

## **Remarks of EU Commissioner for Agriculture & Rural Development, Phil Hogan, to the Joint Oireachtas Committee on Agriculture, Food & the Marine, Thursday 20 October**

### Introduction

Chairman, Minister Creed and members of the Committee, it is a pleasure to be back again in Leinster House and to have the opportunity to engage directly with you.

I'm pleased to say that, since my appointment as Commissioner, I have now visited in excess of 20 national parliaments and it's been my experience and that of most of my colleagues that such meetings are of mutual benefit. Indeed, President Juncker frequently reminds us of how important it is that the Commission interacts directly with members of national parliaments.

This is especially so at a time when trust in the institutions of the EU is falling and criticism, some of it unfair, is being heaped upon the EU. We need a debate about how the EU can better communicate with the citizens, in a way that emphasises the positive contribution that the EU can make to their lives.

The Common Agricultural Policy is one of those policies that makes an immense contribution to the lives of millions of farmers and other beneficiaries in every country in Europe. Without it, what kind of a food policy or agricultural production system would we have in Europe. What kind of a rural environment would we have or what kind of vitality would our rural communities enjoy.

## The Place of Agriculture

Agriculture and the broader agri-food sector continue to be an economic mainstay for this country, particularly in rural areas where employment prospects are not as plentiful.

I recently made my first official visit to Greece, where I described in detail to Prime Minister Alexis Tsipras how agriculture and rural development can make a telling contribution to economic recovery if managed and supported correctly. As an Irishman, I was pleased to be able to use this country as an example of how this can be achieved.

In his recent State of the Union Address, President Juncker's spoke of *"a Europe that preserves our way of life."* He identified a number of characteristics that he said characterise that way of life, one of which is our agricultural sector. Specifically, he committed the Commission to *"always stand by our farmers, particularly when they go through difficult moments as is the case today."*

The Commission's solidarity with farmers in every country in the EU is illustrated by the Commission having mobilised over €1.5 billion to support farmers hit with an unjustified trade ban imposed by Russia and those, including thousands in this country, hit by falling milk prices resulting from a combination of factors. This is, of course, in addition to the existing CAP budget of 56 billion that the European Union spends every year to help millions of farmers in every country of the EU.

I know that, for some, the level of support provided by the Commission will never be enough but, when seen against the enormous pressure on the EU budget, particularly in terms of dealing with the migration crisis, I think that any reasonable observer would

have to acknowledge that the Commission has honoured the President's pledge to "*stand by our farmers*".

### Simplification of the CAP

The Common Agricultural Policy has been the mainstay of agricultural production in Europe for more than half a century and has ensured that the continent of Europe has never had to experience the stress of food insecurity that it went through in the earlier part of the 20<sup>th</sup> century.

The CAP has evolved into a much more market-orientated policy than characterised its earlier years and this evolution has been embraced by Irish farmers, who are outward looking and export-focused.

But the CAP is not perfect. A new CAP came into effect in 2015 and, even before it began to be implemented, I was facing calls to simplify the policy.

To date, I have implemented over 20 simplifications to the CAP which have been widely welcomed by farmers and national administrations, to whom they apply directly.

More simplifications are on the way: changes to market rules will substantially reduce 250 Commission Regulations to around 40. These simplifications make life easier for farmers and other operators, allowing them to focus more closely on the potential of their holdings and businesses to deliver jobs and growth.

A further series of important simplification actions are part of the recent proposal accompanying the review of the MFF – the so-called Omnibus Regulation.

These measures are aimed at further simplifying the policy, increasing its efficiency and ability to deliver results without compromising its policy orientation.

In particular, changes are proposed to Rural Development Regulation to provide for **a sector specific Income Stabilisation Tool**. This will give MS the possibility to design a tool tailored for a specific sector, which it is intended will make it more attractive for both farmers and administrations. The proposal also responds to the need to provide better means to support farmers in times of market crisis and reflects recent difficult experiences in a number of sectors.

A further substantial change has been proposed to the RD Regulation to introduce **simpler rules for accessing loans and other Financial Instruments**. These changes are intended to give the necessary boost to make better use of financial instruments in the agricultural sector and providing greater access to capital for farmers, particular young farmers for whom access to credit is an ongoing problem.

In the Direct Payments Regulation, the Commission is proposing to **allow MS greater discretion in the application of the definition of an "active farmer"**. In effect, MS will be able to decide whether or not they wish to continue applying the existing definition of "active farmer". If applied, the system will become considerably less burdensome and will substantially ease the paperwork for both farmers and national/regional administrations.

The proposals will require the full co-decision with the Council and the European Parliament. I have urged the co-legislators, in whose hands the proposal now is, to ensure that these meaningful changes can be in force by the start of 2018.

I am also in the course of proposing a package of measures in relation to the simplification of greening and I welcome the support shown by Member States for the majority of the measures.

However, I am conscious that opposition has been expressed in respect of three of the proposals contained in the package, including a proposed ban on the use of pesticides on EFA.

While I have offered a number of compromises, which I believe address many of the concerns expressed, it is important to restate that that the CAP is an economic, environmental and social policy.

The CAP has a strong environmental dimension and that is as it should be. The simple facts are that the environmental dimension is here to stay and on my watch we will not lower our level of environmental ambition.

That said, my commitment to simplification remains and I look forward to having further proposals aimed at making the lives of our farmers easier.

### Agricultural Markets

Given the market orientation of the Irish agri-food sector and the importance of agri-food exports to the Irish economy, I would like to provide you with a state of play in relation to agriculture markets, at home in Europe and abroad.

When I spoke before this committee in May of last year, the focus was still very much on the sectors in crisis, namely the dairy, pigmeat and fruit and vegetable sectors.

Today, I am pleased to say that we are seeing something of a recovery in those hardest-hit markets, though we all know how fragile recovery can be in agricultural markets.

The milk market is the one that has been the primary focus over the last year and a half or so. The most recent information available suggests that there is *"a general consensus on the improvement of market conditions, once the adjustment in supply has started to materialise."* That adjustment has begun to materialise and its effect in Ireland is beginning to show in a welcome price recovery, albeit from a low level.

The milk production reduction scheme, which came into effect just over a week ago, will help this trend. The scheme has proven to be very attractive and the high level of participation is a clear indication of the appetite that there is for such a scheme. It is particularly noteworthy and important for the success of the scheme that all the main milk-producing countries are significant participants, including Ireland. Indeed, in percentage terms, Ireland is the MS with the highest participation rate among milk producers at 24 per cent.

Let me turn next to the beef sector, which is of significant strategic importance for Ireland. The sector is facing some difficulties, notably arising from developments in the dairy sector, but it also has structural problems of its own that need to be addressed.

However, exports remain dynamic, with an increase of 16.8 per cent in the period January-July 2016. New emerging markets such as the Philippines and Israel are contributing to keep our trade balance very positive.

In addition, reasonable prices for raw materials and positive forecasts are keeping production costs within boundaries.

I am convinced that one sure way to ensuring improvement in price conditions is to help livestock farmers find new markets. I will travel to Turkey very shortly to help increase access to that market for the live exports trade.

I have in fact undertaken, as you are aware, a diplomatic offensive to help unlock new markets and grow exports for our farmers – I have visited Mexico, Colombia, China and Japan and will also visit Vietnam and Indonesia next month.

As regards third country markets, I will also be proposing that we look at promotion. In addition to dairy and pigmeat, I will propose that beef is the specific object of an external promotion programme for 2017 with a value of €4 million.

We also need to raise awareness of the high quality and sustainability of European agriculture, including the unique, extensive livestock sector in Europe.

For that reason, I intend to also include a targeted promotion programme with a budget of €15 million, aimed at increasing the awareness amongst the general public in the EU of the value of sustainable agriculture and the role of agriculture in terms of climate action, from which livestock will also stand to benefit.

## Brexit

Allow me to offer a few brief words on Brexit in the context of the Irish agri-food sector, on which I will elaborate in my appearance before the European Affairs committee.

I am fully aware of the huge strategic significance of the British market for Irish agri-food exports. And I made this point in great

detail to the European Commission's Brexit negotiator Michel Barnier, whom I met recently.

Mr Barnier is both a former European Commissioner and French Agriculture Minister, so he comes to the job with a lot of experience and understanding, not least of the agriculture sector and its importance, and I am satisfied that he will take these points fully into account in his work.

As regards Brexit, I would remind you that, as things stand, I have no new insight as to what the consequences of Brexit are for Ireland, the UK, cross-border relations or the UK's future relationship with the EU.

The truth is that nobody knows what the future holds, whether in terms of the conditions under which the UK will leave the EU or the post-Brexit environment in which the UK and the EU or Ireland and the UK will have to coexist, because there will have to be a relationship of some kind.

### Conclusion

Chairman, members, let me conclude on a more positive note, by recalling again the words of President Juncker when he described our agricultural sector as *"a strong part of our European way of life that I want to preserve"*.

In his Letter of Intent for next year's Work Programme, he also committed the Commission to the *"modernisation and simplification of the Common Agricultural Policy to maximise its contribution to the Commission's political priorities and to the Sustainable Development Goals"*.



We should not ignore these political signals from the President of the Commission. Aligning the CAP more closely to the Juncker priorities in the context of the post-2020 discussions will provide policy options to ensure that we maintain a viable farming community and strong, sustainable rural communities now and in the generations to come.

Indeed, this process is already underway. Last month, the Commission hosted a 2-day conference in Cork, where over 350 experts and rural stakeholders elaborated a Declaration on the Future of EU Rural Development.

This document, entitled "*A Better Life for Rural Areas*" contains 10 points which advocate for investing in the potential of rural areas, not only in terms of jobs and growth but also for better integration into other policies.

I look forward to doing my part to build a stronger CAP for the farmers of Ireland and Europe. I am happy to hear any thoughts you may have.

Thank you for your attention.