

Speech by Commissioner Hogan at B2B Seminar on Green Agriculture and Sustainable Trade

17th April 2016, Beijing

- Check Against Delivery –

- Ladies and gentlemen,
- I am very happy to be here with you today. This is my first mission to China as European Commissioner for Agriculture and Rural Development, but I can assure you it will not be the last.
- I am grateful for the opportunity to develop a deeper understanding of the diversity and quality of the Chinese agri-food sector.
- I have noticed that Chinese society shares with Europe a deep respect for farmers and agricultural traditions. We are both very proud of our products and specialities, some of which date back many millennia.

- Just like in Europe, producers in China are increasingly aware of the many opportunities presented by the growing and diversifying global market.
- And just like in Europe, producers in China are also confronted with a variety of new and complex challenges which they must meet if they are to succeed in the 21st Century.
- How can we produce enough food to feed our growing populations?
- How can farmers make a decent livelihood from their work?
- How we can ensure that our products are nutritious and safe enough to meet growing consumer expectations?
- And finally, how can the agri-food sector contribute to preserving our environment and fighting climate change?
- **Organic or "green" farming is one way to address all these questions.**
- Let's look at the facts:

- Organic production is a system of farm management and food production that combines best environmental practices, a high level of biodiversity, the preservation of natural resources and the application of high production standards.
- **Therefore organic agriculture represents a values-based food production system.** Green farming ensures the protection of the environment, delivering high-quality food through a production process that respects nature.
- **In Europe, we have built a strong organic sector which is growing all the time.** Nowadays, around 10.3 million hectares are cultivated as organic in the EU. This is a full 5.8 % of our utilised agricultural area. The yearly average growth in surfaces in the last 10 year has been 5.5%.
- **Our organic market is also growing at an impressive rate. Today it is worth around 24 billion euro, representing almost 40% of the world market for organic products.** For the past five years, the EU organic market has grown by some 7% per annum and its value has doubled over the last ten years.

- This growth has been driven by two factors: increasing consumer demand and changes in policy support.
- From the consumer perspective, an ever-growing number of Europeans take an active interest in the food and drink they purchase. They want to know where the food came from, what its nutritional value is, and how it was produced.
- Studies indicate that organic consumers are very loyal customers, which gives producers and exporters confidence to innovate and export.
- **However, this trust, which is the heart of the current and future growth of the sector - can only be maintained if production, inspection and certification standards are kept to their current high levels.**
- This growing and sustainable demand presents organic producers in China with a range of commercial opportunities.
- China's organic sector and organic market are also experiencing strong growth. **Organic food sales in China have increased from 318 billion yuan in 2012 to 548 billion yuan in 2014.**

- Meanwhile, Chinese exports have grown to 467 million euro in 2014.
- To see the proof, one need look no further than Tony's Farm, which has grown significantly in recent years. Founded in 2005 in Pudong, it has since expanded to a second location in Chongming Island, which we were very happy to visit today.
- Consumer demand for organic food will continue to grow in Asia, partly due to consumer concerns about food safety.
- I believe that the development of organic production will be of importance for farmers and rural communities in China as it can provide sustainable development of rural areas. It also contributes to rural business and job creation by providing access to high value markets.
- From the policy point of view, the EU Common Agricultural Policy has provided stronger incentives for organic production in recent years.

- In Europe, it is now agreed that good farming equals sustainable farming. For this reason, one of the priorities of the CAP reform was the improvement of the sustainability of our agricultural sector.
- Organic producers receive environment-related payments given the recognized "green" benefits of their farming systems. This so-called "green direct payment" – in place since 2015 – requires farmers to respect three obligatory practices that are beneficial for the environment and climate change.
- **This is a very important change because it highlights to taxpayers the eco-services which farmers provide.** They are environmental public goods which are not remunerated by the market.
- Our Rural Development Programmes also benefit organic farmers, providing funding for the certification costs of quality schemes, incentivising conversion and maintenance, and boosting the development of innovative products, cooperation, and training.
- It is vital that China and Europe work together with a respect for the new global realities.

- Climate change and the connected issues of environmental sustainability are arguably the main global challenges linked to food security and agriculture in the 21st Century.
- The world population will increase and global agriculture will come up against natural barriers of drought and flooding, water shortages, reductions in habitats and biodiversity as well as extreme weather events.
- We know that sustainable agriculture must be prioritised and supported in a meaningful way.
- I am convinced that the EU and China can achieve better and deeper cooperation in the area of organic trade. **Europe is very proud of the high standards we have set for ourselves and our trading partners.**
- Keeping expectations and standards high is what the organic sector is all about. This is why so many consumers switch to organic food and drink, and why so many consumers stay loyal to organic brands.
- If we keep working closely together to maintain the highest standards, we can achieve many mutually beneficial results.

- Thank you.