



European Commission  
Directorate-general of Agriculture

# Newsletter

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## The Fifteen at the WTO: a stronger, more united voice

**On 27 and 28 September, the Ministers of Agriculture of the European Union agreed by a large majority, the broad outlines of a common position for the forthcoming "Millennium Round" of World Trade Organisation (WTO) negotiations, to be launched at the ministerial conference in Seattle (USA) from 29 November to 3 December. On 11 and 12 October, the General Affairs Council and the trade ministers reached a political agreement incorporating the conclusions of this Agriculture Council into the Commission's general remit for the negotiations.**

### Promoting the European model of agriculture

The ministers confirmed their resolution to promote the European model of agriculture, based on multi-functional, sustainable and competitive farming throughout the Union, including rural areas facing special difficulties. European agriculture must be in a position to protect nature and the countryside, make a major contribution to the vitality of rural areas and address issues of concern to consumers, such as food safety and quality and environmental protection. Against this background, the Council has defined the Union's main objectives in the agricultural negotiations, namely:

#### Improved access to market opportunities

Eager to contribute to the expansion of world trade and, to achieve that, negotiate a reduction in customs barriers, the Union will seek in return to obtain improved access for its exporters to international market opportunities and protection for Community products whose reputation for quality is linked to a particular geographical origin.

#### A stable framework for implementation

The "Peace clause" and the "Special safeguard clause" (see page 2) have proved their worth in the implementation of the Uruguay Round. Similar instruments will be required in future to provide legal security for ongoing negotiations and to deal satisfactorily with produce being offered at abnormally low prices, and gluts in imports.

#### Balanced negotiations ...

The balance between the various components of the Agreement on Agriculture must be maintained, especially given the importance of domestic support measures to help WTO member countries to move on from a policy

of price support to more transparent systems which do not lead to a distortion of competition. The Union is therefore ready to pursue negotiations on a reduction of export subsidies provided that the blue and green boxes (see page 2) are maintained for domestic support measures with little or no impact on trade.

#### ... on the basis of equality

The cutbacks in export subsidies must also be negotiated on the basis of equality. In particular, there must be discipline in the use of export credits and appropriate solutions must be sought for less transparent forms of export support such as state trading and food aid.

#### Taking account of non-trade issues

Acknowledging the multi-functional role of agriculture calls for a balance to be struck between trade-related and non-trade issues. The Union will be seeking to secure the right to promote the role of producers as providers of a range of services for society as a whole, especially environmental protection, rewarded by direct payments for services rendered. Likewise, it will be out to secure an appropriate level of protection to meet the legitimate concerns of consumers on food safety, on the basis of wider recognition of the precautionary principle. More generally, it will be striving to meet the growing demand for information on agricultural products. Finally, the Council has called for a debate to achieve international recognition of the principles of animal welfare.

The conclusions of the Agriculture Council are based on the decisions adopted at the Berlin European Council of 24 and 25 March (see Newsletter No 10) on the reform of the CAP under Agenda 2000, and on the Agreement on Agriculture concluded in Marrakesh on 5 April 1994 in the final act embodying the results of the Uruguay Round of multilateral negotiations.



## Key terms

- “Peace clause” means the provisions of the Agreement on Agriculture by which member countries are entitled to apply support measures under their agricultural policy, subject to certain conditions, for a period of nine years (the six-year term of the Agreement from 1995, plus a period of three years).

- The special safeguard clause (Article 5 of the Agreement on Agriculture) authorises signatories, where their trade situation justifies to apply an additional import duty on products imported at very low prices or in quantities and on terms such as to be seriously detrimental to domestic producers.

- “Blue box” measures (paragraph 5 of Article 6) are agriculture policy measures taken under programmes to limit production. They are deemed at least partially decoupled from production and not

directly responsible for trade distortion. Such payments are either based on fixed area and yields, are made on a maximum of 85% of the base level of production, or are livestock payments made on a fixed number of head.

- The “green box” (Article 6 and Annex 2) contains agriculture policy measures which, in essence, are totally decoupled from the level of production and are therefore deemed to have no trade-distorting effects. Examples are public-funded support (research, disease control, food security, basic infrastructures, etc.), direct payments to producers not designed to promote production, certain forms of direct income support, assistance for the adjustment of agricultural structures through the abandonment or conversion of activities, and direct payments under environmental or regional assistance programmes.

## Leader+: draft guidelines and financial allocation

On 13 October the Commission adopted draft guidelines for the new Leader+ Community Initiative (for the period 2000-06), seen by Commissioner Franz Fischler as “an essential part of the strengthened EU policy for rural development”. The draft guidelines build on the main features behind the success of the previous Leader programme, i.e. integrated strategies seeking to exploit local economic potential as a whole; a bottom-up approach to promote spatial development at local level; active involvement of the local population; networking and cooperation between rural areas to pool experience and facilitate the transfer of know-how.

However, major changes are also proposed, to make Leader more ambitious: for example, from now on all rural areas will be eligible. More rigorous selection criteria will enable funds to be concentrated more and heighten the demonstration effect of projects. Local development plans must focus on priority issues at European level such as new information technologies, the quality of life, adding value to local products, better use of natural and cultural resources, and equal

opportunities for women and young people. Finally, Leader+ will be used to part-finance projects run jointly by local groups within the same Member State or in more than one Member State.

Leader+ will provide support for pilot, integrated development strategies for rural areas, cooperation between rural regions in one or more countries, and networking at European level via the European Observatory for Rural Areas. The Initiative will cover small rural communities (up to a maximum of 100 000 inhabitants) and complement the mainstream rural development programmes currently being prepared (cf. Newsletter No 15), which draw on experience acquired under Leader I and II.

The Commission has also laid down the financial allocation of funds for Leader+ among the Member States, based partly on their relative share of the allocation under Leader II (1994-99) and partly on criteria such as rural population and utilised agricultural area.

### Indicative allocation of EAGGF Guidance Section appropriations for Leader+ by Member State (in € million, at 1999 prices)

B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK	Networks	Total
15	16	247	172	467	252	45	267	2	78	71	152	52	38	106	40	2 020



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