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Feeding the planet and the role of the Common Agricultural Policy (CAP)

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Ladies and Gentlemen,

Indeed I am honoured to address to you at this congress, being the 10th speaker in a row of such famous and eloquent contributors in the traditional series of the former so called "Mansholt Lectures", currently WASS (Wageningen School of Social Sciences) Lectures.

Indeed it is a pleasure to speak about agriculture these days, because agriculture is back. One could even say: "There is no business like agribusiness."

In this light we should ask new questions and try to find new solutions and reformulate priorities.

Sicco Mansholt, one of the most influential founders of the Common Agricultural Policy, surely would have agreed with us. During the last part of his life in which we became friends and partners in contributing to the discussions about the future of the CAP., he was aware of the need for fundamental changes, but also deeply convinced of the necessity of some forms of government interventions in agricultural markets. So here we are now: in a totally changed perspective as was the case at the end of his life.

So what shall we do with the CAP? Although fundamental decisions have been taken in forms and levels of support on quota of milk and sugar, on shifting money from pillar one to pillar two, on modulation and capping all this seems not enough to conclude that a well-balanced system of agricultural policy in the EU is constructed. If we take a broader view on subjects such as climate change, world food policy and energy and the role of agriculture, we are in need of new perspectives. In short: the challenge to make agriculture more sustainable and focus on its contribution to feed the world. I will focus on the challenges for a CAP in the framework of climate change and world food perspectives.

My contribution contains three elements: first some history; second, I give attention to climate change, food production and energy and thirdly, I would like to share with you some thoughts about the future of the CAP.

To obtain the complete picture it is necessary to look at certain facts and agreements that have been made. After the substantial reforms of 1992 (MacSharry) and 2003 (Fischler), subsidies for farmers were in most cases decoupled from production levels, and the most disruptive effects of subsidies on trade were eradicated. Compared with other EU countries, the Netherlands receives a relatively modest level of (decoupled) income support: EUR 800 million for no more than a third of its total agricultural production.

Until 2013, the real value of subsidies paid to individual farmers in the old Member States will fall by some 30%, as these subsidies are linked to a ceiling that was established in 2002 and will only be corrected for inflation at a reduced rate (a maximum of 1%), by applying modulation (transfer of funds from direct farming subsidies to rural development schemes), by paying limited compensation for decreased price support, and

by applying a general reduction in subsidy payments that will be introduced if subsidies threaten to surpass the ceiling ("degressivity").

The 2003 reforms also mean that the CAP's share of the EU budget will fall from the current level of 45% to 39% in 2013. The costs of the CAP amount to no more than half percent of the EU's GNP, or almost 1% of all government subsidies within the Union.

There have been a number of reviews in recent years: a health check on the reformed CAP in 2008, as well as a comprehensive budget review in 2008/2009 which offers prospects for co-financing formulas. Furthermore, in 2009 the discussions on milk quotas were focused on whether we should gradually phase out the current system during the period until 2015.

In my view, a more interesting issue, and one that escapes the focus of current political debate, is the effect developments after 2013 will have on agriculture, the rural area, and the relevant policy.

Let us consider climate change and energy supply. The consequences of the predicted climate change will be radical and manifold an increased risk of flooding in low-lying areas is set against overwhelming drought in other areas; hundreds of millions of people worldwide are at risk of being uprooted, while a rise in temperature of just 2 degrees will reduce the amount of water available to agriculture in Southern Europe

by 20%. And that is not all: dwindling food harvests, particularly in Africa (the population of which will double in the next 40 years) leading to a growing host of starving people, increasing poverty in what are already the poorest countries, and serious damage to ecosystems – a global rise in temperature of 2 degrees could threaten to wipe out between 15 and 40% of the world's species.

The changes wrought by global warming have been explored in various scenario studies. The predictions inevitably come with some degree of uncertainty, but the general picture is that Northern Europe will become warmer and wetter while the south becomes warmer and drier. The shifting of climatic zones will inevitably lead to shifts in crop conditions. As the climate in Southern Europe becomes drier and hotter, the agricultural resources in Northern Europe may become more important for the food supply. In global terms scientists anticipate fewer negative effects for Europe than for other parts of the world. In other words, climate change is a perfect example of a new distribution issue facing Europe. After all, if Europe ends up being one of the major food suppliers to the world in the coming decades, this not only gives us new responsibilities, it also offers new opportunities.

The anticipated change in the climate also underlines the importance of agriculture as a supplier of non-food crops. The volatile price of fossil fuels and the need to reduce carbon emissions have made the extraction of fuel from vegetable and waste matter more economically viable. More energy crops are grown than ever before, and much investment has been poured in processing them. On a world scale interest in the production of ethanol and biodiesel is enjoying unprecedented growth. Although of course crude oil prices are volatile. One thing is for sure: exploration and exploitation are facing increasing costs and political uncertainty.

But it is not just for the sake of energy that vegetable products are enjoying resurgence. They are also prized as a source of new sustainable materials. This could cause tension in the market for raw materials between energy and food use. The competition between food, feed, and non-food uses will intensify. Concepts like "bio refineries", where waste materials and vegetable matter could be processed, will take on increased significance. Total waste of food and food products in the Western World amounts to 25% of total production. And if the mineral issues surrounding waste from the fermentation process can be resolved, it would provide an additional impulse for this form of environmentally- friendly energy production. Also the cultivation of woody crops for use as fuel, either directly, or by means of fermentation could present possibilities.

The second relevant trend I want to address is the global demographic development and the burden it places on the environment, particularly through water consumption. The United Nations estimate that the world population will reach around 7.8 billion by 2025 and 9 billion by 2050. That is an increase of 50% in 50 years. The population of Europe is not growing and is ageing rapidly. These two facts have very significant repercussions for the world's future food demands, in terms of both quality and quantity. If we add to that the strong economic growth and associated rise in incomes in emerging economies, such as China and India, and the empirically established stable relationship between standard of living and the consumption of animal protein, we must conclude that the demand for higher quality foods (and so for sheer volume of original biomass) will increase sharply. This in the face of the fact that nearly one billion people are undernourished.

We should further more bear in mind the following relevant facts:

- Productivity growth in agriculture in the period 1960–± 2000 was about 3% p.a. in the most recent decade about 1% p.a.
- About a more than 70% increase in food production in the coming 40 years is needed, which is considered more difficult than the 150% growth in the past 40 years.
- In developing countries about 30-40% of the harvest is lost in the post-harvest process.
- The so called 'land grabbing' in Africa already amounts to more than 65 mln hectares (30 times the agricultural land of the Netherlands).
- Productivity differences over the globe are enormous.
- Available fertile land is bounded, a potential increase in use of 25-30% will seriously harm biodiversity and enhance climate change.
- And last but not least one should be fully aware of the essential dependence on fossil fuels of modern agriculture (causing a forward loop to climate change) and the depletion of the stock of vital minerals.

Without a doubt, our efforts to reduce hunger in the world – a positive thing in itself – have taken their toll on the environment and the soil through erosion, salinization, desertification, mineral saturation and deforestation. The highest price has been paid by the environment and soil in the developing countries. According to a report from the US research organization IFDC, erosion threatens to reduce harvests in Africa by 17% to 30% in next 15 years. In particular areas there has been a huge loss of biodiversity. This can threaten the existence of ecosystems and lead to the permanent loss of genetic resources.

Water consumption is another factor: global freshwater consumption is doubling every 20 years. At this year's Fourth World Water Forum in Mexico, all the facts pointed in the same direction: water is becoming such a scarce commodity that it will increasingly become a source of conflict. Let me give some examples from agriculture: farming accounts for 70% of all water consumption: half the food is produced by supplying water by artificial means. One thousand five hundred litres of water are needed to produce one kilo of wheat, while the production of one kilo of beef requires 15,000 litres. Europeans consume an average of 700 m^3 litres a year, Africans less than 200 m^3. And we must also take into account the problems of drinking water quality and its associated consequences for people's health.

Here, too, in addition to absolute scarcity, we see a major distribution problem. The rich developed countries in the west have consumed much of their natural resources or brought them within their sphere of influence, and emerging economies like India and China are rapidly following suit. The moral question that arises here is, whether we are entitled to dispute their right to strive for similar levels of prosperity in the light of this scarcity of resources. And whether we would be prepared to compensate for the ensuing ecological damage.

A third trend is globalization and liberalization. There is little doubt that globalization has increased over recent years, and the trend is likely to continue as modern technologies are making this possible. Emerging economies in Asia and South America will play a leading role in markets of labour-intensive agricultural and industrial products and raw commodities. Europe is bound to feel the consequences, as it already does, with, for instance, clothes, shoes and poultry meat, and there is more to come. It will also happen in areas where my country is a prominent player, such as floriculture.

Globalization and liberalization go hand in hand. The question of whether liberalization is deemed desirable is, in my opinion, less relevant than the question of whether it is possible at all to stem the tide. It is more relevant, I believe, to consider the manner, pace and conditions employed to realize liberalization and market access, including access to the European market, so that there is sufficient time for adaptation, phasing out and development to take place in an orderly fashion. And even more relevant is the question of whether globalization and liberalization can be supported by new, institutional arrangements at an international level. Studies have revealed that without accompanying measures the industrialized countries would benefit most from the positive effects, instead of the poorest countries where it is most needed. That is why we should guarantee institutional support for the market processes taking place at international level as we do for our own liberal market economy at the national and European level. At international level too, where markets do not work as they should, governments should intervene and control. This is true for competition policy as well as for areas like the environment, health and safety, working conditions and animal welfare. So if we intervene in our national economics for these purposes, why then not at international level? Why is international intervention seen as trade distortion and not as a corrective measure for a failing market? In other words, why not internalize the negative external effects of private economic acts and really work towards the best possible prosperity? In global integration processes accompanied by trade liberalization or the abolishment of national rules, new rules and institutes are set up to correct market failings, and monitor the public interest. Freedom and responsibility cannot be divorced. To put it in the words of Gandhi: Business without morality is a sin against society. And since the financial crises we are once again being convinced of the wisdom of these words.

The emergence of the new economic superpowers in Asia and the developments in Central and South America have their impact on the global trade agenda; people in those countries have a different view of the liberal ideology of free trade from people in western countries. But here too the belief in neoclassical liberalism is waning and people are seeking a fuller and more open concept of freedom and prosperity. Liberalism does not automatically lead to the realization of the values desired by society. What I see is that people in society are increasingly placing value on quality, the quality of food and the quality of food production. Food quality of our lives; preferences are increasingly fanning out in all directions, they are getting more diverse and more unpredictable. One moment a good glass of wine and a delicious meal and a fast food snack, the next.

There is another important aspect linked to issues of food: food quality in relation to public and animal health. Obesity and its health consequences is an example of a growing problem that places a substantial financial burden on society. The same is true for animal health: raw commodities from all over the world, mixed into animal health feed, may pose a threat to both public and animal health on account of the wrong composition, inferior raw materials and migrating pathogens. Stringent quality requirements and adequate enforcement throughout the production and marketing chain are therefore imperative and require substantial outlays.

One thing is clear: the concept of quality (which traditionally referred to a product's physical characteristics) is being re-defined and fleshed out. In addition to a product's characteristics – whether it is nourishing, tasty, wholesome – there is a growing interest in production methods: the use of pesticides, aspects of animal welfare manufacture, the use of additives, and so on. The story behind a product increasingly becomes a matter for consideration for the consumer. This is translated into market demand and entrepreneurs with a vision respond to this.

This brings me to the fourth and final trend I would like to address: the greater value people place on the conservation and strengthening of regional identity, on an attractive and living countryside and on animal welfare. A trend I would like to summarize as care for the quality of life. The widely felt need to be in touch with the authentic, peaceful and familiar countryside forms a counterpoint to the hectic life in an urban environment. Recent studies indicate that people living in the countryside feel less stress and live longer in the average. It is the need for relaxation, for experiencing nature, space, simplicity and the quest for one's own sources of life. These needs are growing and are to a large extent determined by levels of prosperity. If I am not mistaken, the re-evaluation of the countryside, a trend that is most prominent around strongly urbanized regions, will continue. I expect that interest in the countryside and what is going on there in terms of nature conservation and rural development will grow, not only in densely populated regions but I foresee that it will also spread to regions beyond. The car is a symbol of the freedom to move around and the bicycle as a means of recreation are closely related to this.

Care for the quality of life is not restricted to human life: it increasingly includes animal life as well. When a couple of

years ago, in front of a gathering of parliamentarians from several Member States I remarked that after the emancipation of workers and women we were now on the eve of the emancipation of animals. I was greeted with howls of derision from some. But who in our country would dare to deny that the care for animals is not a topical and emotive theme? Recently a fierce debate in Dutch Parliament started about practices of ritual slaughtering. And this trend will continue: didn't Kant and later Gandhi say that the greatness of a nation and its moral progress can be judged by the way its animals are treated? The challenge is to link this to consumer purchasing behaviour. Transparency and cooperation in the production and marketing chain are vital here. Enforcement with its associated costs is part and parcel of this.

We are facing huge dynamics of global developments. And in this maelstrom of events the European Union and its individual Member States should reconsider and redefine their position. What does all this mean for Europe? The shifting of climatic zones and the scarcity of water that will affect many parts of the world will change conditions in many farming regions. The demand for food and other agricultural products will simultaneously change dramatically over the coming decades and agriculture will have to realize the fuller concept of quality.

At a more abstract level it comes down to finding new balances in the triangle formed by people, profit and planet. The widely used concept of sustainability is sometimes unjustly reduced to the balancing of profit and planet or profit and people. But the essence of the issue is finding a new point of gravity in the triangle born from the new realities and priorities in society. Particularly the priorities based on the values we wish to respect and found our actions on. Therefore the issue is not merely a technical one, a matter of finding a way to extend our triangle, but also involves a moral choice: what do we wish to emphasize? Sustainability is about ethics. For the technical side of the issue the development and application of knowledge is vital. I believe that in the future agriculture will increasingly be a knowledge-based sector.

Farmers will have to deal in a more efficient way with raw materials, soil, water and air and will continually have to meet society's requirements for animal welfare, landscape and food quality. Europe is also in a position to be a leading player in the global food market of the future. Our highly developed farming sector can benefit from the old economic law of comparative advantage. I see great opportunities for the further development of sustainable, socially responsible agricultural entrepreneurship. It is important to acknowledge that using the best technologies and intensive production on highly fertile land is the best contribution to feed the world population and contribution to natural conservation and safeguarding biodiversity. Or as my friend and colleague Prof. Dr Louise Fresco puts it: good agricultural practice and new cropping and life stock systems in order to intensify agriculture on the most productive lands reduce the pressure on natural ecosystems

Innovation and developments in technology can make substantial contributions towards resolving the global problems. And it is here, in Europe, where the opportunities lie. Not only traditional technological innovation, but biotechnology in its various forms also opens up interesting and promising perspectives. I need not go into them here, but I would like to point out to the other side of the technological breakthroughs: the social concerns that is evident throughout Europe for the long-term consequences that the implementation of these technologies may have on biodiversity and natural ecosystems. There is also the ethical issue about the extent to which boundaries are being crossed. The co-existence debate on the simultaneous and neighbourly existence of genetically modified, conventional and organic crops is a case in point. EU countries have fundamental differences of opinion on how to deal with this.

The opportunities provided by the new technologies may be promising but some, like modern biotechnology, also give rise to new dilemmas. The challenge lies in overcoming these dilemmas for the sake of global needs, particularly in areas like food, and the environment, and deal with them wisely. I expect modern technology will increasingly become part of our lives, even if the scope and manner of their implementation will differ according to region. There is also a difference in the degree to which these new technologies find acceptance: they are more readily accepted for bio-energy and medical purposes than they are for food. Transparency by labelling products is necessary to allow consumers to make an informed choice. But here too, enforcement and controls are equally necessary and will bring more costs to society. The debate in this will go on for some years before a political decision is taken mostly influenced by the fact that GMVs are everywhere present in the meantime.

I believe it is crucial that our policies meet the demands of society. When the CAP was designed in the 1960's the focus was on production volume to ensure our own food supplies and savings on foreign exchange. As time moved on, we have successfully shaped and adapted our common agricultural policy to meet the circumstances and needs of the times. The development of a "second pillar" of rural development policy, and the reforms of the past then to fifteen years demonstrate this. But I also want to mention the enlargement of the EU with 12 new Member States from central and Eastern Europe which at once tripled the number of European farmers from 5 to 15 million and greatly increased the various stages of agricultural development in the Union and the variety in landscapes and biodiversity.

Finally I will attempt to outline some elements of a new common policy for the European rural area so for a common European rural area policy a CRP. I think we should start our reflection on the basis of the following question: What will be the *function* of the European rural area in the coming years? I see four main functions for the rural area, which to some extent overlap. In the first place I see it as a production space to secure the production of high quality food and raw materials for food preparation, renewable raw materials and

energy. Healthy primary production of these products, suited to local circumstances, linked to processing and marketing sectors supported by high quality technology is essential for the stability and welfare of Europe. In an unstable world, Europe should at least attempt to avoid too great a dependence on other countries for the provision of its food. It is possible to imagine scenarios in which the strategic aspects of food security will play a greater role than we ever could have dreamt of. In this context, the question of whether some form of border protection for the most important products should be maintained for reasons of internal stability, for instance to prevent disasters, should be answered in the affirmative.

To meet the extent and type of needs a combination of activities and different sorts of processes are necessary. This will result in the emergence of a large number of "new mixed farms", combining plant and animal production and geared to energy efficiency. Europe's high level of knowledge and technology will make it possible to develop totally new combinations of businesses and processes.

This whole process is primarily market-driven. The role of the government, whether at national or European level, will be to lay down the conditions, facilitate and forge links. The government will place limits on developments based on its public duty of care, for instance regarding the environment and animal welfare. It will also enforce the quality requirements, possibly by supervising private systems to control the sector and services, both during production and on import and export. The government role should be restricted to support knowledge development and dissemination and support entrepreneurship with education and research and to create a favourable business climate for entrepreneurs and innovative developments. And also by allowing scope for experiment and robust legislation and limiting the administrative burden. In view of a perspective of higher volatility of prices as a result of less governmental stabilization, new instruments like future trade systems in order to reduce the ups and downs of incomes and prices should be facilitated by the EU.

This development will be concentrated in those regions and in those businesses which have the most suitable conditions. Market forces will be decisive and the government's role is aimed at promotion, setting frameworks and protecting the collective values. There can be no principal justification for supporting the incomes of primary producers apart from that. As the situation in 2013 from a political point of view will not lead to a complete abolition of income support, it is more sensible that some form of dismantling scenario, perhaps in the form of bonds, will be developed. But I believe that any dismantling scenario would be limited in size and expensive. Also in its first phase the Common Agricultural Policy was partly aimed at discouraging over-hasty migration from the countryside to the city. This issue is still current in the new Member States and it is therefore important to pay special attention to it. Let us not forget with accession of the 12 new Member States the number of farmers has risen from 5 to 15 million.

In the second place I see the rural area as production space for collective or semi- collective goods and services. These would include the stewardship of nature and landscape values. Intrinsic values that merit the care of public or private bodies to be secured for the future. These values enjoy protection on the basis of international treaties or because of their wider significance for welfare in general. I refer for instance to health, clean air, and not least to fixing of CO_2. They are values that form part of a cultural heritage of which we can be proud and they are often significant for the identity of specific regions or communities. In that sense they are useful public commodities which require collective involvement and an institution-based structure. These are primarily interests that go beyond the interests of the individual Member States. A common approach will also increase effectiveness. Farmers can play an important role being stewards of these values. As far as income support is necessary to realize these goals, targeted payments are the right and more effective form.

The third function of the rural area can be found at the point where the two previous functions meet, that is the production of food and renewable raw materials in regions or under production conditions that are not optimal because of natural circumstances such as type of soil or lack of water, or because of restrictions imposed to protect other values or interests such as nature or valuable man-made landscapes. Within the Union this will in practice involve sizeable areas with very diverse limitations. This is the category for which it is most difficult to decide what is "just", to decide to what extent and in which form public funds can legitimately be used and to provide this effort with durable public support.

Legitimization of the public contribution derives from the public interest associated with continuing these production activities that is if they contribute to the production of social values, such as preservation of characteristic, valuable landscape, keeping communities viable, or combining agricultural activities with nature conservation or development. One important precondition is that this does not involve constructing a large central bureaucratic control mechanism. Local and regional co-financing is the best guarantee for proper behaviour and quality control by those people directly involved and closes vicinity of co-financiers. I believe that there must also be some combination of regional and European funds, in other words co-financing.

The extent of co-financing should be based on the extent of a broader European interest; it should be aimed at a longer period through contracts with the entrepreneurs involved and be based on a reasonable payment in the form of income support. A mechanism to determine a "just" amount for income support, decoupled of course from production, could take the form of an auction, based on scientifically developed methodology and practical experience. I do not underestimate the difficulties of implementing such a system, but it is absolutely necessary to acknowledge the essential role farmers play in preserving a versatile and energetic countryside. A study by a task force of RISE directed by Prof. Allan Buckwell shows very interesting possibilities on

this issue. Valuable work has also been done by several authors of this great university and research centre here in Wageningen.

The second and third functions I have identified have gained in importance and will continue to do so, because of the umbrella function of the rural area as consumer space for a busy population with little time to spare. I would like to point out the potential of the rural area to provide city-dwellers a taste of the good life; to experience peace and space and a feeling of freedom.

Enjoying authentic, regional products. To feel that you are taking part, even for a moment, in another life. To experience the feeling of the authenticity of "the rich, uncomplicated thinking of the carefree country-dweller". Relaxation in the enjoyment of peace and wonder for the unknown, to co-exist with other living beings. Or enjoying the sensual refreshment and deepening spiritual experience in the midst of others: nature, that fascinating world around us. The world outside us that for centuries has been the source of inspiration for writers, painters, poets, musicians and scientists; and becoming a citizen and participant of that world again.

In the wording of one of the romantic poets:

I wandered lonely as a cloud
That floats on high o'er vales and hills,
When all at once I saw a crowd,
A host, of golden daffodils,
Beside the lake, beneath the trees
Fluttering and dancing in the breeze.

The waves beside them danced but they
Out-did the sparkling waves in glee: –
A poet could not but be gay
In such a jocund company:
I gazed -and gazed -but little thought
What wealth the show to me had brought.

For oft, when on my couch I lie
In vacant or in pensive mood,
They flash upon that inward eye
Which is the bliss of solitude;
And then my heart with pleasure fills
And dances with the daffodils.

William Wordsworth

I believe that the importance of this function of the rural area will grow. The European economy will change considerably in the direction of services, knowledge and leisure economy. Demographic developments will enhance this trend.

Life is getting faster; as demonstrated by people who experience burn-out at an early age, and those who want to take early retirement. These are the characteristics of the changes in our economic and social life. In addition there are groups in society that feel excluded, or under threat of social exclusion. Urban issues are increasing. The necessity of exercise to reduce health problems is obvious. The rural area as consumer space for relaxation, recreation and leisure experience offers many opportunities for rural entrepreneurs. A broad range of activities, whether or not farming, gives rise to what is known as diversification or multifunctional agriculture. A new meaning can be given to farming life by taking on care services at the farm, to help give life more meaning to people with a handicap.

I see it as the government's role to facilitate this process and draw up its framework. The suitable regulation and scope for manoeuvre has to be developed primarily at local level. European authorities, having placed support for broad rural development in the second pillar, and planning to expand this, should concentrate on supporting those entrepreneurs who are willing to provide this sort of service, perhaps with limited co-financing schemes, in order to supplement income not provided by the market. But the most important element for successfully developing these activities is in my opinion: give room to entrepreneurship.

Discussions on how the future common agricultural and rural development policy should be designed are often reasoned on the basis of the budget or WTO ambitions and rules. I think the WTO negotiations are nearly dead, due to strongly increased and unforeseen drawbacks of the galloping globalization and deregulations like the financial crises and the food crisis.

I would make a plea for an approach that has at its heart the functions of the rural area and the significance of the rural area for the people of Europe. I feel that this is the only sound principle for a meaningful debate on the development of common policy in these areas.

This view highlights the need for a changing role for government: now and in the future this will no longer involve supporting production, but supporting development in various directions. That will also demand a fundamental reflection on the relationship between Member States and the Union: the region, rural inhabitants and entrepreneurs are the drivers of development. The government will have to create scope where possible and provide support where necessary. It is an opportunity to subject the subsidiarity principle and the proportionality principle to critical review and perhaps adapt the co-financing system to it. Would it not be more sensible, reasoning from the perspective of the four future rural area functions outlined above, for the EU to co-finance national agricultural and rural area policy, instead of the other way around, as is now the case?

Finally

But what about the interim period, between now and 2013? How can we prepare for these developments? I think that in the first place Europe should reach a common vision of where the future challenges lie. We have to agree on this, and only then will we have a sound base for the new road to be taken, and only then other choices can be made. This will

involve the growing awareness that the old policy will gradually die down, as illustrated by the current discussions on milk quotas. In the coming years government must be in the vanguard of these discussions, provide clarity and where necessary develop policy to ease the transfer to a new situation.

Financially the repercussions of the economic and financial crisis will strongly limit the increase of the budget. Of the budget of the EU surely the euro crisis will enhance the pressure even more. On top of that new policy priorities like energy, climate and infrastructure will demand substantial means. So the budget for the CAP will become under serious pressure. It is not to bold to expect a 10 to 20% cut will be the target for the next budget period after 2013. The preparation for this budget period will take place under the presidency of Poland and Hungary and after the Lisbon Treaty the EP has gained substantial influence on the budget. This will surely be of influence on the discussions for the CAP budget and the future policy for the rural areas because of the huge structural problems the farming sector in Member States like Romania, Bulgaria and Poland. The new Member States being at the top of their income support schedule in 2013 will not be inclined to accept radical cuts right after that moment. So my conclusion on this is: the pathway of gradually changing the CAP and the bring-down of the budget will be the most likely outcome of the undoubtedly intensive debates in the years to come. But the most important challenge for the future CAP is, so I tried to make clear today, that we develop a new vision about the future of the rural areas in Europe based on their functions in the 21st century.

Or to say it in the wordings of a Dutch proverb: If you do not know where to sail to, every wind will suit you. It would indeed be a pity if the winds of change caused by immense global problems and of course more specifically the actual problems of the monetary union would not be used by responsible politicians to sail on the compass of a sound and inspiring vision of the future of the land and its people and every living creature that dwells there. So we are very much in need of visionary politicians like Sicco Mansholt and dedicated scientists.

Ladies and Gentlemen, we face a great endeavour to contribute to wise and sound decisions. All we need is courage, vision and above all trust. I do wish you a fruitful congress.