

'GMO is the way forward for agriculture'

Jimmy Brett—ex-media man, political representative, and chairman of a €50 million a year company based in the heart of Ireland. He outlined his views on the big issues facing Irish farming to **Darragh McCullough**

"BOOM IN FARMING IS NO DOTCOM"

The global boom in agricultural commodities is never going to be a dotcom-type boom. Farming needs vast amounts of capital, and it's a low margin business. The highs of the last 12 months happened because three things happened at the same time: global stocks were at all-time lows, demand for biofuel soared and drought hit Australia.

"NO FAITH IN BIO-FUEL"

I've no faith in the sustainability of the current boom in biofuels. Ethanol is a negative-energy equation (more energy consumed in producing corn/wheat and converting it into ethanol than is released when it is burned). I think it's purely a political response to an economic situation. Basically, this is the US trying to avoid its worst nightmare, i.e. waking up in the morning and having no gas to put in the tank. All first-generation biofuels (made from grain) require subsidies. Second-generation fuels (made from waste biomass such as straw or wood chip) is where the focus should be.

"WESTERN COST OF FOOD IS IRRELEVANT"

In the western world, we don't care how much food costs. If we did, people wouldn't pay 50% extra for branded rashers. This is completely different in the developing world, where I think the end result of spiralling food prices could be increased political instability.

"IRELAND SHOULD NOT IGNORE GMOS"

Genetically-modified crops have allowed countries who allow the technology to increase output by 20%. I don't believe that conventional crops will be able to supply the world with enough food in the future. I can understand the concerns, but I am not asking people to blindly support it — it should be assessed. From my travels abroad, I believe that it is the way forward for agriculture and we ignore it at our peril. Ireland remaining GMO-free sounds lovely and idyllic, and some have even suggested it could be used as a way of marketing our produce as niche. This is plainly nonsense if we consider that even in a wealthy country like Ireland, local produce is being displaced by cheaper imports.

"THE FANCY BRANDING OF BEEF"

I don't think attempts to brand beef have ever worked. It's different with something like pork that has a longer

shelf-life. I feel competitiveness is king when it comes to beef. That's why Bord Bia should forget about fancy branding and concentrate on basic industry information and connectivity.

"HIGH GRAIN PRICES"

While cereal farmers deserved the break they got, I feel the price may have gone too high, too fast. The jury is still out on this one, but the spike in grain crippled the viability of some of its main outlets. Pigs is the classic example. In early 2007, grain was at €135/t. It rose to €300 in October. And despite it easing, the markets are very jittery because a lot of funds (financial speculators) have got involved.

The frost in Argentina is the latest news to have pushed the price up past €250/t again. Against this, word from Argentina and Brazil is suggesting a minimum of 10% of pasture will be converted over to arable in 2008. This, coupled with the elimination of set-aside in the EU, should increase global production substantially.

What impact will biofuel have? I hear that some bioethanol plants are closing in the US, but a one million ton facility is all set to open in Britain this year. It's impossible to know what will be the end result from all this change. I can only guess that grain in 2008 will be lower than 2007, but certainly nowhere near what was paid in 2006.

"PIGS IN DISARRAY"

Irish pig production will drop by 7% in 2008. Anecdotally, I hear that the same will happen in the EU and Canadian producers are in disarray. I'm already experiencing reduced demand from this sector.

"BEEF SCENE IS FRIGHTENING"

I'm very close to a lot of beef producers and they are very worried people. They are not going to last long term, because there is only so long that they will continue to subsidise the job. I've seen a 30% drop in feed sales to the sector this year alone — but I know other operators that are witnessing a 40% drop. I really don't know where beef factories are going to get fit cattle in the next six months.

"DAIRY OPTIMISM OVERWHELMING"

The dairy sector is flying and will expand strongly. I'm often overwhelmed by the sheer numbers of aggressive, talented young people that I meet that want to expand in this sector.

"ECONOMY SLOWING"

We had developed a danger-



Jimmy Brett

ous dependence on the construction sector. I think it's a healthy development that that bulge goes. It'll certainly ease labour problems on farms.

"SFP KEPT ON-FARM"

I always disagreed with the theory that the Single Farm Payment should be invested off-farm. This is working capital for the farm. Farmers need to be careful not to forget about their profession. You can't farm badly and invest wisely. Too many farmers get caught up in leveraging the asset values in their farms without thinking carefully about repayment capacities. A lot of investment opportunities are

BRETT BROS: COMPANY OVERVIEW

- Turnover: €50 million a year
- Employees: 130
- Locations: Callan, Ard-finnan
- Main businesses: Feeding compounding (120,000 t/yr), seed and grain merchants, tillage, beef and pig farming and processing.

being shoved in front of farmers, and often they cough up high entry fees without being clear about the basics like revenue guarantees, rent reviews and exit strategies.



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