



# THE GENFITT KNOWLEDGE

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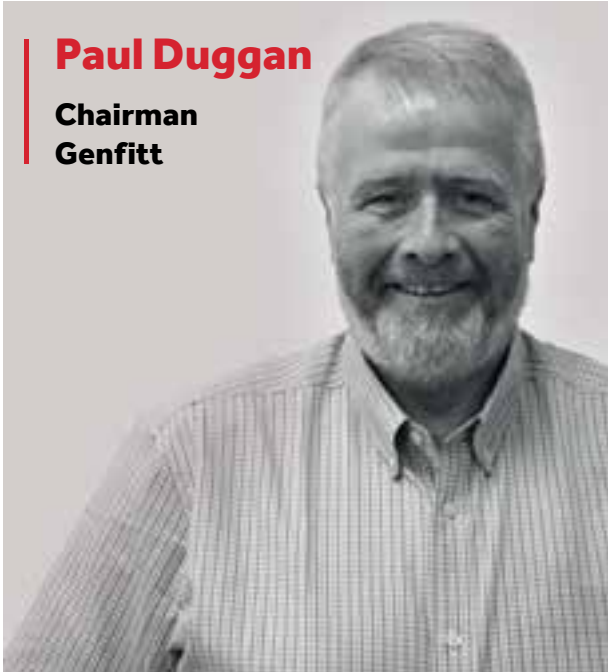
**PERFORMANCE TRENDS  
IN THE IRISH AGRICULTURAL SECTOR**



# FOREWORD

**Paul Duggan**

**Chairman  
Genfitt**



***“The industry and supporting businesses have found smart new ways to work... this makes me optimistic for the other challenges which lie ahead.”***

We produced the first Genfitt Knowledge Report in 2016, after an unusual year in Irish farming. (Is there ever a usual one?) We wanted to talk to the sector and confirm our understanding of market dynamics. The interest generated encouraged us to make the report an annual event.

I'm sure you'll remember, last year was unusual too. As we finalised the Knowledge Report, the beef plants were under blockade and the gloomy cloud of Brexit was hanging over us.

It almost seems normal compared to what we've experienced in 2020. Even in February, nobody could have forecast what was going to happen. The market has been complex, volatile and uncertain – and yet the farming sector and the companies which support it appear to be on course to have one of their better years. Who would have thought that possible?

It's testament to the farming industry and its resilience. Both the industry and supporting businesses have found smart new ways to work in the 'now normal'.

This makes me optimistic for the other challenges which lie ahead: volatile output pricing, increasing input costs, changes in EU support and unpredictable weather. And of course the next round of Brexit disruption, unlikely to be the last.

As well as living with the consequences of Covid-19 and Brexit, we'll have to adapt to other issues, including the green agenda and changes in consumer behaviour affecting what is produced on Irish farms. But I've no doubt that we can make the changes we need to.

Charles Darwin put it well when he said, “It is not the strongest of the species that survives, not the most intelligent that survives. It is the one that is most adaptable to change.”

I would like to express my thanks to all those who participated in the survey, the Zoom interviews, and the expert group. Without their co-operation, we would have been unable to produce this fifth Edition of the Genfitt Knowledge Report.

**Stay safe and look after those closest to you.**

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# INTRODUCTION

## Welcome to the Genfitt Knowledge Report

### The global impact of Covid-19 has made it very different to previous years.

The Knowledge Report is an annual piece of independent research. It tries to understand the factors driving the performance of Ireland's agricultural sector, and get an early sense of what the future looks like. The findings are based on interactions with the sector's suppliers and decision makers. These include independent Agri merchants, Co-Ops, machinery dealers and machinery manufacturers, as well as trade bodies and financial institutions including FTMTA, Teagasc and Bank of Ireland.

The report is the aggregation of opinions and views from businesses that supply the Agri sector, outlining their views, issues and factors affecting the Agri trade. It also goes into detail about how Covid-19 has affected both the industry and individual businesses.

There was a 46% increase in participants from 2019, drawn equally from the four Provinces. All research was conducted remotely, firstly via online questionnaire, then by telephone and Zoom interviews. The methods are outlined opposite.

This report is based on qualitative research and therefore is not statistically representative of the market, but does provide a robust review of the trends in 2020.

Genfitt, a well established supplier to the Agri sector continues to invest in research and insight to support their customers, ensuring they outperform the markets. This report is essential reading for anyone who wants to stay ahead, and is integral to Genfitt's customer commitment of **"Generations of knowledge at your service."**

The Genfitt team in County Mayo would like to say a special thank you to all participants. Without their time and commitment it would not have been possible. We hope you find the insights of value, and please do not hesitate to contact us directly with any feedback or suggestions for 2021. We hope the remainder of 2020 will be positive and that you and your families stay safe.

**FTMTA**  
Federation of Trade Machinery Traders Association

**teagasc**  
Agriculture and Food Development Authority

**Bank of Ireland**

**KPMG**



# METHODOLOGY

The research was carried out by an independent researcher over a 16-week period from June to September 2020. There were four distinct phases:

## 1 Desk research

Identifying the macro issues in the industry in H1 2020.

## 2 Online survey

Informed by the desk research, an online survey was created. Respondents were as follows:

- 80% reseller and 20% manufacturer
- Represented fairly evenly the four Provinces (Connacht, Leinster, Munster, Ulster)
- 32% of people surveyed have 1-5 employees
- 23.5% of people surveyed have over 20 employees
- 76% of businesses have been trading over 20 years

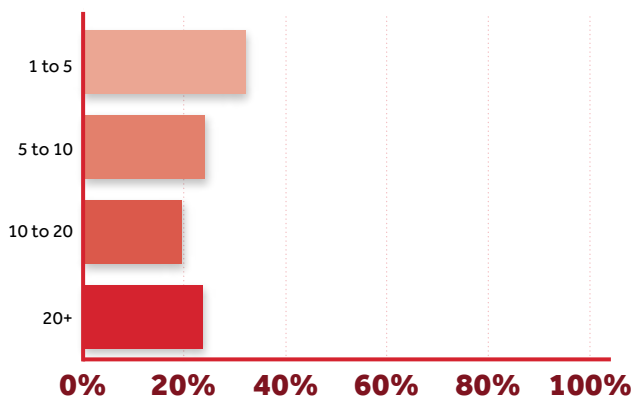
## 3 Telephone and Zoom interviews

In which insights from phases one and two were explored in greater depth.

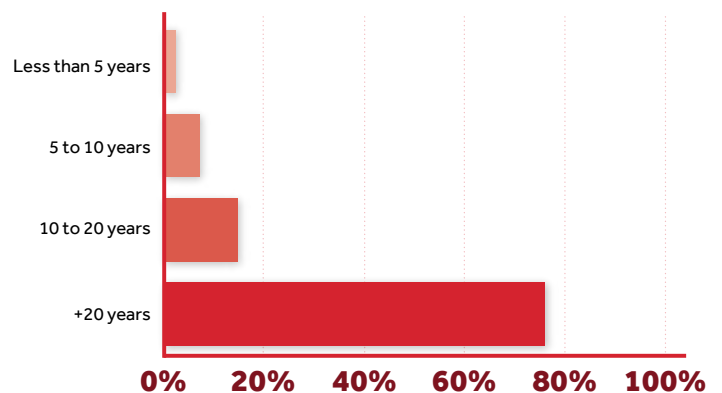
## 4 Expert focus group

Finally, the outcomes arising from the first three phases of the research were discussed by an expert group to draw conclusions about 2020 key trends and the outlook for 2021 and beyond. All conducted via video conferencing.

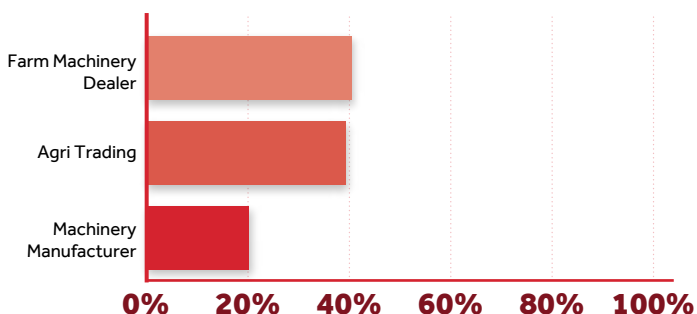
## Q How many people are employed in your business?



## Q How long has your business been trading?



## Q How would you describe your business?



The resulting report provides a review of 2020 and the impact of Covid-19, as well as an assessment on the outlook for 2021. It is split into two main sections:

**MACRO TRENDS AS IDENTIFIED THROUGH THE SURVEY.**

**FURTHER EXAMINATION OF THESE TRENDS THROUGH DETAILED INTERVIEWS AND EXPERT GROUP FEEDBACK.**



# THE MACRO TRENDS AFFECTING THE IRISH FARMING SECTOR IN 2020



**The online survey asked participants for comments on the following topics:**

- The state of the market in 2020
- The impact of Covid-19
- Other issues: Brexit, the green agenda and more
- Predictions for 2021 and beyond

**The following pages reveal what was discovered...**

# THE STATE OF THE MARKET IN 2020

## Q Overall, how would you rate the state of the agricultural sector out of 5?

The majority of participants rated the market as average, with 57% of people scoring it 3 out of 5.

A slightly higher score from last year, when 51% participants scored it average.

A surprising 8.3% of participants scored the market excellent, compared to 2.2% of responders in 2019.

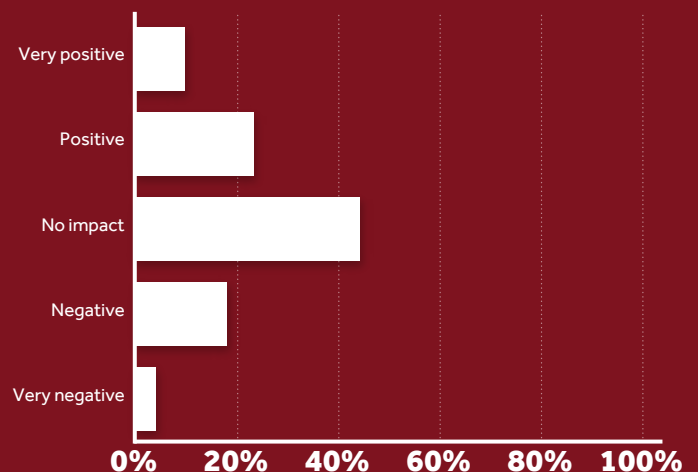
Overall, a higher positive score compared to 2019 (when the beef crisis was the big impact).



## Q On a scale from positive to negative, how would you rate the effect of Covid-19 on your business?

44.4% of participants said Covid-19 had no material financial impact on their business.

A total of 33% of participants said Covid-19 had a positive effect on their business, with an increase in trading.



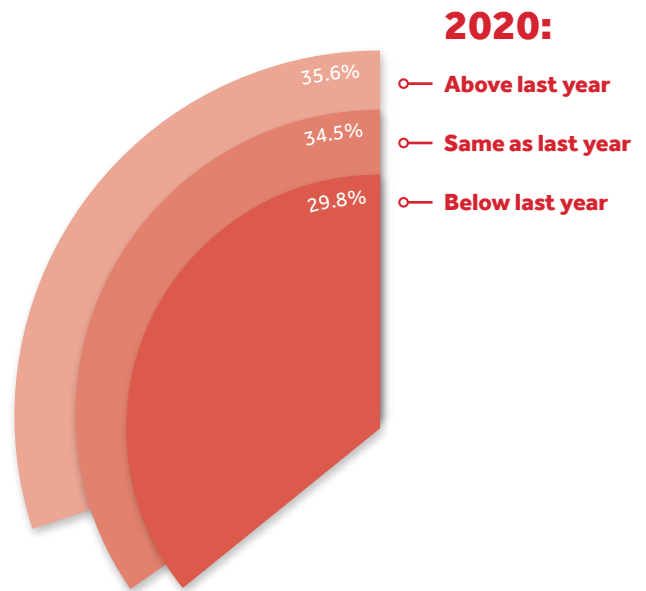


## Q How has your business performed so far this year compared to 2019?

Interestingly, 35.6% reported their business as seeing performance above last year, an increase of 7% from 2019.

But 34.5% reported their businesses as having the same year compared to 2019, a drop of 10%.

Last year, 44% of businesses reported the same performance as 2018.

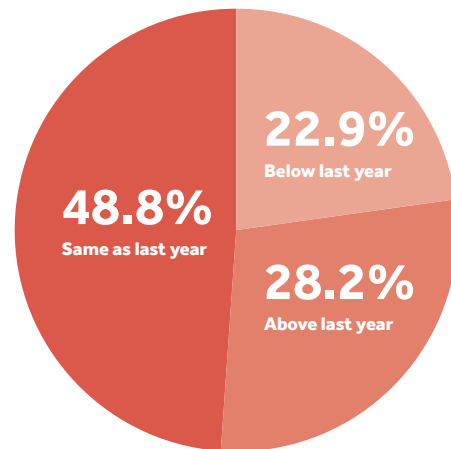


## Q How would you compare your spending on agricultural parts and or components this year to last year?

Spend on Agri parts was higher than business performance.

48.8% of respondents stated the same spend as the previous year, but equivalent business performance was only 34.5% (see above).

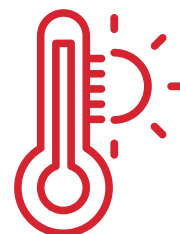
Possibly indicating responders were buying in stock ahead of trading performance.



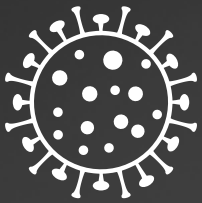
## Q How would you describe the weather so far this year?

Overall the weather in 2020 has been seen as good.

This is a consistent trend from 2019, when 78% of respondents cited the weather as beneficial and having a positive impact on trading conditions.



# THE IMPACT OF COVID-19





**From March 11th when the WHO declared a Global Pandemic, the world began to adapt.**

**Unsurprisingly, Covid-19 has been the biggest issue of 2020. Some businesses concluded they were permitted to trade, but others were forced to close for an average of seven weeks.**

**| Here is the impact on the businesses we surveyed...**

# THE IMPACT OF COVID-19



## Q Which aspects of your business have been impacted by Covid-19?

**Covid-19's biggest impact on Agri business has been less on trading and more on operations.**

Most respondents cited shift work, longer hours, staff absences and government restrictions as the main factors which changed how they worked.

There were others, such as protecting staff and customers. PPE became essential for both. Many businesses restricted access to premises and left goods outside for customer collection. For employees who did not need to be on site, working from home became normal – this continued after movement restrictions were eased. There was a strong sense that business became more local.

Many companies increased purchases of goods for resale due to concerns over suppliers, while fear of lockdown drove sales across the sector.

All this made operations harder to manage, more time consuming, and created more administration.

On the flip side, trading remained consistent and in some cases up, with more transactions overall. Less face-to-face interaction does not seem to have been a concern. The biggest issue was not sales but stock availability, as it has been slower to get goods from suppliers.

	No impact	Negative impact
Margin	✓	
Cashflow	✓	
Stock availability		✓
Employees		✓
Ways of working		✓

## Q If you have a digital channel for online ordering, have you seen sales go up or down vs online sales last year?



**Out of the businesses surveyed, 80% had a digital channel for online sales.**

Half of those surveyed conducted less than 10% of their business online, while half conducted between 10-30% of business online.

None of the respondents conducted more than 30% of their sales online.

This suggests that businesses are still operating physically, but with new social distancing measures in place.



# 93%

**of businesses surveyed had seen an increase in sales**



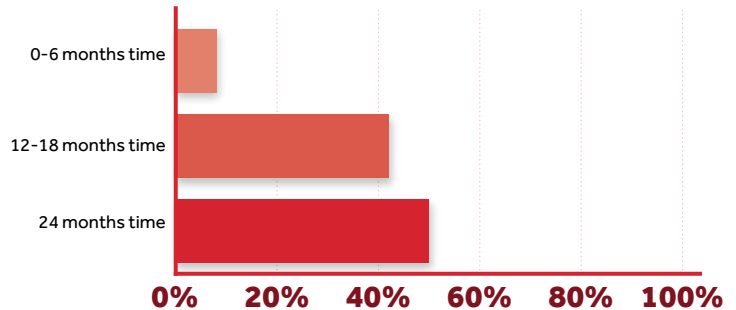




## Q Regarding the impact of Covid-19, when will the 'new normal' emerge?

**A two-year impact was estimated by 50% of respondents.**

Looking at the data, Covid-19 is set to affect trade over the long term, with no one expecting a quick recovery.



## Q Can you please provide three ways in which your business has adapted to Covid-19?

### Most common themes:

#### Trading hours

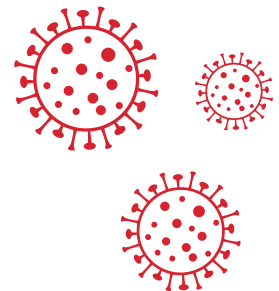
The permanent change of working and opening hours, with longer days and the option of seven days a week giving people flexibility.

#### Ways of working

More people working from home, new shift patterns and video conferencing with supplier reps rather than physical meetings.

#### Revised product offering

Subtle changes driven by increased activity among part time farmers, as well as the Agri sector successfully attracting 'domestic' customers, has required many businesses to reset their range offering.



## Q Over the next 12 months, what are the three key focuses in your business?

### Most common themes:

#### Staying open, with greater reliance on wholesale partners

So far businesses have fared well despite Covid-19. Key objectives are sales and keeping staff on. Many businesses are relying on wholesale partners and their ability to provide exceptional levels of customer service, as well as product availability.

#### New markets and supply chain

With Brexit due to massively impact in 2021, the sector is very much preparing for the worst, and proactively looking for other EU markets to buy from and sell to.

#### Digital trading

An increased adoption of technology fuelled by Covid-19, with many respondents citing digital sales as their goal for 2021.





# **OTHER ISSUES: BREXIT, THE GREEN AGENDA AND MORE**



**Without Covid-19, this year's conversation would have been very different.**

Brexit is looming on the horizon, with a lack of tangible progress. In many ways, it's a much bigger concern for the sector than the pandemic. But what else is affecting the sector?

**These are the other issues we found in the survey...**

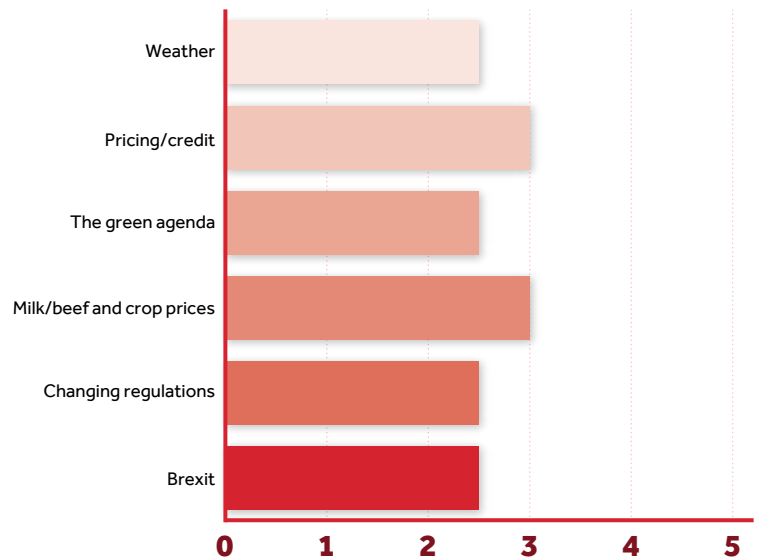


## Q What other factors have impacted your business in 2020?

Participants were asked to rank each factor from 1 to 5  
1 signifies that the factor **did not impact their business**  
5 signifies that the factor **had a significant impact on their business**

**All six factors influenced the trading environment, but the top two outside Covid-19 were pricing/credit and milk/beef prices.**

**Compared to 2019, surprisingly Brexit and the weather were less of an issue. Perhaps this was because the weather was good, and while there is talk about the impact of Brexit nothing has actually happened yet. Any impact will be speculative rather than real.**



## Q From the list above please pick the number one factor affecting your business in 2020, and briefly explain why it is affecting you positively or negatively?

**Despite only scoring 2.5 in terms of impact, the big issue on everyone's mind is Brexit.**

**There is a strong sense that Brexit was sidelined in 2020.**

**There is no consensus as to what it will look like, when it will take place or what the impacts will be – in the short, medium or long term.**

**The level of fear and anxiety over Brexit is the biggest issue in the sector at the moment.**

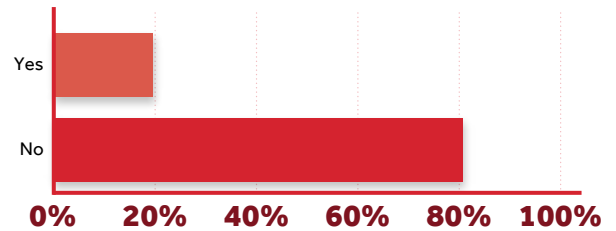




## Q In 2020, has your business been impacted by any legislation changes?

**Extensive new health and safety legislation was introduced due to Covid-19.**

Despite this, most businesses quickly adapted and continued as close to normal as possible. As a result, they found new ways of working and were largely unaffected.

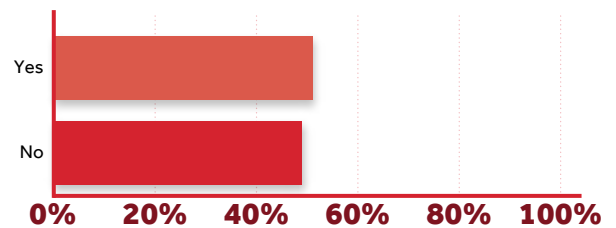


## Q Has Brexit affected your business or business plans in 2020?

**The impact of Brexit is yet to be felt, but is expected by all.**

While trade is not currently affected by Brexit, it is clear from the data that businesses are looking to change the way they are working, with many proactively looking to source products from other EU countries rather than the UK.

The big themes around Brexit are massive uncertainty, increased costs through tariffs and taxes and much more red tape.



## How respondents believe Brexit will affect them in 2021:

“

Our trade with Northern Ireland and Scotland will suffer, becoming more costly. Brexit will affect the farming sector in Ireland more than many realise.

”

“

One of our product ranges is covered under legislation that was, until 2019, issued by a UK body. We had to transfer that to another EU state which added unnecessary cost and admin. We're seeing that continue as customers need to revalidate their products.

”

“

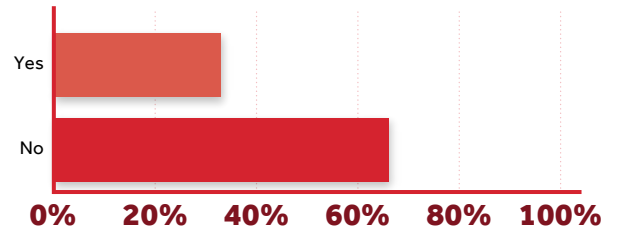
We're working on sourcing raw material and component stock from alternative EU/global sources. But that depends on how much shipping capacity is available in Cork, for example. Suppliers may still need stock to come through the UK land bridge. We've little confidence in the UK's ability to have that established in time.

”

## Q Has the green agenda affected your business or business plans in 2020?

**While the green agenda is seen as positive, the impact on farming can be negative.**

Increased costs are reducing margin and overall income, coupled with more red tape and regulations to contend with. Despite this, most businesses did not seem to have been affected.



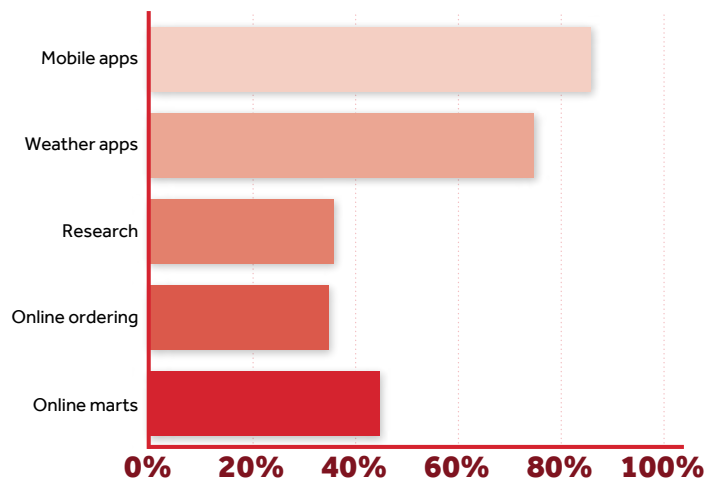
## Q What are the important technologies farmers are using?

**With Covid-19 impacting how we work, 2020 has seen an increased use of technology.**

More farmers are using mobile apps to check the weather and order products.

Due to the impact of social distancing on the livestock trade, many farmers are using online marts to purchase and sell cattle remotely. Overall, online marts have been very well received, with some Mart Managers even reporting an increase in customers – a positive to come out of the pandemic.

Interestingly, 36% of respondents cited research as a key use of technology.

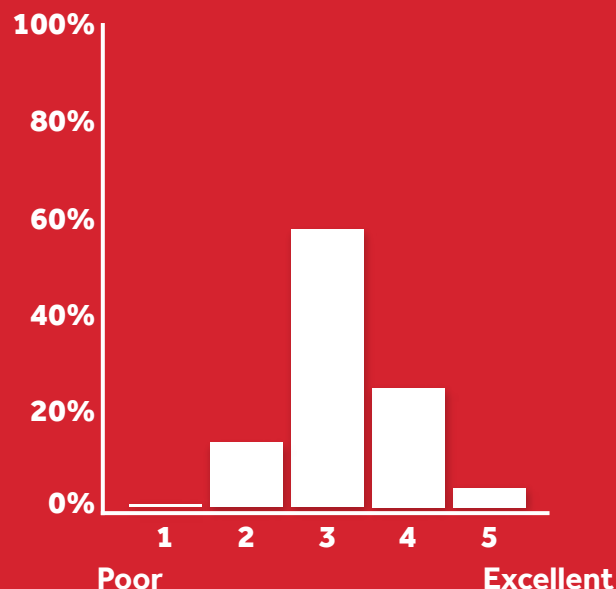


# LOOKING INTO THE FUTURE: PREDICTIONS FOR 2021 AND BEYOND

## Q How do you rate the future for the farming sector in 2021?

Participants were asked to rate their outlook from 1 for poor, to 5 for excellent

**The outlook is similar to 2019, with an overall average score for the future of the marketplace.**



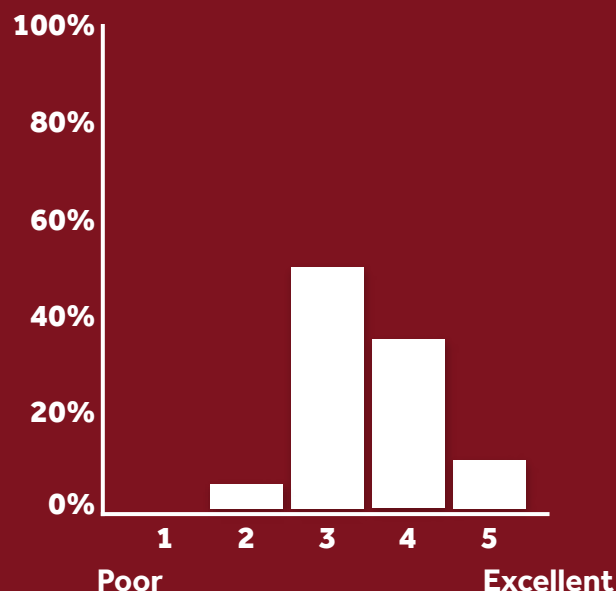
## Q How do you rate the future for your business in 2021?

Participants were asked to rate their outlook from 1 for poor, to 5 for excellent

**Despite concern over the imminent impact of Brexit, many businesses are actually more optimistic about their performance for the year ahead.**

45% of respondents are rating the outlook as good or even excellent.

This is a step change from 2019, when more rated the outlook for the coming year as average.



# 2020 WAS THE YEAR OF COVID-19, BUT 2021 WILL BE ALL ABOUT BREXIT

**We thought this would be the year of Brexit, until a virus took over. Despite that, the market seems to be OK... so far.**

## **In summary, our online survey shows:**

- Despite the huge impact of Covid-19 on many sectors, the agricultural sector has managed to have a reasonable year (in many instances, a positive one)
- The main impact was on practicalities such as logistics and ways of working
- Technology will play a much bigger role moving forward, with digital trading now an essential, not a 'nice-to-have'
- Without question, the big unknown is Brexit. It's regarded by the sector as a much bigger threat than Covid-19



## The key questions are:

- What will happen with Brexit, with a year having been lost due to Covid-19 and seemingly no progress? Can new markets be found before the reality hits?
- Will the sector manage to ride out the aftermath of Covid-19 as well as it has managed this year?
- How quickly can technology be added to everyone's infrastructure?

The survey's participants have suggested that 2021 will be less positive, due entirely to Brexit. The lack of any indication of what will happen is causing a great deal of frustration, but there is some confidence from how quickly businesses were able to adapt to this year's challenges.



A black and white photograph of a man in a white shirt and dark vest sitting on the ground next to a large tractor. The tractor's door is open, and the man is looking at a laptop. The background shows a building with a corrugated metal roof.

# **A CLOSER LOOK AT THE MARKETPLACE AND THE IMPACT OF COVID-19**

**Zoom interviews and  
expert group feedback**



# WHAT THE INTERVIEWS AND EXPERT GROUP REVEALED

The Zoom interviews and expert group took place in the first half of September, focussing on the themes identified in the earlier stages of the research. Interviewees included business leaders and owners as well as industry experts and commentators.

This year's expert group included representatives from the FTMTA, IFA, ICMSA and Teagasc as well as a farmer, an agricultural journalist and a senior banking executive with responsibility for the Agri sector.

**We tried to better understand the impact of Covid-19 and how businesses adapted. We also sought to find a consensus for what lies ahead, in what will be a volatile, uncertain, complex and ambiguous trading environment.**

What we covered:

- 2020: The year a virus reinvented the world
- The impact of Covid-19, and the fight to stay open
- Factors beyond the pandemic
- Future predictions

# 2020: THE YEAR A VIRUS REINVENTED THE WORLD

**In the second week of March, everything changed. A respiratory virus originating in China had appeared in Europe, with lockdown across the continent.**

The market reeled in shock, but quickly adapted. After speculation of a downturn, most Agri businesses either shut very briefly (seven weeks) or stayed open as essential enterprises.

Despite having to reimagine both operations and customer experience, the sector's key role as food provider means it could even do well out of the crisis.

*"We have not witnessed a pandemic of this nature in living memory. This is uncharted territory..."*

Leo Varadkar, former Taoiseach

## Agri Retail: the essential service

After initial confusion, most businesses serving the sector stayed open – with severe restrictions. Operations varied widely: some worked behind closed doors providing collection or delivery, while others opened their doors but imposed strict quotas (resulting in socially-distanced queues in some of the most remote parts of the country).

For full-time farmers and contractors, not much changed in terms of their service needs. Part-time farmers had more time to work on their farms and tackle long-deferred maintenance, having found themselves laid off or working from home.

Many resellers, particularly agricultural Co-operatives, even attracted new customers – especially DIY and small tradesmen who continued to operate for emergencies. The favourable weather certainly underpinned the level of activity and demand.

With many customers benefiting from Government employment support and lower outgoings (i.e. fewer opportunities to spend), demand was strong.

There was concern that opportunistic or impulse purchases might be lost, but evidence suggests that online sales more than compensated for the absence of in-store footfall.

10 / 10

## Dairy: from services to retail

Milk prices slipped, but recovered relatively quickly. Processing continued, despite concern due to closed food services – although increased retail and a swift recalibration of the supply chain meant raw milk was very much in demand, with very little wasted. Some businesses ceased trading briefly due to staff infections. By contrast, there was widespread milk spillage in the UK.

8 / 10

## Beef: trade goes online

After last year's picketing at the meat plants, trading continued at the same level. Questions continued over the viability of the beef sector to progress without significant EU support. Despite this, the price actually strengthened during 2020.

The big change was a shift to online trading, with the economic and even social impact of closed physical cattle marts. A few meat plants closed temporarily due to Covid-19.

5 / 10

## Tillage: a difficult year

While sowing conditions in spring were excellent, the combination of summer drought, a wet August and difficult harvest conditions led to reduced grain and straw yields. So while prices remained stable, output per hectare was down across all combinable crops.

5 / 10



## Original Equipment Manufacturing: ready and waiting

Interestingly, OEM and machinery dealers are ready for a pandemic like this: they're roomy locations with space, and shift patterns provide timed arrival.

Again, many orders were initially cancelled or postponed. But things quickly picked up, with sales of parts and components back up thanks to panic buying. Soon, sales balanced out.

Tractor sales took a slight hit in May/June but supply and shipping were the issues. Grass machinery sales were healthy. The market was helped by the good weather and machinery grants. Machinery dealers are even surprised at how good it's been.



## IN SUMMARY...

**Pandemic or not, the world needs to eat. Clusters of Covid-19 saw some closures affect business, but farming has continued on a par with last year. Areas such as Agri retail, dairy and OEM are even having a better year.**

**That said, farming for many is cash-strapped and propped up by initiatives such as single farm payments. Covid-19 payments of €350 per member of staff helped mask the real impact.**

The 2009 recession made many businesses resilient, but the question is: lockdown trading has been good on the whole, will this continue next year?



# THE IMPACT OF COVID-19, AND THE FIGHT TO STAY OPEN

**Keeping businesses and farms open is key, with good schemes in place such as the payments mentioned on p26. Here's how we've seen the sector adapt, and the impact.**

## New working practices

Ways of working have adapted, but operations take longer. Keeping people distant is key, with non-buyers – such as sales reps – actively discouraged from visiting businesses. New health and safety measures were introduced, with office staff at home, shifts split and people travelling in different cars. Complacency is the big risk.

Stores have changed fundamentally. Finding slots for counter service has added extra admin. On the shop floor, masks and gloves have been easy solutions for staff, as well as useful, moveable screens. One-way systems and hand sanitiser for customers have also helped – again, some follow the rules and others don't.

Deliveries have slowed drastically, with practical issues for parking and loading. Most customers want parcels left at the gate, but the process isn't speedier. There's extra cost too, and some courier companies have even had a shortage of drivers.

*| Complacency is the big risk*

## Accelerating the adoption of technology

There has been a marked increase in digital trading, including online ordering. Other examples include new digital ways of working, such as remote document approval from the living room. There's no doubt digital is streamlining the sector, but a proper transformation needs 12-18 months.

There is still a reluctance to use well-established technologies from farmers and business owners of all ages, despite the younger generation driving change. The pandemic forced increased adoption, but participation in digital is still well below other sectors.

*| Participation in digital is still well below other sectors*





## New ways to interact and communicate

Cancelling face to face events makes sense, but doesn't take into account the fact that running a farm can be very isolating. Especially now it's enforced.

Events offer a way to meet other farmers, a chance for support and physical contact. The classic mid-40s farmer goes to marts and co-ops to see friends and spend time together. Without this, life can be a challenge.

Perhaps the biggest impact will be the loss of the big annual events: the farm machinery shows and September's ploughing. It's yet to be seen, and won't be immediately noticeable.

Virtual events and phone calls aren't quite the same. It's hard to replicate the social currency of these traditional rituals.

| *Running a farm can be very isolating*

## Impact on all staff

In a sector which was already finding it difficult to attract talent, the pandemic did not make the task any easier. However, farming has been a net winner and should be more attractive.

As with the social occasions mentioned earlier, there have been issues with older farmers. Many staff stayed at home to avoid the virus – including a fit 67-year-old. Many older solo farmers have been working in full isolation. Greater connectivity is needed, and greater training in technology.

Staff numbers also had to be 30% down to meet government criteria. Many took the six week government Covid-19 payment of €350 to combat the drop in income.

| *Farming has been a net winner and should be more attractive*



# FACTORS BEYOND THE PANDEMIC

## THE BREXIT PUZZLE

Covid-19 overshadowed what would have been the big story of 2020, but Brexit is back in sharp focus. Boris Johnson's controversial Internal Market Bill threatens more than the Good Friday Agreement – it sets up conditions under which the Exit Agreement itself can be broken.

With less than three months to go, the 'oven-ready Brexit' talked about in the final months of 2019 is still raw. Negotiations have been disappointing and badly-handled, as well as hampered by Covid-19. Meanwhile, the sector is looking for other suppliers as a 'no deal' gets nearer.

It is widely believed that impact will be limited for some time, as processes and procedures have not been defined, and work to build the necessary infrastructure and technological solutions has not commenced.

Ultimately, economic damage will be significant. As one respondent said, "You can't blame people for leaving, but you can blame them for not having a plan."

Despite uncertainty and confusion, the underlying belief is that common sense will eventually prevail. There is also confidence that having survived and prospered in 2020, the sector will deal with whatever Brexit throws at it.

## THE GREEN AGENDA

Climate is impacting society's attitudes and expectations, particularly the younger generation. This is already affecting many behaviours, including diets.

Ursula von der Leyen is also making the green agenda a key priority for the EU – with a biodiversity initiative to make 25% of all agricultural land organic by 2030. But this is a major challenge which takes time and careful management. And even if customers will pay more for organic, will supermarkets?

These new attitudes and initiatives will definitely impact the global agricultural sector, but the threat to Ireland might be smaller. Irish farms are mostly smallholdings, the majority of whose owners have secondary incomes. By international standards we have few, if any, large scale farms.

Irish farming has continuously reinvented itself over time. We know change is coming, and Ireland is better placed than many national farming industries to adapt.

## MOVING TO PLANT-BASED FOODS

This should be seen as a long term shift. But as well as people's ethical shift towards vegetarian, pescatarian and vegan diets, the efficiency of dairy and beef products especially should be considered too.

A farming system which prioritises raising animals is an inefficient use of our increasingly scarce natural resources. It is a poor use of water (also scarce) and creates many by-products which harm the environment.

It is highly likely that society will shift towards plant-based foods. But as well as being a potential threat, it should also be seen as a significant opportunity. Either way, ignoring it would ultimately put the sector at a serious disadvantage.



DON'T GO  
BREAKING  
MY

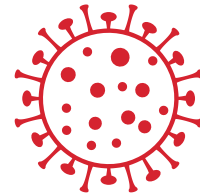


# FUTURE PREDICTIONS: WHAT'S COMING, AND WHY WE'RE HERE

## COVID-19: WE'RE READY

The inevitable second wave has already arrived, but we have managed it once. This time we know more and will manage it more effectively.

The response so far is regional restrictions – procedures and protocols have been defined and are in place. The greatest threat is poor leadership and confused messaging from the Government, which undermines social cohesion.



## BREXIT: THE UNDEFINED THREAT

Without Covid-19, this would have been 2020's big story. Brexit is a challenge for everyone – not least because we have little idea of its impact on the Agri sector in 2020 and beyond.

General expectation is that there will be no immediate step changes on January 1st. This will be more of a challenge to the UK Government, who have legislated against any extension of the transition period.



None of the scenarios are good for Ireland generally, or the Agri sector specifically. However, despite anticipating this negative impact, the sector is equally confident that it will adapt and respond to whatever challenge Brexit presents.

## DAIRY: GOING STEADY

Milk prices declined in late 2019 and 2020 which meant that confidence in Q1 was weaker than it might have been. However, our dairy sector is efficient, high-quality and profitable.

Ireland has positioned itself as a premium producer, which protects the sector from short-term fluctuations. The sector also quickly adapts for new markets and products. The immediate outlook is favourable – even with the uncertainty of Brexit.

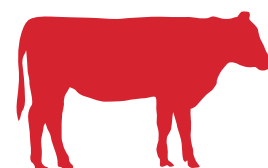


## BEEF: GREATER COMPETITION

There's no immediate end in sight for the weak price of beef, but there is optimism for the future with another support scheme.

It won't be easy. Beef competes with other animal sources of protein such as mass-produced chicken, pork, fish and shellfish (farmed and free range). Many of these are simply more competitive in price.

Vegetarian and vegan diets could present a greater threat – especially with attitudes shifting due to the green agenda. Producers are starting to face this greater competition when speaking to supermarket buyers.





## THE GREEN AGENDA: INCREASED IMPACT

As well as shifts in diet, and governmental environmental initiatives, there are other watch outs for both dairy and beef. Attempts at expansion will be met with queries on how they'll affect greenhouse gases. Similarly, decreasing water quality will affect our entire sector, as it will put a cap on production.



### **It's hard to predict, but let's not forget why we're here.**

**Our agricultural sector feeds Ireland and even the world. Food will still sell, it's vital. Brexit or not, our business will go on, as will the farmers we help. And let's not forget, Covid-19 is the new normal.**

**So be optimistic, but keep plans low-key. Large farm sites will certainly be more challenging, so spending on capital investment should be treated with caution.**

**We must find the balance – we're a key sector, but too many of us are cash-strapped. We're very resilient, but uncertainty is the biggest killer of business.**

**If there's one thing we can guarantee, it is this: farming can't just stop. Whatever 2021 brings, people will still need to eat. As long as there are people, there will be farmers.**





# SUMMARY

## There were some interesting take-outs from the Covid-19 pandemic, but the uncertainty of Brexit weighs more heavily as the deadline looms.

**Without shadow of a doubt, 2020 will forever be remembered as the year of Covid-19. The entire world was forced to reinvent itself, with many sectors simply unable to cope. Thankfully, farming was not one of them. In many ways, we were already ready, and we've been resilient.**

March was doom and gloom as the world went into lockdown, but in reality things were OK: for the simple reason that people will always need to eat.

The big positive was greater modernisation through technology, while the big negative was the social impact of lockdown on farmers – in an already lonely profession.

Moving onto Brexit, it's been a year of frustration. What will happen, and when? So much is still undetermined. It seems things could go two ways: greater regulations, with added cost and complexity, or carrying on as normal for the time being.

Even if there are revamped regulations, a UK land bridge or new borders, they can't be introduced and adopted immediately. And it's less than three months until the deadline.

The one thing we do know is that Brexit HAS to be resolved in 2021. Even though we don't know the specifics, it's widely believed we'll be worse off as a sector. But we'll fight back.

2020



2021



## FINAL WORD

We hope you have found this report useful as a barometer of market trends and the deeper impact of Covid-19 on the marketplace from people in the market.

We would like to thank all the customers, trade bodies, associations, and expert commentators for their participation in 2020.

Look after yourselves during these challenging times.



**GENERATIONS  
OF KNOWLEDGE  
AT YOUR SERVICE**



We would be delighted if you would like to take part next year.  
If you are interested in participating, or would like more detail  
on this year's results, please contact Genfitt via:

**robertlyons@genfitt.ie +353 (0)94 938 1377**

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