

Speech by Commissioner Phil Hogan at Scottish Parliament

- Rural Affairs, Climate Change and Environment Committee,

Edinburgh, 18th June 2015

- Check Against Delivery –

- Cabinet Secretary Lochhead, Esteemed Members of the Scottish Parliament,
- Good morning agus Madainn mhath to you all. First of all, allow me to offer my thanks to Cabinet Secretary Lochhead for his hospitality during yesterday evening's working dinner, during which we met with stakeholders from Scotland's agri-food sector.

- It is a pleasure to be with you today. I am visiting your committee and this proud parliament as European Commissioner for Agriculture and Rural Development, and as a man born and bred on a family farm in Ireland's County Kilkenny.
- As an elected representative for over 3 decades, much of my career was dedicated to understanding and dealing with the issues and concerns of the agri-food sector and rural communities. I have carried this dedication with me in my new role.
- **Since being appointed Commissioner, I am making good on my pledge to visit each and every EU member state in the early phase of my mandate. To listen. To hear. To learn. And to draw on the wealth of wisdom among the European farming community to ensure that our shared agricultural policies are ambitious and efficient.**

- I thank you for your invitation to be here today. A real and vital engagement between National Parliaments and EU Institutions is of critical importance for the efficient democratic functioning of the Union, and President Juncker has made the widening and deepening of this two-way dialogue a key priority since taking office last year. I welcome your reflections on how we can copperfasten this engagement.
- I also look forward to hearing your comments and insights in relation to our mutual policy interest of Agriculture and Rural Development – an area of important strategic significance for this country. I will highlight the work I am doing to ensure that that the agri-food sector has real potential to maintain and expand its vital contribution to European growth and job creation in the coming years. I will also be pleased to touch upon European issues during our conversation.
- As you may have gathered, my visit to Scotland, which I am very privileged to undertake, is a busy one! I will be attending a wide spectrum of meetings and events, engaging with farmers, agri-businesses, co-operatives, media and politicians.

- My sincere thanks to the Office of the European Commission in Scotland, under the capable stewardship of Graham Blythe, for their assistance in delivering such a varied and comprehensive programme.
- I have even been assured that parts of my trip will bring to mind the fine vistas painted by your own national bard, Mr Burns:

"Come let us stray our gladsome way, and view the charms of Nature;

The rustling corn, the fruited thorn, and every happy creature."

- Ladies and gentlemen, allow me to begin by providing you with an overview of my priorities, and my vision for the future of the European agri-food sector. I will also touch upon how these may impact on Scotland, and the challenges and opportunities waiting down the line.
- I want to impress upon you, as elected representatives of Scotland's rural communities and agri-food sector, my belief that we must face the future with real ambition. **And I believe that our shared EU Common Agricultural Policy is the right vehicle to deliver on this ambition.**

(Reformed CAP / Food Security)

- The CAP, as you know, is now a more market-oriented policy, meaning that farm businesses can decide for themselves what they want to produce on the basis of their strengths and where they will find a good price, rather than looking to Brussels for support or being hemmed in by quotas.
- The latest reform confirms the Direct Payments system until 2020, while also acknowledging climate reality and addressing criticism from the non-farming population by linking 30% of the Direct Payments to the provision of environmental public goods.
- I know that this aspect of the policy is not universally popular – sometimes because of how the available options have been implemented at national level. As Agriculture Commissioner, I welcome constructive criticism of our shared policies; indeed firmly I believe we must all strive to constantly improve them.

- **However, we must not allow ourselves to forget the historical mission of the CAP: to guarantee the supply of safe and sustainably produced food at a quality and quantity which our consumers expect – despite the uncertainties which farmers face, such as weather, animal disease or market prices.**
- This European mission of delivering food security at home and abroad is more relevant than ever, in light of rapidly increasing global population growth, evolving consumer patterns, diminishing natural resources, and political instability in certain key regions.
- We cannot and must not take for granted this fundamental principle of food security. **Food production is the primary role of farmers and the delivery of high-quality traceable food should be seen as a public good.**

(Simplification)

- Now, though I assure you I will robustly defend the value and importance of the CAP, I will listen closely to constructive feedback regarding its implementation.

- **I believe that improvement is possible in a number of areas, which is why I have made simplification a top priority.** I believe we must take every possible step to allow farmers achieve their full business and job-creating potential.
- Therefore, at the beginning of this year my services began **screening the agricultural policy** for simplification and subsidiarity potential.
- As you know all Member States, MEPs and stakeholders were invited to come up with concrete suggestions for simplifying the CAP. This resulted in over **800 pages of proposals**, including from the Scottish government and the NFU.
- The Scottish Government proposals cover different areas, in particular greening (calling, for example, for a broader list of greening practices and remove complications in guidelines); how to define an "active farmer" and voluntary coupled support.
- We are currently assessing these contributions together with all proposals received on the basis of the **three guiding principles** for the current simplification exercise, namely that any actions should:

- **Respect the policy framework** of the 2013 reform;
- Concentrate on **what benefits farmers** and other beneficiaries;
- Not jeopardize the **sound financial management** of CAP expenditure.
- Indeed, I already presented **several concrete actions to the European Council:**
- In March I announced an implementing regulation allowing Member States to postpone, for claim year 2015, the final date for the submission of aid applications for direct payments and support under certain rural development measures. This gives farmers and national authorities more time to prepare these applications.
- I also amended the rules on direct payments by providing more flexibility as regards eligibility conditions for voluntary coupled support for animals.

- In the May Council I presented a set of concrete actions which address some of the Scottish NFU's concerns, namely those with regard to mapping requirements, hedges and wooden strips and trees.
- Of course, our efforts to simplify the new direct payments regime cannot stop at the level of guidelines. That is why I will propose a package of amendments to the delegated and implementing acts after the summer break. These could be applicable as from claim year 2016 or 2017.
- This package will cover direct payments elements such as **young farmers, coupled support and certain aspects of the IACS (or Integrated Administrative Control System)**.
- And we will continue to vigorously assess **greening**. Let me remind you of my commitment to review EFA rules after the first year of application. And I will not limit myself to this; if there are other greening related aspects that can be simplified, I will do so.

- A first assessment of the simplification proposals has shown that many proposals require amendments of the Basic act. I will therefore consider if, at an appropriate point in time, technical changes to the basic acts should be made with a view to achieving further CAP simplification.

(Scottish RDP)

- When it comes to Rural Development, I was pleased to formally adopt your RDP on May 26th.
- We observe a large degree of continuity from the previous RDP, with a clear focus on restoring, preserving and enhancing ecosystems related to agriculture and forestry. Approximately 80% of the total funding is allocated to this priority.
- I would urge you to continue assessing whether further aspects of simplification can be built into the programme, and to further develop the recent interest the Scottish Government has shown in new financial instruments.

(Broadband)

- Sustainable rural development, as you are aware, requires many policy strands, including a commitment to rural connectivity. I am confident that this House, with this Committee taking a leading role, will continue to explore policy and funding options for developing the roll-out of high-speed broadband to rural areas.
- I know this is a prominent and sensitive issue in rural communities at present, and I fully agree that improving connectivity for rural and remote regions will be a critical step to keeping jobs, families and communities in local areas.
- I have placed the prioritisation of high speed broadband for rural areas as an important policy objective for my mandate. I am working closely with the Commissioner for Regional Development Corina Cretu to deliver a good result.

(Future Agri - innovation)

- Looking to the future, I want to emphasise two strands of my approach to you. The first is the need to incentivise the agri-food sector to **rejuvenate, collaborate, and innovate**. In so doing, the sector can take the lead in meeting the rising global demand for high-quality traceable food and drink.
- You are familiar with the statistics:
- Each year until 2030, at least 150 million people will enter the global middle class. This massive growth in disposable income will result in significant changes to dietary patterns, as families worldwide demand better quality and more nutritious food.
- The EU has recognised the changing global patterns, and has acted decisively in recent years to target supports where they are needed.

(Innovation)

- The CAP has evolved from a system of price support with a heavily protected market, to a market-oriented agriculture sector. 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 we are to rise to this challenge.**
- The new CAP and other EU strategies will play a leading role in making this a reality. However, we cannot lose sight of the environmental imperatives underpinning these changes. Stark reality informs us 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.**

- In order to achieve this “sustainable intensification” we must harness the power of innovation to address various issues, including **land management, pest management, nutrient management, rotational grazing and soil conservation, crop diversity and water conservation.**
- From the European Commission perspective, by providing policy consistency to innovating farmers and agri-business operators, they can confidently make long-term investments, promoting innovation as a motor for quality and added value.
- And I believe **collaboration is how that added value will be achieved.** So what does collaboration mean, in practical terms? It means working together to find solutions. It means giving farmers and agri-businesses the tools and confidence to reach out to new partners. **It means, in short, thinking outside the box, or more accurately, thinking outside the silo.**
- We are backing innovation and research in the sector, notably through the €3.6bn available at EU level between now and 2020 to fund synergies between Agriculture and Research, via Horizon 2020.

- **And I have been working closely with the European Investment Bank to tailor a dedicated agricultural Fund offering affordable finance over a 12-15 year horizon to farmers wishing to upgrade and expand their production.**
- **Member States and regions can adapt and use the model to set up financial instruments funded by their rural development programmes (RDPS) to secure loans for investments in farm performance, processing and marketing, business start-ups and many other areas.**

(New Markets – TTIP)

- The second priority is the ambitious pursuit of new markets for our high-quality EU produce. With growing world demand, the agri-food sector is now the 4th largest export sector in the EU, increasing the value of its exports in the last 5 years by 70% - which is faster than overall EU exports. 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 of high value EU products around the world on the other.

- The EU has important agriculture interests in many of the trade deals currently under negotiation, including with Vietnam, Japan, and in the Transatlantic Trade and Investment Partnership (or TTIP).
- 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, in particular our world-renowned GIs, including Scotch whisky, beef, lamb and farmed salmon. I will also remain vigilant in protecting EU standards, and I wish to assure you that this principle will be followed by all EU negotiators.

(Promotion)

- The Commission also took strong action by significantly increasing the Agri-food Promotion Budget from €60m to €200m over the next four years. We believe this will decisively assist producers and associations in Scotland and throughout the EU to find new markets for their products.
- I was happy to see that the Commission has already co-financed several UK campaigns to support Scotch Beef and Scotch Lamb (PGI), and also to promote the consumption of Brassica, potatoes, and milk.

(Brexit)

- Ladies and gentlemen, our discussion today will focus on Europe, and Scotland, and the many interlocking relationships that exist between the two, particularly from the agri-food and rural development point of view.
- However, there is a larger dynamic at play that we must also include in our analysis and reflection. I refer, of course, to the imminent in/out referendum on the UK's membership of the EU.
- President Juncker said earlier this month that he believes the UK government wants to dock the country permanently to Europe. Vice-President Timmermans, meanwhile, spoke of the "underlying element of being part of a European history" that resonates with UK citizens.
- **From the agricultural point of view, I have already highlighted the indisputable value to Scottish and indeed all UK farmers of being part of a shared European system, which provides adequate policy and financial support to the agri-food sector. The UK will receive in excess of €25 Billion in CAP funding up to 2020.**

(Conclusion)

- To conclude, I wish to repeat the message that the agri-food sector – in Scotland and throughout the EU - has clear and undeniable growth potential, and that this will only be achieved by harnessing investment, research and innovation, and the development of new markets.
- I look forward to hearing your thoughts and feedback on the subjects I have touched upon, and I encourage you to maintain a frequent and vigorous dialogue with the European institutions in order to maximise your ability to assist and support the hard-working farmers, distillers, agri-businesses and aqua-businesses of Scotland.
- Thank you for your attention.