FORUM

The further development and innovation of the agricultural industry must face up to the changing demands of society. Research and education therefore require new objectives. The wide variety of services required by society, ranging from quality produce to rural tourism and nature preservation, must be reflected in research and education.

The lack of dialogue and contact between urban and rural communities must also be addressed. Improved communication, increased awareness and better understanding should be encouraged. The new Common Agricultural Policy must create an arena for the active involvement of all affected parties who are fighting for a new quality of rural economy and for food safety.

**Measures:** instead of concentrating on gene technology and profit maximisation, agricultural research should place its emphasis on diversification of employment and innovation through renewable energies and adapted technologies, as well as modernising organic and low input farming. The programme for rural development must make room for partnerships at a local level, encourage dialogue between producers and consumers, thus promoting inter-regional and international communication between urban and rural areas.

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Gerald Thalheim*

Reform of the Common Agricultural Policy from the German Perspective

The common agricultural policy must meet great challenges in the years to come. While on the international scene implications are arising from the WTO negotiations, inside the EU we have to cope with the repercussions of the BSE crisis. In future preventive consumer protection must take priority over economic interests. Furthermore, environmental and nature conservation are to be incorporated into all policy fields and implemented in a sustainable manner.

Overcoming the division of Europe by the integration of the Central and Eastern European states is most likely the key task facing the EU in this decade. Already today the EU is the largest global importer of agri-food products and one of the principal market outlets with great purchasing power. The European agri-food industry also ranks second as an exporter, making it a key stakeholder on the global market. Enlargement will further reinforce this position and expand the European internal market by more than 100 million to some 500 million consumers. EU arable land will more than double, with the number of agricultural holdings and the active population in agriculture also set to increase twofold.

In March 1999 the Berlin European Council laid the foundations for tackling the above challenges with Agenda 2000. Agenda 2000 strengthened the solidarity with economically weak regions and turned the policy for rural areas into the second pillar of the common agricultural policy. This is all the more important as in the 21st century, too, agriculture will still be the main economic factor for large parts of Europe with a population density of less than 100 inhabitants per square kilometre. Generally the same regions are struggling with specific environmental constraints in their agricultural economies. Therefore, pointing out prospects to these rural communities will remain one of the major tasks of common agricultural policy also in the future.

**Liberalisation of Agricultural Trade**

The conclusion of the 1994 Uruguay Round fully integrated the agricultural sector into the multilateral trading system for the first time. This initiated a liberalisation process also in agricultural trade, to be continued under Art. 20 of the WTO Agreement on Agriculture as part of the ongoing new WTO round of negotiations on agriculture. The EU presented its negotiating position in Geneva in December 2000. It is in the very interest of the EU to make further headway in trade liberalisation and to ensure a stable world trading system.

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The EU is quite prepared to hold negotiations on a further improvement of market access, cuts in export subsidies as well as on particularly trade-distorting support measures. This is not a one-way street; the trade measures of other WTO members must also be put to the test.

At the same time WTO negotiations must also take the so-called non-trade concerns into account,

- meeting consumer expectations with regard to food safety and quality and environmental and animal protection as well as
- guaranteeing the continuation of the European model of a multifunctional, consumer-oriented and sustainable agriculture.

### Changing Social Requirements

Today, direct payments to farmers make up the bulk of EU agricultural expenditure and of farmers' income. Direct payments will remain indispensable even under the world market conditions to be expected in 2006 on the expiry of Agenda 2000 and given the WTO requirements safeguarding the European agri-food model. Yet, what needs to be done is to develop this system further to allow for changing social requirements. This encompasses, in particular, the further decoupling of direct payments from production.

The increasing world market orientation of the common agricultural policy as well as the liberalisation of agricultural trade between the EU and the candidate countries in the run-up to accession has already frequently resulted in an approximation of prices between East and West on European agricultural markets. Most experts therefore do not forecast serious market problems due to accession, at least not for crop products.

Given the accession-induced upward trend in farm prices in the candidate countries, Agenda 2000 does not provide for direct payments for the farmers there. On the other hand, we have to realise that the commitment to adopt Community legislation will burden Eastern European farmers with considerable cost increases due to high European production standards. In the long term we must therefore achieve uniform arrangements EU-wide in the field of direct payments.

As far as the quotas and premium rights of candidate countries are concerned, the rule should apply that they must be fixed on the basis of a current reference period so as to prevent additional market surpluses from arising. Existing WTO restrictions, in particular, must be taken into account.

Granting derogations or transitional periods to candidate countries in the field of phytosanitary and veterinary standards would send the wrong signal especially in view of the recent experience with BSE as well as foot-and-mouth disease. Preventive consumer health protection must equally apply to all EU citizens.

### Deficits in Consumer Protection

The BSE crisis brought it clearly home to us that the future of European agriculture concerns all European citizens. It has become evident that the common agricultural policy still shows deficits in meeting society's requirements regarding consumer protection as well as environmental and animal protection in agriculture. We will actively pursue further the course we embarked on with the Agenda agreement.

BSE deeply unsettled European citizens and gave them food for thought. Yet, BSE not only spoilt our appetite for beef. Consumers long accustomed to the constant availability of cheap food, bite-sized fast food offers, convenience menus and microwave dishes were startled by media reports on unsavoury production methods in stockfarming and on the consequences threatening the livelihoods of the farms concerned. They are beginning to question their own eating habits for the first time.

We, in the European internal market, are undoubtedly among those having the highest production and hygiene standards in food by international standards. In spite of the current BSE risk, food safety has never been as high in Europe as today. The precautionary legislative measures protecting consumers, such as the ban on the use of growth hormones in livestock feeding, go so far that trading partners like the USA are accusing the EU of trade protectionism.

The European Council called upon all Community policy fields to assert the sustainability principle. Over the past few years, an intense discussion took place in European agricultural policy on a corresponding sustainability strategy related to the vision of a European model of agriculture. The agriculture reform launched by Agenda 2000 set the course for a sustainable and more ecologically sound agriculture. Yet, the public discussion triggered by BSE shows that we still have a great deal of work ahead in common agricultural policy in terms of meeting social