



Opening statement

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✕ #10EAFRDconf



SPEAKING POINTS

Dear Vice-President Vigliotti,

Dear Minister Fernandes,

Dear distinguished guests, Ladies and gentlemen,

It is my pleasure to be with you today and welcome you to our 10th annual conference on EAFRD financial instruments.

- It is a remarkable milestone in our joint efforts with the European Investment Bank (EIB) to support our managing authorities in the development and use of loans, guarantees and equity for the sustainable future of our European agriculture.
- We celebrate a decade of intensive work on the subject - analytical, advisory and communication – but we also know that even more is lying ahead of us as we are facing new, more challenging times with climate change, geopolitical developments, enlargement and trade frictions.
- Let me first express my sincere condolences and support to all families and people of the region of Valencia and Spain who lost relatives, properties and maybe even the meaning of their entire lives following the devastating storms earlier this month. We are with you! We need to be alert remembering that such climate events may be just the beginning of a new difficult era for all of us that will call for quick and strong actions.
- We are now at the end of a transition period. The new College will enter into power next week, all focus is on the actions during the first 100 days and the Vision paper, and on the post-2027 period with the debate on how to shape the CAP in a way that supports:
 - our farmers ensuring their economic and social future, while at the same time we stay on course to fight, mitigate and prevent climate risks and environmental degradation.
 - Our EU agri-food sector had to face turbulent years, marked by unpredictable events of different nature you all know - the Covid-19 pandemics, the war of aggression by Russia against Ukraine, and the energy crisis, inflation, just to name a few. These **crises have**

reminded us of the strategic importance of food security, underscoring the central role of agriculture.

- This has not been an easy ride. The farming community faced **many challenges and difficulties**, and farmers were vocal about them, taking to the streets earlier this year or even this month, to protest against overregulation, the challenging and growing environmental and climate requirements, new trade agreements, and importantly - **demanding a fair income** and a **stronger position in the food supply chain**.
- We would all agree that agriculture is a strategically important sector – vital for our **health**, for our **economy and self-sufficiency** and **also for our environment and our climate**.
- Achieving **sustainability in all its 3 dimensions** - economic, environmental and social - is crucial for us all and for the future.
- And I would like to focus more on the climate risks to which farmers are getting more and more exposed.
- There is no doubt that the increasing number of negative climate events will have significant implications for our food security and farmers' competitiveness; that they will negatively affect food production and ecosystems and will increase the risk in the sector.
- The costs of droughts for the EU economy between 1981 and 2010 have been estimated to be € 9 billion per year. With a share of 53%, agriculture is the most affected economic sector, with the most important losses occurring in southern and western Europe.
- As the **fastest-warming continent**, Europe is particularly vulnerable to extreme weather events. They will become **more frequent** and intense. The European Climate Risk Assessment concluded that EU policies related to food production are not yet adequately prepared for climate risks. We also face **water scarcity, loss of biodiversity, degraded soils**. The list gets longer over time.
- We need to **build resilience** in a proactive manner now and in the future. We need a systemic transformation to reduce and contain impact from floods as well as from droughts. Business as usual is not an option anymore.
- This is why **President von der Leyen** announced that a **European Climate Adaptation Plan** will be developed in the next College. In close cooperation with Member States, we need to step up action to build climate resilience, including in agriculture.

- The sector is both **vulnerable** to climate change and extreme weather events or environmental degradation, while being often **also the source of soil degradation, biodiversity loss or nutrient leakages to groundwater**, to name only some examples.
- However, agriculture can also be part of the solutions. Becoming sustainable is essential and the only way to **ensure production of healthy food on the long run**.
- Food production and farming practices can have **both positive and negative impacts on biodiversity** and their interactions are complex. Nevertheless, we need to pursue the **transition towards a more sustainable agriculture**, and in the context of the conference today, to ensure sufficient resources for it to happen.
- Let me recall the words of Commissioner-designate Hansen at his hearing in the European Parliament - **We need better policy coordination** on topics such as climate adaptation, water resilience, animal welfare and the many other initiatives that directly impact farmers and consumers. These principles will guide us when preparing the vision for Agriculture and Food.

Future CAP

- Looking at the future, the **transition to more resilient and sustainable food systems** is not something that we can postpone. In our efforts to reach that objective, it is **important that we get the balance right** and that we ensure that this transition is **just and fair for everyone**.
- The European Commission firmly believes that **the Common Agricultural Policy should remain the main instrument** to address agricultural challenges, integrating environmental and climate concerns while contributing to the prosperity of EU rural areas.
- To provide long-term stability and perspectives for EU farmers, the Commission will continue to defend an EU income policy that ensures our farmers are rewarded for their activity and not forced to sell below production costs. We will ensure that the EU budget and the CAP are targeted and find the **right balance between incentives, investments, and regulation**.
- There is a need for a **comprehensive approach** across different EU policies and going beyond public action to involve private endeavours.
- The **legislative proposal for the CAP post 2027** is likely to be tabled in the second half of 2025, shortly after a Commission proposal for the next Multiannual Financial Framework.

- The way forward should aim at strengthening the **competitiveness, sustainability and resilience of the EU food system** to ensure food safety, availability and affordability whilst at the same time protecting and restoring the natural environment and its ecosystem services and enabling consumers to make healthy choices.

Strategic Dialogue & Vision

- This objective was echoed by the recent report of the **Strategic Dialogue** on the future of EU farming that promotes advancing towards sustainable agri-food systems.
- This Strategic Dialogue report is the result of a consensus among 29 stakeholders from across the EU food system.
- I have to say that sharing a common vision of the future of EU agriculture and food at a time of high polarization and diverging views is already a major outcome in itself.
- That is why the Commission has committed to carefully study the Dialogue's **recommendations**. These recommendations will serve as an important element for the elaboration of the **Vision for Agriculture and Food that will be presented next year in the first 100 days of the next mandate**.
- Like already stressed by Commissioner – designate Hansen, this vision needs to start from a central question, that was also one of the key questions addressed in the Strategic Dialogue: How do we attract a future generation of farmers that will take up the mantle from the current generation as custodians of our countryside?
- To answer that, we are already preparing a **new Strategy for generation renewal**, and **access to finance** will be one of its main building blocks. We need to embrace all options that **bring value-added** and ensure the maximum leverage and flexibility from combining EU, national public and private resources.
- We need public and private investment to finance and de-risk the sustainability transition. We need new initiatives.
- I trust that our co-operation with the European Investment Bank Group, for which agriculture and bio-economy is already a priority, will help supplement the CAP budget and unlock and de-risk

private capital. This is especially true for young farmers and women in agriculture. They are most at risk, and yet find it most difficult to obtain loans or funds for additional investments.

- In view of enriching our knowledge on the real situation, together with EIB fi-compass, we launched this autumn:
 - 3 sub-sectorial surveys to look not only into the issue of access of finance, but also at the levels of risk coverage, co-operation and agri-food supply relationships
 - a study on “Insurances and Risk management tools for EU agriculture”
 - a study on “Financial instruments for the development of sustainable agri-food supply chains in the EU”, and
 - we will soon start a study on existing on-farm investment benchmarking schemes in the EU, looking at both - supply-chain and banking – benchmarking.

This work will be essential for laying the ground for our future efforts in these areas.

Financial instruments

Ladies and gentlemen,

- Today you will discuss and hear more on financial instruments and how they can be used to finance not only investments, but also climate risks and mitigation, young farmers’ development, risk management, investments. You will hear also why blending can be crucial for the future unlocking of more private funds supporting research & innovation, agri-tech start-ups and the green and digital transitions.
- In a situation where the financing gap for EU agriculture is increasing over time and being EUR 62 billion for year 2022, we need these events to exchange and build confidence in this approach.
- I remember the days when we started working on this subject; it was interesting and challenging as we had no experience. Now, under the CAP Strategic Plans, we already have **EUR 1.1 billion programmed by 12 Member States** and **EUR 65 million already declared to us.**

- Many new modifications of CAP strategic plan introducing various financial instruments products happened recently and we believe that this is the right way forward. Some of these will be presented today.
- Additionally, we still have 1 year left before closure of the RDPs. There, a budget of EUR 733 million total public expenditure is programmed for FIs and 80% of the EAFRD amount is already implemented and declared to the Commission.

Overall, this makes EUR 1.8 billion total public support through FIs for the both periods taken together.

- Given all this, I believe we have a solid basis for expecting even more in the post-2027 period.
- At the same time, other EU Member States re-enforced their national state aid schemes providing loans and/or guarantees. We need complementarity between the EU and national financing as we have one common goal. We also need the support of the National Promotional Institutions without which in many regions funding wouldn't be available.
- Inevitably, these developments would not have been possible if we didn't have the backing up of the farm unions and I turn here to Pedro Barato, Vice-President and Rudolfs Pulkstenis, Vice-President of CEJA who will open the debates this morning. They recognised the usefulness and value-added associated with financial instruments and called for their stronger implementation in the coming years during the Strategic Dialogue for the future of EU agriculture.
- I also want to thank the managing authorities and paying agencies the openness for considering and implementing financial instruments under the CAP
- I am grateful for the support of the EIB and fi-compass for all the support. The targeted coaching of managing authorities, studies and surveys, conferences to name some of the activities were extremely valuable. I do have high hopes for our future CAP and our joint co-operation.
- Last, but not least, I would like to thank the whole EIB group including the EIF for the commitment to strengthen their work on agriculture.
- Finally, I would like to reassure all of you that for the post-2027 period we are committed to simplify and strengthen the CAP and unlock further the potential of financial instruments for our farmers.

- The Commission will continue to stand by EU farmers, who maintain EU food security and serve at the frontline of our climate and environment action.
- I wish you a fruitful day!