

Address by Phil Hogan, EU Commissioner for Agriculture & Rural Development at IFA Brexit Event - 24th April 2017, Dublin

Mr President, Minister, First Vice-President of the European Parliament, MEPs, Members of the Oireachtas, public representatives, distinguished guests, ladies and gentlemen, I am pleased to have the opportunity to participate in this Forum today.

I want to thank the IFA for having organised this event and for the invitation to speak and to your new General Secretary, Damian McDonald, thank you for your introduction and for having set the scene.

Brexit is the most complex economic, political and in some ways cultural challenge to face Ireland, the UK, and the broader European Union in many generations.

It is an era-defining issue that we must each approach from a variety of interconnected perspectives. From the perspective of protecting the business foundations of the Irish and EU farming and agri-food sector; from the perspective of building a 27-member CAP without the UK; and of course, from the perspective of Irish citizens wanting the best for their families and the nation.

You have assembled a very impressive range of speakers and contributors, all of whom will bring a different perspective to the day's proceedings. In that respect, what I propose to do is to provide a 'voice from Brussels', something that I'm sure European Parliament First Vice-President Mairead McGuinness will also do. While I'm coming at it principally from the Commission's perspective, Mairead will be able to give you a unique insight into the Parliament's very important role in the process.

The European Council will meet on Saturday to adopt the negotiating guidelines. Negotiations with the UK should start next month.

I welcome today's Forum because it is vitally important that the issues concerning Brexit and its consequences are properly discussed and debated, notwithstanding that there are still infinitely more questions than there are answers. I know that the sector has been very active in recent months, including through the All-Island Dialogues on Agriculture and Fisheries, for which Minister Creed's role should be acknowledged.

I also want to welcome the IFA's Policy Paper, which I regard as a very constructive contribution to the debate. The paper identifies the key issues and priorities for the Irish farming and agri-food sector. I am pleased that you have had the opportunity to discuss the paper and your concerns directly with the European Union's Chief Negotiator, Michel Barnier, and members of his Task Force team.

When David Cameron announced the referendum date I engaged directly with farmers and rural stakeholders in all 4 constituencies of the UK to set out the facts to UK farmers and rural communities about what the CAP does and does not provide to them in the current budget period up to 2020. Despite the result, I am glad I took the arguments to the sector.

Between the referendum on the 23rd of June and the notification of their intention to withdraw on the 29th of March, we have not heard much to encourage us from the UK side. However, now that Article 50 has been triggered and the two-year timeframe, provided for in the Treaty is underway I have detected a greater sense of realism in the debate.

Prime Minister May's decision to hold a general election in June adds a further twist to the saga. Elections are inherently unpredictable, but let's hope her decision will strengthen her capacity to face the extremist wing of her party with greater resolve, and continue the trend of realism and common sense that has been apparent since her letter of intent in February. It is to be hoped that Mrs May will choose this prudent course of action, though I must stress that it is by no means guaranteed.

Currently, at least, some of the crazier ideas about crashing out of the EU without a deal, or falling back on WTO rules, are less in evidence. There are still looney voices on the right of the Tory party and in the Tory press which can always be relied on to generate loud and abrasive headlines, but the implications and costs of such scenarios are now, finally, being understood better and more widely.

Up to now, economic rationale has had to take a back seat to political grandstanding. Hopefully we are now seeing more balance and realism.

I have every confidence in Mr Barnier, a man with whom I have come to develop a strong relationship. Personalities matter in this massively complex and sensitive political negotiation, and he is the right man for the job.

Mr Barnier has shown a particularly keen willingness to understand the unique Irish exposure to Brexit, and he has reflected this in all his important public statements to date. In addition, as a rural man and a former Agriculture Minister, he also has an intuitive feel for farmers and the agri-food sector.

As I said, I am encouraged by what I've heard from Prime Minister May and what I've read in her letter of notification of 29 March.

For me, it was significant that, in her March 29 letter, the Prime Minister referred on at least three occasions to *"a deep and special partnership"* between the UK and the EU. As always of course, the devil is in the detail and it remains to be seen what exactly the UK means by *"a deep and special partnership"*.

In your Policy Document, you identify the optimum outcome as one in which *"the UK would remain compliant with the Single Market and Customs Union"*. In her statement to Parliament on 17 January, PM May spoke about reaching a completely new customs arrangement and suggested that the UK might become *"an associate member of the Customs Union."*

In that same speech, she also said that the UK did not want to be bound by the EU's Common External Tariff, which she said are *"elements of the Customs Union that prevent us from striking our own comprehensive trade agreements with other countries."*

It is clear from everything that the Prime Minister has said, that the UK government is ambitious and determined to pursue its own international trade agenda, through its

membership of the WTO. Indeed on the day that the UK notified of its intention to leave, the PM said *"we are going to make sure that we can strike trade agreements with countries from outside the European Union"*.

This aim, based on notions of an Empire 2.0, is somewhat fanciful when you look at the trade-offs the UK would have to submit to in order to do deals around the world.

Now that these issues are becoming real, we are seeing the inevitable faultlines over different visions of a UK-US trade agreement. International Trade Secretary Liam Fox is pushing for agriculture to be included in such discussions claiming that Americans have been eating hormone beef and chlorine chicken perfectly safely for years, so what's all the fuss about? I predict an interesting debate on this. As you know, the EU has always been very firm on protecting food standards.

Would British farmers and consumers accept hormone beef and chlorine chicken on their supermarket shelves? I seriously doubt it. There may yet be a bloodbath over these issues. Meanwhile in the EU we can rest easy in the knowledge that our negotiating weight in trade deals means that our partners rise to our standards, rather than us lowering to theirs.

However, from the point at which we began to see some clarity about the UK's negotiating position, the Prime Minister has been consistent in her support for a free trade agreement with the EU. She said so in her Lancaster House speech on 17 January, in the House of Commons on 29 March and in her letter of notification to President Tusk.

On all three occasions, she used precisely the same language, when she spoke of the pursuit of *"a bold and ambitious free trade agreement with the European Union."* In her 29 March statement to the House of Commons, she went on to refer to such an agreement as one that *"allows for the freest possible trade in goods and services between Britain and the EU's Member States."*

It is my hope that, over the course of the coming months, the British government will recognise that the best way to maintain the freest possible trade in goods such as agri-food products is to remain in the Customs Union, and that sense will prevail.

While the UK's decision to leave the European Union is still a matter of regret and, in my view, an error of judgement, it is what it is.

All of us have come to accept the democratic will of the British people and we are all now resolved, in the words of the Confederation of British Industry, to *"making a success of Brexit."* For the European Union, that means, as President Tusk said, that *"the Union will act as one and preserve its interests."*

In a recent speech, Mr Barnier stressed the need for unity of the EU27 and emphasised the priority of reaching *"an agreement on the orderly withdrawal of the United Kingdom, and to prepare the way for a new partnership."* However, he also said that, while he agreed with Ms May's ambition for an FTA, this ambition must also apply to *"social, fiscal, environmental and consumer protection standards, which European citizens rightly support."*

The Prime Minister says she wants to have tariff-free trade with Europe and for cross-border trade to be as frictionless as possible and Mr Barnier agrees that *"there will be a free-trade agreement at the centre of this partnership"*.

Expressing a strong cautionary note, he said that *"this free-trade agreement cannot be equivalent to what exists today. And we should all prepare ourselves for that situation."*

He went on to say that, following its departure from the EU, *"the United Kingdom will naturally find itself in a less favourable situation than that of a Member State."*

A lot of 'noise' has been made about the so-called "bill" that the UK faces when leaving the Union. Much of that noise has come as part of an anti-EU right-wing media campaign in the UK, which has fed the British people a diet of misleading and false negativity for over 40 years, so we should hardly be surprised that they are continuing to misinform the people today.

Let's look at the facts. During its 44 years of membership to date and during its remaining two years of membership, the UK has taken and will continue to take financial commitments. These settlements should be honoured in full and this will be an essential element of the negotiations on an orderly withdrawal. As all commitments are taken jointly with the other Member States, if they are not paid for by the UK, the other 27 Member States will have to foot the bill.

There has been considerable speculation about what the amount of the settlement might be, but the truth is that technical work is continuing in the Commission and the other EU institutions, based on objective and verifiable data.

It is clear that the "exit bill" will be the subject of debate, but it is also important to contextualise the figures.

The value of UK trade with the EU is over €600bn per year, the settlement will only be a small fraction of that, paid presumably over several years. Again, as with everything, it can be the tipping point or it can be something dealt with rationally. Let's hope it's the latter.

Next, let me briefly address Ireland's situation. I have deliberately not strayed too far into the implications of Brexit for Ireland and particularly for Irish farmers and the Irish agri-food business. Your policy paper and similar papers produced by other stakeholders make the point much better than I can.

In a few minutes, your President, Joe Healy, will set out the key challenges facing the sector and the imperatives for Irish farmers in the negotiations. Likewise, you will have the opportunity to hear later this afternoon from Minister Michael Creed on his efforts to secure the interests of the Irish farmer.

I meet Minister Creed regularly and he is to be commended on the diplomatic offensive on which he has embarked to ensure that the interests of Irish farmers are understood across the EU.

Brussels and national capitals now understand very well that Brexit is already having a negative impact on the value of Irish agri-food exports to the UK, principally as a result of the

depreciation of sterling. Due to the fall in sterling, in a sense Brexit has already happened for Irish farmers looking to sell product in Britain.

As Commissioner for Agriculture & Rural Development, I have seen an increasing consciousness from food-exporting Member States of the very considerable challenge that Brexit presents. While Ireland is uniquely exposed in terms of the proportion of product exported to the UK, there are a number of other Member States which also have significant exposure in terms of the volume and value of their trade to the UK.

It may be that some have woken up later than you have to the enormous challenge that Brexit presents, but better late than never! Brexit presents different challenges to different sectors of the economy, but the European Union is clear about one thing – in the forthcoming negotiations, the Union will act as one and will strive to reach an agreement that is in the interests of both sides.

For the EU, preserving the integrity of the Single Market is an absolute priority. That excludes participation in any agreement with the UK on a sector-by-sector approach.

There will be no agriculture deal and the continued pursuit of such an outcome is folly.

That is exactly why a comprehensive free-trade agreement, with a tariff-free transition period, probably represents the best option to achieve your objective of continued access to the UK market.

I agree also with your call for a strong CAP budget post-2020. The budget will be decided as part of the negotiations for the next MFF by the European Council and the European Parliament. Because of the obvious uncertainty caused by Brexit and the terms of the financial settlement which have yet to be agreed, it is difficult to say what the financial implications of Brexit will be for the next period.

It would, however, be naïve to believe that the CAP budget will be immune from the inevitable budgetary pressures that arise, not alone because of Brexit, but also because of the other political pressures on the budget arising from such issues as migration, security and defence.

I have and will continue to make the argument for a strong and well-funded Common Agricultural Policy, not for the sake of it, but because I believe that it is justified. It is justified for many reasons, including the fact that, apart from the peace dividend that the European Union has produced, the CAP has probably been the most successful policy in the Union's 60 year existence, bringing the continent of Europe from post-war starvation to a point where we produce the highest-quality, safest food in the world and where Europe is the address of choice for consumers around the world.

Today, however, is about Brexit and not necessarily about the future of the CAP, about which I could say much more and for which perhaps I can return on another occasion.

Before I conclude my remarks, let me assure you that there is considerable understanding of and indeed support for Ireland's predicament arising from Brexit. The Irish government and the diplomatic service have done an excellent job in explaining the political consequences of Brexit, particularly in the context of the Good Friday Agreement and the negative impact of restoring a so-called hard border. Taoiseach Enda Kenny on Friday met the leaders of

Denmark and the Netherlands to find a common strong position on the trade dimension of Brexit.

I know from talking to my colleague Commissioners, including, as I mentioned, President Juncker, that the issues for Ireland are also well understood in the College and I know too that the Irish MEPs have left no stone unturned in ensuring that there is a greater understanding in the European Parliament of the consequences for Ireland.

As a result of such representations, it is laudable and remarkable that Ireland is listed as one of the three main EU negotiating priorities by Mr Barnier, the others being the status of EU citizens and the divorce bill.

This is a good first step and it is an excellent example of how good political connectivity with large political groups is essential in Brussels.

The Irish agri-food sector is facing probably its greatest challenge since Independence. Your sector is one of enormous importance to this country, both economically and socially. You have a sector that has proven its resilience on many previous occasions and that resilience is about to be tested again.

Just as the European Union is determined to act as one and protect its collective interests, the Irish agri-food sector should do the same. Just as with the European Union of 27, your strength is in your unity. This is a time for leadership, coherence, patience, realism and determination.

There may be pitfalls along the road, but you should see them as no more than that. It is a period of uncertainty for all of us, but not alone must you have some clear objectives, you also need clarity about how those objectives are to be achieved. This has to manifest itself in a clear plan, one to which your entire industry should be able to subscribe and one which is consistent with that of the government.

Now that the worst of the Brexit triumphalism appears to have abated – at least for now - everyone with a stake in the future of the EU-UK relationship should exercise whatever influence they can to maintain this common sense trajectory.

Most of the people who voted in June voted for the attractive slogan "take back control". No one really knew what it meant. Bizarrely these details are only now being seriously discussed.

A huge education process is finally and only slowly underway. Everyone who cares about the UK, must, in their own small way contribute. The ideologues have had the airwaves to themselves for too long, shouting down anyone with the temerity to challenge the notion of a "hard Brexit". Let's be clear, no deal would be a disaster, not just for the UK, but everyone. Let's keep up the pressure for a balanced, informed process.

The European Union and the United Kingdom have confirmed a shared desire to be close partners in the future. I welcome the Irish government's unambiguous commitment to its continued partnership with the other 26 Member States. As part of the EU27, Ireland commits itself to the European Union's overall objective to preserve the Union's interests, those of the 27 Member States, their citizens and their businesses.

While Brexit presents an enormous challenge, it is not an insurmountable one. The future will be different, but together it is a future we should face with confidence and determination.

Thank you.