specific approach to <u>alternative markets</u> should be formulated by the industry in conjunction with Bord Bia. Linked to this is the matter of new product development and the proposed centre of excellence in Bord Bia and the National Food Centre have an important role to play. This work should focus on convenience and the <u>requirements of the younger population</u>.</i></p> <ul style="list-style-type: none"> <li>• In 2005, Irish lamb was exported to over 20 markets, 5 of which were outside the EU. Bord Bia is intensifying its work in exploring new markets.</li> <li>• Bord Bia will address this recommendation in conjunction with Teagasc Food Centre and Processors.</li> <li>• As new products are developed, Bord Bia will assist processors in testing these in the marketplace, through programmes such as Foresight 4 Food. Once consumer interest has been established, Bord Bia will prioritise spending on promotion of these new products in both the retail and foodservice sectors, at home and overseas.</li> </ul>
<p>28</p>	<p><i>Possibilities for developing <u>niche markets for identified Irish lamb</u> should be examined by Bord Bia in conjunction with processors. This could cover areas like grass fed production, regional product, hill lambs. Opportunities under Geographical Indications should also be fully exploited.</i></p> <ul style="list-style-type: none"> <li>• A Lamb Market Segmentation Study commenced in the UK in the latter stages of 2006, and expanded to other key markets, for completion in the first half of 2007. This will identify any niche market opportunities which may exist for special product specifications, where possible, identified as Irish Lamb.</li> </ul> <p><b>Timing: June 2007</b></p>
<p>29</p>	<p><i>While it is recognised that selling to <u>ethnic markets</u> raises particular challenges, the reality is that this is a growing segment where sheepmeat is the product of choice. A specific strategy should be devised by Bord Bia/Processors to exploit that opportunity.</i></p>

	<ul style="list-style-type: none"> <li>• On completion of the meat segmentation study Bord Bia will examine any ethnic market opportunities identified and discuss with meat plants possible mechanisms to maximise them.</li> </ul> <p><b>Timing:</b> June to July 2007</p>
30	<p><i>Given its central role, returns from <u>the French market must be maximised</u> and opportunities to further develop direct supply to retailers should be identified by Bord Bia. It is inevitable that the dynamics of that market will continue to change and the strategy of the Irish industry must evolve accordingly.</i></p> <ul style="list-style-type: none"> <li>• In France, Bord Bia has used the <i>Agneau d'Irlande</i> mark to identify Irish lamb in recent years.             <ul style="list-style-type: none"> <li>□ Bord Bia will further extend the retail identification of Irish Lamb in France this year.</li> <li>□ Emphasis will be placed on promotion to younger consumers, using lamb cuts and meal suggestions that are attractive to them.</li> </ul> </li> </ul> <p><b>Timing:</b> Throughout the year</p>
31	<p><i>Concern has been expressed about <u>price reporting</u> . In relation to slaughter prices in Ireland an agreed methodology should be established and operated by the Department of Agriculture and Food. Bord Bia should continue to provide as wide a spread as possible of lamb prices for both delivery and final sales prices. If any other suitable price series emerges then this should also be provided.</i></p> <ul style="list-style-type: none"> <li>• New mechanisms of Factory Price Reporting are being discussed between DAF, Processors and Producers. IT systems in DAF are being developed. A new price reporting system will be put in place as part of the new grading and pricing structure.</li> <li>• Bord Bia reports weekly on delivered prices achieved for grade one Irish lambs from French wholesalers. A number of sources are used - both French and Irish to ensure the information is robust.</li> <li>• The official selling out prices for 'R' and 'O' grade lambs, sold on Rungis, both French and imported, are also reported weekly. This report acts as a barometer to verify import prices and is widely used in the French sheep meat trade.</li> <li>• Any future price series which are known to be reliable will be used as they come on stream.</li> </ul>
32.	<p><i>Given the developments taking place at the meat counter in the <u>domestic market</u>, there is a strong need for a tightly focused <u>promotion</u> to consumers of lamb. The value of any such campaign should be judged against specific and relevant criteria such as target audience impact and value for money.</i></p>

- On the domestic market, a comprehensive campaign focussed on key timings throughout the year is already in place, commencing with a campaign from the 2<sup>nd</sup> April to promote lamb for the Easter trade.
- To achieve wider appeal to younger consumers, a new TV advertisement is currently being produced. This will be aired to coincide with the New Season Lamb entry to the market in volume in early June. The advertisement will feature products attractive to younger consumers.
- To support the **retail** trade in Ireland, a number of initiatives will be undertaken by Bord Bia, including:
  - New Recipe leaflets focusing on convenient, easy to prepare meals
  - Training for butchers on advanced meat cutting and presentation
  - New product offering suggestions - regional, convenience and ethnic product offerings
- In the **foodservice** sector:
  - Feile Bia has been significantly strengthened since the start of the year.
  - 100% auditing will take place this year of the 1,500 existing members, as well as all new members, commencing in April.
  - A major new membership drive is commencing.
  - Advertising to the public on Billboards and radio
  - A chef's competition for Feile Bia members.
  - In addition, Bord Bia will undertake market research to identify what new products could be developed to grow sales of lamb in restaurants.
- In addition to the focus on retail and foodservice, Bord Bia will provide nutritional information on lamb as part of consumer campaigns.
- Bord Bia will also monitor and respond, as required, on the implications of new dietary trends and medical research findings in relation to lamb. Key nutritional messages will be integrated into strands of the primary and secondary school curricula. This will be achieved through lesson plan material, targeting teachers of specific classes and/or subjects.
- The effectiveness of all elements of Lamb Promotion Campaigns is independently monitored and recorded. Key message uptake is measured and benchmarked against industry norms. Targets for awareness of the new Lamb Quality Assurance logo, and propensity to purchase, will be set and measured over a 3 year period.

**Timing:** Launch New Season Lamb 2007

<p>33.</p>	<p><b><i>Marketing activities overseas should be kept under continuous review and the question of <u>pooling resources of Member States and the EU</u> to assist generic promotion should be pursued, in addition to identified Irish lamb campaigns.</i></b></p> <ul style="list-style-type: none"> <li>• Four meetings have already taken place between Interbev, the MLC and Bord Bia Paris, including a market visit to Lyon at the end of Jan 2007. It was attended by Interbev, EBLEX, Bord Bia and French, UK and Irish producers and processors. Following the meeting each group agreed to explore EU funding for lamb promotion separately. Further industry consultation was scheduled for October 2007.</li> <li>• A final decision to proceed will depend on agreement by all parties to proceed, and Bord Bia's weighting of the value of this activity relative to promotion focused solely on Irish Lamb.</li> </ul>
<p>34.</p>	<p><b><i>The Bord Bia campaign should continue to be directed towards the areas which will give the greatest benefit. The <u>strategy in relation to the French market</u> needs to be kept under constant review.</i></b></p> <ul style="list-style-type: none"> <li>• Consumer research before and after Irish Lamb Promotions will be conducted to determine the benefits arising. Marketing plans are evaluated annually and submitted to Bord Bia's Meat and Livestock Board prior to approval and sign off. This ensures that promotions are targeted in an appropriate manner to optimise return on investment.</li> </ul>
<p><b><i>Policy/WTO/CAP</i></b></p>	
<p>35.</p>	<p><b><i>The potential threat to the sector under a new <u>WTO</u> round is serious, as outlined in the FAPRI conclusions. The FAPRI exercise is based on a set of assumptions, particularly that in their opinion sheepmeat would not be designated a sensitive product. The link between sensitive product status and Tariff Quotas needs to be monitored very carefully.</i></b></p> <ul style="list-style-type: none"> <li>• It is considered that there is still a real danger that in any WTO deal, sheepmeat may not be successful in achieving sensitive product status and this situation needs to be continuously monitored.</li> <li>• The Group is of the strong view that in order to adequately protect the Irish and EU sheep sector in a WTO deal and taking account of the tariff cuts already offered by the EU, sensitive product status must be secured for sheepmeat to protect certain tariff lines.</li> <li>• The Group engaged with the Department on the measures it feels are necessary to safeguard the sector.</li> </ul>

<b>36.</b>	<p><i>It is clear that the sector needs to present its case strongly and urgently and that there needs to be co-ordination at European level. <u>Sensitive product status</u> is needed to protect certain tariff lines.</i></p> <ul style="list-style-type: none"><li>• Coordination at EU level will take place in tandem with preparation for further WTO talks. DAF is monitoring this in conjunction with industry. The Group also made direct contact with the European Commission to make its concerns in this area known.</li></ul>
<b>37</b>	<p><i>Given the diminished role of the EU Commission in relation to market management there should be better <u>co-ordination among those Member States</u> where sheepmeat is a significant enterprise at European level.</i></p> <ul style="list-style-type: none"><li>• Informal contacts have been established between Ireland, UK, France and Spain. Will be progressed as the need arises.</li></ul>