



ASA Conference 2017

8th September

Killashee House Hotel, Naas, Co. Kildare.

Commissioner Phil Hogan

Opening Address

(Introduction)

- President Delaney, honoured guests, good morning, I'm delighted to be here with you today. Before I begin, let me congratulate ASA on your 75th anniversary. Your organisation has a long and proud history as the voice of the Agri-food profession in Ireland, and that voice is needed today more than ever.
- Since your foundation, you have been at the vanguard of developing a modern, scientific, innovative and outward-looking agri-food sector in this country; and in the current political and economic climate, that deep well of knowledge and experience will be crucially important.
- Your conference is falling at an opportune moment in relation to the future of the agri-food sector, not alone in Ireland but across the EU.
- In late 2017, the European Commission will publish a Communication on the Future CAP; one year after this initiative was announced by President Juncker.
- The Communication will focus on modernising and simplifying the policy to deliver more results for all the people of Europe.

(Future CAP)

- You might reasonably ask why we are looking at upgrading the CAP so soon after the 2013 reform. My answer is quite simple and has two components:
- First, there was a clear realisation that, partly as a result of the new Lisbon Treaty co-decision process which governed the 2013 reform, the complexity of the final legislation left all parties involved unsatisfied with the final result – **thus the need for CAP simplification.**
- I would add that simplification is an ongoing process. In the past two years, I have introduced a large number of measures to simplify the CAP to benefit farmers and paying agencies. I have notably reduced penalties and controls and introduced a "yellow card" system for first-time offenders;
- Second, the rapid changes in the broader policy environment surrounding EU agriculture - from markets and trade to climate change and environmental challenges – **have necessitated the need for CAP modernisation.**
- As you are well aware, farmers and agri-food operators have faced unprecedented challenges over the past two and a half years. It is time to improve the policy supports for farmers in times of such crisis and to make them more resilient in a globalised world.
- I firmly believe that the CAP can and must do more to create rural jobs, contribute to the fight against climate change, and help us to meet the Sustainable Development Goals.

- No comparable EU policy has the capacity to deliver on these targets. I like to say that farmers are our "boots on the ground" to get the job done.
- So we are looking to make changes which will deliver the world's first agriculture policy which might be described as truly fit for the 21st Century.
- This process began with a public consultation which ran for three months between February and May. We received a great response, with 323,000 answers – this reflects the fact that citizens have a strong interest in how their high-quality European food is produced.
- The answers to this bottom-up consultation were presented and discussed at a large stakeholder conference on 7th July in Brussels.
- Now we are in the technical process of elaborating the Communication itself. This is politically delicate work, which will have a strong impact on the agri-food sector across Europe, not least here in Ireland.
- Without prejudging the final wording of the Communication, I can present you with a number of further details in relation to the overarching priorities I view as central to the future of European food production.

(Innovation)

- We need to accelerate the uptake of innovation and technology in the sector, on-farm but also at every level of the value chain. Innovative solutions in many cases already exist, but we need to do more to get them where they are needed.
- I see these marvellous new technologies and scientific solutions every week in my work. When I visited the JRC in Italy earlier this year we explored the possibility of using satellite technology to assist in farm controls, which could eliminate a huge layer of costly bureaucracy.
- In July I visited the Innovation Campuses of John Deere and Claas in Germany, and they are making astonishing strides in on-farm precision agriculture. These solutions have the potential to transform the efficiency and sustainability of holdings of all sizes.
- A fortnight from now I will attend the opening of Dairygold's new Nutritionals Campus in Mallow – a state-of-the-art facility setting the highest standards in quality assurance as well as driving efficiencies in terms of carbon management, emissions and water conservation.
- We don't need to reinvent the wheel. But we do need to speed things up – the farming of the future won't wait. The goal is to maintain and even enhance our world-beating standards in food quality and safety, while doing much more to contribute to the fight against environmental degradation and climate change.

- We need to address the existing gaps in knowledge; foster R&D and advisory services; turbo-charge investment in the sector; and in the broadest sense achieve better results through smart approaches and policy tools.
- Embracing the principle of a more sustainable system of agricultural production should in my view mean asking farmers to raise their level of environmental ambition and rewarding them for that contribution.
- It is also important to acknowledge the enormous contribution that farmers have made in recent decades, reducing their level of greenhouse gas emissions by 23 per cent since 1990.
- **There is sometimes a lazy narrative that likes to portray farmers as part of the problem when it comes to addressing the climate challenge, but in reality farmers must be and indeed already are part of the solution.**

(Resilience/Food Chain)

- All that being said, these ambitions will only be achieved if farming and agri-food is viewed as an attractive growth sector by farmers, innovators and entrepreneurs. And I place farmers first on that list, because without farmers, the game is up.
- In Europe we still revere the family farm model and all it represents for our rural areas. The European Commission wants this philosophy to endure, distinguishing ourselves from other global players where a small number of large-scale operators are the only game in town.
- The CAP is an increasingly market-orientated policy and, as such, is subject to prevailing market conditions which, as we have seen in recent years, are not always favourable.
- It is essential, therefore, that a policy which is designed to support farmers and ensure a basic safety net and income support also provides those same farmers with the necessary instruments to deal with market volatility and price fluctuations.
- This is why I believe that Direct Payments will remain the foundation stone of the future CAP. They provide a level of security and investment leverage that are absolutely essential.
- For the same reason, I have placed a strong priority on strengthening the position of the farmer in the food chain.

- I established ***the Agricultural Markets Taskforce in 2016, which last November published a report*** providing detailed policy options. These are now under consideration and policy proposals will follow later this year.
- I am very pleased that these issues have now fully entered the EU policy mainstream. Just this Tuesday, at the Informal Meeting of Agriculture Ministers in Estonia, the main discussion topic was 'Empowering our farmers with effective tools to manage risks post-2020'.

(MFF)

- Of course, these changes cannot come for free, and I believe it is vital that we maintain a strong and well-funded CAP in the coming decade. Negotiations on the next MFF are ongoing in Brussels, and I am working hard to build political coalitions to support my view.
- In a nutshell, I am making the case that the CAP is at the root of a vibrant agri-food sector, which provides for upwards of 44 million jobs in the EU, making it by far and away our biggest employer.
- President Juncker has made jobs and growth his absolute priority, and here again the CAP has a good news story to tell. Indeed in terms of growth, it is sufficient to look at the performance of agricultural exports, which have grown by 29% since 2011, outpacing all other sectors.
- The agri-food sector contributes almost half of the overall surplus of the European Union in merchandise trade in 2016.
- In today's political climate, growth must of course be sustainable. And indeed, the CAP touches on all three dimensions of sustainability –economic, environmental and social.

(Future Opportunities- Trade)

- By enhancing and promoting our focus on quality, innovation, and sustainability, I believe EU agri-food products will remain immensely marketable and exportable in the coming years.
- **Good food means good business.** We are now exporting €131bn of produce - with a surplus of €18.8 billion. This is not just a figure - it is a huge amount of wealth being transferred to rural areas across Europe.
- To maintain this strong focus on competitiveness, in 2016 and 2017 I have been travelling around the world on a "Diplomatic Offensive," visiting key export markets to intensify and create new relationships with third countries for our mutual benefit.
- In 2016 I visited Mexico and Colombia, China, Japan, Vietnam and Indonesia, accompanied on each trip by a business delegation from our agri-food sector, including representatives from numerous Irish operators.
- This year, I have visited China and Canada, and in November I will visit Saudi Arabia and Iran, all countries with large potential for Irish exports.
- Participating in these delegations gives operators excellent business opportunities and helps them to gather knowledge on export procedures for attractive new export destinations.
- And they also help to build political relationships which smooth the path towards strong bilateral trade agreements.

- The results are there for all to see. In July, the EU and Japan agreed the details of a free trade agreement - the most significant and far reaching deal ever concluded by the EU in agri-food trade.
- This deal will provide huge growth opportunities for our agri-food exporters in a very large, mature and sophisticated market. We achieved substantially improved market access for beef, pig meat, other dairy products, and processed agricultural products.
- President Juncker is likely to make trade a central feature of his State of the Union speech next Wednesday. This is in part to emphasise one of the EU's unquestionable strengths, but also, I would suggest, to draw a contrast between what can be achieved inside and outside the EU.

(Brexit)

- Which, of course, brings me to Brexit. We are all aware of the huge challenges this monumental decision poses to our agri-food sector in Ireland.
- I believe the current and previous governments are to be commended for achieving the diplomatic success of ensuring that the interests of Irish farmers are understood across the EU.
- Brussels and national capitals understand very well that Brexit is already having a negative impact on the value of Irish agri-food exports to the UK, principally as a result of the depreciation of sterling.
- The fact that our position was explicitly recognised in the EU negotiating texts was a huge political success, and we have a strong ally in the EU Chief negotiator Michel Barnier, who has been unflinching in his support for the "Irish question".
- The current state of play is that negotiations will continue right up to the next major milestone which is the Summit of EU leaders on 19-20 October.
- This is a crucial meeting because the EU 27 will decide, based on Michel Barnier's reports, if "sufficient progress" has been made in the talks to allow them to move on from focusing solely on exit issues like the U.K.'s Brexit bill to future relationship issues like trade and customs arrangements.

- The latest round of talks was a qualified disappointment. There was some notable progress on a number of issues pertinent to Ireland:
- Both sides reported "good progress" on finding an arrangement to maintain the Common Travel Area between Ireland the UK. The shared objective of avoiding a hard border was noted, without entering into detail.
- In my view, and in the view of the European Commission, the UK needs to do much more when it comes to the potential political impact that Brexit may have on Ireland.
- The UK needs to accept that the onus to find a workable solution is primarily their responsibility. After all, they voted for this. We did not. And neither, for that matter, did Northern Ireland.
- From what I have heard and seen, the UK has not yet fully accepted that their proposed technical and economic approach will not be enough.
- For this reason, I welcome the clear statement in the paper published by the Brexit Task Force yesterday that the onus to propose solutions to overcome the challenges on the island of Ireland posed by Brexit remains on the United Kingdom.
- I am satisfied that Ireland's political, agricultural, and business leaders are doing everything they can to protect our country's interests at this sensitive time. There are a number of key messages that I think we need to keep repeating.

- The first is that we remain 100% committed to our future in Europe.
- The second is that it is in the interests of both Ireland and the UK to maintain smooth and efficient trade flows between our countries. This is the priority for everyone.
- Third, I believe we need to solidify our position within the single market and continue building alliances with third countries, notably for our key export sectors such as agri-food. This is the best way to offset any Irish economic losses incurred by Brexit.

(Conclusion)

- In conclusion, ladies and gentlemen, I believe the future of farming and food production remains bright, but there are many challenges to overcome.
- I am heartened by the fact that a survey of ASA members showed a clear majority remain positive about the future of the agri-industry with 96% of those surveyed saying that they would encourage recent graduates to pursue a career in the industry.
- I look forward to working with you to make sure that this optimism is justified, today and tomorrow. Thank you.