



An Independent Review of the Market and Customer Requirements of Irish Beef.

March 2021



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Glossary

ABP	Anglo Beef Processors
AIM	Animal Identification and Movements
BRCGS	Brand Reputation Compliance Global Standards
BSE	Bovine Spongiform Encephalopathy
DAFM	Department of Agriculture, Food and the Marine
EU	European Union
EUROP	EU Beef Carcase Classification Scheme
FBOs	Food Business Operators
HACCP	Hazard Analysis & Critical Control Point
IE	Ireland
IFA	Irish Farmers Association
MII	Meat Industry Ireland
MRLs	Maximum Residue Levels
NGOs	Non-Governmental Organisations
OIE	Office International des Epizooties
QA	Quality Assurance
QPS	Quality Payment System
SBLAS	Sustainable Beef and Lamb Assurance Scheme
SOPs	Standard Operating Procedures
SRM	Specified Risk Material
UK	United Kingdom
UTM	Under Thirty Months
VHC	Veterinary Health Certificates
VIA	Video Image Analysis
VL	Visual Lean



1. Introduction

1. Introduction

1.1 Overview of the Irish Beef Sector

The agri-food industry is at the core of Ireland's economic and social well-being. Bord Bia has reported that Irish edible and non edible agri-food exports stood at approximately €14.2 billion in 2020¹. The export profile of Irish food and beverages has been built on excellence in quality and more recently on the sustainability attributes of production systems.

In Ireland, the beef sector accounts for the largest category of Irish meat and livestock exports. Its size is reflective of the importance the beef sector has for Ireland's export and agri-food portfolio.

The reputation of Irish beef worldwide is built around the quality of the product, animal welfare and sustainability. The grass-based system which Irish cattle are reared on for most of the year and the Bord Bia Sustainable Beef and Lamb Scheme (SBLAS), underpin the export profile of Irish beef. Irish beef has the fifth most efficient carbon footprint in the EU², owing to the strong sustainability credentials of the sector.

The Animal Identification and Movements (AIM) system is used to trace animal movements. The system supports the sector by providing the confidence of an effective animal identification and tracing system, and reassures the marketplace that the food consumed can be traced back to its source. The AIM system, coupled with the robust Bord Bia quality assurance schemes, ensures that Ireland has a strong reputation in quality and traceability. Furthermore, the marketing programme of Origin Green, has helped to position Irish beef strongly in the market.

Transparency is a key part of building stakeholder trust and credibility for the Irish food industry. Enhancing transparency throughout the beef supply chain creates a mutually beneficial operating environment amongst all stakeholders.

1.2 The Department of Agriculture, Food and the Marine

The Department of Agriculture, Food and the Marine (DAFM) is the oldest department in the State having been founded in 1900 following the enactment of the Agriculture and Technical Instruction (Ireland) Act 1899. The Department's mission is to *"lead the sustainable development of the agri-food, forestry and marine sector and to optimise its contribution to national economic development and the natural environment"*. The primary functions of the Department include:

- Policy advice and development on all areas of Departmental responsibility;

- Representation in international and national negotiations;
- Development and implementation of national and EU schemes in support of agriculture, food, fisheries, forestry and rural environment;
- Monitoring and controlling aspects of food safety;
- Control and audit of public expenditure under Departmental control;
- Regulation of the agriculture, fisheries, and food industries through national and EU legislation;
- Monitoring and controlling animal and plant health and animal welfare;
- Direct provision of support services to agriculture, fisheries, food and forestry; and
- Monitoring and direction of State Bodies engaged in the following areas:
 - research, training and advice;
 - market development and promotion;
 - industry regulation and development; and
 - commercial activities.

1.3 The Irish Beef Sector Agreement

In August 2019, discussions took place between the Department of Agriculture, Food and the Marine and key stakeholders, in relation to a number of challenges facing the sector. An agreement was brokered, which was subsequently followed by up the Irish Beef Sector Agreement, to address issues facing the industry. The Irish Beef Sector Agreement was signed, and commenced into action, on 15 September 2019.

The Agreement consists of two strands; Strand One: immediate benefits for farmers in terms of changes to the bonus payments and Strand Two: strategic structural reforms.

Strand One comprises of a set of seven immediate actions including the modification of bonuses, reduction in residency requirements, the development of a beef market price index, review of the Quality Payment Grid and the establishment of a Beef Market Taskforce. Similarly, Strand Two involves a number of key actions to promote Irish beef internationally, protect and support beef farmers, introduce more transparency regarding pricing, to analyse the market, and to provide a platform for strategic engagement through the creation of the Beef Taskforce.

¹ Bord Bia 2020, Export Performance & Prospects 2020 - 2021

² Bord Bia 2020, Sustainable Beef and Lamb Assurance Scheme, <<https://www.bordbia.ie/farmers-growers/get-involved/become-quality-assured/sustainable-beef-and-lamb-assurance-scheme-sblas/>>

1. Introduction

1.4 Scope and Objective

The conclusion of the Beef Sector Agreement and establishment of the Beef Taskforce signalled a desire by all parties to work towards increased transparency along the supply chain. This development has played a key part in instigating the commissioning of this report by the Department of Agriculture, Food and the Marine.

Grant Thornton has been commissioned by the Department of Agriculture, Food and the Marine to conduct an independent review of market and customer requirements that specifically relate to the four 'in-spec' bonus criteria currently in operation in the Irish Beef Sector. The purpose of this report is to analyse if these 'in-spec' criteria are needed to meet current market demands and the market access and other benefits of meeting these criteria.

In creating this report, we have reviewed and analysed the 'in-spec' bonus criteria and requirements of meat processors in relation to cattle. Our analysis also examined these criteria in the context of the market requirements, domestically in Ireland (IE), and international key markets including the United Kingdom (UK) and the European Union (EU). Our analysis includes an examination of the overall requirements, including the rationale provided by the customers for their requirements, the specific beef cuts the market demands and the extent to which the in-spec criteria reflect market access conditions.

The specific requirements of the terms of reference include:

A. The report should detail the key in-spec requirements of meat processors in relation to cattle.

The details of the current in-spec criteria are presented on pages 8-14.

B. The report should select a representative sample of key trade customers, in each market segment across Ireland, UK and EU. Key market segments in this context are retail, food service and food manufacturing/processing.

Consultations were held with a number of key customers across routes to market in different jurisdictions. While every effort was made to reach a representative cohort of customers for the consultation process, the progress made on the report was hampered by the unavailability of customers in certain market segments. Consultations were held with a wide range of customers in Ireland and the UK across the processor and retailer segments, however only a small amount of consultations were conducted across the EU market, and with the food services and food manufacturing representatives. Grant Thornton issued requests for information on the values and volumes of

Irish beef purchased by these customers. In some instances, customers engaged in the consultation in relation to their requirements but did not provide evidence to determine the value or volumes they purchased. Based on the information returned to Grant Thornton and some additional market knowledge provided by Bord Bia it is estimated that the position of market for approximately 50% of the volume of Irish beef sold has been considered as part of this report. Consultees who contributed to the development of this report account for approximately 40% of the volume of Irish beef production. Secondary data, including veterinary health certificates have provided insight into the market requirements for the remaining 10%.

C. The report should include an overall analysis of the requirements, including the rationale, of these trade customers. Customers in this instance relates to the buyer in the market segment not the end consumer.

Where a customer determined a market requirement they were asked to provide the rationale for the inclusion of this requirement. The rationales are included as part of the analysis of in-spec bonus criteria (pages 8-14) and further referenced in relation to market requirements (pages 15-19). Grant Thornton did not engage with any consumers to determine their requirements as the terms of reference explicitly note that is activity is out of scope of this report. Furthermore, while the report references secondary information relating to the in-spec bonus criteria and the rationales provided by the market, this information is included to demonstrate other benefits of meeting these requirements as requested in Part F of the terms of reference. The inclusion of this information should in no way be construed as advocating for, or against, the in-spec bonus criteria. The requirement, under the terms of reference, is to determine the markets requirements and the markets rationale for the in-spec bonus criteria. Grant Thornton have not been asked to determine the appropriateness of these requirements.

D. The report should also identify and examine the overall requirements, including the rationale, of third country authorities in relation to each of these specs identified.

Limitations were experienced in relation to engaging with third country authorities, however the Department of Agriculture, Food and the Marine furnished Grant Thornton with documentation relating to the import conditions for Irish beef export markets, in particular, those outside of the EU. This approach enabled Grant Thornton to analyse the requirements of third countries. The findings are presented on pages 20-22. Furnishing further information on individual markets could impact future trade negotiations and sensitivity was

1. Introduction

required in the presentation of the findings. This approach enabled Grant Thornton to determine the market requirements for third countries, however it was not possible to comprehensively determine the rationale of the requirements set by the third country authorities from a review of the documentation provided.

Additionally, it should be noted that individual customers within these markets may have more stringent criteria than the country applies.

- E. Analysis should be conducted of the specific cuts which are required by each key market segment customer/3rd country market and how this impacts on the overall requirements of processors. This is crucial as the type of cut required by each market segment will have an impact on the number of carcasses required to fill the requisite demand.**

During the consultation process customers were asked about the specific cuts of meat that they purchased. Analysis was also conducted of the cuts permitted into third countries and the flow of trade of cuts into those countries. The findings are presented on page 23 of the report. It should be noted that in the absence of data on the value/volumes purchased by some customers and on the limitations already referenced in engaging with certain segments of the market it was not possible to comprehensively determine the quantitative requirements of the marketplace for specific cuts.

- F. The conclusion should analyse the extent of to which these in spec criteria are required to meet current market demands and the market access and other benefits of meeting these criteria.** The

conclusion on page 25 presents an overall analysis of market demands for the in spec bonus criteria. The ancillary benefits of meeting these criteria are presented throughout the report and referenced in the conclusion.

In presenting this report, Grant Thornton have considered the confidentiality commitments in place with various stakeholders and the commercial sensitivities of the information provided to us. The findings have been consolidated and presented in this report to meet the requirements of the terms of reference.



2. In Spec Requirements

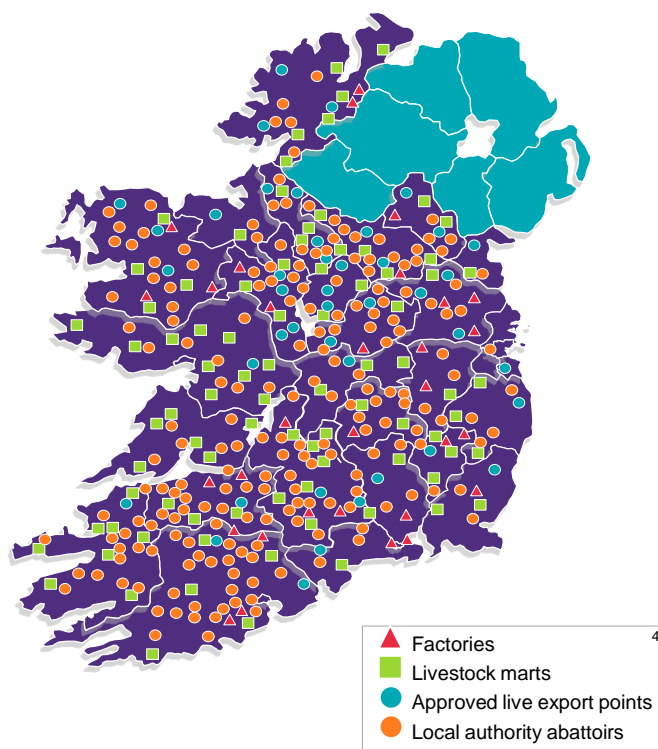
2. In-Spec Requirements

Beef Processors

Beef production plays an important role in Irish agriculture. There are 149 Department of Agriculture, Food and the Marine approved beef processing facilities across Ireland. The Irish beef processing industry is highly concentrated with four privately owned, multi-plant firms accounting for the majority of the total production:

- ABP (including Slaney Meats);
- Dawn (including Dunbia);
- Kepak; and
- Liffey Meats.

According to Bord Bia, greater than approximately 90% of beef slaughtered in Ireland come from the 53,000 SBLAS accredited farms. Market pressures in 2019 saw total Irish beef production fall in 2019, by 1.5%, to 624,000 tonnes³, and an impact on beef export value falling by 7% to €2.25bn. According to the 2020-21 Performance and Prospects report by Bord Bia the export value of Irish beef declined a further 2% in 2020. The reduction in output and export value have increased attention on the in-spec bonus criteria has been called for from producers.



³ Bord Bia (2020), Performance and Prospects 2019-2020, <https://www.bordbia.ie/globalassets/bordbia2020/industry/insights/new-publications/performance-and-prospects-2019-2020.pdf>

⁴ Hanrahan, K. (2018), Transparency in Beef Markets in Ireland, Workshop on Market Transparency, https://ec.europa.eu/info/sites/info/files/law/consultation/mt-workshop-mt-beef-markets-ireland_hanrahan_en.pdf.

Irish Beef Pricing

The total price a producer receives for their cattle upon slaughter is based on three distinct criteria:

	Base Price
+	Quality Payment System (QPS) Grid
+	In-Spec Bonus
=	Total Beef Price

Base Price | the base price is baseline figure set by each factory on a weekly basis. This is paid to the producer in the form of a price per kg.

QPS Grid Payment | the QPS grid payment is a variable payment depending on the grade of animal. It relates specifically to each individual animal's conformation and fat cover, classified by the EU Beef Carcase Classification Scheme.

	U+	U=	U-	R+	R=	R-	O+	O=	O-	P+
2+	24	18	12	6	0	0	-18	-24	-30	-36
3	24	18	12	6	0	0	-12	-18	-24	-30
4-	24	18	12	6	0	0	-12	-18	-24	-30
4=	24	18	12	6	0	0	-12	-24	-30	-36
4+	18	12	6	0	-6	-6	-18	-24	-30	-36
5	0	-6	-12	-18	-24	-24	-36	-42	-48	-54

Example of QPS Grid

In-Spec Bonus Payment | the 'In-Spec' bonus payment is a premium price introduced by the beef industry for animals that meet the desired market specifications. This price premium, or bonus payment, is payable by factories on cattle which satisfy each of the following specified criteria:

- Animals slaughtered are under 30 months (UTM) of age;
- Minimum period of residency on a Quality Assured farm i.e. from a herd that is part of the Bord Bia Sustainable Quality Assurance Scheme (SBLAS);
- Maximum of four farm residencies in a lifetime; and
- Adhere to a specific fat and conformation specification.

In order for bovine animals to qualify for the in-spec bonus payment, the animal must comply with *all* criteria and be SBLAS quality assured.

2. In-Spec Requirements

The aforementioned bonus criteria were introduced to incentivise the production of cattle that are attractive to, and compliant with, the maximum number of domestic and international customer and market entry requirements.

Following the signing of the Beef Sector Agreement on 15 September 2019, producers saw an immediate increase in the range of bonuses payable for animals that meet the 'in-spec' criteria. Key interventions to the in-spec payment structure included:

- An increase from 12c/kg to 20c/kg payable on all steers and heifers under 30 months of age, with a conformation of U+ to O= and a fat score between 2+ and 4=. The animal must have a maximum of four farm residencies and resided on a Bord Bia quality assured farm for at least 60 days;
- The introduction of a new 12c/kg payment on steers and heifers under 30 months grading O- or 4+;
- An additional 8c/kg bonus has been introduced for steers and heifers between 30-36 months, grading U+ to a O= conformation and 2+ to 4= fat score which meet all other non-age related in-spec criteria; and
- The in-spec minimum period of residency on last farm was reduced from 70 days to 60 days.

In spec bonus criteria were designed to be market driven and to bring animals to a consistent standard that will bring maximum return within the market. Detail of the current payment structure, including the in-spec bonus criteria in operation, are outlined in detail below.

Fat and Conformation Requirements

The Quality Payment System (QPS) grid was first introduced in 2009, based on research conducted by Teagasc. The key objective is to reward producers for quality, linked to achieving a higher yield of saleable meat.

The QPS introduced a 15-point grading system for carcass classification based on the EU Beef Carcass Classification Scheme (the EUROP scale). This system, agreed between Meat Industry Ireland (MII) and the Irish Farmers Association (IFA), replaced the 5-point classification grid that existed under the old EU carcass classification scheme, that was originally introduced in 1981.

The QPS represented a move away from the flat based pricing system traditionally operating in the sector, and was seen as an initiative to reward farmers who produce good quality stock and for those in the Bord Bia quality assurance scheme. Additional to baseline price per kg, the QPS grid enables payment to be based on conformation and fatness.

Traditionally, conformation grades of O= or better, and with fat scores between 2+ and 4= were entitled to a bonus payment of 20c/kg. As part of the Beef Sector Agreement signed on 15 September 2019, a new in-spec bonus of 12c/kg for steers and heifers under 30 months in the categories of grade O- and fat score 4+ was introduced. Previously, these grades did not qualify for any bonus. A further 8c/kg bonus also exists to animals between 30 and 36 months, in the grades of O= or better and fat scores between 2+ and 4=. In essence, this pays a bonus for animals that would have been suitable for the 20c/kg, but are outside of the UTM requirements.

EU Beef Carcass Classification Scheme ⁵

In Ireland, beef carcasses are classified by the EU Beef Carcass Classification Scheme (EC 1208/1981), aimed to ensure a common classification standard throughout the European Union. With the purpose of establishing a market price for the carcass, carcasses are classified for conformation and fat cover:

- Conformation, the shape and development of the carcass, is denoted by the letters E, U, R, O, P with E being the best and P the poorest; and
- Fat cover, or the degree of fat on an animal, is denoted by the numbers 1, 2, 3, 4, 5 in order of increasing fatness.

Animals are also classified according to their sex category, denoted by the letters A (young bull), B (bull), C (steer), D (cow) and E (heifer).

Rather than relying on human judgement, it was widely accepted that the utilisation of machines that can automatically classify carcasses would be more acceptable as the basis for realistic quality-based payments. Since 2004, the vast majority of beef carcasses (over 90%) are classified by mechanical means using technology known as Video Image Analysis (VIA) technology. Any carcasses not classified by a machine are classified by DAFM licenced factory employees. In cases where a carcass has been classified by a human, there is an avenue of appeal for the producer via the relevant slaughter plant.

The rationale for using such a system is to enable the standardised categorisation of carcasses. While the classifications may not be an end consumer demand, they dictate the format of certain cuts, which influence whether the cuts will meet customer requirements. It is understood that many customers will provide processors with a 'template' relating to a desired product, tray or pack size, or to retail

⁵ <https://www.gov.ie/en/service/5a8c0-eu-beef-carcass-classification-scheme/>

2. In-Spec Requirements

shelf space. These templates are designed to deliver individual cuts of beef that are a desired size, shape, thickness and weight. Carcass conformation and fat will impact the ability of primal cuts to match the product specifications of key trade customers.

Under 30 Months (UTM)

A key in-spec bonus criteria is the requirement for animals to be under 30 months at the time of slaughter. The genesis of this element of the in-spec bonus criteria is inherently linked to the outbreak of Bovine Spongiform Encephalopathy (BSE) which was first detected in 1986 in the United Kingdom and the first cases being detected in Ireland in 1989. Animals that are UTM carry a lower risk of having contracted BSE. As such, UTM has become a common cut-off point for the market.

In countries with a controlled risk BSE status, the vertebral column (backbone) of bovine animals over 30 months is regarded as Specified Risk Material (SRM) and is not permitted in products for human consumption. Therefore, food safety regulations apply age limits to specific, bone-in cuts of beef, for example the traditional T-Bone steak or rib cuts. While it is possible to cut meat for human consumption from this area in animals over 30 months, it must not contain SRM bones⁶.

As a result of BSE, certain customers have adapted UTM as a fundamental buying requirement. The UTM specification is being further enforced by evolving market demands specifically in relation to meat quality and the sustainability agenda. There is a status quo expectation that higher quality meat is yielded from younger animals. Furthermore, there is an evolving perception amongst some customers that finishing cattle earlier is supportive of the green agenda⁷, without the necessity to reduce the volume of cattle being slaughtered.

Bovine Spongiform Encephalopathy (BSE)

The EU introduced legislation EC No. 999/2001 focused on the prevention, control and eradication of certain transmissible spongiform encephalopathies, including BSE. Under the legislation, the following tissues for bovine animals are designated as specified risk material⁸:

- The skull excluding the mandible and including the brain and eyes, and the spinal cord of animals aged over 12 months;
- The vertebral column excluding the vertebrae of the tail, the spinous and transverse processes of the cervical,

- thoracic and lumbar vertebrae and the median sacral crest and wings of the sacrum, but including the dorsal root ganglia of animals aged over 30 months; and
- The tonsils, the intestines from the duodenum to the rectum and the mesentery of animals of all ages.

BSE has a long incubation period, which, means that it usually takes approximately four to six years for infected cattle to demonstrate signs of the disease. Among other measures, the legislation aims to control BSE via the introduction of the 30-month scheme. Under this scheme, it was required that all cattle over 30 months were tested for BSE before they were eligible to enter the food chain.

Isolated cases of BSE have been confirmed in Ireland in recent years. A 2020 occurrence led to the temporary suspension of Irish beef into China, after the confirmation of an atypical case in a cow. Certain international markets require cattle to be slaughtered under 30 months as a market entry requirement. Countries that have been free from BSE for a greater period of time may be exempt from these market entry requirements.

Quality Assured

There is an increasing demand from consumers that Irish beef and meat products are produced sustainably on farms that are certified members of an accredited quality assurance scheme. Globally, consumers are increasingly aware of quality assurance, with demand for adherence to a quality assured food standard becoming a prerequisite for most markets. Similarly, there is ever increasing attention on sustainability and the role of the agri-food sector plays in this regard.

The introduction of the Sustainable Beef and Lamb Assurance Scheme (SBLAS) is considered a significant development in responding to market demands regarding sustainable farming practices. The two key components of the Bord Bia SBLAS are: sustainability; and Quality Assurance (QA).

The introduction and development of the SBLAS has helped to increase the marketability of Irish beef and lamb products. It demonstrates to retailers and consumers that Irish producers are committed to sustainable and 'green' farming practices. It aligns closely to work completed by Bord Bia in developing 'Origin Green', Ireland's food and drink sustainability programme and helps to develop a market preference for Irish beef when trading internationally.

In order for a farm to gain accreditation under the SBLAS scheme, producers must meet the required standards under both of these components. According to Bord Bia, greater than 90% of beef slaughtered in Ireland come from the 53,000 SBLAS accredited farms.

⁶ Food Safety Authority of Ireland Handling (2018), Specified Risk Material (SRM) https://www.fsai.ie/faq/srm_authorisation.html

⁷ French, P. (2019), Dairy Beef Efficiency Programme and Beyond, https://www.teagasc.ie/media/website/publications/2019/results_slides_final_2611.pdf

⁸ Food Safety Authority of Ireland Handling (2018), Transmissible spongiform encephalopathies (TSE) - Bovine spongiform encephalopathy (BSE) https://www.fsai.ie/legislation/food_legislation/fresh_meat/tse_bse.html

2. In-Spec Requirements

The SBLAS is internationally recognised as a differentiator for Irish beef. However, there is no automatic bonus payment for QA animals at slaughter. While a farm may be Quality Assured, the 'in-spec' QPS payment is dependent on other factors, such as a minimum period residency on quality assured farm.

Minimum Period of Residency on Quality Assured Farms

In order to qualify for the in-spec bonus payment, the bovine animal must have a minimum period of 60 consecutive days residency on a SBLAS farm immediately prior to slaughter. The minimum period of 'consistent residency on last farm' criteria is driven by factors primarily relating to food safety considerations such as withdrawal periods of medicinal products.

Control of antimicrobials and antimicrobial residues in the human health system and food chain is a key food safety concern. A major focus of concern with respect to antimicrobial use in food production is that traces of antimicrobials administered to animals could be present in food from those animals (antimicrobial residues). This issue of residues has been addressed in the European Union (EU) through definition of maximum residue levels (MRLs) and minimum withdrawal periods (Directive 2001/82/EC). Unless the medical product used indicates a withdrawal period, the specified period for meat should not be less than 28 days.

A stipulation of the sale of animals is that all animals within withdrawal be declared at point of sale. Declarations regarding antibiotics can only be completed provided the bovine animal has been on farm for the duration of the antibiotic residue period.

Views were expressed by customers that sourcing animals that have a minimum number of consecutive days on an SBLAS farm, provides additional assurance that the appropriate withdrawal period of antibiotics has been observed.

Note: as part of the Beef Sector Agreement signed on 15 September 2019, the minimum period of residency on last farm was reduced from 70 days to 60 days.

Maximum of Four Farm Residencies in a Lifetime

A key factor in carcasses qualifying for a bonus payment is the number of residencies of an animal in its lifetime prior to slaughter. Producers that aim to qualify for this bonus must ensure that the cattle has a maximum of four residencies in the lifetime of the animal.

Testimonials from key customers consulted, indicate that this criterion is driven by customer demand for traceability, disease control and animal welfare considerations. Traceability within the supply chain is very important to support effective food safety assurance.

There is evidence to suggest that moving animals can cause stress to the animal. It was stated by customers that limiting the number of residencies of an animal helps to reduce the risk of stress being sustained by the animal throughout its lifetime⁹.

During the consultation process some stakeholders cited ambiguity with respect to the system for counting the number of farm residencies for the purpose of determining carcass eligibility for the in-spec bonus payment.

Specifically, the issue of whether the movement of an animal to a mart, which is not sold and returns to the original farm, constitutes as a residency or whether a residency is constituted by a transfer of the herd number. Bord Bia place no restrictions on the number of movements a bovine has had for it to be deemed Quality Assured. Any movement restrictions applied are solely at the discretion of the processor.

Animal Identification and Movement (AIM)

The AIM system supports statutory and traceability requirements. It captures details of all animal movements and this information is used to verify the origin, identity and life history of cattle entering the food chain.

It is also used to check compliance of cattle with eligibility criteria of the Single Payment Scheme and can be used to assist in the identification and tracing of bovines that may have come in contact with infectious diseases, for veterinary certification and to provide statistical information in respect of the cattle sector.

All movements of cattle must be recorded on their respective passports. Furthermore, all births, movements and disposal of cattle, amongst other animals, must be recorded on the AIM system. Keepers of cattle are required to notify the Department of the movement of cattle to and from their holdings. For the private sale of cattle, the source keeper must obtain a Certificate of Compliance from the Cattle Movement Notification Agency or on-line from the Department's website prior to the movement of any animal off the holding.

⁹ World Organisation for Animal Health (2019), Terrestrial Animal Health Code, https://www.oie.int/fileadmin/Home/eng/Health_standards/tahc/current/chapitre_aw_beef_cattle.pdf

2. In-Spec Requirements

Process for Administering the In-Spec Bonus

High-level process from lairage to calculation of payment to producer*



Cattle are identified coming into lairage. Traceability and food chain information: ear tags, animal registration, passports etc. are checked. Cattle are identified using the Bord Bia SBLAS and DAFM AIM system. Note: SBLAS, AIMS and revenue systems are integrated directly into processor kill line and cattle payments software.



Based on identification process, cattle are segregated to pens and lots based on breed, customer etc. Animal categorisation e.g. age, residencies etc. will determine eligibility for various markets.



Slaughter and entry to abattoir.



Head, horn, hoof and hide removal.



Trimming and evisceration.



Carcase splitting and spinal chord removal.



Final carcass inspection.



Machine classification of the prepared carcass. Video Image Analysis (VIA) used to carry out various measurements.



Carcass arrives at scales. Machine weighing of the prepared carcass.



All information relating to the base price, Quality Payment System (QPS) and in-spec bonus is collated and sent to processor payments office.



Kill sheet is generated. Classification information including kill weights, classification grades and bonus payment is returned to the supplier by the slaughter plant*.



Cheque is issued to producer.

**As the determination of classification in this case is objective, no appeal is possible. In smaller plants, classification is carried out by factory employees who have been licensed by the Department of Agriculture, Food and the Marine. In these cases, the supplier can appeal the decision of the classifier to the slaughter plant.*

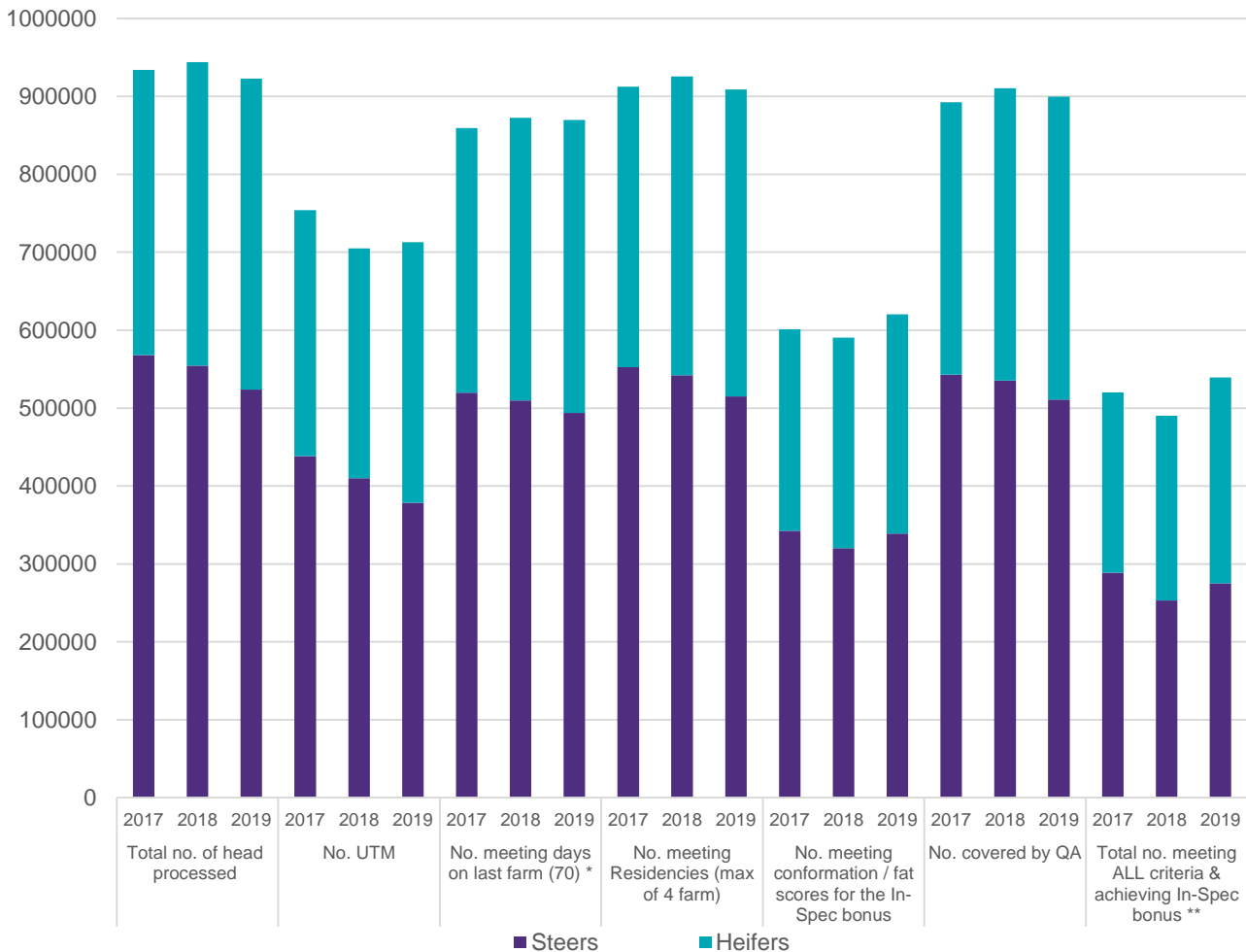
2. In-Spec Requirements

QPS Payment and In-Spec Bonus Eligibility

The QPS introduced a 15-point grading system for carcass classification based on the EU Beef Carcase Classification Scheme (the EUROP scale) with the key objective of rewarding producers for quality, linked to achieving a higher yield of saleable meat. The 'in-spec' bonus payment is a premium price introduced by the beef industry for animals that meet the desired market specifications.

Both the QPS and in-spec bonus payment is only payable to steers and heifers who meet the specified criteria. A very small number of Irish processors will elect to pay the bonus on young bulls.

Of the total heads processed annually, the overall compliance with each of the individual in-spec bonus criteria is high, based on the representative sample outlined below. A detailed breakdown of the QPS payment and in-spec bonus eligibility is outlined below:



*While the residency reduced as part of Beef Sector Agreement, for ease of completion, it was assumed 70 days for each of the 3 years.
 **In-Spec: All those receiving the in-spec bonus (12c/kg) in 2017 & 2018, and all those receiving either the 12c or 20c bonus in 2019.



3. Market Requirements

3. Market Requirements

Irish Beef Export Analysis

In 2019, Ireland exported approximately €2.3 billion worth of beef. European markets account for the vast majority of these exports. Within these European markets, the United Kingdom is by far the largest market accounting for in the region of 46% of the volume of total beef exports in 2019. The remaining EU markets account for a total of 40% of the volume of Irish beef exports, but almost 47% of the value.

This analysis illustrates that the UK market is a dominant export market for both value and volume of Irish beef. Although the remaining EU countries collectively account for a lesser volume of exports than the UK, they account for a greater value with 40% of the volume of Irish beef exports commanding 47% of the value. The remaining exports are dispersed across the world with the top 10 markets accounting for the majority of exports. In total, export volumes to non-EU/UK markets account for 14% of the volume of Irish exports but just 10% of the value of exports ¹⁰.

43%

of the value of Irish beef is accounted for by the UK market



47%

of the value of Irish beef is exported to the remaining EU 27 countries



10%

of the value of Irish beef exports is accounted for outside of the UK and EU markets



46%

of the volume of Irish beef is exported to the UK



40%

of the volume of Irish beef is exported to the remaining EU 27 countries



14%

is exported to the Rest of the World



¹⁰ Central Statistics Office (2020), Irish beef export data

3. Market Requirements

Irish Beef Market Overview

Irish beef is sold through a number of key market channels including: retail, wholesale, foodservice and manufacturing. Historically, Ireland has marketed a considerable proportion of its beef to export markets, with the vast majority of Irish beef being exported to markets across the world.

The United Kingdom remains the dominant export market for Irish beef. The UK market represented approximately 43% of the value of Irish beef exports in 2019¹¹. For this reason the demands of customers of Irish beef in the UK market are of greater relevance to the Irish beef sector than the demands of customers in the domestic market.

Outside of the UK, there are several markets across continental Europe which are of key importance to Irish beef exports. Irish beef is exported to a diverse range of continental EU markets and customers, with Irish beef listed in a number of high-end retail chains across EU markets. As a whole, continental Europe accounted for approximately 47% of total Irish beef exports in 2019. In particular, France, the Netherlands, Italy, Germany and Scandinavia dominated the beef exports to mainland Europe in terms of volume and value in 2019.

This wide portfolio of customers has contributed to the international success of Irish beef in recent years and reflects the success of Bord Bia's differentiation and premiumisation strategy, which focuses on the following key attributes of Irish beef:

- Environmentally sustainable;
- Grass-based production systems;
- Full traceability;
- Quality assurance at all stages; and
- Superior eating quality.

As part of our consultation process, key buyers of Irish beef were engaged across a range of markets. These included retailers, food manufacturers, foodservice operators, supported by testimonials received from the Irish meat industry and farming representatives. The outputs from these consultations were then combined with our analysis of existing secondary research. The market requirements were captured under a range of headings and across all of the in-spec bonus criteria.

Market Definition

For the purposes of this report, the scope of the 'market' was limited to the key trade customers, or purchasers of Irish beef. Therefore, the consultation process for this review focused on the retailers, food manufacturers and foodservice operators. Individual consumers were not in scope for this review.

The requirements of the predominant large national European markets for Irish beef were examined. Third country market requirements were examined separately and will be addressed in subsequent sections of this report.

The outputs from these consultations were combined with our analysis of existing secondary research.

Market Requirements

Due to the significant international focus for Irish beef, the requirements of key buyers in dominant export markets is of considerable importance to both the beef producers and processors. Consistent and high-quality beef is one of the most important requirements of the Irish beef industry in order to maintain and expand markets.

In the majority of export markets, buyers of beef have a wide range of supply choices and can source products from various countries. This gives the buyer a certain bargaining power as they can easily move to a new supplier if they feel they can get a better price or quality elsewhere. Furthermore, the scale of key trade customers, especially within the retail sector, increases pressure on the sector to produce a high-quality product which meets specified market criteria at a competitive cost.

As previously described in this report, the pricing system agreed between farmers and processors is designed to incentivise and reward the production of higher quality animals. The specific purchasing requirements identified by key buyers of Irish beef are identified on the following pages.

¹¹ Central Statistics Office (2020), Irish beef export data

3. Market Requirements

Under 30 Months (UTM)

Throughout our engagement, we identified a strong market demand for UTM. While market demand does exist for animals above thirty months, the portfolio of customers purchasing product to these specifications is more limited. The UTM requirement is typically related to premium beef product, whereas acceptance of product from animals up to 36 months is typically associated with lower tier or Visual Lean (VL) product.

Testimonial from key trade customers indicated that age restrictions within their purchasing specifications was limited to steers, heifers and young bulls. Across all customers engaged, there was a consistent position regarding the existence of more stringent age restrictions for young bulls, with the majority of buyers not willing to procure product from young bulls above 16 months in age. Some trade customers confirmed willingness to procure product from cows with no upper age limit. However, given the QPS and in-spec bonus payment is payable only to steers and heifers, the willingness to procure product from cows was considered less material in the context of this review.

Quality Assured

Globally, consumers are increasingly aware of quality assurance, with demand for adherence to quality assured food standards becoming a prerequisite for most markets. Bord Bia's differentiation and premiumisation strategy focuses on the key attributes of Irish beef: environmentally sustainable, grass-based production systems, full traceability, quality assurance at all stages and superior eating quality. This has not only contributed to sustained demand for Irish beef, but has become a key requirement for most customers when procuring Irish beef.

Similarly, there is ever increasing focus on sustainability and the role of the agri-food sector plays in this regard. The introduction of the SBLAS is considered to be a significant development in responding to market demands regarding sustainable farming practices. The two key components of the Bord Bia SBLAS are sustainability and Quality Assurance (QA).

Our engagements with market representatives demonstrate consistent demand for full traceability and quality assured beef. Quality assurance standards such as SBLAS or equivalent (e.g. Red Tractor) are essentially a given requirement for key trade customers in national, European and third country markets.

Several key customers of Irish beef identified that they required processors to adhere to their individual quality, sustainability and technical audit standards as part of the

terms of their supply agreement. In addition to product adherence to quality assurance standards, a number of key trade customers engaged require suppliers to meet additional quality requirements, or key performance indicators, such as animal welfare standards and the use of sustainable packaging. Based on the information provided during the consultation process, food safety and quality practices such as (Hazard Analysis & Critical Control Point) HACCP or (Brand Reputation Compliance Global Standards) BRCGS respectively, are also required.

Minimum Period of Residency on Quality Assured Farm

In order to qualify for the in-spec bonus payment, the bovine animal must have a minimum period of consecutive days' residency on a SBLAS farm immediately prior to slaughter. As part of the Beef Sector Agreement signed on 15th September 2019, the minimum period of residency on last farm was reduced from 70 days to 60 days.

There was some variance in the position taken by customers in relation to maximum number of days on last farm. While some customers require this specification in their procurement of primal product, this is not the consistent position of all customers consulted. When specified as part of supply agreements with Irish processors, key customers consulted as part of this review, identified varying minimum periods of residency on a quality assured farm ranging from 30 to 70 days.

Maximum of Four Farm Residencies in a Lifetime

Our review concluded that there is variance in the market requirements of key trade customers in relation to the maximum number of farm residencies in an animal's lifetime. There was evidence of some market demand for a specified maximum number of residencies, as opposed to animal movements.

A proportion of customers consulted as part of this review specify a maximum of four farm residencies as part of their supply agreements with Irish processors. However, a further cohort confirmed that a stated stipulation of maximum residencies was unnecessary as the supply base was inherently compliant with best practice animal welfare standards under the SBLAS quality assurance standards. This position demonstrates the variability in market demand. Some customers stipulate a maximum number of residencies and link this requirement to animal welfare. Other customers feel that farms that are accredited to the Bord Bia SBLAS, which contains requirements relating to animal welfare but does not stipulate a maximum number of residencies, are providing best in class animal welfare and as such these customers do not require a maximum number of residencies. One customer noted that they had not included a maximum number of residences or sought compliance with the four

3. Market Requirements

farm residency criteria as part of their supply agreement as the average animal within their supply chain had two farm residencies.

During the course of consultations it was stated that increasing pressure from non-governmental organisations (NGOs) advocating for increased animal welfare within food supply chains is a factor influencing market requirements.

Conformation and Fat Specification

The conformation grades and fat scores of carcasses are key in spec bonus criterion. It is understood that the target conformation grades and fat scores are driven by commercial demands, and play an important part in meeting market requirements.

Engagement with customers did not identify specific conformation grades and fat scores that are consistent requirements across all markets. However, there is strong evidence that key customers incorporate rigorous product specifications and product monitoring within supply agreements with Irish processors. Many customers will provide processors with a 'template' relating to a desired product, tray or pack size, or to retail shelf space. These templates are designed to deliver individual cuts of beef that are a desired size, shape, thickness and weight. While specific conformation grades and fat scores specifications are not identified by key customers within their supply agreements, it is believed that animals within a specific range will produce product that match the template desired by the market.

Specifications are in place to ensure consistency of product including size, weight, fat cover, intermuscular fat, colour, handling and trimming. These specifications are related to consumer perceptions of beef, including overall palatability factors. It is understood that, from a buyer perspective, the size and shape of primal cuts is critical. Ultimately, these factors influence the consumer's willingness to pay.

There is evidence to suggest that high-value customers i.e. those customers procuring at scale and/or those procuring high value cuts, typically have more stringent standards regarding product consistency as well as quality assurance standards. The retail channel is typically the most restrictive requiring cuts to meet specific templates.



4. Third Country Requirements

4. Third Country Requirements

Third Country Market Access

The growth in exports of Irish beef across continental Europe has been complemented by growth in third country markets. The growth of exports to third countries is aligned with the Department's market diversification efforts which have been considerably increased since 2016. In that period, agreement has been secured for the export of beef to several new third country markets, including: China, Ukraine, Qatar and Kuwait. Furthermore, during this period, enhanced market access for Irish beef has been agreed with countries including the US, Japan, Canada, Singapore, Saudi Arabia and South Africa. In 2019, third country markets accounted for over 10% of Irish beef exports. These markets have demonstrated substantial, continued growth in terms of volume and value. As a result of recent success, the requirements of these export markets is of considerable importance to both the beef producers and processors.

There are a number of steps to achieving market access into a third country. Generally, this starts with securing formal recognition and approval of the competent authority's control systems. Each third country market has their own unique entry requirements. Once systems approval is secured, DAFM will agree Veterinary Health Certificates (VHCs) with the third country in question reflecting these unique requirements. VHCs may be negotiated at either bilateral level i.e. individual Member State or at EU level. In order to gain entry into these markets, Irish beef must meet all the specified criteria.

While third countries have different procedures, in general Food Business Operators (FBOs) will need to be approved to export to a particular market. This approval may also be subject to ongoing inspection and verification audits. Legally, final product must be produced by a certified processor in an approved premises. This ensures that all credible inspection and controls throughout the production chain are in place, which cover all relevant aspects of hygiene, animal health and food health and safety.

In order to complete this aspect of the review, the Department provided Grant Thornton with documentation relating to the requirements of third countries in which Irish beef has an established trading relationship. Grant Thornton undertook desktop research in conjunction with the Department to understand and analyse the key third country market requirements for beef and beef product exports. The market requirements of each of these third countries have been evaluated to determine the alignment with each of the current in-spec bonus criteria.

There are a number of requirements to access third countries, including that the final product must be produced

in approved premises and adhere to specific shipping and labelling standards.

There is also a requirement for beef intended to be exported to third countries to comply with the specific veterinary health certificate for that country in addition to the standard EU requirements.

Typically, additional requirements were specified in relation to the source animal or herd in order to support health and food safety. Where additional requirements were identified they related to:

- Age requirements;
- BSE mitigating measures; and
- Herd health requirements.

Age Requirements

UTM is considered a key requirement for many customers. This review also identified evidence of age restrictions for beef being contained within EU or bilateral agreements with third country markets. A sample of 36 third countries in which Irish beef is exported to was examined in order to determine if any had age requirements. Nine countries that Ireland exports beef to have age restrictions in place, which in 2019 represented 3% of the total value and 2% of the total volume, of Irish beef sold¹². It should be noted however that a number of recently accessed markets are in this cohort, which may see export volumes grow over time. Of the VHCs that specify age restrictions for beef, six of the nine markets, indicated restrictions of 30 months at time of slaughter. The remaining countries reviewed have age requirements varying between 48 and 72 months. In addition to adhering to specified age restrictions, some third country markets require all animals to be tested for BSE with a negative result in order to be eligible to supply relevant product. Despite individual countries specified age restrictions on beef, it remains the case that EU rules on SRM mean that bone-in products cannot be sold in the marketplace from animals over 30 months of age.

BSE Mitigation

There was a clear and united position with regards to third country agreements (either EU or bilateral) specifying BSE mitigation as a key qualifying criteria for the export of Irish beef. This requirement was applied to 95% of the third countries analysed.

There is an inherent link between BSE and the slaughter age of an animal as BSE is a disease that affects adult cattle. In 2001, the EU introduced legislation EC No. 999/2001 focused on the prevention, control and eradication of certain transmissible spongiform encephalopathies, including BSE.

¹² Department of Agriculture, Food and the Marine (2020), Import Conditions of Beef Export Markets, Central Statistics Office (2020), Irish beef export data

4. Third Country Requirements

The key control mechanism outlined in this legislation, was the 30-month scheme. In addition to the 30 month scheme, other control mechanisms introduced include:

- Inspection before slaughter;
- Removal of specified risk material (SRM);
- Ban on mechanically recovered meat; and
- Ban on meat and bone meal.

In addition to the aforementioned requirements specified by EU legislation, a significant portion of third countries analysed implement age restrictions on animals eligible for export as a key mechanism in BSE mitigation. As previously identified, some third country agreements require animals to be slaughtered under 30 months before beef and beef products can be exported to their respective markets. Some third country markets who accept final product from animals up to 48 and 72 months, require animals to be subjected to an officially approved rapid BSE test. Alternatively, a small portion of markets will accept exports from animals above 30 months provided that the cattle come from herds which are certified as BSE free for more than seven years.

In addition to implementing age restrictions on animals eligible for export, there is evidence that third country markets also specify other measures to mitigate against the risk of BSE, including but not limited to:

- Ireland maintains a 'controlled risk' status for BSE in accordance with the World Health Organisation for Animal Health (OIE) Terrestrial Animal Health Code;
- Beef or beef products do not come from cattle within a herd that reported any cases of BSE or progeny of BSE cattle;
- The requirement for ante and post-mortem inspection of animals; and
- The requirement for Specified Risk Material (SRM) to be removed from the animal after slaughter.

Herd Health

The requirement for producers to maintain a healthy herd is evidenced through the specific requirements necessary when exporting to third country markets. In addition to defined measures to mitigate against BSE, a significant number of third countries require adherence to additional measures ensuring that the animal is free from other infectious diseases for a period of 12 months in order to export beef or beef product to a respective market. These diseases, as listed by the Office International des Epizooties (OIE) include, but are not limited to:

- Tuberculosis;
- Anthrax;
- Rift Valley;
- Foot and Mouth Disease;

- Contagious Bovine Pleuropneumonia; and
- Rinderpest.

Similar to the BSE mitigating measures, many third countries require that ante and post mortem inspections are carried out on animals to ensure that animals were not carrying diseases at the time of slaughter; and that the reason for slaughter was not for disease eradication. Another key requirement is to ensure that there is no restrictions on the farming premises including, but not limited to, not having restriction or surveillance zones for OIE infectious diseases or for sanitary reasons. While a high number of third country markets require that farming premises do not have restriction or surveillance zones for animals with infectious diseases, certain third country markets require that there is no mix of herds for their markets. In essence, this means that herd intended for their market must be segregated from all other cattle.

Other Requirements

While the previous third country requirements provide detail of animal health, wellbeing and age, there are additional shipping, labelling and documentation requirements when exporting beef to third country markets. Requirements identified within third country EU or bilateral agreements include:

- Local language labelling on all food products;
- Shipping and labelling requirements to enable import certificate correlation checks including but not limited to:
 - export and import customs clearance forms;
 - commercial documentation including sales invoice, packing list, transport documents;
 - certificates to demonstrate that animals are radioactive free and dioxin free;
 - certificate of origin issued by the competent authorities;
 - meat inspection certificates for export and import; and
 - Halal certificates.
- Development of comprehensive, documented Standard Operating Procedures (SOPs) by FBOs prior to the commencement of exports to demonstrate operational compliance with all specified market access requirements.
- Necessary retrofit works to the premises of FBOs seeking to export to third countries, and adherence to inspections and audits conducted by the competent authority.

The content covered in this section focuses on the country requirements, however individual customers within those markets may have additional requirements to those stipulated by their country's authorities.



5. Cut Requirements

5. Cut Requirements

The in-spec requirements take account of the animal as a whole, whereas buyers requirements tend to focus only on the specific cuts of beef that they purchase. These cuts, how they are handled, how they are trimmed, their conformation and fat cover all feed into the specifications the buyers have for their beef.

Through our consultations with key buyers, we were able to determine their specific requirements and the cut requirements consistent to their segments of the marketplace.

The retailers are purchasing cuts across a number of particular product types: steaks, roasts, diced and VL. All of the retailers engaged purchased prime steak cuts including fillet, sirloin, striploin and rib eye. Based on responses from key trade customers steak cuts and VL products such as mince, burgers and meatballs are the most in demand products. Round and rib, and products such as diced, stir fry, and frying steak are also in demand. A number of retailers also carry a range of specialist cuts at certain times of the year, including cuts such as T-bone steaks, cowboy steaks, Tomahawk steaks, Waygu beef and bone marrow.

Unsurprisingly the primary demand from foodservice operators was for VL product. This demand was largely for burgers and other VL products.

Given the number of third country markets that Ireland exports beef to there is a wide variety of cuts in demand. In some more established markets there is demand for similar products to EU markets. For example, some third country markets have demonstrated a demand for forequarter cuts such as brisket and short rib. However, in many of these markets demand can be economically volatile and demand is inherently linked to consumer spending power. It was suggested that small volumes of premium cuts, similar to those in demand in European markets, are being air freighted into retail businesses in third countries, however it was noted that while there is market demand for these cuts, the volumes are currently small. The predominant demand in many of the other third country markets has been for cuts less in demand in core EU markets. These cuts include manufacturing beef, beef fats and offal.

There are a number of different ways in which a carcass can be cut, depending on the market or markets it is destined for. Many of our export markets and key customers will only purchase a proportion of the cuts, however to comply with the requirements of those customers the entire animal must meet the requirements. Therefore, to fulfil a customer requirement for a high volume of a particular cut the processor requires a large number of animals to be compliant with the customer requirements, however a proportion of the cuts from this animal may go to alternative customers or markets, who do not necessarily have the same requirements.

Processors may choose to cut the animal differently dependent on their customer requirements. Cuts may be determined by a number of factors including buyers' specifications, and factory layouts, as some layouts restrict the mechanics of certain cutting. The key factor here is the boning hall, where the processor needs to ensure that the segregation of cuts is done in such a way that ensures that all cuts are compliant with customer requirements.

The straight cut which is popular in the UK, takes 10 ribs in the forequarter, and 3 ribs in hind quarter. This cut includes the rib eye as part of the forequarter. On the continent, there are different cutting preferences, the pistola cut, which is popular in France, starts at the 5th rib and splits the side to result in 50% in forequarter and 50% in hindquarter. A third method used which is a variant of this, is the Italian pistola specification of cutting which results in most of the manufacturing meat in the hind quarter being transferred into the forequarter.

Seasonality

Across the retail channels, seasonality has a large impact on how their consumers purchase beef. Summer and hot weather sees consumers opting to barbeque more, and in turn associated cuts see a spike in demand. Steaks and burgers in particular see a large sales increase, with some retailers seeing demand shift to as much as 80% of their beef sales during these periods. At the other end of the year, winter sees more customers choosing to roast and stew their beef, and so joints, stewing meats and slower cook products see a demand increase. During the Christmas and Easter seasons, there are also influences on beef sales, where consumers are more likely to trade up to more premium cuts, or larger portion size products. Other value-add cuts such as spiced beef and corned beef also see an increase in sales around the Christmas period. The demand for VL products is more even than other cuts, and sees less variability in demand.

From the processors' perspective, animals may be cut differently at different times of the year depending on demand, which is fed down from the retail, foodservice and manufacturing channels. Market demand based on customer requirements can vary everyday, however material variability occurs in relation to seasonality. This seasonality provides challenges for processors in what to do with surplus product (e.g. having excess stock of stewing/roasting meat when there is strong demand for steak meat). Processors must then process this meat into different products, add value to it in order to find markets for these products.

Seasonality of product has no direct link back to the primary producers, as animals can't be reared in different ways to satisfy the variability in products demanded.



6. Conclusion

6. Conclusion

Ireland exports the vast majority of the beef produced to markets near and far. Competing in an array of international markets is an extremely competitive process. Ireland's beef industry has carved out strong differentiators such as quality and sustainability in order to create a market preference. However, before these differentiators are considered, the Irish beef industry must first demonstrate that it can meet standard customer requirements. These customer requirements are constantly evolving to stay abreast of scientific developments and emerging consumer demands. Customers place requirements on every stage of the supply chain. In order to incentivise production to meet specific standards the Irish beef industry introduced in-spec bonus criteria.

In relation to in-spec the bonus requirement for animals under 30 month, there is evidence of market demand across foodservice, retail and third country markets for animals under thirty months. Although the genesis of this requirement relates to BSE, customers also cited other reasons for demanding animals under 30 months. There is a growing body of evidence that supports the claims that slaughtering under thirty months has environmental benefits associated with it¹³.

Similar to the requirement for animals under thirty months there is market demand for animals to come from quality assured farms. The Bord Bia Sustainable Beef and Lamb Assurance Scheme is held in high regard by many customers and a key requirement of current trade.

In relation to the requirement for a maximum of four farm residencies there was some ambiguity amongst stakeholders as to the interpretation of this requirement. Some stakeholders identify a residency as a change in ownership and herd number, while others claimed that it was being interpreted as a movement of animal, for example to and from the mart. The rationale for this requirement can be inherently linked to animal welfare and a desire to reduce movement related stress in animals.

There was some variance in market demand for this requirement. Where demand existed, it related to the number of residencies and not movements. While some customers cited this as a requirement, others placed no such requirements on animals in their supply chain. A third cohort of customers stated that while this is a criterion that they have a preference for, they did not see a need to specify it as a requirement because their supply base was already providing animals with fewer than four residencies.

The requirement for the animal to have spent a minimum period of residency on a quality assured farm can be closely linked to animal health and more specifically a residue withdrawal period. The market requirements for this criteria varied. Although not a consistent requirement some customers did require minimum periods of residency.

The requirements to adhere to the in-spec bonus criteria in order to access third country markets was less strong than the requirements indicated by key trade customers. Under 30 months was a key requirement to access some third country markets. While the other in spec bonus criteria do not appear to be as essential in accessing third countries, individual customers within these market places may insist on these criteria.

There is significant variance in demand for the in-spec bonus criteria amongst customers. There is strong market demand for quality assured animals and animals under 30 months. Although the market requirement for a maximum number of residencies and minimum period on the last farm is not as strong, it is still a requirement of some key customers.

Customers failed to cite animal specific criteria required in addition to the in-spec bonus criteria. The additional customer requirements tended to focus on the processor and processing facilities. This is consistent with third country requirements. The lack of additional requirements indicate that the current in-spec bonus criteria are meeting market demands. However, it should be noted that several customers referenced evolving market requirements. While the in-spec bonus criteria are currently satisfying market demand, this demand may change over time.

¹³French, P. (2019), Dairy Beef Efficiency Programme and Beyond, https://www.teagasc.ie/media/website/publications/2019/results_slides_final_2611.pdf



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