

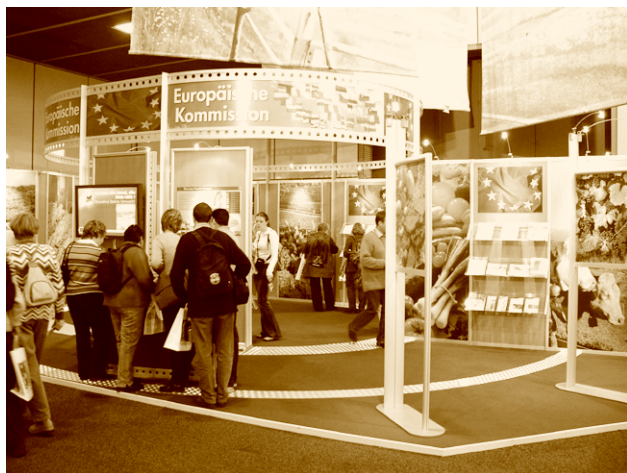


European Commission

Newsletter

Directorate-General for Agriculture and Rural Development

Mrs Fischer Boel outlines her vision for the CAP at Berlin's 'Green Week'



Berlin's annual international 'Grüne Woche' agricultural fair in late January has traditionally offered a platform for agricultural leaders to outline their visions for the longer term. Attending for the first time as EU Commissioner for Agriculture and Rural Development, Mariann Fischer Boel took the opportunity to lay out her belief that agriculture could now strengthen growth and create employment in Europe.

Since taking up her post, Mrs Fischer Boel has emphasised that her immediate priority is to ensure that the 2003 reform of the common agricultural policy (CAP) is implemented fully and fairly. This will allow the EU to demonstrate that a new era in European agriculture really has been ushered in. The Commissioner has a vision of what agriculture and rural areas in Europe will look like in that new era, and of what European agricultural policy can and should be doing.

'Now and for the future,' says Mrs Fisher Boel, 'what Europe needs is an agriculture that seeks its opportunities on the market and that operates in a competitive and sustainable way. Price support has served its purpose as the central instrument of past agricultural policy.' For the Commissioner, this means that the strength of Europe's agriculture lies less in its prices compared with the major agricultural exporters and more in terms of the quality and safety of our food products, and in sustainable production. Quality can be defined in various ways

The new common agricultural policy

There will be major changes at farm level in 2005. After the phase of political decisions, the CAP is now being implemented on farms. From 1 January, the new EU regulations are in place. For many farmers this will mean significant changes, not only in subsidies but in the way they manage their farm businesses.

The headlines in June 2003 (and again in April 2004), when CAP reform was agreed, were all about the good news for

and can be related to region, production type and/or environmental sustainability.

But the CAP does more than encourage farmers to adapt. It can strengthen the economy and create new employment, as well as promoting sustainable development. In this way it makes a significant contribution to the EU's wider 'Lisbon strategy' which aims to strengthen Europe's position as a globally competitive economy. As the Commissioner emphasised, the EU needs to boost growth and create jobs in the countryside, both within farming and through diversification, be it via training, modern information technology or farm business innovation.

With the reformed CAP, the EU now has better tools to achieve such ambitious goals. Enhancing rural development policy, for example by giving more encouragement to young and women farmers and local Leader groups, will play a key role and is a priority for Mrs Fischer Boel as the EU debates the Lisbon strategy and the next financial perspectives. In 2005, the Commissioner will submit a 'European strategy document for rural development' which will make explicit the link between rural development and the Lisbon strategy.

The Commissioner did not confine herself to internal CAP matters in Berlin. In another speech she set her sights on the WTO Doha Development Agenda (DDA). She underlined that in the DDA negotiations, unlike in the Uruguay Round of the 1980s and early 1990s, the EU's agricultural policy is not the main focus of attention. Nor can the EU be expected to deliver significant new concessions in the agricultural sector since the EU has already signalled its willingness to eliminate export subsidies, over time, and the recent CAP reform will deliver major reductions in domestic subsidies of a trade-distorting nature.

The WTO negotiations being a matter of give and take, Mrs Fischer Boel stressed that the time has come for other WTO players to give in other sectors and not demand more from the EU in agriculture. Much of the CAP can now be classified in the WTO's 'Green Box' of non- or minimally trade-distorting subsidies. The EU is no longer as reliant on the 'Blue Box', in contrast to the United States which now needs to reform its domestic agricultural policies.

consumers (wanting safe food, animal welfare and a healthy environment) and taxpayers (looking for better value for money), and the need for the EU to address the needs of developing countries. The new CAP will deliver benefits to many people.

Now farmers are working within new parameters. Gone are the days when farmers took production decisions based on how

big a subsidy they would get, regardless of whether there was a market for the end product. Instead farmers will now receive a subsidy payment 'decoupled' from what they plant or how many animals they have.

A clear aim of the reformed CAP is to free farmers to produce what consumers want, to look for profitable new markets and to exploit new niches. Some may concentrate on production of special high-quality foods; others may choose to farm in environmentally friendly ways.

The new CAP will allow Europe's farmers to become true entrepreneurs, while offering them the necessary income stability to allow them to fulfil their crucial role at the heart of the rural economy.

But farmers will not get their CAP money for nothing. They must meet exacting environmental and land management

standards. They will receive help to meet tougher animal welfare rules and will be encouraged to produce food of the highest quality (there will be support for those participating in quality schemes and promotional campaigns). Those that fail to respect the norms will have their subsidies cut.

The Commission is on hand to help the national governments make the new CAP a reality and to make sure they abide by the rules.

The question most farmers ask themselves is 'what are my prospects under these new circumstances?' Some answers are contained in the Commission's latest report on the market and income prospects for EU agriculture in the period 2004 to 2011 (see 'News in brief' and 'Publications' sections below).

News in brief

Farm incomes improving

Two recent Commission reports have highlighted improvements in farm incomes and likely positive developments over the next few years. The income improvements are dramatic in the new Member States.

The first is a Eurostat report ⁽¹⁾. Published in December 2004 it indicates that agricultural income for 2004 increased, year-on-year, by 3.3 % in the EU as a whole. This was primarily thanks to the contribution of the new Member States, where agricultural income increased by an average of 53.8 %. Higher production volumes, but also the introduction of CAP support payments, accounted for much

⁽¹⁾ http://epp.eurostat.cec.eu.int/cache/ITY_PUBLIC/5-17122004-BP/EN/5-17122004-BP-EN.PDF

of the improvement. In the EU-15 real farm incomes seem to have resumed their upward trend.

In January, the Agriculture and Rural Development DG published an update of its annual 'Prospects for agricultural markets and income' series (http://europa.eu.int/comm/agriculture/publi/caprep/prospects2004b/index_en.htm). These reports cover the medium-term perspectives for the EU cereals, meat and dairy markets. This latest work also contains analysis of the impact of enlargement. Projections suggest that EU-25 agricultural income would grow by 14.2 % between 2003 and 2011 in real terms and per labour unit (up 5 % in the EU-15 and 126.4 % in the new Member States).

Commission to spend EUR 24 million on promoting agricultural products

On 28 December 2004, the Commission approved 20 information programmes to promote agricultural products in the EU (second series, 2004).

The Agriculture and Rural Development DG runs two sets of measures for information and promotion, one for the internal market, the other covering EU products exported to third-country markets. These latest programmes come under the former ⁽¹⁾.

The programmes can include public relations, promotional or publicity actions highlighting the special advantages of EU products, for example quality, food safety, nutrition, labelling, welfare or the environment-friendliness of their produc-

tion. They may also cover participation at events and fairs and information campaigns on the EU system of quality designations. The latest set of programmes will operate in Belgium, Germany, Greece, Spain, France, Ireland, Italy, the Netherlands, Portugal, Sweden and the United Kingdom, covering a wide variety of products (including organic).

The total budget for these programmes is EUR 48.2 million, of which the EU will contribute half (the remainder being met by the professional organisations which proposed them and by the Member States concerned). These programmes are the second series for the year 2004. The annual EU budget available for such promotion programmes is EUR 48.5 million.

⁽¹⁾ Council Regulation (EC) No 2826/2000 of 19 December 2000 on information and promotion actions for agricultural products on the internal market (OJ L 328, 23.12.2000, pp. 2-6); Commission Regulation (EC) No 94/2002 of 18 January 2002 laying down detailed rules for information and promotion actions for agricultural products on the internal market (OJ L 17, 19.1.2002, pp. 20-36); Council Regulation (EC) No 2702/1999 of 14 December 1999 on measures to provide information on, and to promote, agricultural products in third countries (OJ L 327, 21.12.1999, pp. 7-10); Commission Regulation (EC) No 2879/2000 laying down detailed rules for measures to provide information on, and to promote, agricultural products in third countries (OJ L 333, 29.12.2000, pp. 63-69).

Publications: items of interest on the Agriculture and Rural Development DG website

'Prospects for agricultural markets and income 2004-11 and the impact of enlargement':

http://europa.eu.int/comm/agriculture/publi/caprep/prospects2004b/index_en.htm

Other publications:

http://europa.eu.int/comm/agriculture/publi/index_en.htm

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European Commission Directorate-General for Agriculture and Rural Development

Edited by: Eugène Leguen de Lacroix, European Commission Directorate-General for Agriculture and Rural Development.

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For further information: European Commission, DG for Agriculture and Rural Development, rue de la Loi 200, B-1049 Brussels. Tel. (32-2) 29-91111

Telex: COMEU B 21877. Internet: http://europa.eu.int/comm/agriculture/index_en.htm