



Official high level opening statement

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SPEAKING ELEMENTS

Dear distinguished ladies and gentlemen, Director Cottogni, colleagues,

Allow me to welcome all of you to our conference on “Access to finance for smaller farms in the EU”. For the first time in more than 2 years we have again the possibility to organise an event with a physical presence and I am very happy to be with you today. I am also pleased to hear that so many people have joined us online, which actually shows that we have chosen the right topic.

The new CAP

- In a context that Europe has not seen for decades – I refer here to the Russian invasion of Ukraine, and the well-known climate change and biodiversity crisis, we are at a point where we have to find new ways of delivering on the expectations of our stakeholders and society, and achieve much more on the ground.
- We have a reformed CAP that is expected – *among other things* – to bring solutions to many aspects, among which is to support farmers to continue producing in times of crisis while continuing their inevitable transition to sustainability. Smaller farms have an important role to play in that regard.
- The reformed Common Agricultural Policy will be **fairer, greener and more effective**.

- The new CAP places also a greater emphasis on a fairer distribution of income support and a greater targeting towards small and medium-sized farms.

The various crises in the EU

- But we are also facing several crises at this moment. It started with Covid-19 - a crisis that affected mostly the small producers as it closed down many local markets, disrupted supply chains, and limited outlets for selling products, also because of disturbances in other sector like tourism, transport and trade.
- Then came the unprovoked invasion of Ukraine by Russia, the energy crisis and the high inflation. All these events further disturbed the position of smaller farmers.
- The war in Ukraine demonstrates the **importance of ensuring food security at all times**, globally and within the EU. This objective, enshrined in our founding Treaties some 65 years ago, is today as important as ever.
- For farmers, it is not a crisis situation, but a critical situation; especially for some **smaller family farms**.
- The Farm to Fork Strategy already highlighted the need for a resilient EU food system. This is again underlined by the current crisis. The EU must strive for **sustainable food systems**, including by reducing the input dependence of its agriculture.

The Commission's response to the crisis

- In light of this situation, the Commission adopted the Communication on food security (official title is “*Safeguarding food security and reinforcing the resilience of food systems*”).
- The Communication responds to the request of the **European Council** to present options to address rising food prices and the issue of global food security.
- **It sets out actions in three areas:**
 - First, it presents our immediate actions to **safeguard food security in Ukraine and around the world.**
 - Second, we have addressed the challenge of **stability in the EU's food system**, with a range of **measures to support our farmers and maintain affordability for our citizens.**
 - Finally, we confirm our agenda to make our **food system sustainable and resilient in the years to come.**
- Security, stability, and sustainability. These are the words that define our response.

Reinforcing the resilience and sustainability of our food systems

- **In the medium term, the transition to sustainable agriculture, as envisaged in the Green Deal and Farm to Fork, is our only path to food security.**
- Our food system must be sustainable, as climate change and environmental degradation are ever-growing risks to food security. Russia's invasion of Ukraine is not going to make the climate and

biodiversity crisis disappear. **The short-term solutions should not put a mortgage on our future.**

- We must also ensure that our food system is resilient to external shocks, like the one we are now experiencing.
- That is why the **future CAP Strategic Plans**, with their support on the resilience and the long-term sustainability, are a crucial part of our response.

CAP Strategic Plans

- Let me now focus on the CAP Plans and start by briefly recalling the approval process and updating you on the current situation.
- Each Member State had to officially submit its CAP strategic plan. **By 18 March 2022, all plans were sent to the Commission.**
- The Commission had a **3 months period to send the observation letters** to the Member States.
- **By the end of April, the Commission has sent observation letters to the 22 Member States** who submitted their plan by the end of January. The remaining observation letters are being prepared.
- The observations were published by the end of April. We examined how Member States identified their needs, the effectiveness of the interventions they intend to implement, and the targets and ambitions they have set.

- After the revision process, the Member States are expected to **re-submit their plans. Bilateral meetings with Member States to discuss our observations** are ongoing.
- It is important to underline this - the **Commission expects real changes from Member States** so as to effectively address the challenges identified in MS or certain regions.
- We need to ensure that the **Plans do not only comply with the legal framework, but are ambitious** in delivering on the multiple objectives and the present difficult economic context.
- We would like to welcome the Member States engagement to continue with the structured dialogue and provide additional information and explanations, or to clarify the texts where needed. We expect, however, that on certain points Member States modify parts of the plan including interventions or the result indicators set.
- The Commission is committed to assisting the Member States in the completion of their plans to ensure that these can be adopted as soon as possible, so that **implementation can start at the beginning of 2023.**
- The timeline will depend on the quality and timeliness of Member State reactions to the observation letters.
- While we understand the call of Member States to ensure a swift adoption of the Plans, we are keen on ensuring that the Plans are adequate on content, quality and ambition.
- The Commission, however, is aware that the context in which Member States have designed their draft Plans has substantially

changed with **the Russian invasion of Ukraine** and we will consider this in the approval process.

- The Commission stressed to Member States that the CAP Strategic Plans need to play a key role to **strengthen the resilience of the sector and foster its adaptation to the new geo-political context.**
- The Commission will support Member States who, for example, use funding to boost sustainable biogas production, improve energy efficiency, foster protein crop production and develop their knowledge and innovation systems.
- After the first review of the CAP Plans the Commission expects Member States to ensure a fairer distribution of income support to enhance in particular the resilience of small and medium-sized farms, vulnerable to volatility of markets that may threaten continuity.

Dear ladies and gentlemen,

- Today will be dedicated to smaller farms, their difficulties in accessing finance, in talking to banks and investors. We will try to show how financial instruments can help bridge the gap and offer better conditions for those smaller farms willing to lend money. Pierre Bascou will give you more details on this.
- I am aware that financial instruments is not the only tool at our disposal for supporting smaller farms. At the same time, we need to explore all possible avenues for ensuring that more financial resources reach smaller farms, quickly and at preferential conditions.

I wish you a nice event ahead!