



Discorsi di apertura

Nivelin Noev, Team Leader – Strumenti finanziari e rapporti con il Gruppo BEI, DG AGRI, Commissione europea

✕ #ficompass



OPENING STATEMENT

by Dr Nivelin NOEV

at the *fi-compass* conference on

'New generation financial instruments in support of Italian agriculture and rural development'.

Dear Ms Angelini,

Dear Ms Messori,

Dear distinguished guests, colleagues,

Ladies and gentlemen,

On behalf of the Directorate for Agriculture and Rural Development at the European Commission, it is my great pleasure to welcome you all here, at our conference on new generation of financial instruments in support of Italian agriculture and rural development.

I would like to welcome the management and experts from the national and regional managing authorities, the Italian farm unions and associations, and the representatives of the financial institutions. With all of you here, I believe this event will be a success.

I am particularly thankful to you, Ms Angelini, and your colleagues, for the full support that your Ministry gave us in preparing this event.

My gratefulness also goes to Mr Robino and the *fi-compass* team at the European Investment Bank – who are already 10 years with us,

helping us build a greater knowledge and search for better ways to finance EU agriculture.

The debate that we will have is timely and much needed, given the challenges that European farmers are facing today.

The recent farmers' protests across Europe – driven by a multiple set of reasons - highlighted issues and concerns in front of the agricultural sector on which we had to act swiftly together with the Member States. We recognise that these are major, for some farmers even existential, challenges and they can count on European support.

In the face of these challenges, we are grateful to our farmers, and all those working in this sector, for the food security they continue to provide, and especially in the extremely difficult times of past years:

- first, with the largest pandemic in over a century,
- then a full-scale war in Europe,
- and on top of this, the dramatic and increasing climate disasters, in the form of droughts, wildfires, and floods.

Each of these crises have hit our farmers very hard. But in the face of these challenges, our farmers have continued to guarantee self-sufficiency in the EU for most agricultural products and for this, we are grateful.

Access to finance is a key subject for every business. It determines its economic stability and makes a path towards its future.

The CAP needs sufficient funding to act and react in an appropriate way to the challenges that hamper farmers' ability to deliver on the core objectives of the policy.

The uncertainties due to the complicated geo-political situation, the war in Ukraine, inflation, sustainability challenges and recurrent adverse climatic conditions - put the capacity of the sector to deliver more than ever, at risk.

Last year, *fi-compass* surveyed more than 6,500 farmers, and over 2,200 agri-food businesses, across 24 EU Member States, to see the impact that most of these events had on farmers' access to finance.

The results show that 83% of all farmers in the EU experienced an increase in production costs, but only 12% managed to significantly increase their selling prices!

By comparison, about 77% of the agri-food enterprises managed to pass on the increase in production costs to consumers, through higher selling prices.

In Italy, only 7% of all farmers managed to sell at a significantly higher price in 2022 than in 2021. But 56% were not able to increase it, and one-third of them received, actually, got a lower price than in the previous year.

At the same time, 81% of the Italian agro-food SMEs managed to sell their final product at a higher price.

Our farm survey showed also that the **total financing gap for EU agriculture** has **increased substantially** and is now at **62 billion euro**. It has almost doubled compared to the “average” level of the gap in 2017, which was 33 billion euro.

And while all farmers have difficulties obtaining finance from banks, the biggest burden remains on smaller farms. In terms of financial products, long-term loans are very limited.

In total, 37% of all rejected farm loans in 2022 were down to **limitations of the bank policies** – in other words, the unwillingness of banks to expand their support to agriculture.

Over the last two years we are also witnessing rising banks’ interest rates, low selling prices of agricultural produce, reduced number of bank offices in rural areas – factors that affect access to finances and the chances of farmers to be approved when applying for loans.

All this calls for a policy action.

So far, we have 12 Member States, including Italy, that have programmed EUR 1 billion for financial instruments – loans and guarantees. Instruments under the old RDPs are being closed down or are in their last year of implementation. There, another EUR 800 million of public resources, are about to be disbursed.

We believe that there is a scope for using more CAP, national and private resources through financial instruments. We are willing to see a more diversified offer of financial products, including equity and counter-guarantees – two products that we do not have yet under the CAP Strategic Plans. And together with *fi-compass*, we are ready to assist through our targeted coaching activity any managing authority willing to invest time and resources in this area.

It becomes also evident that significant financing is, and will be needed, by the agricultural sector in near future. We have to aim to give easier access to finance and also work on the conditions of the financing and make them appealing for the farmers, sufficiently close to addressing the specificities of their business models.

I very much hope our event today to give us confidence and believe that the new financial instruments for Italian farmers will be a success.

At the end of my intervention, please allow me to quickly mention the most important strands of our recent work in relation to the farm protests I mentioned earlier.

Both the Presidency and 22 Member States called on the Commission to act quickly and put forward a clear roadmap for the measures we announced we can implement as a response to the protests.

We therefore focused our work on 2 major streams aiming at:

- **Reducing the administrative burden for the farmers** such as targeted simplification of a number of basic provisions, and
- Preliminary views on the actions that could be taken to **improve the position of farmers in the food chain.**

The legislative proposal put forward on 15 March to simplify the CAP and implementation of CAP strategic plans will soon be adopted, hopefully this week.

The proposal responds to many key issues highlighted across EU Member States, in particular to conditionality requirements and amendments of the CAP Strategic Plans.

We launched an online **survey on the administrative burden** targeted directly to farmers. The survey gathered more than 26 000 responses and we will soon announce the results. More in-depth work in this field is expected and we will publish a report with the results later this year.

As to the supply chain relationships, let me mention that the European Commission has launched the call for applications to set up the **new EU agri-food chain Observatory (AFCO)**. The Observatory will look at production costs, margins and trading practices, and will aim at reinforcing the trust between all actors throughout the chain.

We will also adopt of a **report** on the implementation of the Directive on Unfair Trading Practices.

With *fi-compass* we are about to launch a specific study looking into the financing of the agri-food supply chain and we plan to investigate further the access to finance in some agricultural sub-sectors like cereals and oilseeds, vegetables, etc.

Ladies and gentlemen, dear participants,

I believe that we will have a good discussion today based on exchange of ideas, experience and positive intentions that will create a new momentum for finding better ways to ensure easier access to finance for the Italian farmers, at good conditions. I hope we will find more solutions than problems, and that we can learn from all good practices that will be shared among ourselves.

I thank, again, all of you for joining us and I wish you a successful event!