

Sustainable Future for EU Farming

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Keynote Speech

by

EU Agriculture & Rural Development Commissioner

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- CHECK AGAINST DELIVERY -

Ladies and gentlemen,

It is a pleasure for me to be here this morning. Thank you for the invitation.

One piece of advice I was given ahead of this conference was to make sure I outline my green credentials. I would insist that in some ways I am the greenest Agriculture Commissioner the Commission has had for nearly 25 years. It was something I displayed very clearly last Sunday while watching the rugby, for example. And I apologise to any English people here today for mentioning the word Rugby again. I won't do it again – in this speech.

I've been asked to speak about my vision for sustainable agriculture. But before going on, let me say something up front. My advisers tell me that I am perceived by some people as being pre-occupied with increasing agricultural production and improving the economic performance of European Agriculture without great interest in the environmental performance. It is true that Commission President Juncker has put a particular emphasis on investment, growth and jobs – and one of my main political messages is to highlight the role that European Agriculture can play in boosting jobs and growth. But let me also be clear and banish this perception straight away – you cannot be economically sustainable, if you are not environmentally sustainable. You can't do one without the other. For me, economic sustainability and environmental sustainability are two sides of the same coin.

But before talking about the medium to long term challenges, let me just remind you where we are.

After a lengthy CAP reform negotiation – the first time such a reform saw full co-decision with the European Parliament – we have a new policy framework in place until 2020. And Member States have now decided how they intend to implement the flexibility available to them. (Although in the case of Rural Development Programmes, it will be a few more months before all programmes will be finalised.)

It is absolutely clear that good farming in Europe equals sustainable farming. For this reason, one of the priorities of the CAP reform was the improvement of the sustainability of our agricultural sector.

There are several elements in the reform which enable us to claim that we have a "Greener" policy. Let me just recap what they are:

- The "green direct payment" – as from this year, farmers have to respect three obligatory practices that are beneficial for the environment and climate change in order to receive a green payment. This represents 30% of the direct payment budget. It is a very important change for me because it is highlighting to taxpayers the eco-services which farmers provide. They are environmental public goods which are not remunerated by the market. Hence the role for public policy.
- The change in the system of Direct Payments, away from historical references, will also mean that in general terms there will be a broader spread of funding.
- We also have a simplified and targeted cross-compliance system, which is of course the compulsory basic layer of environmental requirements and obligations to be met in order to receive CAP funding.
- A "greener Rural Development": programmes have to allocate at least 30% of the EU financial contribution to measures with positive environmental and climate change impacts (including to organic farming), with priorities on "promoting resource efficiency" and "restoring and enhancing eco-systems".

That's where we are at the moment. Let me now turn to the more medium term.

I am aware that there are criticisms of the reform and how it is being implemented in practice. Some of the policy elements are new – such as the green direct payment. We are committed to carry out proper evaluations and take action where necessary – but once we have sufficient evidence on which to judge the performance.

However, what is quite apparent already is that we must reduce the administrative burden on farmers. Simplification is, therefore, a top priority of our work programme in 2015.

The legislative text also specifically states that the Commission should evaluate the implementation of Ecological Focus Area by the end of March 2017 accompanied, where appropriate, by proposals. This is a commitment which I will of course respect.

As far as the longer term is concerned, I have always underlined that Food Security is key. But given the pressure on our natural resources, **the key challenge is how to produce more using less!**

For me, climate change and the connected issues of environmental sustainability will continue to be arguably the principle global challenge interlinked with food security, with potentially massive implications for the world political order.

The world population will increase and global agriculture will come up against natural barriers of drought and flooding, water shortages, reductions in habitats and biodiversity as well as extreme weather events.

Two weeks ago, I was invited by US Agriculture Secretary Tom Vilsack to address the annual US Agricultural Outlook Forum.

There were a number of recurring themes, particularly in the presentation by the Chief Economist. US agriculture is enjoying the benefits of increased productivity and, in the typical American spirit, is always seeking ways to improve output and exports. However, I was particularly alarmed by some of the environmental stories that were being told. Droughts in Texas all the way up to North Dakota are forcing the large beef producers to slaughter herds; water shortages in California are creating huge challenges for the producers of fruit and vegetables; a disease known as "citrus greening" threatens to wipe out the entire citrus sector in Florida.

Of course I am not going to comment on US agricultural policy, but these stories from the US only reiterate what I said at the start – that you cannot be economically sustainable if you are not also environmentally sustainable.

So what should we do? How can we produce more, using less?

Given that we have a single market of 500 million consumers and environmental problems tend not to know national borders, it makes sense to address this challenge at EU level. Thankfully we have an EU-wide framework to address these challenges – with both carrot and stick. It's called the Common Agricultural Policy, and it is already pointing in the right direction.

With the stick, we have already set environmental standards that are as tough as anywhere in the world. I was Minister for the Environment in Ireland for 3 years. I know that these have been very difficult for our farmers to swallow.

But we also have the carrot of publicly-funded investment. Through Greening and Rural Development Programmes, we have pledged a minimum of 17 billion EURO a year on

environmental-related elements until 2020. This is an investment in environmental sustainability.

But there are also other, broader elements which make me optimistic that the CAP can deliver on overall sustainability.

Rural Development Programmes are helping farmers to deliver on **investment in physical capital at individual or group level.**

We are also investing in human capital. In order to encourage more **young farmers** to enter the sector, we have a 25% top-up to direct payments – as well as more flexible means to support young farmers via our Rural development programmes.

Through Rural Development Programmes we also have **training measures** and other support from the **Farm Advisory System**, insights from the Innovation Partnership and a boost to agricultural research and knowledge transfer. This will help farmers to find appropriate solutions for their specific situations.

With our Research & Development Programme Horizon 2020 we are reserving 4 billion euros for research in food security, sustainable agriculture and forestry, marine, maritime and inland water, and the bioeconomy.

Taking all of these together, including our European Innovation Partnership concept, the EU is investing strongly in **a knowledge-based agriculture.**

Ladies and Gentlemen,

So let me conclude by underlining to you that there's no sector more implicated in the effects of climate change than the agriculture sector.

The European Commission is very much aware of the challenges of sustainability that lay ahead, and as Commissioner for Agriculture and Rural Development, I am fully committed to ensuring that the Common Agricultural Policy fulfils its role in supporting a European agricultural sector that is both economically and environmentally sustainable in the long term.

Thank you