



Opening statement

Christophe Hansen, European Commissioner for
Agriculture and Food

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Ladies and gentlemen – good morning.

It is a pleasure to be here with you today to discuss how best to protect Europe's farmers and strengthen their ability to deal with crises and unexpected events.

Climate change is the most obvious example.

As you know, this is an area where agriculture is highly vulnerable.

Our farmers are on the front line. They are the ones who directly suffer the damage caused by extreme weather events like drought and floods. Both are becoming more frequent and severe.

We can already see growth in EU crop yields stagnating due to droughts and water scarcity. In turn, this poses a threat to our food supply and wider food security.

Unless we act **now**, Europe could potentially face significant declines in its maize and wheat yields.

The study that we will discuss today has estimated and quantified these risks.

On a more immediate and practical level, climate change can affect farm incomes. Its impacts may restrict farmers' access to finance, since banks may become even more risk-averse than they are now.

As we identified in the **Vision for Agriculture and Food**, there is an urgent need to anticipate and manage many risks faced by farmers, whatever their origin: trade tensions, climate change, geopolitical or other production risks.

We need to equip farmers with strategies to ensure the EU agri-food sector's long-term resilience and its appeal for future generations.

First off: adapting to climate change.

This is essential, to help soften its impacts and reduce the risks.

Here, the Commission will help Member States by preparing a plan to guide them in directing investment towards enhancing climate resilience for farmers and the wider agri-food sector.

Early next month, we will also present a **water resilience strategy**.

This will be hugely important for the agricultural sector, which accounts for 59% of all the EU freshwater withdrawal in the EU.

To put it bluntly: without water, there is no farming. Or much food.

Most importantly, and the main reason we are here today, is to discuss action on risk preparedness, insurance and de-risking. As we said in the Vision: a better pooling of risks and an improvement in the availability and affordability of agricultural insurance for farmers.

Here, the **Common Agricultural Policy** already does a good deal.

It provides support to create and develop risk management schemes, and for investments and measures to de-risk the sector.

After a natural disaster, farmers can obtain EU financial support to restore their production potential.

A few months ago, I visited Valencia and saw firsthand the devastating impact of storm DANA on agricultural areas.

It strengthened my view that we need to make the **CAP even more responsive** to manage risks and crises.

I say that because every policy can be improved. That is why I presented a CAP **simplification** proposal last week. Simplification allows farmers to focus on innovation and climate resilience.

Risk and crisis management are key building blocks of that proposal.

By making rules for support more flexible, notably for the loss calculation, we want to make it easier to set up risk management schemes. And we want to enable Member States to create a crisis support tool within their CAP strategic plans to help farmers suffering the effects of climate events.

The proposal provides some flexibility for Member States to meet the conditions for CAP payments and for eco-schemes.

These contribute to de-risking the sector.

Let me now drill down into some more detail.

Firstly, to mention our very successful and promising cooperation with the European Investment Bank under our technical assistance programme Fi-compass.

The insurance study to be discussed today is the result of this programme.

It is just one example of our cooperation - but there is more.

Working with the EIB, Fi-Compass has allowed us to move ahead with three surveys on access to finance: for cereals and oilseeds, fruit and vegetables, and for dairy farmers.

We are also studying the financial mechanisms behind our agri-food supply chains to shed more light on the current financial situation and to prepare for the future.

However, I must also mention some of the study's key findings, which I note with interest but also with some concern.

It finds that only 20 to 30% of climate-related losses are insured via public, private or mutual systems. This includes the Common Agricultural Policy. The remaining losses, between 70 and 80%, are not covered. This is a huge gap, and we need to do something about it.

The study assesses that the estimated annual average loss – now €28 billion for the EU-27 – will increase by 66% until 2050, to more than €45 billion per year. This is a serious number.

The observation that drought drives over 50% of agricultural climate risk across EU27 is rooted in my experience. This spring, we see drought again affecting many European regions.

It is not a problem that is going away.

So: let me turn some of the study's recommendations into questions:

How can we best use risk capital markets, such as insurance, to supplement resources during a crisis?

What do we need to do at farm and landscape level to maximise climate resilience, since climate change will limit access to finance?

How can we use financial instruments to provide financial support for climate adaptation and protection, and for farm transition? How can EU policies and action support this?

While I am happy to further improve open access to crop, climate and yield data, how can this be done without increasing the administrative burden for farmers?

Ladies and gentlemen

Let me conclude with some thoughts on investments and funding.

Access to insurance is important, certainly.

But the sector also needs significant investment to remain sustainable and resilient with modern farming practices, maintaining its role in creating jobs and boosting growth.

Let us also remember – and as the Vision makes clear - that rural areas badly need investment to remain dynamic and for their communities to thrive – socially as well as economically.

That means funding for essential services like hospitals and schools and key infrastructure such as broadband connectivity. It is also how we can attract younger generations into these areas, especially farmers, by keeping them lively and populated.

Many farmers today are willing to invest. But they lack access to commercial funding.

In 2022, the financing gap for EU's agriculture sector reached €62 billion.

Over time, this gap has been increasing, especially for small and young farmers – reflecting the sector's growing need for financial support.

We need to make it easier for farmers to invest in climate adaptation and prevention - for example, by reducing barriers such as high borrowing costs and the high-risk perception of farming.

Rural development funding could play a key role here.

As you know, the European Agricultural Fund for Rural Development aims to reinforce the 'first pillar' of income support and market measures by strengthening the social, environmental and economic sustainability of rural areas.

We increasingly provide this support in the form of financial instruments. We already have €1.1 billion planned by 12 Member States, with a few more countries on the verge of joining them. By the end of 2023, a €402 million EAFRD contribution for financial instruments delivered €1.8 billion in repayable support with more than 25,000 contracts signed.

I encourage all Member States to assess and launch new financial instruments under their CAP Strategic Plans, to support climate adaptation and risk prevention in their agriculture sectors, as well as the (sustainability) transition

Farmers not only need that support, but also easier access to finance.

We should also maximise sources of public investment as well as leverage and de-risk private capital.

Here, the way forward is to work closely with international financial institutions such as the European Investment Bank, the European Investment Fund as well as with National Promotional Institutions and banks. These play an important role in mobilising capital for sustainable growth.

To conclude, ladies and gentlemen, let me congratulate and thank all those involved in preparing this inspirational study. It provides some important building blocks to help us design policies to make EU agriculture more climate resilient.

I look forward to the discussions and wish you a successful day ahead. Thank you.