

**Speech by EU Commissioner for Agriculture and Rural Development, Phil Hogan, to the Members of the Latvian Parliament (joint European Affairs Committee and Economic, Agriculture, Environmental and Regional Policy Committee) – Riga 29 October 2015**

Dear Honourable Members, Dear Minister Janis (Duklavs), I am very pleased to be back in Riga and to have the opportunity to visit the Latvian Parliament this afternoon.

As somebody who has spent over 30 years as a member of the Irish Parliament, I very much share President Juncker's view that engagement between National Parliaments and EU Institutions is critical to the healthy and efficient democratic functioning of the EU and that we should make the deepening of this dialogue a key priority.

Indeed, with the challenges that the EU is facing today, this kind of engagement has never been more important. You, in particular, are living and dealing every day with the consequences of an unfair response to a legitimate EU foreign policy decision and I'm sure that this is something we can discuss later.

Of course, this is my second time this year to visit Riga. Just last April, I visited during your Presidency of the EU to participate in the Informal Council of EU Agriculture Ministers. I was also very pleased to have the opportunity to get out into the country and experience traditional agriculture and some of the wonderful culture that Latvia has to offer.

I want also to acknowledge the role played by my good friend Janis Duklavs and his team in steering a very successful Presidency of the Agriculture Council during the first half of this year.

As a former Minister for the Environment and President of the Environment Council during the Irish Presidency in 2013, I know from personal experience what a challenge a Presidency places on a small administration, to say nothing of a Member State taking on its first Presidency.

The success of your country's Presidency goes down to the excellent planning undertaken by your government and officials and the leadership given by your Prime Minister, Mrs Laimdota Straujuma, and the Ministers who chaired the other Council formations. As a new Commissioner, I was very fortunate to be able to work so closely and so effectively with Janis and I greatly appreciate his collaborative and constructive style as President of the Council.

You are fortunate too that your President, whom I met this morning, and your Prime Minister, as a former Minister for Agriculture, have such a compelling interest in the Latvian agriculture sector.

As you are aware, your Prime Minister and Minister came to see me in late August to express the concern of Latvian farmers at the impact on price and incomes arising from the ongoing impact of the Russian ban, particularly in terms of the fall in prices for milk and pigmeat. I fully accept that Latvia has been one of those countries most badly affected by the response of the Russian authorities to the imposition of sanctions by the EU over the crisis in Ukraine.

The impact of the Russian ban was the first item on my desk when I became Commissioner almost a year ago and within three weeks, the Commission had confirmed its intention to adopt a €28 million support package for milk producers in Estonia, Latvia and Lithuania, of which €8.5 million went to Latvia.

The meeting with your Prime Minister and Minister Duklavs helped to impress upon me the need for the EU to put together a meaningful support package for European producers, particularly for those most affected by their dependence on the Russian market. I believe that the EU has responded appropriately and today I would like to restate my belief that the Commission's €500 million aid package represented a significant commitment to support European agriculture. This level of support comes at a time when the EU is facing the biggest refugee crisis in Europe since the Second World War.

The package is being implemented now as we speak, and this counts as rapid and forceful action on our part. The Commission worked hard to deliver a package which is a rapid, decisive and unprecedented response to aid farmers across Europe who are experiencing difficulties. It contains a series of actions including targeted aid, market measures and moves to address structural issues in agricultural markets.

The €420 million in targeted aid is of course in addition to the €42 billion in direct payments disbursed each year, every year to farmers. The national envelope available to Latvia is almost €8.5 million and reflects the disproportionate impact which the Russian ban is having on this country.

This package provides a welcome cashflow boost to farmers in a time of low prices. The possibility to advance the direct payments to your farmers will also provide an additional cashflow boost.

It is of course also important to stress that this is new money, and that it will not require the mobilisation of the "crisis reserve", to avoid farmers themselves funding the aid package. However, I should express a word of caution. This year, we had the benefit of the final year of the milk super levy receipts, which helped to fund this support package without using the crisis reserve.

As this facility will no longer be available to us and as the refugee crisis seems likely to be with us for some time, difficult decisions will have to be taken in the future if similar support packages are demanded and, collectively, we will all have to bear responsibility for those decisions. The European Union does not have a limitless fund to support various productive sectors, no matter how difficult the economic environment.

In our meeting earlier today, your Minister raised a number of issues relating to the simplification of the rules of the CAP. This is a particular priority for me and I welcome the support provided for my initiative by Minister Duklavs. I am confident that there is much on which we can agree and I look forward to bringing forward a series of proposals which will benefit both managing authorities but, more importantly, our farmers and other beneficiaries.

The Minister also raised with me the issue of the definition of 'active farmer'. I have to say that, as I have travelled throughout Europe, this has become something of a recurring theme and I have sympathy with the views being expressed. It is an area on which I think we can make progress, working together with the Council and the European Parliament and I look forward to hearing the views and proposals of those who would like to see changes in the current definition.

Dear Honourable Members, I am a Commissioner who has been consistent that income for the farmer has to remain the priority. I have been forthright in my comments since taking up this post, that without a producer, you do not have a product and without a product we do not have an industry.

President Juncker and I would each describe ourselves as a *"strong supporter of the CAP"*. The recently announced €500 million agrimarkets aid package continues the long tradition of the European Commission supporting the sector. The challenge for us is to choose the right tools to respond to the particular circumstances of a given situation.

This is why I am fully committed to pursuing a fair deal for producers in the food chain. Any medium-term solution for stable agricultural markets will require action to address existing imbalances. As President Juncker said, *"there is something wrong in a market when the price of a litre of milk is less than the price of a litre of water"*.

I believe we have a lot to learn from experiences in various EU Member States. Good examples are already in operation in Spain and the UK, and other countries can learn from this. I want to acknowledge the work that has been done here in Latvia to balance the interests of traders and suppliers, including food producers, and to commend this House for passing a new Unfair Retail Practices Prohibition Law and related amendments to the Competition Law earlier this year. I hope that this new legislation will have the intended effect of strengthening the position of food producers and suppliers.

Initiatives, such as the one you have enacted, are of considerable interest to me and we want to learn from experiences such as yours. I hope that Janis will keep me up-to-date with developments here in Latvia over the coming months. In the meantime, I will work with my colleagues at Commission level to closely assess what action might be taken at European level.

The experience of the last year or so demonstrates the need to continue finding new markets and diversifying our export outlets. Increasing export opportunities will be a vital step toward securing the future for our producers, particularly for your producers.

As you know, we place great importance on the high quality of European food and, particularly, on our quality products. EU quality schemes identify products and foodstuffs farmed and produced to exacting specifications. The EU's quality policy is a vital way of obtaining value-added from the market.

I am very pleased, therefore, to confirm that **today** the European Union has registered the fourth ever Latvian product under the EU quality policy. You will forgive me if I don't pronounce the name of the product, which are the dried seeds of the local field pea.

As well as being Latvia's fourth product to be registered, it is also Latvia's first-ever protected designation of origin (PDO). To mark this historic occasion, I would like to take this opportunity to present a certificate, to Minister Duklavs.

I look forward to working with your government and your industry to exploit further opportunities for Latvian producers and to ensure that Latvian producers are well placed to avail of the undoubted growth potential that lies ahead as demand for food in new and emerging markets continues.

**In conclusion, let me acknowledge again the difficulties that farmers are experiencing, especially in countries like Latvia. It is important, given the challenges that farmers are currently facing, that we stand with those farmers and do everything in our power to safeguard their livelihoods and the future of European family farms and, indeed, European agricultural production.**

Thank you for inviting me here today.