

Speech by Commissioner Phil Hogan at Bulgarian Parliament

- Committee on Agriculture and Food

Friday 10th July 2015, Sofia

- Check Against Delivery –

(Introduction)

- Minister Taneva, esteemed Members of Parliament,
- Good morning, ***Dobro Outro*** to you all.

(Introduction)

- It is a privilege to be here with you this morning, and I wish to thank Minister Taneva for this invitation.

- I greatly value the opportunity to engage directly with you – indeed I believe this type of direct dialogue is essential. By having this conversation, we can shape and refine our shared food and agriculture policies to do the very best for farmers and agri-businesses, in Bulgaria and throughout the EU.
- I am visiting your committee and this parliament as European Commissioner for Agriculture and Rural Development, but equally as a man raised on a family farm in rural Ireland.
- Before being appointed Commissioner, I was an elected representative for over 3 decades, and I dedicated much of my career to understanding and dealing with the challenges and concerns of the agri-food sector and rural communities.
- This dedication continues to inform my work, and I look forward to hearing about the opportunities and challenges for the sector here in Bulgaria.

- Today I wish to repeat the message I have delivered to Agriculture Committees in over a dozen EU Member States since being appointed Commissioner: **I firmly believe that agriculture has a key role to play in creating jobs and boosting economic growth of the future, in this country and throughout the EU 28. And I firmly believe that the Common Agricultural Policy - our shared European food and agriculture strategy – is the right vehicle to deliver this ambition.**
- **I'd like to take this opportunity to thank you and all the relevant Bulgarian authorities for the very efficient and cooperative manner in which the new direct payments system was implemented.**
- And I believe there are great opportunities for Bulgarian farmers and agri-businesses in the reformed CAP, as well as on global markets.
- **But there are also challenges, many of them unforeseen, such as the Russia ban of 2014.**

(Russian Embargo – Trade)

- I will remind you that the Commission acted with speed and decisiveness when Bulgaria and other EU Member States were faced with the escalation of the Russia situation. Four new Delegated Regulations provided exceptional temporary support measures, covering the period from August until 30 June 2015.
- Now, almost one year later, the impact of the ban has decreased as its effect is diluted by global oversupply.
- Overall, the European dairy sector has remained competitive, and operators have been able to secure alternative outlets, so that we are not dependent anymore on a potential reopening of the Russian market.

(Milk market and quotas)

- However, it is too early to have an accurate view on how the sector is developing in the post quota environment.

- To provide greater clarity, the Commission has strengthened the monitoring of the market in the immediate months after the quota abolition: the Milk Market Observatory Economic Board is meeting on a monthly basis.
- Preliminary data do not show a big surge in EU milk deliveries since April, and it should be noted that other market factors are playing a role.
- As confirmed by the MMO Economic Board in its last meeting, market sentiment is uncertain, with no clear signs of recovery in the short term.
- Indeed, the milk sector is suffering from worldwide over-supply and slowdown in demand growth, after the "record-high" prices attained in 2013-14. However, in 2014, the EU produced 4.5% more milk than the previous year while other main world suppliers increased their output in the area of 2%.
- In 2015, and in spite of the limited reduction in deliveries during the first quarter, we are already on par with last year and projections indicate that, in spite of moderate prices, we will end the year with an overall increase of 0.9%. Outlets have to be found for these additional quantities of milk.

(New Markets)

- I would also remind you that the Commission took strong action by greatly increasing the Agri-food Promotion Budget from €60m to €200m over the next four years. This should decisively assist producers and associations throughout the EU to find new alternative markets for their products.
- Ambitiously pursuing new markets for our high-quality European produce remains a top priority. World food demand continues to grow, making agri-food the 4th largest export sector in the EU.
- To maximise opportunities for EU farmers and agribusinesses, **we must ambitiously pursue new markets, while guaranteeing the protection of high value EU products – such as traditional Bulgarian sausage and Bulgarian Rose Oil.**

(Simplification)

- I am also pursuing a strong simplification agenda designed to make life and work easier for all players in the agri-food sector.

- I have already presented several actions for simplifying the system of direct payments to farmers, none of which require changing the EU Basic Act legislative rules. I intend to present a further package of simplifications later this year.
- This package will cover aspects of the direct payments system such as coupled support and young farmers, and I count on the support of this house, other Member States and the European Parliament to ensure that the changes become applicable as soon as possible.
- We will also continue our work on greening measures in the new CAP. As you know, the Commission has committed to review the Ecological Focus Area rules after the first year of application. And I will not limit myself to the EFA - if there are other greening related areas that can be simplified, I will do so. I intend to present my proposals on this point in early 2016, to be applicable for the end of claim year 2017.

(Rural Development – State of play)

- I'd also like to touch upon the second pillar and its implementation in Bulgaria.

- The Commission was pleased when Bulgaria's new Rural Development Programme was adopted on the **26 May 2015**, and pleased also that its implementation started even before the official approval of the programme.
- I would remind you, however, of the urgent need to speed up the implementation of the 2007 – 2013 Rural Development Programme in order to use the funding still available. It is also important that lessons are learned from this process so that the implementation of the new Rural Development Programme is improved.
- I am aware that Bulgaria was one of the Member States requesting the Commission to extend the deadline for eligibility of 2007-2013 rural development funding by 6 months.
- I must remind you that the Commission has no legal basis to extend this eligibility, **but we have presented a delegated act providing greater flexibility to Member States, and Bulgaria can make use of this.**

(Innovation - Financial Instruments)

- **Enhancing innovation in the agri-food sector is one of my key priorities, as I believe this will give farmers the tools to meet the twin 21st century challenges of food security and environmental protection.**
- **However, innovation can only happen when there is the right amount of accessible investment funding, and this will require new thinking in the area of Financial Instruments.**
- Through the targeted and efficient use of Financial Instruments, farmers and agri-businesses in Bulgaria can begin to invest and innovate in a serious way. A successful financial instrument is essentially a **magnet designed to pull in private money.**
- So with the right mechanism, one euro of public money can be transformed into two euros, three euros or more to create the businesses and jobs of tomorrow.
- The European Commission would therefore like to encourage the Bulgarian authorities to **speed up preparations for the use of Financial Instruments.**

- This is a crucial pre-condition for improving access to capital for potential beneficiaries, and in so doing, boosting the impact of the Rural Development Programme.
- Rural Development Programmes can do a lot to kick-start smart investment. **But more can be done.**
- There is €3.6bn available at EU level between now and 2020 to fund synergies between Agriculture and Research, via Horizon 2020 and the European Innovation Partnership for "Agricultural Productivity and Sustainability". Projects will prioritise farmers and foresters together with other food chain actors and researchers.
- I have also been working with the EIB to develop new and innovative ways to offer affordable finance over a 12-15 year horizon to farmers and agri-businesses wishing to upgrade and expand their production. This will support the significant on-farm investment needed to develop the smart, precision agriculture of the future.

(Conclusion)

- Ladies and gentlemen, the EU agri-food sector **has a good news story to tell.**
- We have reformed the CAP to be more market-oriented, and to incentivise farmers and agri-businesses to invest in making their production more efficient, more productive and more sustainable.
- **Productivity and sustainability will not be achieved without investment. This is particularly true for young farmers, and specific sectors such as dairy.**
- The Agri-food sector can be a real driver of economic recovery, growth and job creation. I look forward to hearing your views, and working closely with you to ensure that the European Commission plays its full part in accelerating this momentum.
- Thank you very much, ***Blagadaria*** for your attention.