

Speech by Commissioner Phil Hogan at Conference - "The future of rural areas in Europe"

Grodno, Poland, 18th September 2015

- Check Against Delivery –

- Commissioners, Ministers, ladies and gentlemen, distinguished guests,
- Many thanks for inviting me here today. As you are aware, this has been an important week for European agriculture. On Tuesday I announced the details of a 500 Million Euro package to stabilize agricultural markets for European farmers in the short and medium term.
- Against this backdrop of market difficulties, it is certainly timely and worthwhile to have a conference that focuses on the future, in particular the duty of EU policymakers to build a prosperous and sustainable future for our agri-food sector and rural areas.

- I am particularly pleased to be sharing this session with two of my distinguished predecessors, Commissioners MacSharry and Ciolos. They know better than most that the CAP is not just one of the cornerstones of European integration - it is a dynamic and living policy which directly shapes the lives of farmers and rural communities in our 28 Member States and beyond.
- Commissioners MacSharry and Ciolos both played central roles in developing and improving our shared agriculture and food policies, and I hope to build on their legacies during my own mandate.
- Commissioner MacSharry was the catalyst for the biggest evolution in the history of EU agriculture policy. His reforms started the transition from product support to producer support, with the aim of improving competitiveness and stabilising agricultural markets, while diversifying production and putting a much greater emphasis on environment and sustainability.
- In preparation for this conference, I took a glance at a Commission Reflection Paper from February 1991 titled "The development and future of the CAP".

- I was struck by a number of sentences, which emphasise that the CAP must move towards *"the attainment of market balance... contributing to an environmentally sustainable form of agricultural production and food quality... [and the] pursuit of a policy objective which guarantees the competitiveness and efficiency of Community agriculture"*.
- I'm sure the Commissioners will agree when I say: plus ça change!
- Commissioner Ciolos, for his part, oversaw the mammoth reform process which culminated in 2013 with the new, improved policy, strongly emphasising market orientation and sustainable intensification.
- The torch has now been passed to me, and I have worked hard during my first year to maintain and elevate the importance of the CAP in the minds of EU policymakers and citizens, while continuing in the direction of my predecessors' reforms.
- Today we are discussing how to build sustainable and prosperous rural communities, and I wish to make a strong case that the CAP, through both its first and second pillars, has a vital role to play. But the CAP will not achieve this goal in isolation.

- It must work hand in hand with national strategies as well as other EU programmes, notably regional development funds, to provide the broadest possible range of supports.
- Poland provides many excellent examples of how EU funds can be drawn down in a strategic and forward-thinking fashion for the development of rural areas, improving infrastructure, advancing agricultural production, and developing local businesses.
- Polish agriculture has clearly benefitted from EU membership. Exports have grown almost fivefold over the past ten years and farms have practically doubled in economic size since 2003. This has also had a positive impact on the wider rural economy. In that sense, Poland is one of the most dynamic new EU countries with double digit growth in the value of agricultural production since accession.
- This Polish experience is one that our Eastern neighbourhood partners can learn from. It is a good example of how an integrated rural development policy and targeted investments can lead to successful restructuring and modernisation.

- So what are we aiming for, when we talk about rural development? What are the lessons we can teach our eastern neighbours?
- Broadly speaking, our goal must be to empower rural areas to meet the wide range of challenges and opportunities that face them in the 21st century: economic, social and environmental.
- **These aims will sound familiar to many of you, indeed they were already reflected in the 1991 paper I mentioned earlier. But it is important to note that while the overall policy aims have generally remained consistent, the policy details and the vehicles through which we deliver them have altered significantly.**

(Pillar I)

- As regards the agri-food sector, the CAP remains the EU's policy platform par excellence. The evolution towards a stronger market orientation continues, which was evident when milk quotas came to an end in April this year.

- The end of quotas sent a strong message about the type of outward-looking and competitive agri-food sector we are trying to build in Europe. However, as you are aware, a number of sectors including the dairy sector have experienced difficulties in recent months, arising from a number of factors, including the Russian ban on EU products.
- This is why I announced a robust and decisive package worth 500 Million Euro, offering support for farmers and stabilising agricultural markets.
- So the challenge for policymakers at national and European level is to maintain our drive towards a more market-based and competitive sector while deploying prudent market management whenever necessary.
- I am confident that we continue to move in the right direction. Numerous CAP provisions aim to encourage young innovators to see farming as an attractive, high tech and rewarding career choice.
- 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.

- **Agriculture must continue to become more productive and more efficient if the sector is to thrive in the 21st Century. Rural livelihoods depend on it. Our mission is to provide rewarding and sustainable jobs for people living in rural areas, and I believe high-quality localised agricultural products can contribute to this goal in a major way.**
- It is the rich diversity of EU products, and the added value of their traceable and impeccable quality, which will help to generate further opportunities on global markets.
- A major part of this quality approach is our GI origin products - a key driver in creating and supporting jobs in the rural areas where they come from, for farmers and small to medium sized Enterprises, in the food and tourism industries. GIs are about rural intellectual property, and rewarding quality in and for rural areas.
- Polish products registered as Protected Designation of Origin and Protected Geographical Indication include:
 - *Oscypek* smoked sheep Cheese
 - Heather Honey -

- *Trójniak* Mead

- And St. Martin's Crescent Roll, to name but a few!
- Selling these products internationally will create high quality jobs at home, so the pursuit of new markets for export will be vital.
- We are promoting our products harder than ever. The Commission took strong action by more than tripling the Agri-food Promotion Budget from €60m to €200m over the next four years. **We believe this will decisively assist producers and associations in Poland and throughout the EU to find new markets for their products.**
- But the rural economy is not confined to the agri-food sector. A truly integrated approach to rural development should prioritise job and business creation in a variety of sectors.

(Pillar II)

- In the past, rural areas and the communities that live in them were all-too-often addressed in a reactive way. The attitude was frequently one of "how can we address these development issues and problems with policies and targeted funding"?

- Now attitudes are changing, and for the better. As the platforms to address problems of an urgent global nature multiply, rural areas are increasingly being viewed as holding many of the solutions.
- Together, we must therefore proactively ask the question: "how can rural areas and the communities that live in them leverage their strengths to be full partners in developing global solutions?"
- The second pillar of the CAP, under the Rural Development Regulation, is ambitiously pursuing a number of strategies.
- **In concrete numbers, we confidently expect the following results:**
 - More than 150,000 young farmers will receive support to launch their businesses;
 - 7.2 percent of commercial farms will receive aid to restructure and modernise;

- Almost 60,000 other rural entrepreneurs will receive business start-up aid, creating an estimated 76,000 new jobs in the short term;
 - 5,000 broadband projects will improve the network infrastructure which is so essential for the future of rural areas;
 - 2,000 groups across Europe will be incentivised to develop concrete innovation projects;
 - Nearly 20 per cent of total EU farmland is expected to benefit from funded management contracts to improve biodiversity;
 - 3.3 billion Euro will be invested in renewable energy;
 - And numerous new proposals will emphasise the relevance of rural-urban linkages, bringing together communities and businesses from urban and rural areas to generate mutual economic, social and environmental benefits.
- **These are real and tangible targets, and we expect to achieve real progress.**

(Knowledge and best practice exchange with third countries)

- Finally, I want to briefly touch upon one of the keynote questions asked here today: can Poland and her neighbours use their experiences to provide blueprints for third countries? **I believe the answer is a resounding YES.**
- To give just one example: since November 2012, the European Commission via the Eastern Partnership Panel on Agriculture and Rural Development provides a multilateral forum for EU Member States and Eastern Neighbourhood partners to share their experiences and best practices in sustainable development of agriculture and rural areas. The framework includes three partners with Association Agreements, namely Georgia, the Republic of Moldova and Ukraine.
- Through presentations and discussions between policymakers and practitioners - including farmers' representatives - the Panel outlines EU experiences in reforming and developing the sector. This provides know-how to partner countries in preparing and implementing their own policies.

- The forum facilitates networking and closer bilateral contacts between EU Member States and partner countries. The Panel work methods also allow those EU Member States interested in sharing their experiences and achievements in a specific area to obtain Commission support to host the meetings and to demonstrate their successful solutions via study visits.
- The Panel includes and actively promotes the role of non-governmental actors – farmers' organisations, agri-food businesses and other groups active in rural areas.
- Up to date information has been exchanged on topics like rural development, how to foster cooperation among farmers through cooperatives and farmers organisations, how to improve the level of professionalism in rural areas, addressing the challenge of land fragmentation and land consolidation policies; and developing efficient rural advisory services.
- As well as facilitating the exchange of knowledge and best practice, this type of multi-level cooperation strengthens links between EU regions and third countries, paving the way for improved trade and business links.

- Developing our forums for cooperation represents a win-win, and I will be working with my colleagues at Commission level to promote them wherever possible.

(Conclusion)

- In conclusion, the Polish experience is an excellent example of providing best practice that our Eastern neighbourhood partners can learn from. It highlights the benefits of an integrated rural development policy, of targeted investments to restructure and modernise.
- I commend the work that the Polish ministry is putting into sharing its experience with our eastern partners, and I wish you and your partners the best in strengthening these bonds in the coming years.
- Please be assured that my services and I will support you in any way we can, and thank you for inviting me here today.