

**SPEAKING POINTS for the keynote speech:
"How to create jobs and deliver growth
by driving a sustainable food chain transition"**

Opening words

- Dear Ladies and gentlemen, organisers of the event, thank you very much for this opportunity to be here to say a few words on behalf of the Commission on the very topical issue of sustainable food chain.
- I must say that I am impressed by your programme and glad to see so much expertise gathered in one room.

Introduction

- Let me start by saying a few words about the role of our Agriculture policy
- EU agriculture plays an important role for our society, delivering affordable and high quality food, environmental public goods and maintaining the vitality of rural areas.
- Agriculture policy is in the centre of meeting the food and nutrition needs of more than 9 billion people in 2050. Doing this in a sustainable and more circular manner means a huge challenge, but also offers numerous business opportunities for farmers and the food system.

Circular Economy

- Examining and developing the sustainability and competitiveness of the sector from the usual CAP-perspective is naturally very important as it is the heavy core of our policy.
- However, before I say a few words about innovation, I would like to highlight some of the things we have done on Circular Economy – a phenomenon I believe will be one of the global future mega trends.
- To you who deal a lot with biodegradable materials the circular thinking itself might be nothing new. However, I would like to use this opportunity to invite you to develop with us the new circular business models of the future, which would also increase the competitiveness of your sector.
- Your sector is by no means in the side lines when it comes to developing circular economy.

- Agriculture plays an important role in the circular economy, as it supplies recyclable raw materials to our economy and offers a great platform for efficient use of resources. The CAP and Horizon 2020 encourage further the development of the circular economy in the agricultural sector.
- Agriculture that delivers on the Sustainable Development Goals ensures a more resilient agricultural system, based on healthy ecosystems and a production system that integrates innovation and more value across the whole chain, from primary production until final products and consumers. This creates economic benefit for different actors in the chain, as well as jobs and sustainable growth opportunities in rural areas.
- The Circular Economy Action Plan adopted in 2015 includes several actions relevant for agriculture and the food industry, in particular actions related to food waste, water reuse and fertilisers.
- With regard to food waste, the Commission established in August 2016 a Platform dedicated to food waste prevention, involving both Member States and actors in the food-chain.
- On Water reuse, the Commission is preparing a legislative proposal on minimum requirements for the reuse of treated waste water, notably in irrigation and recharge of underground water tables.
- As far as investments are concerned, the Commission supports the development of new financial instruments to help farmers' transition to a circular economy. An example could be for example an investment platform under European Fund for Strategic investments, dedicated to water and agriculture related projects.
- The Commission also proposed a revision to the Fertilisers Regulation, currently discussed in the European Parliament and the Council. I must say that on this we were slightly disappointed by the reactions of the co-legislators as the revision aims to create a level playing field for all fertilising products, including the organic and waste-based ones. We want to see this as a chance an opportunity for innovative farmers, not a threat, by no means. We see the proposal not only as a possibility to improve the sustainability of the sector but also its competitiveness.
- In addition as indicated in the Circular Economy Action Plan, the Commission will mainstream circular economy principles into EU Bio-economy Strategy.

- The CAP, notably its Rural Development strand already supports bio-economy in the current programming period (2014-2020). It aims for the supply and use of renewable sources of energy, of by-products, waste and residues and other non-food raw material for the purposes of bio-economy. The indicative public expenditure for this focus area is almost EUR 1.3 billion.

The role of research and innovation

- Now let me move to research and innovation
- Research and innovation are essential for sustainable farming systems, delivering healthy and nutritious food while protecting the environment.
- Sustainable Development Goals and the Paris climate agreement's commitments can only be met with significant investments into research and innovation.
- The EU doubled investments in research and innovation on food and agriculture in 2014-2020, in comparison to the previous period. This includes about EUR 1.5 billion on agriculture research, doubling the amount for innovation invested under the CAP.
- Funding notably goes to 1) resource management, 2) plant and animal health and to 3) rethinking farming systems. Resilience, adaptation to climate change and its mitigation are key words here, as well as circularity and digitisation.
- Investments in research are also crucial for creating new innovations in food systems and sustainable supply chains, to deliver growth and create jobs in the agri-food sector.
- Reinforcing producer-consumer relations can strengthen farmers' position in the value chain. This is important to foster a competitive and sustainable primary production.
- I would like to highlight that - as on every sector of our society - digital technologies hold enormous potential also for the agricultural sector and the food chain as a whole. We must make best use of our policies to tap this potential.
- In addition new circular-bioeconomy business models offer great potential for innovations.
- Global bio refinery product markets are expected to grow at 13% annually and up to 300 bio refineries could be built in Europe by 2030 to meet growing demand.

The Fund for Strategic Investments (EFSI)

- Of course all the development and new innovations must somehow be funded.
- As just now I invited you to look things from a new perspective regarding regarding the Circular Economy, I would like to do the same when it comes to funding.
- Not only will we have to be more efficient when it comes to use of our natural resources, but we also must be efficient in our spending.
- To activate private investors and to offer new investment possibilities for projects, along the side of the traditional ones, the Commission has developed as part of the Investment Plan the European Fund for Strategic Investments (EFSI)
- European Fund for Strategic Investments (EFSI) is an initiative launched jointly by the European Commission, European Investment Bank and European Investment Fund to help to overcome the investment gap in the EU by mobilising private financing for strategic investments.
- As we continuously work on further developing the plan, the environmental and resource efficiency uptake of the fund has been disappointing in the first year: less than 4%. We have to find ways to stimulate the agri-food chain by private sector.
- Increasing EFSI uptake can be a tremendous business opportunity in bridging the agri-food chain “investment gap”.
- Focus should be on scaling-up the market-creating innovations, boosting public and private sector investment, and funding smart technologies and research breakthroughs.
- The proposed continuation of the European Fund for Strategic Investments (EFSI) holds significant potentials also for the agricultural and food economy. This is why agriculture, fishery and aquaculture will now appear explicitly under the general objectives of EFSI.

Conclusion

- Ladies and gentlemen, as I have just now described, the sustainable food chain is a combination and constant interplay of several moving factors.

- As the great scale poses a challenge to us, we must not be overwhelmed but to keep our minds open when seeking ways to modernise our policy and making it more market oriented.
- With the points I just made, I wanted to paint a picture of some of the possibilities and solutions we have at hand, from trade to innovation and investments.
- I am fully aware of the challenges the sector is facing but confident that by working together to capitalise our opportunities the future of agriculture will be fruitful.
- Thank you