

Speech of Commissioner for Agriculture and Rural Development, Phil Hogan at National Farmers Union Conference

February 24th 2015, Birmingham

----- Check Against Delivery -----

(Introduction)

- President Raymond, Ladies and Gentlemen,
- It is my **professional honour** and my **personal pleasure** to give the keynote address to the Annual Conference of the National Farmers Union.
- I stand before you as European Commissioner for Agriculture and Rural Development, but I am addressing you equally as a man born and bred on a family farm in Ireland's County Kilkenny. **Like you, my heritage and roots run deep in the soil.**
- As a public representative for over 3 decades, I have dedicated much of my career to understanding and dealing with the issues and concerns of the farming community and those living in rural areas. The honour of being appointed Commissioner for Agriculture and Rural Development has given me the opportunity to continue this work at European level, from the arctic forests of Scandinavia to the olive trees of the Mediterranean, **not to mention the shires of England and the valleys of Wales!**

- When the European Parliament confirmed my appointment as Commissioner, I pledged to visit each and every EU member state in the early part of my mandate. To listen. To learn. To reflect. **And to draw on the wealth of wisdom among Europe's farming community to ensure that agricultural policy in the European Commission is ambitious and efficient.**

(History and Importance of the NFU)

- Groups such as your own are a vital voice in this two-way communication process. I am well aware of the crucially important role the NFU has played as the voice of British farmers since its foundation in 1908.
- I commend the NFU for your positive and pro-active approach in recent years in re-awakening the national interest in food security. The strong and repeated NFU message of increased productivity and high food standards has struck a note with the British public, meaning more people are now aware of "why farming matters" and now take an active interest in where their food has come from, and how it was produced. Likewise, the Red Tractor logo and Back British Farming campaign have played a key role in getting consumers behind British farming and getting more British food on more British – and European – plates.
- Today, I want to emphasise why we should and must face the future with real ambition. I'm glad to know I'm preaching to the

choir - earlier this year, the theme of the annual Oxford Farming Conference was “Ambitious Agriculture”. **Like many of the speakers in Oxford, I firmly believe no ambition is too high for you – the farmers and food producers of England, Wales and the EU as a whole. And I believe that the Common Agricultural Policy is the right vehicle to deliver on this ambition.**

(CAP scepticism / Food Security)

- I am keenly aware of the fact that discussions on the EU are very sensitive in the UK at present. Citizens of this country tend to view EU rules and regulations with a critical eye. The CAP has not always had a great reputation in the eyes of the general public, but we have come a long way in recent years. The 2013 CAP reform took a further step along the reform path started by my countryman Ray Mac Sharry back in 1992. **We now have a market-oriented policy which means that farm businesses decide themselves what they want to produce on the basis of what they are good at and where they can get a good price, rather than looking to Brussels to see what support is available or being hemmed in by quotas.**
- The latest reform confirms the system of Direct Payments until 2020 and addresses a major criticism from the non-farming population by linking 30% of the Direct Payments to the provision of environmental public goods. I am aware that this aspect of the

policy is not universally popular – sometimes because of the way that the national administration has implemented the available options. As Agriculture Commissioner, I welcome constructive criticism of our shared European agricultural policies; indeed I believe we must all strive to constantly improve them.

- **But we must not allow ourselves to forget the historical mission of the CAP itself: to ensure the sufficient supply of safe and sustainably produced food at a quality which our consumers expect – despite the uncertainties which farmers face, such as weather, animal disease or market prices.** This mission of delivering food security for people at home and abroad is more relevant now than ever, with rapidly increasing global population growth, evolving consumer patterns, as well as diminishing natural resources, and political instability in certain key regions.
- Sometimes I have the impression that critics of the CAP seem to take for granted this principle of food security. **Producing food is the primary role of farmers and the delivery of high-quality traceable food should be seen as a public good.**
- I probably don't need to tell you, but in the country I know best, we have seen a remarkable story of economic recovery in the past few years, where the agri-food sector has been one of the most important motors. We hear a similar story in Portugal, Spain and many other EU countries. **I remain adamant that the stability**

that the CAP provides to the agricultural sector provides a massive boost to economic growth and jobs in rural areas and all the way up and down the food supply chain.

- I was in the USA last week. It was very interesting. There are many parallels – especially among farmers who are also basically trying simply to produce good food and make a good living. However, for any other CAP-sceptics out there, let me just say one thing. You go to the mid-West of the USA - and then go to even the most intensive areas of East Anglia or Lincolnshire - and you compare the scenery, you compare the villages, the local schools and the rural communities, and you compare the jobs and small businesses that are being created in rural areas, not to mention the state of the soil or of the biodiversity. You make that comparison – it is the choice that society makes – and tell me if you still doubt the importance of the CAP.

(Simplification)

- While I will robustly defend the importance and value of the CAP, I will listen closely to constructive feedback regarding its implementation. **I believe that improvement is possible in many areas, which is why I have made simplification a top priority for my work programme in 2015.** We must take every possible step to allow farmers achieve their full business and job-creating potential.

- **Simpler rules will make for greater competitiveness, but achieving simplification will not necessarily be simple!** We must be pragmatic and flexible in our approach, targeting changes that will improve the work of farmers without diminishing the operational effectiveness of the CAP as a whole. I must also underline that not all of the elements you criticise were imposed by Brussels.
- In order to move forward on this, I have already launched a comprehensive screening exercise of the entire CAP to identify which sections may need simplifying and which, in line with the subsidiarity principle, should be better left to the Member States.
- **I will listen closely to the farmers of Europe as they deliver feedback on the implementation of the new CAP measures. You, the custodians of the soil, are best placed to let policymakers know what works well, and what could work better.**
- I have outlined a number of areas where our rules can and should be simplified over the next months and years:
- Firstly, the new direct payments regime. I will honour the previous Commission's pledge to review, after the first year of application, the rules on the Ecological Focus Area. I also commit to review other areas within direct payments based on the critical evaluation of farmers on the ground. If a simplifying measure can be taken to

improve the lives of farmers without re-opening the basic policy decisions of the 2013 reform, I will give it serious consideration.

- Secondly, more than 200 Commission regulations implementing the Common Market Organisation will be reviewed and simplified.
- **This exercise has significant simplification potential for operators in the agri-food sector, which I fully expect UK farmers to exploit to the greatest degree possible.**

(Innovation and Precision Farming)

- Agriculture has always been an innovative sector, particularly in the UK, from Jethro Tull's seed drills right to the present day. But we need to innovate more, and innovate faster, if we are to achieve our goals. **Agriculture must continue to become more productive and more efficient.**
- The new CAP and other EU strategies will play a leading role in making this a reality. Many CAP provisions aim to encourage young innovators to see farming as an attractive, high tech and rewarding career. Innovative agriculture practices will also protect natural resources, biodiversity, landscape, soil and water, and increase the environmental and climate benefits that farming provides.
- The Rural Development Programme will support diversified economic activity in rural areas, notably through supporting

business start-ups and innovative projects. The rollout of fast broadband in rural areas will see greater use of data collection and data analytics in crop and livestock management. **We are entering the era of Big Data for Precision Farming, and I believe British farmers are well positioned to make the most of the coming changes.** Likewise, biomass, bio-energy and the bio-based economy will develop further.

- The European Commission is currently also working to improve **access to finance** for farmers, particularly young farmers, as they start their career in agriculture. We are working on this in close cooperation with the European Investment Bank.

-(Exports and New Markets)

- But we must not rest on our laurels. It is true that many of the statistics are favourable: in the context of growing world food demand, the agri-food sector is the 4th largest export sector in the EU, increasing the value of its exports by 70% in the last 5 years - that is, faster than overall EU exports. This bodes very well for the continued growth of European agriculture. Our strategy to take advantage of this opportunity must be twofold: we must continue to pursue new markets on the one hand, and guarantee the protection for high value EU products around the world on the other.

- The EU has significant agriculture interests in many of the bilateral trade deals currently being negotiated, including in the Transatlantic Trade and Investment Partnership. When it comes to EU negotiations with the USA, I will be proactive in promoting the opening of this important market to high quality EU product. However, I will not compromise on EU food quality or traceability standards. I can assure you that this principle will be upheld across the Commission and will be fully reflected in our negotiations with the US.

- Allow me to emphasise this point loudly and clearly: **EU standards and sensitive sectors will not be sacrificed on the altar of any trade deal.**

(Food chain / Dairy market)

- In late January concerns about the plight of your dairy farmer members were leading the headlines across the UK media. The Environment, Food and Rural Affairs Committee chaired by Anne McIntosh MP produced their report calling on the Government to activate the Groceries Adjudicator's power to fine retailers. I had the pleasure of meeting Anne and some of her colleagues in Brussels before Christmas.
- Earlier this month agreement was secured to proceed with legislation to enable the regulator to impose hefty fines for those supermarkets found guilty of mistreating suppliers. These penalties on large retailers could total up to 1 per cent of their

annual UK turnover. The NFU supported the creation of the Groceries Code Adjudicator and great credit is due to you President Raymond and your immediate predecessor Peter Kendall for all your efforts in making the GCA a reality. I know your efforts have been ten years in the making. You now have an Adjudicator backed up by legislation if the rules are broken.

- The NFU are backing British Farming in a volatile world. [Farmers have to deal with CAP budget cuts , market volatility and terrible weather. The last thing they need is supply chains that are not fair to everyone. The UK public are supportive of farmers today which in large part is due to the efforts of the NFU. The former Chief Executive of Tesco in addressing an NFU conference said "A strong and dynamic food industry needs real partnership between retailers, processors and farmers, underpinned by a powerful and effective regulatory regime" I could not agree more with him.
- All players in the food chain should realise that it is imperative that producers get a decent return for their raw material. Without producers none of the downstream businesses would even exist I am following closely the latest developments in the UK and the new powers given to the Groceries Adjudicator to enforce its Code. It is of interest to all of us.

- In recent weeks dairy markets have bounced back. FrieslandCampina has increased its milk price for February citing a stabilisation in global milk supplies. The increase while small at 1.25 cent per litre is nonetheless very welcome as it comes as a result of the upward price trend for cheese, milk powders and butter. The weak euro is also helping exports of European dairy products. Caution remains essential, as higher milk output after April will be a significant test for markets. Fonterra's January 29 announcement that 2014/15 milk solids output would be down 3.3 per cent has also helped market sentiment. I will be spending a good deal of my time in 2015 exploring with Member States new market opportunities and I am confident of successes.

(Conclusion – future vision for Agriculture)

- President Raymond, Ladies and Gentlemen, both the EU and the UK understand that agriculture is well placed to make a vital contribution to the new economic agenda.
- As we look towards the future, we need to refine a long-term strategy that encourages the agri-food sector to exploit emerging opportunities, whilst minimising red tape and burdensome costs.
- The British agriculture sector has many existing strengths that will serve you well as you play your part in refining these EU strategies. **I have spoken to you about the need for ambition, innovation and simplification.** These are values already inherent

in British agriculture; values which I hope will be reflected in the work done at European level in the coming months and years.

- Let us therefore resolve to work together to create a coherent and ambitious vision, which reflects the best of Europe's agriculture:
 - Let us explore the possibilities of new markets for our high-quality European product;
 - Let us enhance competitiveness and productivity by giving farmers the right type of training and support, allowing you to innovate and create jobs;
 - Let us inject new vitality into rural areas by increasing the diversity of opportunities available to those who live and work there;
 - Let us lay the foundation for the renewal of agriculture by encouraging young farmers to get involved.
 - Let us develop a knowledge-based response to the EU's climate change, environmental and broader sustainability challenges.
- Ladies and Gentlemen, the great writer Samuel Johnson began his distinguished literary career right here in the city of Birmingham, and I would like to leave you with his quote which I believe neatly summarises our shared ambition: **“Agriculture not only gives riches to a nation, but the only riches she can call her own”**.

Thank you very much for your attention.