

Address by Commissioner Fischler at Conference held in Sofia, Bulgaria on 14-16 March 2004 on “The Common Agricultural Policy and Enlargement – opportunities and perspectives”

Prime Minister, Ministers, Ladies and Gentlemen!

1. Introduction

It is a really great pleasure to be here with you all in the beautiful historic city of Sofia to draw to a close this information conference on the perspectives for agriculture and rural development in an enlarged Europe. Our aim is to inform you about latest developments in agricultural and rural development policy and, of course, to answer your questions.

This is the third conference of the type organised by my services and, with only days to go now before the enlargement of the EU to ten of the current candidate countries, may I take the opportunity to say « welcome back ». By this I do not just mean that it's good to see again those of you who were in Riga and Prague: I mean welcome back into the main body of Europe from which many of you have been forcibly separated by events during the 20th Century. Ten of you will soon be where you belong once more and, although others will have to wait just a little longer, the time is close at hand when this continent, which is so much more than just a geographical entity, is again re-united, economically, culturally and politically.

I know that over the last two days you have had to absorb a lot of information. Dirk Ahner and his team have provided you with a vast array of facts and figures, you have heard about the state of play WTO and about some of the lessons learned from the enlargement process so far.

Karl-Erik Olsson from the European Parliament has shared with you his experience both as a parliamentarian in Europe and as a former accession negotiator, and you have been invited by the Bulgarian authorities on what I hear was a very interesting field trip for which I extend my thanks to Minister Dikme and his staff.

I will, therefore, limit myself to a few remarks by way of pulling together some of the strings of what you have heard so far.

2. CAP: opportunities and perspectives for farmers

Agriculture and Rural Development are areas of fundamental importance in all our countries. They determine the way we feed ourselves, the quality and safety of what we eat and the way the largest parts of our land area, the countryside and forests, live and breathe.

I know that, in both the existing EU and amongst future members, there exist some doubts and fears about what the future will bring. One thing is clear: accession will bring a further 4 million farmers into Europe to join the 7 million who are already there. This will certainly mean greater competition between farmers for the hearts and minds of consumers. But then, we have to consider that accession will also bring about an internal market of 450 million consumers without tariff restrictions, export quotas or trade barriers.

Already, trade between EU-15 and the accession countries has expanded by 68 billion Euros between 1999 and 2002. This refers, of course, to trade in general and not just trade in the agricultural sector, but the trend is clear to see. Whilst it is true that, today, the farmers of the EU 15 are ahead in some areas, such as that of branded quality products, I can see an opportunity, in the short term, for farmers in the new countries in the area of low cost cultivation of feed cereals and other renewable raw materials. Of course, we have to look beyond the short term and, in my opinion, there will be a rapid coming together of agricultural economies in the existing and future member states. I do not believe that the new member states will be condemned for long to be producers of low cost food and feed whilst the others corner all the value added markets.

Furthermore, the extended EU will have new neighbours and trading partners such as Russia, and will be able to play a strong role on world markets, including the far eastern markets which hold a huge potential.

To ensure that distortions are not written into the system, it is my responsibility and that of my successors to ensure that there is a Europe-wide level playing field so that all farmers can benefit from the same market opportunities. After the agreed transition period, the CAP must be applied in the new countries in exactly the same way as in the EU. I am extremely impressed by the way the accession countries have pushed through their reforms in the last years and months and would like to take this opportunity to congratulate your authorities. If things continue in this way, I do not see many problems with the smooth functioning of the CAP from the First of May.

Meanwhile, as you know, there is a different approach adopted in terms of direct payments for the new countries which have a phasing in period with the option

of top-ups and only rise to their full amount after a certain period. However, to offset this, there are also a number of obligations that do not have to be met from “day one” in terms, for example, of cross compliance. The big exception to this, of course, is the upholding of safety standards but this is such an important issue for our consumers and for our export markets that we cannot lower our guard. The safety of food is the fundamental pre-requisite for winning markets both at home and abroad and underpins the success of our agricultural production. Investing in safety is investing in the future of our agricultural system.

My years as Commissioner for Agriculture in Brussels have been years of reform. I have tried to implement those changes which were necessary to ensure that farmers and people living and working in the countryside of an enlarged EU have the best possible guarantees for their future. We have moved away from the days of guaranteed prices and huge surpluses to an increasingly decoupled CAP which allows farmers to develop fully their entrepreneurial skills and which puts a premium on respect of the environment and animal welfare as well as food safety and the development and protection of quality products. Farmers are also paid for the services which they deliver to rural society and society at large.

Farmers are business men. They do not need to waste their precious time filling in forms and dodging red tape. I have tried to answer their needs by making the system simpler. For example, where there were once thirty types of premium, we now have a single farm payment.

3. Rural Development

I have also recognised that, whilst farmers are the backbone of our rural economy they are not alone in the countryside. The E-society, for example, has made it possible for all kinds of small and medium sized enterprise, not to mention some large ones, to operate far from the urban environment. Other industries such as tourism and rural crafts as well as all sorts of environmentally linked projects are also extremely important. During my time as Commissioner, Rural Development has moved from being an addendum to the CAP to being a fully fledged policy: the second pillar of the CAP with a 7 billion Euro a year budget.

Last year we held a major conference in Salzburg on Rural Development called “Planting Seeds for Rural Futures” and this is exactly what I hope we will achieve. The conference, which comprised stakeholders and academics as well as politicians, drew a number of important conclusions:

- A living countryside is not only in the interests of the rural society but of society as a whole
- Preserving the diversity of Europe's countryside and encouraging the services provided by multifunctional agriculture is of ever growing importance
- The competitiveness of the farming sector must be a key aim
- Rural development policy must apply in all rural areas of the enlarged EU
- Rural development policy must serve the needs of a broader society in rural areas
- Rural development policy should be implemented in partnership between public and private organisations and civil society in line with the principle of subsidiarity
- More responsibility must be given to programme partnerships to define and deliver comprehensive strategies based on clearly defined objectives and outcomes
- A significant simplification of EU rural development policy is both necessary and urgent.

Ladies and gentlemen, these are the conclusions of the Salzburg Conference and not mine own, but I can tell you that I am very much in agreement with the opinions of those stakeholders, academics and politicians who drew up the conclusions. By listening and learning and by taking a bottom up approach, rather than dictating and complicating from Brussels, we can respond to the real needs and reward the real initiatives of people at ground level, those who know best how to keep the countryside alive and well. In practical terms, I am considering how best to follow up the Salzburg experience, so that the momentum created by this extremely positive event is not lost.

In February, just a couple of weeks ago, there was released a report entitled "The Future of Rural Areas in the CEE New member States". This report was financed by my services, and prepared by the Network of Independent Agricultural Experts. It makes interesting reading. Indeed I would recommend you to read it. The report reminds us that we would be wrong to over-generalise. The situation today varies quite significantly between accession countries. There is a tendency in many of your countries to have a dual farm structure: a mixture of very large farms and extremely small ones. The balance may change but, today, there is still a need for many small holders and agricultural workers to have other sources of income if they are not to fall below the average for their country. Price increases and income from direct payments after accession should help in a situation where rural incomes are generally well below those in the urban areas.

Another important point is the need to maintain in good condition the rural infrastructure: transport, housing, schooling and telecommunications. This is a pre-condition for positive economic development in rural areas, particularly in those accession countries where the rural infrastructure has suffered some degradation in recent years. An effective and targeted rural development policy for the new members is essential.

Our commitment to rural development in the new member states is demonstrated through the new measures and derogations designed to address your specific needs. The special arrangements include proportionately higher financial allocations, measures to help semi-subsistence farms survive financially whilst they restructure, support to enable farmers to form producer groups and strengthen their position in the market, subsidised professional advisory services for farmers, higher grants for farm improvements and support for investments required to meet EU environmental, health and hygiene standards. All of these measures contribute to strengthening the rural economies and making rural areas a more attractive place to live and work.

4. Conclusion

Ministers; Ladies and gentlemen,

I would like to return for a moment to our host country, Bulgaria and the reason for choosing Bulgaria for this conference. It might have seemed logical to hold an information conference geared to the specific needs of the ten countries who are about to become EU members. These countries are on the threshold of a great adventure and a great challenge. They are about to join a powerful political block of countries with a major role to play in our much troubled planet, perhaps for the first time in their histories, voluntarily. They are joining as equal partners with a shared vision of a common future stretching from the west of Ireland to the borders of Russia and from the frozen north of Finland to the southern Mediterranean islands of Malta and Cyprus. And close behind them will come other countries, such as Bulgaria, whose path towards EU membership may be a little bit slower but no less certain.

Information, ladies and gentlemen, is not a privilege. It is a right. Many of you; who were starved of information in the past, or fed propaganda, are well placed to confirm that. So, in the defence of this principle and to share openly with all our future partners the facts at our disposal, I decided that there would not be a two tier system, and our presence in Sofia today is symbolic of the fact that we are all members of the same family. And, as a good family member, may I now

thank you all for attending, if there are any questions, I can answer them, and then I would like to invite you all, before you leave and go your separate ways, to partake of lunch. Thank you.