



European Commission  
Directorate-general of Agriculture

# Newsletter

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## Moving towards sustainable agriculture

**Speaking at the Grüne Woche — Berlin's agricultural show — on 18 January, Commissioner Franz Fischler came out clearly in favour of the need to move towards developing sustainable agriculture capable of ensuring a harmonious future for Europe's farming sector. In the wake of the latest BSE crisis, the Commission intends to promote dialogue and to encourage the Member States in their efforts. Calling for the continued reform of the common agricultural policy (CAP), Mr Fischler stressed that the opportunities offered by the Agenda 2000 reforms should be utilised to the full <sup>(1)</sup>.**

The current BSE crisis is a tough test for the farming world. It is also further proof that rational, sustainable agriculture can only exist in harmony with nature. Seen from this angle, the crisis also provides an opportunity that must be grasped of pushing ahead with the thoroughgoing transformation of the common agricultural policy. The reforms decided on in 1992 and at the Berlin Summit in 1999 have brought major progress, though they did not go as far as the Commission would have liked. The Community has stopped financing mountains and lakes of surplus products, so freeing substantial resources for income support and for encouraging farmers in their role of protecting the countryside, be it through extensive stockfarming or ecological agriculture. Throughout the Member States, many farmers have already taken considerable advantage of these resources, but further efforts can still be made. Moreover, the Member States can now limit the agricultural aid paid to big farms and channel the savings into other measures of benefit to the environment.

### The ecological, economic and social dimension

In addition to the ecological dimension, sustainable agriculture also raises economic and social issues. In economic terms, the current situation on the world market and the World Trade Organisation (WTO) rules no longer allow the Community to spend such a large part of its agriculture budget on export refunds in order to dispose of surpluses on the world market at artificially low prices. Since the Uruguay Round, the European Union is no longer on the defensive in inter-

national negotiations: it can show that its agricultural policy does not create distortion of competition, as is often claimed, and it can promote the idea that agriculture is not just another industry. What is more, as a result of the reform, an extra 25 million tonnes of cereals are used per year in animal feed in the EU compared with 1992, which makes it more natural.

In social terms, although many farmers are experiencing serious difficulties, average agricultural income in the Community rose by 17.7 % from 1993 to 2000. If Agenda 2000 is fully implemented, nearly 70 % of the budget will be spent on direct aid to farmers, whereas, in 1991, that percentage was absorbed by export refunds and intervention buying-in. One result of the reform should be more funds for rural development: at present, they amount to only 10 % of the total, while nearly one farmer out of every two now only farms on a part-time basis. Other sources of income must be found for them and their families, and employment in the countryside must be developed.

### What consumers now expect

Sustainable farming must also respond to changing demand from consumers. The target of self-sufficiency in food of the early days of the CAP has long become obsolete. Today's society expects its farmers to provide a wide range of safe, high-quality foodstuffs, a better-protected environment and a better-preserved countryside, as well as improved treatment of animals on intensive farms and during transport. In exchange, it must agree to pay a fair price for quality food and to reward farmers for the contribution they make to the general good.

### An ongoing process

While it is clearer than ever before that sustainable agriculture is crucial, it can only be achieved gradually. Agenda 2000 was introduced for the period up to 2006 and the financial perspective agreed on in Berlin must be adhered to, but the mid-term review of the CAP provided for in the Berlin agreements is even more important in the light of current discussions.

(1) Press Release IP/01/74 on the RAPID web site: <http://www.europa.eu.int/rapid/start/welcome.htm>. The full speech can be accessed by clicking on 'Commissioner Franz Fischler' on the Agriculture DG's web site (see footnote on page 2).

The Commission will also stand by its commitments to publish reports on the impact of the reform and propose suitable adjustments. Commissioner Fischler has announced that the Commission will be carrying out in-depth analyses from 2001 and will publish the results in 2002. A Commission White Paper on food safety drafted in January 1999 includes an action plan in 80 points, which the Commissioner called on the governments to implement as soon as possible. He also called on the Member States to apply Community measures against BSE in a coherent manner.<sup>(2)</sup>

### The cost of measures to fight BSE

On 31 January, Ms Michaele Schreyer, the Commissioner responsible for the budget, presented the first supplementary and amending budget for 2001<sup>(3)</sup>. Adopted by the Ecofin Council on 12 February, it allocates additional appropriations of EUR 971 million to the beef and veal sector. However, adjusting forecasts for expenditure in other sectors in line with the dollar parity reduces appropriations for those sectors by EUR 245 million. The net increase in the agricultural budget is therefore EUR 726 million. That amount, which falls within the margin of EUR 1.23 billion available within the financial perspective

in 2001, will be covered by the surplus from 2000. The proposal is an initial response to needs arising directly from the crisis. It does not cover medium-term measures for the beef and veal sector as the crisis came too late in the preceding financial year. The additional appropriations break down into EUR 700 million for the purchase-for-destruction scheme, EUR 238 million for intervention on the market and EUR 33 million for detection tests.

### Beef and veal: a plan to restore balance to the market

On 13 February, the Commission adopted an emergency seven-point plan to restore balance on the beef and veal market. It involves: (1) promoting organic farming; (2) encouraging extensification of production by reducing the number of livestock conferring eligibility for premiums for bovine male animals and suckler cows; (3) promoting extensification by making the limit of 90 head compulsory; (4) introducing a special purchase scheme to apply when tests became compulsory; (5) introducing individual premium rights in respect of male bovine animals; (6) curbing production by altering the conditions governing the granting of the suckler-cow premium; (7) not applying the 'safety net' ceiling to intervention buying-in during 2001 and 2002. For further information, see Press Release IP/01/195 on the RAPID web site.

(2) See Newsletter No 29 and Mr Fischler's speech to the Parliamentary Committee on Agriculture on 23 January (accessible via the home page on the Agriculture DG's web site). In addition to the new measures decided on in December, the Commission outlined other proposals to eradicate BSE on 7 February: see Press Release IP/01/174 on the RAPID web site.

(3) Press Release IP/01/143 on the RAPID web site.

## In brief

### □ Olive oil: extension of aid scheme and a strategy for quality

On 21 December, the Commission adopted a proposal<sup>(1)</sup> to extend the present support system (based on quantities produced — see Newsletter No 6) until 31 October 2003, since not all Member States currently meet the conditions needed for a reform, such as the introduction of a geographical information system (GIS). The Commission also proposes a new classification of oil (involving a lower maximum acidity), clearer labelling and, to encourage a proactive quality policy, the establishment of operators' organisations.

(1) Communiqué IP/00/1536 sur le site RAPID.

### □ Commission report on the system for fruit and vegetables

The report from the Commission to the Council on the state of implementation of Regulation (EC) No 2200/96 on the common organisation of the market in fruit and vegetables<sup>(2)</sup>, presented on 24 January, analyses all facets of the way this COM has functioned since its reform in 1996. The system, which has recently been simplified and made more flexible (see Newsletters Nos 25 and 29), may possibly be overhauled more thoroughly in line with the report.

(2) COM(2001) 36 final. Available by clicking on 'Agricultural markets' on the Agriculture DG's web site.

### □ Rural development programmes and Sapard

The first summaries of the rural development programmes and of the 10 Sapard programmes are available on the Agriculture DG's web site.



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