

<b>FORUM FOR THE FUTURE OF AGRICULTURE</b>	31 March 2015 09h35-10h45 Bruxelles
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**"Rethinking global food security and sustainable agriculture: from Europe to the World"**

**Speech by EU Commissioner for  
Agriculture & Rural Development Phil Hogan**

**- CHECK AGAINST DELIVERY -**





**Dear Janez,**

**Dear fellow panellists,**

**Ladies and gentlemen,**

It is a great pleasure to be with you here today.

Today of all days it is appropriate to talk about the future of agriculture. It is a significant day in the history of the CAP. It is the last day of EU Milk Quotas. But I will say more about that later.

The title of this session of the Conference is "**Rethinking global food security and sustainable agriculture: from Europe to the World**"

Let me start by talking about what I believe global food security and sustainable agriculture means for Europe – and what our Common Agricultural policy is doing to achieve this – and then outline what the EU is doing, not only via the CAP, to achieve this in the world.

### **So what does Food Security mean from a European perspective?**

- As I see it, the EU has a responsibility to address food security given the huge global challenge to end poverty and to reduce the estimated 11% of the world population facing chronic food insecurity (most rely on agriculture for their livelihoods).
- Our goal is to ensure that EU agriculture continues to play a key role in satisfying food demand and ensuring food security, by enhancing the overall competitiveness of our agri-food sector through
  - enabling economic operators to rely on policy consistency so they can confidently undertake long-term investment and take advantage of global demand increases;
  - promoting innovation as a motor for quality and added value;

- ensuring policy remains essentially non-trade distorting.

### **(CAP Reform)**

In this sense, let me just take a few moments to remind how much the CAP has changed through a series of reforms over the last 25 years, launched by my compatriot Ray MacSharry back in the early 1990s. We have moved from a system of price support with a heavily protected market, to a market-oriented agriculture sector. We have broken the link between subsidies and production so that farmers and agri-businesses look to the market rather than to Brussels when they decide what they will produce. As a result we have a more modern, more competitive sector, and we have seen considerable investment and innovation as the sector has moved forward.

Nevertheless, we still face the fundamental challenge of how to increase production while respecting our natural resources - **how to produce more, using less.**

### **So what does Sustainable agriculture in Europe mean?**

- I have said on several occasions that EU agri-businesses cannot be economically sustainable if they are not environmentally sustainable. They are two sides of the same coin.
- Sustainability is a central component of the Common Agricultural Policy, and is reflected in three long-term CAP objectives: viable food production, sustainable management of natural resources and climate action, and balanced territorial development.

- Following the 2013 Reform of the CAP, 30% of direct payments to European farmers are linked with using environmentally-friendly agronomic methods. These methods – such as crop diversification, ecological focus areas, maintaining permanent pastures – play an important role for the good management of water, for fighting soil erosion and biodiversity loss, and for preserving natural landscapes.
- Moreover, 30% of the funds for rural development investments are linked to fighting climate change. This includes measures for agri-environment and climate practices, organic farming, and payments for areas facing natural constraints.
- In financial terms, this means that approximately 100 billion EURO is directly related to the delivery of environmental public goods.

### **What is the EU doing to help Food Security and Sustainable Agriculture elsewhere in the world?**

- The EU has a commitment in the Treaty to **Policy Coherence for Development**. This means that we make sure that our agricultural and agri-trade policies remain compatible with development priorities and are non-trade, non-market distorting.
- The EU has moved away from intervening in the normal functioning of agricultural markets. We have moved from supporting products to supporting producers.
- Our trade policy is development friendly – open to least developed and many other developing countries and not requiring reciprocity.

- We've practically put an end to export subsidies: since 1 January 2014, export refunds have ceased to be an option as a means of systematically supporting a sector.
- Moreover, in the framework of the Economic Partnership Agreements with West, Eastern and Southern Africa, the EU commits itself to stop any export subsidies.
- The key point is that the changes in the policy have rendered such a policy tool irrelevant.

The EU now has a much more open market than in the past, and it is through trade that the EU is making a major contribution to Global Food Security, with balanced two-way trade as well as openness to imports from developing countries.

- Thanks to the reformed CAP and the massive efforts of our farmers and producers, the EU is now the world's biggest importer AND exporter of agri food. High value added products, notably spirits and wines, but not only that, contributed to that export performance and the surplus.
- Our trade openness to developing countries contributes to boosting the agricultural sector and rural economy in these countries.

**And in more global terms, how can the EU work with the United Nations on these issues of global food security and sustainable agriculture?**

- The proposed **Sustainable Development Goals** and targets are broadly welcomed by the EU as a good basis for developing the post 2015 development agenda.

- These goals will apply to all. Political commitment is needed. Contributions towards reaching the goals must be fairly shared by all countries, at all levels of development.
- This agenda calls for change: to end extreme poverty, which is mostly rural; to promote research and innovation for sustainable agriculture; to end hunger and the list goes on and on.
- To be credible, we need a clear set of ambitious and realistic goals, accompanied by achievable and measurable targets.
- Goal two, ie to "end hunger, achieve food security and improved nutrition and promote sustainable agriculture" requires a wide range of actions – countries' domestic policy environments, financial and non-financial instruments are key to success.
- One of the biggest challenges in the negotiations ahead will be around how the burden of responsibility will be shared. Let me assure you: European agriculture is ready to play its role.

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### **End of milk quotas**

As this is the last day for EU milk quotas, let me just provide a few concrete examples of how European agriculture has changed from the day 31 years ago when the quotas were first introduced. I feel it is symbolic of the path that EU agriculture has taken and fits into "rethinking global food security and sustainable agriculture: from Europe to the World".

- Quotas were introduced in 1984 in order to halt the steady expansion of European production at a rate much faster than domestic demand. The price support system led to Skimmed Milk Powder and butter mountains

of more than 1 million tonnes! These surpluses were frequently subsidised onto the world market.

- The CAP reform process of the last 25 years has turned all this around. We have a sector which is market-oriented. It has looked at the market and seen where the potential for growth is to be found. The volume of European exports have increased by 45% in the last 5 years, but the value of exports has increased by 95% in the same period. The potential for growth is with added value products, like cheese and yoghurts, and ingredients for nutritional, sports and dietary products. This provides enormous potential for economic growth and jobs in the EU.
- The EU is well placed to benefit from the projected 2% annual growth in global demand. The challenge for the sector is to build resilience against volatility.
- Privately developed risk hedging instruments like futures markets but also solutions proposed in relations between farmers and processors (A/B prices, fix-price contracts for part of production, etc.) have a role to play.
- The mastering of production costs will be increasingly important. Research and innovation for sustainable production methods can certainly help.

There are running projects notably aiming to develop and share knowledge on how grazing can increase grass production, improve animal welfare and performance, reduce environmental impact and lead to better economic results.

### **Research, Development and Innovation**

We need to share better information and knowledge. Research and innovation must be translated into better agricultural practice, available

for all, through involving the most important link in the chain - the farmers – in the process.

- Innovation is also the key to sustainable food security: through innovation, we can improve resource-efficiency, adapt to climate change, improve food safety, diversity and quality while maintaining the competitiveness of the agri-food sector and creating more and better jobs in rural areas.
- **Sustainable food security was one of the major cross-cutting focus areas** identified in Horizon 2020 work programme 2014-2015. **This will remain in 2016-2017.**
- Activities will deepen the knowledge base in fields such as **optimum resource use, climate adaptation and mitigation, ecological approaches, plant and animal health**. We will aim at building a competitive, **resilient and sustainable food industry** that can thrive in the global economy. **Healthier diets** will finally be a strong focus under this new call.

## **Conclusion**

- The new CAP has created a more market-driven, equitable and environmentally-friendly agricultural policy framework in Europe. The CAP is more effective in addressing domestic food security concerns, in a sustainable way. It is better at producing more, using less.
- The CAP is also coherent with the EU's commitment towards the developing world.
- So yes, the policy is much better placed than it used to be to address the challenge of Food Security and sustainability. But the process continues.

The EU still needs to bridge the gap between sustainably-driven science and land-constrained production. Let me conclude by saying it is not only up to the CAP to meet this challenge. The players in the sector also have their role to play.

THANK YOU.