



Opening statement from DG AGRI

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Good morning Ladies and Gentlemen,

Dear Mr Blasi, Dear Bruno, Dear Participants,

I am very glad to open this national webinar organised by DG AGRI and EIB fi-compass. I would have preferred to see you all in person, in Rome, but we have to adjust to the circumstances.

Today we will look into the financial needs of Italian farmers and agro-food processors. We will discuss how financial players and financial instruments under the EAFRD can ease the access to finance and what lessons we learnt for the future.

Introduction

This webinar comes at a very important moment of time. We are on the verge of having our new CAP legislation adopted. A CAP with a new delivery mode that has to deliver on the objectives of our European Green Deal. And we are developing a new vision for rural areas, with a focus on green and digital transitions.

At the same time, the Covid-19 health crisis disrupted the Union's economic development and all businesses are more than ever pressed to

cope with unprecedented circumstances and measures. Despite the negative impact of the Covid-19 health crisis, the food chain has been functioning without major disruptions and ensured supply to our citizens. Covid-19 demonstrated the advantages of shorter production chains securing closer ties between producers, processors and consumers. Farmers continue to produce and to run their businesses, which is essential for our living. I thank them for this.

The Commission responded with new packages of legal changes and financial support, and we all hope that this crisis will be over soon. In preparing for the recovery, the future MFF and the ambitious “Next Generation EU” plan were adopted. A new “Recovery and Resilience Facility” will provide support for investments and reforms, and an extra EUR 7.5 billion added to rural development (EAFRD) is being made available over the next two years (2021-2022).

The CAP and the Green Deal

All this is happening under the agreed politically European Green Deal. The Green Deal is an ambitious vision for the European Union to become a sustainable and climate neutral economy by 2050. The CAP

will have to make a major contribution to it and at the same time to preserve our agricultural production potential and recognise the key role that our farmers play in this context.

As agriculture and our food system more generally, are at the intersection of human activity and our natural environment, the Commission adopted the Farm to Fork Strategy, which is *a vision for reforming the entire food system in a sustainable way*.

The strategy details how we aim to design fairer, healthier and environmentally friendly food systems in the EU by 2030. Delivering on this ambitious vision requires a transition at all stages of the food supply chain – requiring efforts, engagement and responsibility from all actors. A lot remains to be done: from consultations with stakeholders to drafting individual pieces of legislation. Together with the new Biodiversity strategy it makes a comprehensive package supporting the new Green Deal.

However, there are considerable challenges and we cannot lean back. Agriculture is directly affected by climate change and depends on high-quality eco-systems. We believe that it will be necessary to reduce the

use and risks of chemical plant protection products, as well as the use of fertilisers and antibiotics, while increasing the area under organic farming.

Short overview of main CAP-related developments

Let me quickly outline the most recent progress linked to our policy:

- We achieved a considerable increase in the draft CAP budget for 2021-2027 by 22 billion compared to the 2018 proposal (EUR 387 billion finally approved), which shows the importance and relevance of agriculture.
- After more than 2 years of discussions at different levels, we are approaching the finalisation of the CAP legal framework. Co-legislators aim to finalise the negotiations by the summer, hopefully by end May – early June;
- The Transitional rules are already in place and we wait for the new programme amendments by Member States;

- The Common Provision Regulation is fixed, which is important for our financial instruments, as the general rules will be applicable to them;
- We are now discussing the so-called “taxonomy” under Invest EU – a new way for identifying sustainable projects and investment areas that will be applicable under this instrument.

Financial Instruments and needs

Financial instruments, the topic today, are a key rural development tool providing access to finance, in most cases at favourable conditions. They are growing in importance and have a proven potential for achieving of the targets and ambitions of the Common Agricultural Policy, also in view of the Green Deal.

For the next period we:

- Allowed stand-alone working capital; now possible only for SMEs under the Covid-19 provisions adopted in 2020;
- Allowed the purchase of land by young farmers with no eligibility restrictions;

- Simplified the combination with grants.

In this context, we finalised a Study that identified the lack of bank financing for EU agriculture to be between EUR 20 – 47 billion, and for agro-food: up to EUR 12 billion. For Italy alone, the gap is up to EUR 1.3 billion for agriculture and up to EUR 1.5 billion for agro-food sector. And these are figures before Covid-19 to make its impact.

At this moment, we have financial instruments which are running and others that have just started or are about to start. This area is to continue developing during the transitional period. Recently, Latvia became the 12th Member State to decide to programme a financial instrument in this period.

In terms of implementation and based on preliminary information, our operational financial instruments have given out more than 1,930 loans and more than 2,060 guarantees were committed – covering projects with total volume of EUR 576 million. About two-third of the programmed EAFRD budget is yet to be spent.

I also need to mention that InvestEU will also support investments in agriculture. Specific investment guidelines will be made available this spring.

How can we best prepare for the new CAP Strategic Plans?

For the first time, the Commission adopted specific recommendations for each Member State, including Italy.

Each Member State is in close discussions with its GeoHub in DG AGRI. This communication channel is very important for successfully managing the new planning process.

In this context, all CAP Strategic Plans should address the country specific recommendations. The selected Interventions have to deliver for achieving targets and bringing results on the ground. We will soon provide Member States with Toolkit Fiches for each Intervention to help them build their implementation strategies.

The case of Italy

As to the Recommendations to Italy, one relates to “encourage more young people to move into farming, and other activities in rural areas,

also by addressing the financing gap for young farmers and entrepreneurs, efficiently and in timely manner.”

Access to finance and the need for establishing financial instruments are mentioned in the draft SWOT (under Strategic Objectives 2 and 7) and we have provided suggestions on how to improve those sections.

You will hear more about it from Mr Ammassari a bit later.

In this context, I encourage the Italian managing authority to proceed smoothly with the drafting and finalisation of its CAP Plan and to continue the structured dialogue with the Commission and the Geo Hub in particular, with the aim of having a complete and mature document by the end of 2021.

This would allow starting the implementation of the CAP Plan and the activation of any FI included in it, without delays, and as from 2023.

The vision for rural areas

Rural areas continue to face a number of important challenges that cut across several policy areas and require a strong integrated and coordinated approach at European, national and regional levels. The

CAP will pull its weight, but other EU and national policies active in rural areas will have to do their part, in particular when it comes to broadband and infrastructure investments.

And this is why we need a Long-term vision for Europe's rural areas.

We need to have a realistic, but ambitious view on what we want our rural areas to look like in 2040. This likely involves goals towards which we should work, and a pathway, to get there.

The Rural Vision will promote an integrated, sustainable and resilient development of rural areas taking all dimensions and sectors into account to make the most of its potential. It is intended to build upon the views, opinions and needs expressed by rural citizens and stakeholders..

The opportunities of digitalisation

While preparing for the future, we cannot ignore that a serious digital gap continues to exist between urban and rural areas. More than 40% of rural areas' citizens do not have access to a good internet connection.

ICT and Broadband can be funded not only by grants, but also through financial instruments. The combination of environmental and economic concerns makes digitalisation in agriculture an attractive tool. Digitalisation in agriculture can help all farms, whether organic or conventional, and regardless of farm size.

We know that smart farming can reduce input and emissions in production by increasing efficiency, as demonstrated already by research projects and markets. However, the potential of digitalisation is not yet fully exploited by farmers. They face many challenges such as insufficient and low-speed access, lack of professional capacity or digital skills, which are also missing among some of their advisers. This is why targeted research, innovation support and demonstration projects that bring the added value of digital technologies to farmers can play an important role and have to be stimulated.

Dear participants,

I believe that your discussion in this webinar will be an important contribution in this essential for our policy phase.

I also believe that financial instruments supported by the CAP can make the difference:

- by offering farmers better loan conditions, lower interest rates, guarantees they do not have;
- by motivating young farmers, start-ups, innovation as well as business development in rural areas.
- by supporting, for example, green, costs saving investments, renewable energy projects, energy efficiency actions, new technologies, etc. and facilitating the achievement of our Green Deal objectives.

They can give a breath of fresh air to small farmers who want to further develop their business, or during crisis periods, to stay in it.

Therefore, I strongly recommend their introduction in the new CAP Strategic Plans where needed, and also for Italy.

DG AGRI is available to support the Italian Managing Authority in the introduction of appropriate FIs in the CAP Plan both through:

- the **Italian Geo Hub**

- **fi-compass**, which provides useful opportunities like today's event or the targeted coaching that many regional Italian managing authorities benefited from; and
- the **team on Financial instruments** in DG AGRI that can help with the new legal framework, and discuss all design options.

Thank you for your attention and I wish you an exciting conference experience!