

## **Commissioner Hogan Speech**

**Farm Europe/MEP Dantin event 05/04/16**

### **"CAP Beyond the Crisis – Paving the way for a sustainable growth for the EU"**

Monsieur Dantin, distinguished Members of the European Parliament, representatives of the European agri-food sector, it is a pleasure for me to be here this evening and to participate in this event. I am grateful to Mr Dantin and Farm Europe for the opportunity.

Indeed, it is appropriate at a time when the agriculture crisis is on everybody's lips to pay tribute to the central role which Michel Dantin played in shaping the new policy as an active and articulate advocate representing the views of the European Parliament.

#### ***(Introduction)***

At what is a very difficult time for agricultural markets, with a deeper and longer lasting crisis than had been foreseen, it is not easy to look beyond the here and now, but we must. Despite the current situation, the medium and longer-term prospects remain positive for EU agriculture. Global demand will recover and prices will improve. Unfortunately, predicting just when this will happen is a little more difficult.

The immediate challenge, therefore, is to use the instruments available through the CAP to support producers through this difficult period and leave them well placed to benefit from the upturn when it comes.

I understand very well the concerns of farmers who are suffering under huge pressure, quite often farmers who have taken on loans to invest in their enterprises which they are now trying to repay. I appreciate that for those farmers and many others it may be difficult to see the light at the end of the tunnel, but I think that there are times when we should take a step back and look beyond the crisis.

***(Background)***

In looking at the CAP beyond the crisis, we should look at the role that the policy can play in the growth of the European agri-food sector as well as the role that the policy can play in the delivery of the political priorities of this Commission.

In a speech to the European Parliament in July 2014, the then candidate for the position of President of the Commission, Jean-Claude Juncker, said *"more than 6 million people lost their job during the crisis. Youth unemployment has reached record highs. Several of our Member States are still far away from sustainable growth and adequate levels of investment. In many countries, trust in the European project is at a historic low."* He identified the need to provide a new boost for jobs, growth and investment as his first priority.

The CAP provides the framework through which agricultural and food production delivers as a key strategic sector for the European economy and society in general, both rural and urban. Farming employs some 22 million people in the EU and, together with the food sector, provides 44 million jobs, many of which are located in rural and peripheral regions where there are relatively few alternative employment prospects.

The CAP is very often seen in a one-dimensional way, exclusively through the prism of farming. In my view, we need to look at the CAP as a multi-dimensional policy – one that is an agricultural, economic, food safety and social policy.

That means that those of us who deal with the CAP on a daily basis, whether as beneficiaries or policy-makers have a responsibility to spell out to the rest of society just what the CAP delivers to them. We must redouble our efforts in this regard and tackle the sometimes lazy narrative that the CAP is simply about subsidising food production, thus keeping food prices artificially high.

The CAP dates back to the Treaty of Rome and its specific objectives are set out in Article 39 of Treaty for the Functioning of the European Union, namely

- to increase agricultural productivity by promoting technical progress and ensuring the optimum use of the factors of production, in particular labour;
- to ensure a fair standard of living for farmers;
- to stabilise markets;
- to ensure the availability of supplies; and
- to ensure reasonable prices for consumers.

So, when people question the commitment that the Commission has made to trying to stabilise markets in the midst of this current crisis, it should be pointed out that what we are doing is observing a Treaty requirement. Those objectives reflect the concerns of farmers and consumers alike, demonstrating the relevance of the CAP as policy for all EU citizens.

***(The CAP – the environment)***

I have already mentioned the enormous contribution which agriculture and the wider agri-food sector makes to the jobs, growth and investment agenda which is a core element of President Juncker's political guidelines for this Commission. While there is an undoubted crisis at present, we are all only too well aware of the projections for global population growth in the coming decades and the consequences that this has for food security. Food security is an issue for all of us and it is an enormous challenge for society. It is estimated that the annual growth rate in world agricultural production of at least 1.7 per cent will be needed between now and 2050 to feed the growing global population. This has to be seen in the context of the challenge posed by climate change and the fact that only 13 to 18 per cent of the land on the planet is regarded as naturally highly fertile.

In recent decades, we have seen an exponential growth in the flow of nutrients through the global agricultural system. Given the environmental damage caused by the growth in the use of nutrients, it seems reasonable to conclude, as a recent report from the RISE Foundation did, that *"without strong corrective action, there is every prospect that the damage resulting from high nutrient leakage will continue."*

Water is one of the most precious resources we have and issues relating to its quality and quantity are critically important, not alone for the farming and food production sector but for all of us. Throughout many parts of Europe, we are experiencing increasing evidence of water stress. The gap between global water demand and supply is expected to be 40 per cent by 2030. The water need for food production varies dramatically from 900 litres for 1 kg of potatoes to a staggering 15 500 litres for 1kg of beef.

The new CAP, in place now for a little over a year, has a number of new elements to it. One of those elements, which has been the focus of much debate is the introduction of the concept of 'greening' and the conditionality between meeting the greening requirements and receiving 30 per cent of the farmer's basic payment. The Commission has just concluded a public consultation on the greening provisions so I don't intend to comment either way about the upcoming review after one year of application.

What I will say though is that the introduction of greening in the 2013 reform marks a new and significant departure in terms of the explicit commitment to the delivery of environmental public goods. Of course, in some ways all that is new is the explicit relationship between the payment and the environmental delivery. I've acknowledged before that farmers are passionate about the environment and I am certain of the positive role which farmers play in contributing to the maintenance of the rural environment in which we should all have a shared interest.

This is where the CAP has to be seen through the environmental and social prisms. If we don't empower the natural custodians of the rural landscape, I simply ask who will take care of the rural environment. As more and more of us enjoy our rural pursuits, we depend on those responsible for the countryside to maintain it so that we can continue to appreciate it. As an environmental policy, I would like to see a greater understanding and convergence between all stakeholders. We need to acknowledge that we're in this together and together we can achieve so much more. Farmers must understand that society requires and markets demand more initiatives that will lead to greater environmental sustainability.

### ***(The CAP – Climate Change)***

Last December, the Paris Climate Conference reached an agreement which my colleague, Commissioner Miguel Arias Canete, described as the start of an "unprecedented journey towards a low-carbon and sustainable world." The road to Paris may have been an arduous and challenging one, but Paris is far from the end of the road. All the signatories have to live up to their responsibilities and implement the agreed provisions. For our part, the EU will be among those countries which will sign the Paris agreement at a high-level ceremony in New York on 22nd April. The EU is committed to maintaining its international leadership in climate diplomacy and to increasing our efforts in sharing our own experiences on designing and implementing climate and energy policies.

The EU is a committed leader in the area of climate action and has already taken a number of initiatives that will contribute to our Paris commitment. Last year, the Commission put forward a proposal to revise and strengthen the European Emissions Trading System, described as the "flagship of the EU's policy to combat climate change". The ETS sector covers around 45 per cent of the EU's greenhouse gas emissions.

As the next step, the European Commission is working hard on proposals for a new Effort-Sharing Decision (ESD) to put in place national targets for the sectors not covered by the ETS, including land-use and forestry (LULUCF). The Commission remains on target to deliver legal proposals for these initiatives towards the summer of this year.

It is through this proposal that agriculture must and will play its role and make its fair contribution towards delivering our ambitious pledge to reduce greenhouse gas emissions. The CAP is already playing a crucially important role in combatting the effects of climate change. Last year, some €16.3 billion of the CAP budget was climate-related. This included funding under Rural Development to support farm modernisation to cut energy consumption, improve fertiliser use efficiency and further reduce Greenhouse Gases. While agricultural emissions account for 10 per cent of Greenhouse Gases in the EU, those emissions have declined by 24 per cent since 1990.

We all appreciate the value and contribution that forestry and afforestation in particular make towards meeting the climate challenge. A Multi-Annual Implementation Plan for Forestry contains the specific actions to be rolled out over the next five years, and will see over €7 billion of public funds invested in the sector under the Rural Development envelope.

This spending will be aimed at ecosystem services as well as supporting resource efficiency and supporting the shift towards a low carbon and climate resilient economy. This is vital, because three fifths of European forests are privately owned, and the sector employs over 3 million people.

In purely environmental terms, the practical outcomes of this investment are highly significant: more than 600,000 hectares of new forests are foreseen under the Plan, contributing to the mitigation of climate change and promotion of biodiversity.

## ***(Conclusion)***

Before concluding, I should return to the title of this presentation. The crisis in the agricultural markets, particularly in the dairy and pigmeat sectors, has been with us for some time now and looks likely to be with us for a while yet. It is useful, therefore, to have this opportunity to try to look beyond it and to see what the CAP can do, not alone for food producers but for society.

I have not dwelt to any degree on the measures that the Commission has taken to alleviate the pressure on producers, I think they are well understood at this stage. What I will say is that we have essentially deployed the full contents of the toolbox presented in the CAP. That includes measures never previously used such as the activation of Article 222 of the CMO, relating to cooperation among producers.

While how this measure will work is not in the hands of the Commission, I am anxious that it is used effectively as a contribution towards greater market balance in the dairy sector. It was with this in mind that I met last week with COPA-COGECA and the European Dairy Association (EDA) to outline how Article 222 of the CMO Regulation will and should work when it is activated by the Commission. I took the opportunity of those meetings to encourage its use with a view to ensuring that it would be an effective tool in contributing to a stabilisation of dairy production patterns.

I know that we will get beyond the crisis and when we do I want to encourage a greater understanding of the role of the CAP as a policy that delivers for society in the broadest sense, whether that it is in terms of providing jobs, growth and investment in the agri-food sector; meeting the needs of food security; through the provision of public environmental goods that contribute to the

maintenance and protection of our rural landscapes or help to address the climate challenge that we must all face together.

I take confidence from the Eurobarometer surveys which show that the CAP enjoys the support of EU citizens. But I do not take that confidence for granted. It is something for which we must work, argue and explain.

With the right combination of policy and communication, I believe that we can secure the place of the Common Agricultural Policy as a policy that is central to the delivery of sustainable growth in the EU, today and tomorrow.

The CAP is not just about farming and food to deliver on the objective of food security. It is also about public goods for society, the means of implementation for which farmers are well placed to provide and it is also about valued-added jobs for rural areas.

Thank you.