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Speaking note of

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Second European fi-compass conference on financial instruments under the European Agricultural Fund for Rural Development in 2014-2020

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Charlemagne Building, European Commission

Brussels, Belgium

Session 11:30 -12:00 – Farm policy statements on the future of EU and Belgian farms and their investment needs

- It is an honour to be here with you today for second fi-compass conference on financial instruments under EAFRD;
- I would like to thank to EIB and to the Commission for giving me the opportunity to speak on behalf of 22 million European farmers and 22 000 agri-cooperatives who are ensuring that agriculture is sustainable, innovative and competitive guaranteeing food security EU citizens and the world;
- The agricultural sector is about to enter a new era, not only in Europe but also globally.
- Farmers across the globe are being called to contribute in combating climate change whilst producing safe quality food in a sustainable manner for an increasing world population and increasing consumer demands. In addition, they are asked to contribute to implementing the Sustainable Development Goals.

- For the past couple of years, we have been facing unprecedented crises in the sector (e.g. Russian ban), but, however hard the times are, we must believe in a brighter future. A brighter future for agriculture and for our farmers across Europe. But we need to believe it together and to act by supporting this important role that agriculture has.

Why we need to boost investments in the agriculture sector?

- There are also a lot of **opportunities** to increase our contribution to growth and jobs in the rural areas and in EU as a whole; farmers can apply more innovative solutions and increase their efficiency and productivity, can benefit from investments in new technologies, digitalisation and new business ideas such as further developing the bioeconomy. This will help them to increase their sustainability and competitiveness and enhance their role in the transition to a less fossil-based economy;
- I would like to provide you with **some figures why is important to continue to invest in agriculture.**
 - **Agriculture is a 100 – 40 – 15 – 1 sector.** One that contributes 100% for food production; one that manages 40% of agricultural land (75% if you include forests); responsible for 15% of the value in the food chain, and; one that contributes 2% for the EU's GDP.
 - In addition, the farming and forestry sector provide the only option of activities to be run in different regions of EU that are affected by various constrains and for which innovative solutions need to be found
 - The agriculture and forestry sector provide the renewable **raw materials that many of the EU**

industries need for production of bio-materials, bioenergy and for the substitutions of the fossil-based materials. Sustainable and competitiveness value-chains contribute to the vitality of the rural areas.

- **I have to highlight the multifunctional role that agriculture and forestry have serving all three pillars of the sustainability- economic, social and environmental.** They offer habitats for animals and plants, play a mitigating climate change and other environmental services. Therefore, investments do not provide only economic benefits but they also ensure vital environmental services that need also to be promoted and supported

What are the investments needs in Europe's agriculture and agri-food industry?

- I would like to stress that in order to be able to face all challenges and benefit from the opportunities we need **strong financial support** to continue to invest in the future of the agriculture sector. This will help us also to attract young generations by supporting the efficiency and productivity of farm businesses. The total factor productivity of many member states has significantly stagnated in recent years and this must be addressed.
- The investments should be focus on **how the increase competitiveness and sustainability of the agriculture and food-sector and to increase our role on the world market.** Some of the EU agriculture and agri-food industries lost the competitiveness battle on the world market and investments in new innovative technologies and also on logistics and infrastructure could be the solution.
- We need to increase the **uptake of new technologies.** EU support in investments for adequate broadband

infrastructure to unleash the promise of digital farming is crucial.

- The investments needs have to be addressed also through a strong cooperation between the public and private sectors. This is the only solution to have appropriate strategies adapted to the needs and capacity of the agriculture and agri-food sector
- **Policy coherence and clear strategies** are crucial to promote entrepreneurship and to invest in research and innovative solutions in the agriculture and forestry sector.
- I am sure that our farmers from Belgium will provide you with some concrete examples on the investments needs that they have in their country.

What are the tools needed to answer to these questions?

- The EU Budget financing the CAP must provide the means for farmers to contribute to its ambitious goals – feeding the EU and contributing to feed the world as well as fighting climate change.
- We consider that financial instruments have the potential to leverage private sector funding in order to stimulate greater levels of on-farm investment. Financial instruments co-funded by EAFRD **could be one of the solution** that could help farmers and agri-cooperatives to invest in the development and growth of their agriculture businesses. The experience of the EIB and their close collaboration with the MS could play an important role in efficiently implement this tool.
- However, I would like highlight that these tools should be **used complementary** to and not in substitution of the grants. We agree that flexibility could help in the uptake of such tools (e.g. derogations for using FI proposed under Omnibus regulation) but we do not consider that this is the best approach to promote the use of this tool.

- Also in the future grants are not only indispensable; **grants are the heart of supporting rural development for investments, creating for jobs and growth.**
- In addition, **better coordination and coherence between various funds** and tools are key elements for us to unlock the investment potential. Beneficiaries need to have a clear picture of the financial support that is available. Simplification and less administrative burden is also crucial.
- Member states and regions should choose the tools that they need to reach their objectives and that are adapted to the capacity and structures that they have. Assistance on capacity building and how to implement them is crucial. A good example that we have today is the fi-compass tools.

I have started my speech by stressing that we need to believe together in a brighter future for farmers and agri-cooperatives in EU. But we must not only believe, we need to act. And EU must act now to provide enough solutions that support us to continue to investment in these crucial sectors for the EU economy. This will provide the EU Member States and regions with a solid foundation for sustainable economic recovery and prosperity and will also help EU meet its environmental commitments.

Thank you for your attention!