

Speech by Commissioner Phil Hogan at Permanent Representation of the EU Commission in Bulgaria

- "Europe Debate"

Sofia, Friday 10th July 2015,

- Check Against Delivery –

(Introduction)

- Deputy Prime Minister Kuneva, distinguished guests,
- Thank you for inviting me to attend this important debate, it is a privilege to be here on behalf of the European Commission.
- These are trying times for the European Union, and it is more important than ever that we have direct and honest discussions about the type of Europe we want to build.

(Priorities of Juncker Commission – Investment Plan)

- This College of Commissioners, under the presidency of Jean-Claude Juncker, took office at a time of great economic difficulty. When we began our work last year, unemployment - particularly among the young – remained far too high in many Member States, while investment levels remained far too low.
- The new Juncker Commission has aimed to tackle these twin challenges with speed, and ambition. We pledged to do whatever we could to make a difference.
- Our priority is to maximise the potential of all sectors to contribute to economic growth and job creation, including in my own area of Agriculture and Rural Development.
- We began by focusing our energies on cutting red tape and lightening the regulatory burden, to enhance competitiveness for businesses and entrepreneurs.
- We have delivered a radical €300 billion investment package to support investments in infrastructure, including energy networks, broadband, transport and renewable energy.

- The European Fund for Strategic Investments (EFSI) was **implemented in record time** – less than six months after the adoption of the proposal.
- We believe this speed should be the standard for all important European legislation. And it means that this vital Fund will be ready to start financing projects at the end of the summer.
- **We promised to deliver fast – and we have. The Commission's €315 billion Investment Plan is very much on track.**
- Just two weeks ago, Bulgaria announced that it will contribute €100 million to projects under the EFSI – the financial vehicle at the heart of President Juncker's Investment Plan for Europe. This vital contribution will be delivered through the co-financing of projects approved by the Bulgarian Development Bank.
- Bulgaria is the 8th Member State after Germany, Spain, France, Italy, Luxembourg, Poland and Slovakia to declare a contribution to the fund, even before it becomes operational.

- **On behalf of the European Commission, allow me to reiterate that we are delighted that you have taken this step.** My colleague **Vice-President Katainen**, Commissioner for Jobs, Growth, Investment and Competitiveness, had very good discussions with Prime Minister Borisov earlier this year about how Bulgaria will benefit from the Investment Plan. And I am also pleased to remind you that we will soon see this plan bearing fruit, as concrete projects begin to come on-stream.
- We have said from the beginning that investment is the key to unlocking growth. **But it has to be right kind of investment.** It is sometimes forgotten that Europe is not lacking in liquidity: there is plenty of money in the private sector. And yet this liquidity is not being used for productive investment in the real economy. One of the reasons for this is the **lack of risk-financing**, and that is precisely what the European Fund for Strategic Investments will provide.
- Our aim is to provide risk-financing for small- and medium-sized enterprises, for innovating companies, for ambitious start-ups, and at the same time back larger companies and public-private partnerships in order to boost productive investment and speed up job creation.

- But the EU institutions cannot implement this plan by themselves. We need Member States to create the right environment, and build the right financial structures and supports to make these investments count. We will need strong **local intermediaries for SME financing**, and enhanced national or regional **investment platforms**.
- And I would also say to SMEs and indeed bigger companies: if you have a project that requires financing, **contact the European Investment Bank already today**, and they will assess whether you meet the eligibility criteria.
- **You do not need your government's approval – you can make this contact directly. I encourage everyone present here today to spread this message to Bulgarian entrepreneurs.**
- The Juncker Commission has an ambitious Digital Single Market strategy designed to create the conditions for a vibrant digital economy and for a European Energy Union to underpin energy supply security and to further integrate national energy markets.
- We have developed a European Agenda on Migration: developing a new approach on legal migration to make the EU an attractive destination for talent and skills.

- Overall, the Investment Plan seeks to improve the business environment through a number of other critical steps:
 - Removing significant regulatory and non-regulatory barriers across all the important sectors of infrastructure including telecoms, transport, as well as barriers in services and product markets;
 - Developing national long-term investment plans;
 - Providing technical assistance to help develop sound investment projects;
 - and carrying out value for money assessments to identify the most efficient solutions for structuring projects.

- I believe the Commission's new Work Programme will make an immediate difference for jobs, growth and investment to the benefit of all EU citizens in 2015, with large-scale projects starting to come on stream by September.

- The introduction of a greater degree of flexibility in the Stability and Growth Pact will also help strengthen the link between structural reforms and investment in support of jobs and growth.
- *I want to assure you that the Commission's role is to support Bulgaria in making economic growth as broad-based and durable as possible.*
- By promoting co-ordination with and between Member States, we can help to avoid the mistakes of the past. **But it will only work with strong ownership by national governments and national parliaments.**

(Social Dimension of Juncker Plan)

- **As for the social dimension in our work I am delighted that** my colleague Commissioner Thyssen has fast-tracked funding for the Youth Guarantee, so that programmes for supporting young people who are out of work can get started quickly. We recently announced a new fund providing finance for micro-entrepreneurs and for social enterprises.

- We do not believe that economic and social policies should be viewed separately– they must grow hand in hand and reinforce one another. We have to ensure that economic growth is widely shared, that our young citizens can find jobs, and that when you lose your job, you get all the assistance possible to find a new one.

(Role of Agriculture in Economic Recovery)

- Let me turn now to my own portfolio of Agriculture and Rural Development. I firmly believe that agriculture will have a key role to play in creating the jobs and economic growth of the future. **And I believe the CAP - our shared European food and agriculture policy – is the right vehicle to deliver on this ambition.**
- As Commissioner I have set a target of visiting every EU Member State by the end of 2015, to listen and learn from Europe’s farming community, **but also to deliver the message that the CAP, which is now reformed and far more market-orientated, provides a range of opportunities for forward-thinking farmers and agri-businesses.**

- This morning I visited your Parliament and had a very useful dialogue with the Committee for Agriculture and Food.
- **Let's look at the international context first.**
- Worldwide demand for high-quality traceable food and drink products will continue to grow in the coming years, especially in the emerging markets of Asia and Africa.
- Every year until 2030, at least 150 million people will be entering the global middle class. This massive growth in disposable income will result in significant changes to dietary patterns. For example: global demand for dairy products is predicted to increase by an annual rate of 2%, and with the recent end of milk quotas, Europe in general, and Ireland in particular, is very well placed to meet some of that demand.
- I want ambitious and entrepreneurial Europeans, particularly younger citizens, to view the agri-food sector as an attractive career prospect. The reformed CAP provides many incentives encouraging young and new farmers to enter the sector, while our committed pursuit of new markets will open new opportunities for business and profitability, further increasing the sector's attractiveness.

- However, we cannot lose sight of the environmental imperatives underpinning these changes. We know that our land banks are finite, so we still face the fundamental challenge of how to increase production while respecting our natural resources - **how to produce more, using less.**
- This “sustainable intensification” will be driven by research, collaboration, innovation and – of course - investment.
- **Europe recognises this new reality, and is putting its money where its mouth is to support and drive these changes in the sector.**

(Innovation – RDPs)

- Concrete innovation projects can be funded under the Rural Development Programmes. I am glad to note that Bulgaria's new Rural Development Programme was adopted on the **26 May 2015**, and that its implementation started even before the official approval of the programme.

- I would also remind you of the urgent need to speed up the programme implementation for the 2007 – 2013 Rural Development Programmes in order to use the funding still available. I believe that important lessons can be learned from this process in order to improve the implementation of the new Rural Development Programme.
- I am also aware that Bulgaria was among the Member States that asked the Commission to extend by 6 months the deadline for eligibility of 2007-2013 rural development funding 2007-2013 RDPs rural development programmes.
- I would remind you that the Commission has no legal power to extend this eligibility. **However, we have presented a delegated act providing greater flexibility to Member States, and Bulgaria can make use of this.**

(Financial Instruments)

- Rural Development Programmes can do a lot to kick-start smart investment. **But more can be done.**

- 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.
- This will also contribute to Bulgaria meeting the targets for Financial Instruments financed with European Structural & Investment Funds. **These are vitally important steps if Bulgaria is to make maximal use of funding available through the Europe 2020 strategy for growth and jobs, and President Juncker's Investment Plan for Europe.**

- I mentioned earlier that Bulgaria is ahead of the curve as one of the early EU Member States to contribute to the Investment Plan for Europe. If Financial Instruments are managed correctly, Bulgaria can and should achieve a significant multiplier effect on its €100 million investment. **If you take the right steps, this will lead to much needed private finance flowing into the economy, stimulating growth, creating more and better paid jobs, and driving up the standard of living in the country.**
- **And that is just the start.** In the agri-food sector, things are happening too. 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 European Investment Bank 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.

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(Conclusion)

- This is a time of significant challenges, and also great opportunities, for the agri-food sector, and I urge all of you to provide every possible policy support for Bulgarian farmers and agri-businesses in the coming months.
- I know you will agree with me, when I say that Bulgarian farmers and agri-businesses can do great things in the coming years, if they make full use of national and EU policy and investment instruments.
- **Thank you for inviting me here today, and I look forward to hearing your thoughts on how European policies and tools can make a real difference for your economy, and for your citizens.**