

Edinburgh 24 June
Panel Seminar
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European Parliament

It is a pleasure to be here in Edinburgh today and I would like to thank Mr. George Lyon, the Scottish Government and the National Farmer's Union for inviting me to this important meeting in occasion of the Royal Highland Show, and all the participants of today's seminar.

Recent trends in the world economy bring to discussion the development paths of modern society. Growth asks for more from our natural resources and leads to climate change. **Food, water and energy** risk becoming increasingly **scarce resources** as demand and consumption grow together with the world's population and wealth. Environmental vulnerability will lead to social and economic vulnerability and be a risk for future generations.

We need to reconsider our traditional ways for development, in order to meet **challenges society will have to face in the near future.**

Agriculture is in this sense **a unique economic sector** because of its close links to the vulnerabilities we have mentioned. In the fundamental phase of the food-chain, **agriculture plays a very important role** in responding to the increased demand for food. Agriculture affects both water availability and quality and it also plays a fundamental role in conserving and regenerating natural resources and in combating climate change.

In the EU, approximately 14 million farms manage 45% of the overall land area, employing about 30 million people and supplying a series of essential services. We now need to reflect on how to ensure the continuity of such services and what agricultural policy options to pursue to stimulate their expansion and rise in quality. This means that we need suitable policies and adequate resources. It also means, undoubtedly, translating such aspirations into a CAP which is more modern and closer to the needs of our citizens.

We should thus consider not only the opportunities to contribute to creating collective values, but also the constraints and threats to which the system is

exposed. If we wish to enhance the contribution of agriculture to creating public goods, we must ensure its presence and economic vitality.

The CAP has gone through many reforms since the beginning. These changes have led to a reduced environmental impact by European agriculture. Today the choices of European farmers are mostly made by market demand and the constant reduction of the system of guaranteed prices has solved the problem of structural surpluses of certain products and thereby also reducing the impact on natural factors.

Today, as citizens and policy-makers we are asked to be very **concrete with our vision of the future. Defining the future CAP** is therefore essential in addressing the new challenges for European agriculture. This should be done by **reviewing instruments and define resources** in order to capitalise on EU's strategic guidelines of competitiveness and sustainability and 30 years of CAP-reforms.

The objectives of Article 39 (now Article 33) of the Treaty are still relevant. Ensuring security and stability of agricultural supply at fair prices and promoting sector productivity are desirable aims even today. If we combine these aims with the framework of new constraints (market liberalisation and environmental sustainability) and new opportunities (production of environmental and social public goods) we will have a strong - hopefully shared reference framework in which to generate renewed and stable policies for the farm sector and for rural areas. Of course in this view we need to consider not only the opportunities afforded by the European system of farming and rural areas to contribute to building such important collective values for the future, but also the constraints and risks which it faces.

Today the term "**crisis in farm prices**" was used both in the recent past when we experienced price increases (which in 2007/2008, due to their intensity, translated into "food crisis"), but especially in recent months when the decrease in price is putting a strain on our farmers and threatens the survival of a significant proportion of European agriculture.

With the entry into force of the Lisbon Treaty The Common Agriculture Policy is subject to the ordinary legislative procedure and the European Parliament has an important responsibility to help adopt sound and efficient agricultural legislation. In the Committee on Agriculture and rural Development that I have the honour to chair we recently approved the report

on the future of the Common Agricultural Policy after 2013 on which Mr. George Lyon has done an excellent job as rapporteur. This report opens the debate on a new and modern CAP and will be considered by the European Commission before launching the first reform draft that will then be presented in November this year.

If the combination of competitiveness and sustainability is the one thing that attracts the interest of society and the farm sector, we may formulate the **two objectives** which, in our opinion, could form the cornerstone of tomorrow's policies aimed to sustain the agricultural sector:

*to promote the competitiveness of European agriculture and contribute to market stability

*to promote the environmental sustainability of farming and the creation of public goods and services

It means translating such ambitions into a more modern CAP. Today I would like to point out, without going too much into technical details, several policy lines for the future CAP:

- **Promote the production of public goods**, with more targeting interventions.

- **Promote development of rural areas with all their differences** and encourage structural interventions in the production fabric to achieve increases in use efficiency of sensitive resources (water and energy) as well as the use of renewable resources.

-**Promote competitiveness of European agriculture.** The key elements here are: promoting quality, increasing organisational efficiency and sustainability of farming, covering the farms by the great uncertainty that characterize markets. It may also be necessary to take the opportunity to intervene with appropriate measures to manage difficult crises.

Before I end my speech I would like to stress two other important issues for the future of our agriculture and the production of our consumers: The first is to **reduce the administrative and bureaucratic complexity and costs of access to policies**. The second is to **promote a more transparent market which is linked to the concept of so-called reciprocity**. This last point is

fundamental to ensure that European efforts to improve quality, animal welfare and food safety are not eliminated by a market which is unable to recognize the values that come with a product. In the future we must reduce distorting impacts from players from outside the Community who might benefit from the lower constraints and transform them in to strong competitive advantage. In this sense, it seems appropriate to enhance the information accompanying a product to address the market's inability to recognise integrated social values, and to encourage greater convergence to an international level of social and environmental standards.