

Speech by
EU Agriculture & Rural Development Commissioner
PHIL HOGAN
to
USDA Outlook Conference
Washington DC, 19 February 2015

-----*Check against Delivery*-----

USDA Outlook Forum

Smart Agriculture in the 21st Century

A Discussion on Innovation, Biotechnology, and Big Data

Secretary Vilsack, Congressmen, Ladies and Gentlemen,

My name is Phil Hogan, and I am the European Commissioner for Agriculture and Rural Development. As you know, the main decisions on farm matters are taken in Brussels, as in Europe we have a Common Agricultural Policy, covering the 28 member states of the EU and its 500 million citizens.

Mr Secretary, thank you kindly for the invite to speak here today, I am deeply honoured. I welcome the theme of this conference and I admire your deep commitment to maximising the contribution that agriculture can make to economic growth, jobs and rural communities. I admire that you place such an emphasis on innovation and generational renewal. I have the same commitment. I feel that on this basis, all of us in this room can understand each other – we stand for the value of agriculture, and we passionately care about its future.

You may also have noticed my accent – whereas I am a European politician, I am of course an Irishman, from the rural county of Kilkenny (the ancestral homeland of Ways and Means Committee Chairman Paul Ryan, no less!)

The last Irishman to occupy the post of European Commissioner for Agriculture was Ray MacSharry. He entered office at a time when EU agriculture was badly in need of reform, with the infamous milk lakes and butter mountains symbols of a broken system, divorced from market symbols. Commissioner MacSharry took the hard decisions and implemented real reform, moving European agriculture decisively towards a market orientation.

Coming from across the Pond on a slightly different mission to the Irishmen who came before, many of whom blazed a trail westward to the new farmlands in the vast and rich American continental landmass, I am here today to tell you the story of a competitive, vibrant and market oriented European agri-food model, a model that produces high quality product for consumers the world over. A model that stands shoulder to shoulder, in a complementary and harmonious relationship, with American agriculture.

I believe America and Europe are different, yet comparable players on world markets. I believe it is evident that we complement each other and that there is ample room for both of us. That is why I passionately believe that it is in our best interests for both sides of the Atlantic to agree on what fundamentally unites us, via the Transatlantic Trade and Investment Partnership.

**

Let me come back to the reformed and dynamic, market oriented EU agriculture model.

The EU's agri-food sector is faced with two divergent demand trends. In the EU, both population and income dynamics point to a stagnant, even declining, food demand, while at world level steady food demand growth is expected, especially in Asia and Africa, with all these extra mouths to feed, 760 million more in the next decade. The EU has some key assets that could permit us to benefit from increasing and more diversified world food demand: we have generally good climatic conditions, a resilient and competitive primary sector and a highly innovative agri-food industry with a skilled labour force.

The recent positive trends in EU agri-food trade, together with an increased market-orientation, are factors that should lead to a strong and competitive agri-food chain based on the richness and diversity of high quality EU food products.

The figures speak for themselves – the EU agri-food sector now enjoys a healthy trade surplus with the rest of the world, exporting over €120 billion euro in 2013, or about 135 billion Dollars. In the same year, the US had agri-food exports amounting to 140 billion Dollars, so we are really shoulder to shoulder in the global marketplace.

European success on global markets might seem a paradox, in light of the higher production costs that EU producers face, due to stringent environmental, animal welfare, social, health and labour standards. However, we are turning this into a value that consumers the world over appreciate. It is the rich diversity of EU products, coupled with the increased market orientation of EU agriculture that will help the EU to find further opportunities on global markets.

Part of this quality approach is EU geographical indications or GIs. GIs are a key driver in supporting jobs in rural areas where they come from, for farmers and SMEs, in the food and tourism industries. GIs are about rural intellectual property, GIs are about rewarding quality in rural areas. GIs represent 30% of EU agrifood exports to the U.S., worth €3.4 billion.

As rural people, let's not leave the intellectual property and sophisticated design techniques to the folks in Silicon Valley or the fashion houses of Paris – this is about rural folk being sophisticated too! American producers can and already do benefit from such a system, from Napa Valley to the potato growers of Idaho.

Of course, it helps that American and European consumers love the high quality GI products, if the numbers enjoying Scotch whiskey, Italian wine or Spanish olive oil are anything to go by.

Our long-term strategy for the market orientation of the CAP can be seen in the approach we have taken to providing a safety net, for farmers. The EU provides this insurance mainly through a market safety net and largely decoupled direct payments. We have moved decisively away from coupled payments based on production. This is an important and welcome change as it allows the market to give clear signals to farmers, whilst providing a safety net in times of high volatility.

**

Of course, TTIP offers an historic opportunity to deepen our bilateral relations, including in the agricultural sector, at a time of unprecedented international tensions in our North Atlantic neighbourhood.

Allow me to be frank and speak directly to American farmers here today – with the lowering of EU tariffs which would form a central part of any TTIP deal – you guys stand to benefit enormously.

The generous offer tabled by the EU side in an earlier round is a clear signal of our intent and our bona fides – this offer is a loud and clear signal to American farmers – Europe is open for business.

The moment is now ripe to create a trade superhighway across the Atlantic, built also upon the experience of existing Free Trade Agreements with other partners.

EU-U.S. trade relationship is already the biggest in the world – accounting every day for more than €2 billion of trade in goods and services - and a future Transatlantic Trade and Investment Partnership between the world's two most important economic powers will give a strong boost to our economies and will create jobs on both sides of the Atlantic.

However, for TTIP to be successful, we need to address a series of issues, going beyond tariffs, since most of the benefits of TTIP will result from increased regulatory convergence.

Our objective should be to work towards ensuring the compatibility of our respective approaches and regulatory standards. In a pragmatic way, the two sides should work in particular on preventing future obstacles.

Regulatory compatibility, streamlining of procedures and cutting red tape will facilitate not only the access of products to our respective markets, but also eliminate unnecessary administrative costs and procedures. We already know how much these costs and bureaucratic burdens represent a dissuasive element for exporters, especially small and medium sized enterprises.

Therefore, Trade facilitation should inspire our work, on both sides of the Atlantic, for the jobs, growth and mutual benefits trade brings.

A successful, balanced TTIP will facilitate the work of our business operators without undermining our standards of health and environment protection.

**

Secretary Vilsack, Ladies and Gentlemen,

Thank you once again for the opportunity to speak to the Outlook Conference.

The EU-US relationship is not just about chlorine chicken, GMOs or BSE. We are Transatlantic partners, friends and allies. We have a common moral, commercial and geopolitical interest in working together to tackle the global challenge of food security in an environmentally sustainable way for a growing world population which will reach 9 billion people by 2050. Who else is going to do it if we don't do it?

We have much to talk about in terms of innovation, biotech and big data. These are bound together by the aforementioned challenges at global level. We also both need to encourage young people to take up farming and drive innovation down on farm.

As Transatlantic partners, we have a common history, common culture and common interests, which we have again been reminded of in the context of the Russia/Ukraine crisis. We need to stand strong and united together, in solidarity across the Atlantic.

I believe we can make great progress in advancing our common interests through TTIP, which will see jobs, growth and prosperity flow to our rural areas and beyond.

With that, I conclude my remarks and look forward to continuing the conversation with you, Secretary Vilsack.
