

# Scoping competitiveness



**TEAGASC** recently hosted two international conferences focusing on the competitiveness of dairy, beef and sheep production.

The International Farm Comparisons Network (IFCN) held its annual dairy conference in Teagasc, Moorepark from June 9-13. The conference brought over 80 participants from more than 40 countries to Ireland to see first-hand the sustainable low-cost grazing system operated by Irish dairy farms, review the profitability of dairy internationally, and discuss the latest international dairy developments. Conference participants included researchers and representatives from dairy and dairy-related companies. From June 14 into the following week, the agri benchmark beef and sheep series of events and Global Forum Conference were held in Galway. The conference brought participants from almost 30 countries to Ireland to see the grazing system operated on Irish beef and sheep farms, and to discuss the latest international beef and sheep developments, with a particular focus on profitability and environmental sustainability.

## Dairy developments

The IFCN dairy conference heard that about 876 million tonnes of milk are produced worldwide at the moment on an annual basis, with Oceania, the EU and India among the leading producers. Between now and 2030, the worldwide demand growth for milk and milk products will be three times the level of current US milk production, with more milk needed on the international market. The increase of demand is not only due to more people living in the world, but also because per capita consumption will increase, due to growing prosperity and worldwide investments in dairy product development. The dynamics of structural changes of dairy farms internationally will continue to be a feature of the sector and farms will intensify their farming systems. By 2030, the IFCN forecasts a global increase in milk production and demand of 35%. The short-term IFCN outlook points towards a continuing increase

in milk supply worldwide. In 2017 world milk production grew by nearly 2.7%, which is significantly higher than the growth level achieved in 2016. However, production growth has started to slow down significantly in 2018. Key factors in the slower production growth this year are climate anomalies in New Zealand, the EU and Argentina, and a challenging economic situation for dairy farmers in the United States.

For the second half of 2018, the IFCN expects supply and demand growth to be more aligned, with an expected world milk price level of 35-37USD/per 100kg energy corrected milk (ECM), or 30-32EUR per 100kg ECM, or 6.4-6.7NZD per kg solid, or 15-16USD/hundredweight (cwt) (see **Figure 1**).

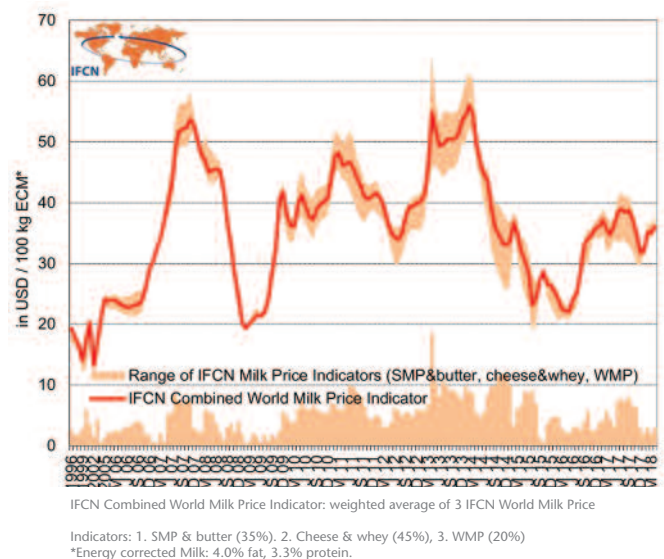


FIGURE 1: IFCN World Milk Price Indicator (Source: IFCN, 2018).



Participants at the IFCN Dairy Conference 2018.

### Beef and sheep developments

A key topic for discussion during the agri benchmark beef and sheep conferences were strategies to remain competitive and, at the same time, reflect society's concerns about the environment and animal welfare, all in the context of quickly developing technologies and alternative protein sources.

During the conference, the experience of the Australian beef and sheep sector was compared with the sector in Ireland. This comparison highlighted that Irish and Australian producers face many of the same challenges, especially in maintaining their status as successful global exporters in a market where existing consumers are becoming more discerning on food quality, provenance, sustainability and safety. In addition, both countries are working to understand the special needs of emerging consumers, particularly in Asia and the Middle East. Research presented at the agri benchmark conference from the University of Alberta in Canada focused on the need to set the right incentives at farm level in order to get livestock producers to commit to more sustainable production. The research from Canada shows that even those producers staunchly opposed to the acceptance of human-induced climate change, do adapt production practices that mitigate greenhouse gases.

Another major topic of discussion at the Global Forum Conference in Galway was the Mercosur trade deal (with Argentina, Brazil, Paraguay, and Uruguay), which was stated as being "extremely likely" by Koen Dillen, a member of the global issues team at the European Commission's Directorate-General for Agriculture and Rural Development. Speaking at the Conference, Dillen said that the Commission has tried to minimise the potential adverse impact of a Mercosur deal. There was an acknowledgment that Mercosur won't bring a lot of benefit to the beef sector, with simple economics pointing towards a price drop for European beef.



Speakers at the Agri Benchmark Global Forum at the Galway Bay Hotel, Salthill are (from left): Joe Healy, President, IFA; Gerry Boyle, Director, Teagasc; Anne Kinsella, Trevor Donnellan, Kevin Hanrahan and Kevin Kilcline (all Teagasc); and, Michael Maloney, Director of Origin Green Programme, Bord Bia.

Despite the many challenges facing the European beef sector, the representative from the European Commission highlighted the need for a resilient beef sector, while noting public goods, the maintenance of permanent grasslands and territorial balance as the key benefits that the European Commission continues to associate with the beef sector.

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Sponsors of the agri benchmark Beef and Sheep Conferences/Global Forum 2018: Teagasc, Bord Bia, Chanelle Group, Fáilte Ireland, Meet in Ireland.

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