

# Agricultural and rural policy under Commissioner Mariann Fischer Boel



European Commission  
Agriculture and Rural Development

# Introduction

When, on a sunny day in July 2004, I received a telephone call on my farm in Denmark offering me the chance to become European Commissioner for Agriculture and Rural Development, I knew - deep in my bones - that this would be one of the greatest responsibilities of my life.

The technical workings of agricultural and rural policy can sometimes seem remote to normal people. And yet this policy brushes gently against their lives every day.

Unfailingly, our farmers put food on the table for the EU's 500 million citizens - food which must be safe and wholesome. They are the stewards of nearly half of the territory of the EU (and of nearly 80 per cent of it together with forest managers), and therefore they give us many of our most treasured landscapes. Farming can be a strong ally in the fight against climate change - not least by providing valuable energy from renewable sources. And given that more than half of the EU's citizens live in the countryside, policies to strengthen the social and economic fabric of rural areas are essentials, not optional extras.

All these issues are concerns of the EU's Common Agricultural Policy (CAP). And during the Barroso Commission of 2004 to 2009, the CAP has been on the move, just as the European Union as a whole has been on the move.

**We have carefully steered the CAP to keep it facing squarely towards unfolding challenges** - such as the need to sharpen the farm sector's competitive edge, to make environmental care a central plank of policy, and to respond to the international food crisis.

**We have cleaned out the stables in terms of day-to-day management of the CAP** - making it simpler, sounder, stronger, more visible to the public. All this while smoothly integrating 12 new Member States into the EU and its agricultural system.

**And we have transposed the principles of the reformed CAP into the international context**, looking for ways of underpinning trade and food security around the world.

This work has certainly filled my time for the last five years! And at the end of this period, I feel a great satisfaction. No policy ever reaches a state of perfection, but the CAP - one of the EU's longest-established common policies - has embraced valuable change and is in great shape to move on into the future.



When I took office in 2004, a new chapter had recently been opened in the story of the CAP.

A reform agreement struck in the blisteringly hot summer of 2003 had set out plans for a radical rebuilding of the CAP - for the sake of competitive, market-responsive and sustainable farming in healthy and vibrant rural areas.

The main innovation was the so-called **“decoupling” of income support payments to farmers**. Since 1992, the EU had been slimming down the CAP’s traditional mechanisms for supporting agricultural prices, in favour of making direct income support payments to farmers out of the EU budget. The reform deal of 2003 essentially cut the link between these payments and production. Farmers who received decoupled payments could choose what to produce – and how much – without affecting the value of their decoupled payments. Through this new system – known as the Single Payment Scheme - farmers would base their production decisions on market signals rather than political signals from offices in Brussels. This would give them a strong incentive to make themselves more competitive, and would avoid distortions of trade.

The second innovation of the 2003 reform was the **linking of income support to standards of environmental care, animal welfare and public health**, through a system known as **“cross-compliance”**. Under this system, farmers could see their income support cut in a given year if they failed to respect the relevant standards. This bound support for the farm sector more tightly to public expectations.

Also important was the decision to **transfer funding out of farmers’ income support payments and into the EU’s rural development policy**, an essential component of the CAP. This new system of transfers – known as “modulation” – began at a modest level but nonetheless freed up valuable funds for looking after the EU’s rural areas as a whole.

Through these innovations and other changes, the reform agreement of 2003 laid an excellent foundation

for the future. My task for the next few years was not to rip up this foundation and lay yet another. My task was to firm up that foundation, then to build on it – helping the CAP to deliver in practice in a changing world.

I had three essential principles in mind:

- **The CAP needed to take European farming towards still greater competitiveness and market-responsiveness** – by placing production decisions more firmly in the hands of farmers rather than administrators.
- **The CAP needed to address the needs of rural areas as a whole** – not only those of agriculture.
- **In particular, the CAP needed to reflect growing concern about environmental issues, including climate change.**

These principles were the lamplight under which we examined our policy toolbox to make sure that we had the right tools – up-to-date tools for working with the realities of today.

Areas of the CAP which we examined early on were three sectors which the reform of 2003 had passed by: **sugar, fruit and vegetables, and wine**. These sectors had initially been left alone partly because of their very individual “personalities” and partly because reforming them presented huge political difficulties. But it was important to let the waves of CAP reform reach these sectors too, in line with the principles set out above.

We also took steps to bolster our **rural development policy**, preparing it to deliver more coherent and balanced results against clear objectives in the new financial period of 2007 to 2013.

Later in my mandate as Commissioner, it was time to take another look at the CAP as a whole. This review, which became known as the **“CAP Health Check”**, made further policy adjustments to ensure that the reformed CAP was working as intended and was addressing the challenges of the 21st century.



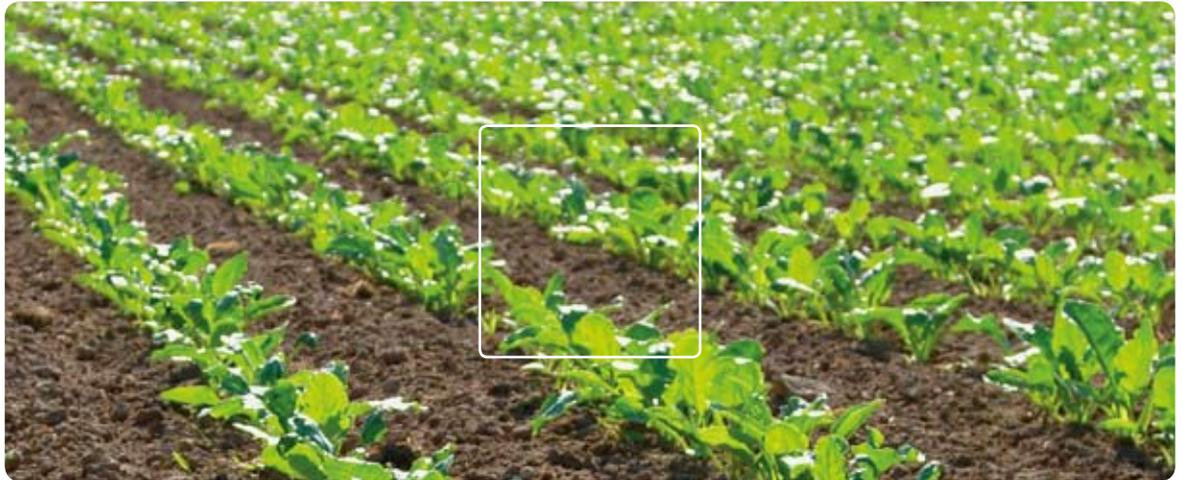
## Reform of the sugar sector

When I became a European Commissioner in November 2004, the EU had regulated its sugar sector in more or less the same way for some 40 years, supporting a domestic sugar price far above world market prices to keep production in place in every country of the Union.

However, cracks had appeared. Although the EU did not have a comparative advantage in sugar production, our policy was creating large surpluses which we exported with subsidies - a fact which was not welcomed by many of our trade partners. It was time to remould the system to make it more conducive to competitive, sustainable production, as well as "friendlier" to our sugar-producing trade partners around the world - especially poorer developing countries. The pressure to do so was all the stronger after a World Trade Organisation panel ruled certain aspects of our policy illegal.

Many said the sugar sector could not be reformed. But reform it we did. **The changes agreed in 2005 cut the benchmark EU sugar price by 36 per cent** over several years. This helped to bring the EU sugar industry back into a sustainable and more natural balance with the rest of the world market - as a net importer rather than exporter. Bringing sugar beet farmers into the **Single Payment Scheme** gave them support which was in line with the need for competitiveness and which also depended on environmental standards (through cross-compliance).

The reforms are also funding **restructuring programmes** in areas where sugar factories shut down - helping workers laid off to find new jobs, and putting disused factory sites back into good environmental condition.



# Reform of the fruit and vegetable sector

EU fruit and vegetable producers grow and sell products which are essential for a healthy diet, and they account for 17 per cent of the value of EU agricultural production. But the sector was creaking under heavy pressure from the retail sector and international competition. It needed to be reinforced: this was the principal motivation behind a reform package for the sector which was agreed in outline in **June 2007**.

The reforms give extra incentives to producers to band together into “**producer organisations**” which can negotiate with retailers on a more equal footing. Producer organisations now have extra policy tools at their disposal. In particular, the Commission has put them in charge of managing market crises through disposal schemes and other methods. With greater powers comes greater responsibility: for example, producer organisations must now spend a minimum share of their budget on care for the **environment**.

For the sake of more market-orientated and environmentally friendly farming, the support payments previously made to processors are being converted into decoupled payments to farmers within the **Single Payment Scheme**, over a transitional period.

An aspect of the reform very much inspired by emerging public needs was the mandate to draw up a **School Fruit Scheme**, which the EU agreed in **November 2008**.

Around 22 million children in the EU are overweight, and about 5 million are obese. These figures are rising every year – with serious consequences for health. Poor diet contributes to this problem: most people in the EU do not eat the daily minimum of 400 grammes of fruit and vegetables recommended by the World Health Organisation.

The EU School Fruit Scheme is spreading the good ideas and practices which some Member States have already applied individually. It provides funding to distribute fruit and vegetables in schools, as well as to support programmes to educate children, parents and teachers about healthy diet. Both measures should encourage better eating habits. Therefore, the Scheme offers producers a steady outlet, while also meeting an urgent public need. Those Member States which choose to take part in the Scheme must also contribute funding - at a lower rate in the case of less wealthy countries.

In a separate process, in **December 2006** the EU agreed a **reform** to the system for assisting its **banana producers**. Most of these are to be found in the EU's overseas territories of Guadeloupe, Martinique, Madeira and the Canary Islands (four of the so-called "Outermost Regions").

**We abolished the old system of propping up banana prices** - a system which insulated producers from market signals and discouraged competitiveness. Instead, to help producers face up to a more competitive world market, we provided extra money to the **POSEI programme**, within which individual Outermost Regions design their own toolbox for assisting their farmers.



## Reform of the wine sector

The wine sector is one of the jewels in the crown of EU agriculture. The EU produces some of the best-known and best-loved wines in the world, and many of Europe's most beautiful and inspiring landscapes have been formed and defined by tens of thousands of highly individual, lovingly cared-for vineyards.

However, problems had been creeping up on the EU wine sector for years. Many producers were tied down by overly restrictive rules; the sector was losing market share to vigorous non-European competition; stocks of "surplus" wine remained high; and too much of the sector's CAP budget was being spent on questionable and costly policy measures – for example, some €500 million a year on subsidised distillation of wines which had no buyers.

As in the case of the sugar sector, many had said that reforming the wine sector was politically impossible. And yet, in **December 2007**, the EU agreed a reform package to put its wine sector back on a sustainable footing for the long term.

Subsidies for distilling unwanted wines are being phased out, and the money is being spent instead on a broad menu of measures – from which Member States take their pick - to make the wine sector more competitive and to care for vine landscapes.

In an important step to prepare for liberalisation, a three-year voluntary "grubbing-up scheme" - with strong environmental safeguards - is offering money to uncompetitive producers who wish to dig up their vines and leave the sector. This will bring the market into balance.

From 2016, **competitive producers will have greater freedom to plant more vines** and therefore to benefit from growing global demand.

The wine sector is also being brought into the **Single Payment Scheme**, so that vine growers who have used the grubbing-up scheme benefit from support which leaves them free to respond to the market but also encourages them to care for the environment.

**Changes in labelling rules** mean that consumers can now buy European wines identified only by vine variety and year of production (i.e. without a Protected Denomination of Origin or a Protected Geographical Indication). This puts European producers on a more level playing field with their competitors, who have been selling such wines very successfully for many years.

Also of importance is **a reform of the EU spirits sector**, likewise agreed in December 2007. Among other things, this has introduced **much clearer labelling of vodka for the consumer** and thereby settled a long-running dispute between producers in different EU countries. Vodka made from grain or potatoes is simply labelled as "vodka"; otherwise, it is labelled as "vodka produced from....".

# Reform of rural development policy

Farming is the beating heart of rural Europe; but a body is made up of more than a heart alone. To help give the people of the EU a living, healthy countryside – a countryside with clean earth, air and water, with a range of economic opportunities and with communities which are attractive to live in – the CAP contains a strong policy for general rural development.

Often referred to as the "second pillar of the CAP" (the "first pillar" consisting of income support payments to farmers and market instruments), rural development policy looks at rural areas as an organic whole. These areas cover more than 90 per cent of the EU's territory and are home to more than half its population.

In **2005**, the EU agreed a range of changes to make its rural development policy more potent in the period 2007 to 2013.

**The changes clarified the broad aims of the policy**, defining them as: boosting the competitiveness of farming and forestry; caring for the countryside and the environment; helping to make a greater range of jobs available; and raising the quality of life in rural areas.

**All Member States are now required to use rural development policy in a more balanced way than in the past.** For example, they must spend at least 25 per cent of their rural development budget on environmental measures.

Furthermore, the majority of them must now spend at least 5 per cent of their budget on **projects thought up by local people** - according to the so-called "Leader method". The Leader method has in the past produced some highly imaginative ideas for solving very local, individual problems.

**A simplified financial structure** for rural development policy has cut out enormous administrative difficulties of the past. At the same time, a new strategic framework is helping to ensure that the policy measures used by the various Member States do not work against each other at EU level, but in harmony.



# The CAP Health Check

By 2007, it was clear that the CAP would benefit from a general review, for four reasons.

**First**, we had gained experience of putting into practice the reforms agreed in principle in 2003.

**Secondly**, 12 new Member States had joined the EU, bringing fresh diversity.

**Thirdly**, agricultural markets had continued to develop as globalisation had continued to spread and intensify.

**Fourthly**, it was necessary to pay closer attention to developing challenges such as climate change.

These considerations inspired the **CAP Health Check**, a package of adjustments agreed in **November 2008** which kept the CAP true to the spirit of the 2003 reforms in changing circumstances.

Climate change was high on the agenda for the Health Check discussions. In separate discussions, EU heads of state and government had agreed that the EU must cut its greenhouse gas emissions by at least 20 per cent by the year 2020. Farmers must help to achieve this goal, while also adapting to the climate change which is already taking place.

It seemed likely that the EU's rural development policy would provide the best policy toolbox to help farms and other rural businesses respond to the following pressing challenges:

- fighting and adjusting to **climate change**;
- **managing water** more carefully;
- providing and using **renewable energy**;
- conserving **biodiversity**; and
- pursuing **innovation** in all of these areas

To these principal challenges the EU added the task of **supporting economic adjustment in the dairy sector**. (After the Health Check, at the request of EU leaders, the Commission also made a detailed analysis of options for helping the dairy sector through a growing market crisis).

Realistic solutions to these challenges needed extra funding. Therefore, a key element of the Health Check agreement is that, by 2012, **EU farmers will be contributing an extra 5 per cent of their income support payments to rural development policy** (through modulation), for use in projects to help address the concerns listed above.

**A further 4 per cent is being transferred annually from all income support payment amounts above**



**a threshold of € 300 000.** This finally establishes a "progressive" principle long supported by the public - namely, that farmers who receive high levels of income support from the EU budget should make larger "contributions" to projects of general public interest.

(In addition, the EU has also agreed to provide more than € 1 billion of further funding in 2009 and 2010 to help meet the above-mentioned challenges and to strengthen the use of broadband internet connections in rural areas, as part of the European Economic Recovery Plan.)

In order to make farming even more market-orientated, the Health Check is **decoupling a greater share of farmers' income support payments.** And as a step towards a more even scheme which is less influenced by historical subsidy receipts, Member States are allowed to adjust the basis on which these payments are shared out within their territory - for example, by averaging out rates of payment per hectare.

**The Health Check is also removing constraints on farmers' freedom to produce more in response to market demand.** The requirement to "set aside" a portion of their arable land is abolished, and milk production quotas are being enlarged to prepare for their removal in 2015.

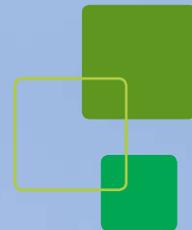
Finally, **traditional mechanisms for regulating farm prices** - such as the temporary buying-up and public storage of produce - are being scaled down so that **their influence is felt only in times of crisis.** They are thus a strand in a safety net, not regular price setters.

The Health Check has been a hugely valuable exercise in itself. But it also provides signposts for a future in which the CAP will have to develop further.

It seems very likely that, in that future, rural development policy will be an even more vital weapon in our policy armoury for combating a range of challenges. Finding adequate funding to power it will therefore remain an important task.

At the same time, calls for greater "evenness" in the Single Payment Scheme - not only within Member States but around the EU as a whole - appear to be firmly on the political agenda.

Finally, the EU is moving strongly away from trying to steer long-term agricultural price developments, and towards using its market instruments as a safety net for times of crisis. This evolution will continue.



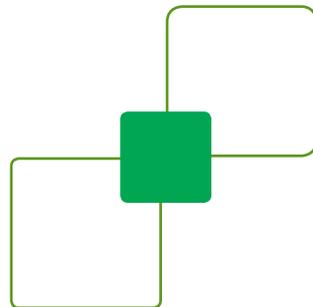
## Part 2: Managing EU policy to the public's satisfaction

Part of the work of any politician is to think up and assess new ideas and new solutions to problems. But another vital task is to make sure that policy is carried out competently day by day.

With regard to the daily workings of the CAP, I believe the public expects three things:

- that policy be managed on the basis of **good principles**, and rigorously;
- that policy in action be **transparent**; and
- that policy be as **simple** as possible.

I and my staff took these expectations very seriously under the Barroso Commission, and the CAP emerged all the stronger for those efforts.



## The right principles



There was a time when, in the public mind at least, the CAP was strongly associated with producing basic commodities on a large scale, whether or not consumers always wanted the quantities involved. On occasion, the EU had built up sizeable public and private stores of certain commodities – giving rise to colourful phrases such as “the EU butter mountain”, “the EU wine lake” and so forth.

When the Barroso Commission took office, reforms to the CAP were already taming this problem. But the new rules still gave us considerable room for manoeuvre in use of the EU’s various market instruments – such as public intervention (the temporary buying-up of surplus produce) and export subsidies.

Week by week, month by month, we used our market instruments **prudently**. When crises appeared, we did

not shrink from calming the situation with the safety nets at our disposal. For example, we responded quickly **when cases of avian influenza and dioxin contamination shook confidence** and sent prices falling sharply. But we avoided laying a constant guiding hand on the market; and **we made sure that commodity “mountains”, if they appeared at all, were quickly levelled.**

For example, from January 2005 to May 2009, we cut EU public cereal stocks from just under 10 million tonnes to well under 2 million tonnes – and changes introduced through the CAP Health Check will enable us to keep firm control of the total in future. We also reduced the public wine alcohol stock by about 1 million hectolitres and we abolished any requirement to buy more in the future. We emptied the public storehouses of skimmed-milk powder in 2006 and butter in 2007 – though in 2009 a very weak market is obliging us to make some purchases. There were no public meat stocks under the Barroso Commission.

**We controlled stocks in this way without any heavy-handed use of our market instruments.**

From 2005 to 2009, we halved the export subsidy rate for beef. In May 2009, we had granted no export subsidies on cereals since September 2006 or on sugar since October 2008. By 2007, we had cut export subsidy rates to zero for all dairy products, though we temporarily increased them again in 2009 in an effort to bring the market crisis under control. We also abolished export subsidies for fruit and vegetables and for wine under the reforms of those sectors. Moreover, withdrawals of fruit and vegetables from the EU market fell sharply, and the latest reform accepted by the Council should cement this change.



**It is highly significant that we achieved all of this while smoothly integrating 12 new Member States into the EU and its agricultural system** - solving occasional problems when they arose and freeing up the potential benefits of a larger EU agricultural market.

Our judicious use of market instruments was one strand of an approach to managing the CAP which laid an increasing emphasis on **quality rather than quantity**. That change of emphasis was also clear in other ways.

For example, **the EU overhauled its School Milk Scheme**, which encourages children to eat nourishing dairy products by supporting their distribution in schools. Previously, high-fat products attracted larger subsidies than low-fat products – which reflected a need to find an outlet for excess EU milk fat production. This has now changed - and to catch children's interest even more effectively, the Scheme now covers a wider range of products: for example, fruit yoghurts and flavoured cheeses.

Similarly, the new **EU School Fruit Scheme** is also an example of a “distribution” scheme which revolves around the needs of the public rather than a need simply to dispose of produce.

Another important step in policy management concerns organic farming. Since January 2009, new rules have been in place which clearly set out the principles of organic production in all 27 EU Member States, based on harmonised standards. April 2009 saw the launch of a competition to design a new EU organic logo which will be used as of July 2010.

Finally, **in October 2008** the Commission launched a consultation on all aspects of its **agricultural quality policy** - including basic farming rules, marketing standards and geographical labels – to reinforce the shift of EU farming towards quality rather than quantity. By May 2009 this had inspired an outline of new policy proposals which the next Commission will take forward. In the future even more than now, quality will be EU farmers' most powerful weapon in the arena of global competition, and the CAP will evolve to reflect this more and more.



# Sound financial management and transparency



As a "common" policy, the CAP still takes a large slice of the EU budget, even though that slice is shrinking year by year. Therefore, all the more, we must never slacken our efforts to make sure that every cent of the CAP budget is spent on its intended purpose. For this reason, under the Barroso Commission, the use of sound principles in managing the CAP was underpinned by **financial rigour**.

Our performance in practice was good. Every year, the European Court of Auditors checks to what extent money from the EU budget has been spent correctly. As anyone would expect, the bar is set very high: for any area of policy, the Court gives a "positive statement" only if 98 per cent of spending is error-free. On my watch, we raised the share of spending on agriculture which cleared this bar. For budget year 2007, the Court issued a positive statement with regard to all spending on "agriculture" (in other words, direct income support payments to EU farmers, and use of market instruments). The overall error rate for spending on "agriculture" and rural development is now close to 2 per cent.

We will continue our efforts to iron out errors in all categories of CAP spending – as we will continue to recover money which has been spent in error.

While the EU institutions ensure that money from the EU budget is spent correctly, people rightly wish to know on what and on whom the funding - which is in effect their money - is being spent.

**In March 2008**, the EU agreed new rules which have taken transparency on CAP payments to a completely new level. Since April 2009, all EU Member States have been required to maintain websites listing beneficiaries of CAP funding. For each beneficiary, the websites state the full name, the municipality and the value of funding received (divided into three categories of spending). The EU's EUROPA website contains links to these national websites.

Finally, we reformed the rules on **agricultural state aids**.

European farming receives financial support mainly from the EU budget – but also, on occasion, from national and regional governments. It is essential work to make sure that such state aids follow rules, for the sake of a level playing field. State aids must also make a good fit with the EU's policies on agriculture and rural development, as well as with international trade rules. The state aid reform will help to ensure this.

The reform also raises the "de minimis" threshold from € 3 000 to € 7 500. This important tool for flexibility is the financial threshold above which governments must ask permission to pay a state aid – and its new, higher level is much more realistic.



# Simplification

To feed the EU's 500 million people, provide other vital raw materials and look after rural areas, the CAP needs systems and rules. However, we must keep these systems and rules as useful and simple as possible – and this has been a high priority for me. Many of the reforms of recent years have brought greater simplicity by their very nature (for example, the decoupling of income support to farmers). In addition, a number of projects have aimed specifically at simplification.

In 2007 the Commission carried out a huge simplification of agricultural policy legislation by merging 21 sets of market rules for different agricultural products into just one set - a **“single common market organisation”**.

This slashed the number of related legal articles by about three-quarters. It made policy on agricultural markets much clearer – and thus took an important step towards making that policy more coherent.

The EU also continued its work on **simplifying cross-compliance** - the system which cuts income support

payments to farmers if they fail to observe certain standards of environmental care, animal welfare and public health. For example, we have taken out of the system various rules which have little or nothing to do with farming.

A vivid example of other action taken on simplification relates to **fruit and vegetables**. Until July 2009, 36 types of fruit and vegetable were regulated by specific “marketing standards”. This meant that, famously, a cucumber could not be sold if it was too “curvy” – and good food never made it to the supermarket shelves.

**The Commission abolished marketing standards for 26 types of fruit and vegetable**, so that industry now decides what standards to apply. Useful EU-wide standards remain in place for the remaining 10 types, but even specimens which do not meet these standards can be sold if distinguished by appropriate labelling. This means that rules will not keep perfectly edible, tasty food out of our shops simply because it has a somewhat individual shape.

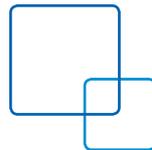


The EU does not exist or operate in a vacuum. Neither does its farm sector: it is connected to the rest of the global economy by a vast network of fine threads. The EU typically exports agri-food products worth some € 70 billion a year and is becoming a net exporter in this sector. Since the EU is specialising more and more in high-value finished products rather than bulk commodities, this success is not putting pressure on agricultural producers in the developing world. In any case, the EU imports more agricultural goods from developing countries than do the US, Canada, Japan, Australia and New Zealand together.

Because of these strong trade links, the structure of the CAP has implications for the wider world – as do the agricultural policies of other industrialised countries.

These facts received a growing share of public attention from the end of 2007 onwards, when sharply rising food prices threatened health and social stability in many of the world's poorer countries.

Under the Barroso Commission, the need for responsibility towards the wider world when making and using agricultural and rural policy consistently moulded the EU's approach to trade negotiations – multilateral and bilateral – as well as to broader international issues.



## Multilateral trade

International trade must work to rules. Over the last five years, the EU has worked tirelessly in the Doha Round of trade talks conducted within the World Trade Organisation (WTO) to improve the rules under which trade takes place – for the benefit of both the EU and the world's poorer countries.

This is the boulder which has not yet reached the top of the hill – but we have rolled it much, much closer to the summit, especially with regard to agricultural trade. When ministers last met to discuss the Doha Round, it was estimated that around 90 per cent of the important issues in the talks had been solved.

Within the overall liberalisation "offer" which the EU has made in the Doha Round, the agricultural element

has been widely hailed as very ambitious and forward-thinking, though respectful towards the EU's own interests. It includes deep cuts to the limits on the types of domestic subsidy which distort trade (essentially, those which are linked in some way to production). It includes import tariff reductions which would hand valuable new opportunities to our trade partners without crushing the EU's farm sector. Very significantly, it includes plans to phase out agricultural export subsidies – a market tool which has been highly controversial over the decades.

Therefore, over the last few years, the EU has been seen as a deal-making rather than deal-breaking party in the Doha Round. This marks a sharp contrast with past perceptions; and the EU intends this shift to be permanent.



## Bilateral/regional trade

A sound multilateral framework is at the centre of the EU's trade strategy. Nevertheless, bilateral arrangements have their place as supplements to this.

Under the Barroso Commission, the EU invested a great deal of time in strengthening its ties with **African, Caribbean and Pacific (ACP) countries**.

Preferential trade terms between the EU and ACP states were previously enshrined in the Cotonou Agreement – which had stimulated trade to the point where the EU typically took nearly 60 per cent of ACP countries' total agricultural exports (including processed products). However, from 1 January 2008, all parties had to apply general WTO rules, which do not allow unilateral preferences.

The EU made good progress in setting up **Economic Partnership Agreements (EPAs)** with ACP countries, as replacements for the previous arrangements. These agreements offer duty-free and quota-free access to the EU market for exports from ACP states, including

agricultural goods. (This will apply to rice exports from January 2010, and to sugar exports from October 2009 with certain conditions.)

As a result, the level of market access offered by the EU to ACP countries is coming close to the high level offered to the world's Least Developed Countries through the Everything But Arms agreement.

Outside the group of ACP countries, the EU struck **preliminary agreements on agricultural trade with Egypt and Israel**, and made very good progress towards an accord with Morocco. When confirmed, these agreements will free up trade substantially, to the clear benefit of all parties.

The EU also **launched negotiations for trade agreements with Korea, India and ASEAN**. We have almost finalised a deal with Korea which would eliminate duties on most of the EU's significant agricultural exports to this market – notably pork, cheese, wine and whisky.



# Helping the world to feed itself

Outside trade discussions as well as inside them, the EU has been a leading player in the search for international solutions to the international problem of hunger.

Part of the solution is domestic. The world's food needs are growing, and EU farmers must be free to produce more in response. This is why, within the CAP, we have been removing obstacles to higher production.

Nevertheless, if the EU makes a U-turn away from high-quality production and a dash back towards "quantity at all costs", this will not solve global food supply anxieties. The shift of emphasis towards quality has been extremely beneficial to the EU's agri-food sector, and will continue to be so. High-quality output in the EU complements commodity production in developing countries, in an efficient division of labour.

In other words, to a large extent, hunger in the developing world can be rolled back by solutions in the developing world - with our support. This was our clear policy under the Barroso Commission. The EU has been taking firmer action to stimulate long-term agricultural production in developing countries - by opening our markets and by giving agriculture a larger portion of funding in our development programmes.

We took a highly practical step at the end of **2008**. In response to an idea which I floated in the first half of that year, the EU agreed to make available a so-called "food facility" worth € 1 billion over three years. This **food facility** has given a much-needed boost to agricultural production in poorer countries, for example by helping farmers to access fertiliser and seed. It has also funded safety net systems to provide for the basic food needs of vulnerable people in these countries, including children.



## Conclusion

I hope this brochure conveys at least some impression of why I have found my work as a European Commissioner so exciting over the last five years - and so deeply satisfying.

The CAP has been constantly evolving and renewing itself ever since it came into being. And this process of renewal has accelerated powerfully in recent years.

The CAP is helping to forge a closer relationship between farmer and consumer, giving the one a much greater freedom to respond accurately and competitively to the needs of the other. It is also offering farming a market-friendly safety net that is part of the EU's insurance policy against food supply problems at a time of acute anxiety about this issue.

On the other hand, the CAP is not moving forward under the banner of agricultural production alone. We have made this "green" EU policy – the policy of our very earth - greener than ever before, investing heavily in the future health of our countryside and environment.

We have strengthened the foundations of our financial management, at a time when the CAP is taking a smaller share of the EU budget. We have thrown open the curtains to let the public see what their money is buying. We have slashed red tape. And we have made the EU an even more responsible and helpful player on the international stage with regard to agricultural trade and food security. This has not always been an easy journey - and at the time of writing, we are still working to help the dairy sector through a very difficult period.

Nevertheless, all of these developments have laid a road down which we will travel further in the coming years.

As we do so, I am convinced that two things will remain clear.

First, the CAP has a remarkable capacity for change. In particular, the EU's farming community – in which I am proud to have been raised – is prepared to adapt and modernise its ways, when the need is explained clearly and when sufficient time is allowed for adjustment.

Secondly, the CAP as a tool draws enormous strength and value from being a common policy. Certainly, this strength must be flexible strength. One size cannot fit all, and this is why many aspects of the CAP give a great deal of breathing-room for individuality – rural development policy in particular. Nevertheless, the more I have talked to farmers, politicians, environmentalists, consumers and scientists across the EU, the more I see that effective policy needs unity among the diversity. If we allowed the CAP to shatter into a myriad of competing national and regional policies, I firmly believe that the benefits of the money spent would likewise shatter into so many untidy fragments.

Building up, not breaking up – this is the right future for the CAP.



# THE FUTURE



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