

Speech by Commissioner Phil Hogan at Region of Tuscany Conference on Agriculture and Rural Development

6th April 2017, Lucca

- Minister Martina, Minister Remaschi, President Sani, President Rossi, Ladies and gentlemen,

(Introduction)

- Thank you for the invitation to join you here today. I am delighted to be back in the beautiful region of Tuscany.

- This is an area with a long and proud agricultural tradition, and I want the CAP to continue supporting Tuscany's farmers and food producers in the years to come.

- The topics you are examining during the course of this conference reflect very accurately many of the European Commission's major priorities when it comes to agriculture and rural development policy. And the timing of your conference is also very significant, because as you know, the European Commission is currently conducting a public consultation on the future of the CAP.

- I believe our shared European policy for agriculture and rural development is the best hope for our farmers and rural communities to prosper in the 21st century. And I also believe we need to work together to make sure that the policy contains all the necessary tools and supports to make this happen.

- I would like to provide you with some insight into the Commission's current work and future planning in some of the policy areas you are addressing during this conference.

(Innovation and Knowledge Transfer)

- Let me begin with innovation and knowledge transfer. The European Commission has made a conscious policy decision to direct significant resources towards improving this area in recent years.

- And there is a good reason for this: the evidence suggests that the links between research, advisory services, farmers and industry are still too weak. Agricultural Knowledge and Innovation Systems need to be more efficient and interactive to face new challenges.

- In order for a new generation of young, ambitious and innovative farmers to continue and improve the traditions of their forefathers in regions such as Tuscany, we need to give them the best support and advisory systems.

- This is what we are tackling with the **European Innovation Programme on "Agricultural Productivity and Sustainability"**. This programme acts as a bridge between the CAP's rural development policy and the research policy Horizon 2020, using both funding sources to increase the impact of the actions.

- The European Innovation Partnership 'EIP AGRI' is **speeding up innovation** on the ground with a view to fostering a **competitive and sustainable agriculture** which produces more using less.
- The EIP AGRI is implementing so-called “**interactive innovation**” through the “**multi-actor approach**,” boosting the participation of farmers in research and innovation and addressing their specific needs and opportunities.
- For us, innovation is “**an idea, put into practice, with success**”. Both the operational group approach and the multi-actor approach under the research policy will enable the development of **bottom-up ideas** from farmers and foresters.
- Their participation in the projects takes advantage of their practical knowledge, and will help to generate co-ownership and make the solutions more ready to use. In this way it will speed up the acceptance of innovative results within the agricultural sector.
- A very recent independent study finds the uptake of the agricultural EIP “impressive” in **96** out of a possible 111 Rural Development plans in **26 Member States**. It also describes the farmer-led approach as “truly distinctive” and “highly appreciated by stakeholders”. This is a very positive platform to build upon.
- I would also like to take this opportunity to **congratulate** Tuscany for investing up to **€81 million of your rural development funds in priority 1 (innovation, cooperation and knowledge sharing)** that represents the 8.4% of Tuscany RDP full budget. I wish you every success with this ambitious approach.
- Next let me turn to the question of quality products and how they relate to promotion, food traditions and sustainability. I always make a point of raising this issue when I come to Italy, because you have a deep understanding of quality as a nation.
- Of all EU Member States, Italy has the highest number of registered products, with 931 registered names: 603 wines, 291 foodstuff products, and 37 spirit drinks.
- Tuscany alone with 31 protected food names represents around 10% of all Italian food geographical indications, not least Lucca olive oil. And 58 Tuscan wine denominations are protected, accounting for about 10% of all Italian wine geographical indications.
- Quality schemes offer a wide range of opportunities for Tuscan producers who often get a better price for GI products and hold a stronger position in the food chain. Through the registration they also enjoy EU wide protection.
- As GIs cannot be delocalised, they contribute directly to employment in Tuscany with potential spill-over effects on local tourism, gastronomy and the preservation of cultural heritage. They help to diversify potential income sources.

- To support their potential, the Commission has made available a total of €128.5 million for promotion programmes in 2017, at a co-financing rate of 70-80%. This was done through the publication of two calls for proposals that are still open – the submission deadline is the 20th of April 2017. I encourage Tuscan producers and agri-businesses to examine these opportunities closely.

(RDP – LEADER)

- Next let me turn to the evolution of local development strategies.
- As you know, the bottom-up development approach of LEADER plays an important role in improving rural life as it empowers rural people themselves to tackle development gaps they have identified.
- LEADER has a wide range of impacts corresponding to the diversity of rural areas. It includes actions such as building resilient rural communities; supporting social inclusion, for instance youth focused strategies; initiating cooperative approaches on energy transition; and stimulating economic development based on smart specialisation or short supply chains.
- A public budget of almost €10 billion is allocated to LEADER, aiming to improve the quality of life and the attractiveness of rural areas and villages.
- Rural Development Policy contributes enormously to the enhancement of rural areas in every EU Member State, both inside and outside the farmgate. And I want to improve and broaden its scope in the coming years.
- This is why last year, I organised a conference where 300 stakeholders from right across the European Union came to Cork in Ireland and agreed the Cork 2.0 Declaration, entitled "*A Better Life in Rural Areas*". It is an exciting and innovative blueprint for the development of our rural areas, based on a 10 point programme.
- I consider it to be one of the building blocks for the work of modernising and simplifying the CAP.

(Environmental Sustainability & Climate Change)

- I would also like to say a word on the role of rural areas in promoting environmental sustainability and combating climate change.
- Agriculture and forestry are important players in the context of the ambitious EU climate and energy targets. Both sectors also help other sectors to decarbonise, for example by expanding the bioeconomy, or by decarbonising transport through the transition to advanced biofuels.
- Agriculture and forests are however also under pressure due to changing climate, particularly in the mountains, where the effects are additional to other natural constraints and issues such as depopulation. We therefore need to support mountain rural communities in adapting to the impacts of climate change.

- Beyond climate policy, forests and their sustainable management are particularly important in mountainous regions such as Tuscany, as they provide multiple functions and services in addition to wood production, including protection against natural hazards, the regulation of water supplies, and the conservation of flora and fauna.
- The CAP through its two pillars already provides support for climate change mitigation and adaptation actions in agriculture and forestry. Sustainable management of natural resources and climate action is a core objective of the CAP, and will continue to be among its priorities in the CAP post 2020.
- Environmental sustainability, particularly in mountain areas, is closely linked to the wider aim of supporting resilient and durable societies in rural areas.

(Food supply chain)

- Closely linked to this issue is the question of the food supply chain, which I know you are addressing in this conference.
- As we begin to slowly emerge from the market crisis of the past two years, we must apply the lessons learned.
- The CAP is today quite rightly more market-orientated, but as we look to the future, it is clear that we must take further action to help farmers become more resilient. I want to see the position of farmers in the food supply chain strengthened, allowing them to reap the fair benefits of their work. A more resilient agri-food sector within a stronger, fairer food chain will benefit every EU citizen. What is more, a positive outlook on farming will make it possible to attract young people to the sector.
- I am currently looking into the existing toolbox and examining ways to strengthen it. Last year I established the Agricultural Markets Task Force, which published a report in November 2016 providing detailed policy options for strengthening the position of farmers in the EU food chain. I will be happy to hear any outcomes from this conference on this complex topic.

(Financial Instruments)

- Finally, I want to address the issue of financial instruments, which is closely related to all the other topics I have mentioned here today.
- Access to suitable forms of finance is crucial for making EU agriculture competitive and sustainable and for helping new entrants, particularly young farmers, to enter the industry.
- I have placed a particular priority on the promotion of financial instruments and I am very pleased to say that considerable progress is being made, particularly in terms of the provision of Loan Funds and Guarantee Funds, which complement traditional grants.

- It is clear now that the development of financial instruments is accelerating and there is an increasing recognition of their value and the role that they can play. I welcome this acknowledgement, at national and regional level. Much of this heightened interest in financial instruments reflects the work by DG AGRI, supported by the EIB Group and EAFRD managing authorities.
- Smart, tailored financial instruments can provide support to:
 - young farmers and their investment projects including access to land or business start-up;
 - farmers investing in modernisation of agricultural holdings, diversification, and processing and marketing, including short supply chains;
- Simplifying access to finance for rural entrepreneurs and in particular young farmers is one of the main objectives of the omnibus simplification.
- European agriculture is becoming increasingly market-orientated and is competing in a global market place. We have been steadily increasing the value of exports in recent years and last year they reached a record level.
- That reflects a number of things, particularly the quality of European produce, but it also reflects the competitiveness of European food production.
- Maintaining that competitive edge means that we can never afford to stand still, we must constantly strive to improve our competitive position and that will only happen through constant investment, particularly in innovation and technology. It is in this area that the increased use of financial instruments has a very particular and positive role to play.
- And I would remind you of the significant success story happening in Italy.
- The Italian macro-regional guarantee fund, to be launched later in 2017, is so far the biggest financial instrument supported from Rural Development Fund.
- The efforts of the EIF, EIB, DG AGRI and the Italian national authorities and regional managing authorities have been absolutely critical in achieving this important milestone, which will support young farmers investing in agriculture and food processing.

(Conclusion)

- In conclusion, ladies and gentlemen, I hope I have provided you with some useful for food for thought, and I look forward to hearing more about the outcomes of this conference. Thank you.