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Centre for Agricultural Strategy

# Priorities for a new century – agriculture, food and rural policies in the European Union

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## **2 The Common Agricultural Policy: the medium-term outlook in the context of future trends in international trade in agriculture**

**Rene Steichen**

### **INTRODUCTION**

It has given me great pleasure to accept the invitation to participate in this conference, in which we will be looking together at the priorities that will influence, indeed determine, the agricultural policy of the European Union (EU) between now and the year 2000. An ambitious and difficult undertaking, certainly, but a very pertinent one. Unless the decision-makers in politics and economics try to anticipate what the future international environment of agriculture will be, we risk being confined to short-term management instead of developing coherent policies to cope with the major changes now emerging.

When I took over as Commissioner for agriculture in January 1993, the world of European agriculture was going through an understandable period of disarray. The reform of the Common Agricultural Policy (CAP) had become inevitable because of the difficulty of controlling surpluses and budget spending under the old system, but the farming community felt that its living and working conditions were under threat. The closing stages of the Uruguay Round at the end of 1993 reinforced this mood. All that seems long ago already. You will agree with me, though, that success was very much in the balance. Would the reform start to bite, would it revive languishing markets in some products and end the continuing slide in farm incomes? It was a matter of regaining the confidence of farmers by proving in practice that what the Commission promised in

launching the reform would actually happen, without breaching our international obligations. The spectre of butter mountains and wine lakes building up in Community stores, eating up the Union's budget and weighing heavily on internal and external markets, is now a thing of the past. Farmers are beginning to reap the benefits of the reform and the fruits of their efforts on the basis of a healthier balance between supply and demand.

That is a thumbnail sketch of the present picture. It is on this more solid foundation that European agriculture will be developing in the years to come. I should now like to turn to outlining the possible way forward in the medium-term. This means considering two essential parameters:

- First of all, there is the agreement reached at the end of the Uruguay Round which now has to be put into effect. This agreement will usher Community agriculture into a new era of competition with the rest of the world, while at the same time opening up new opportunities in international trade in agriculture.
- The second factor influencing the future of Community agriculture is the prospect, in the medium-term, of countries in central and eastern Europe joining the Union. The important place that agriculture and the food industry occupy in these countries and their potential for development will be a central element in preparing for and negotiating these countries' accession.

The likely impact of these two parameters will be the structure around which my talk is built.

#### THE NEW PROSPECTS CREATED BY THE URUGUAY ROUND

We all remember the difficult circumstances in which a compromise was finally found to complete the Uruguay Round, as signed in Marrakesh in April this year. It is now clear that, without the reform of the CAP, it would have been impossible for the EU to subscribe to the new constraints which the Uruguay Round imposes. The final overall result, seen in the light of the necessary concessions on all sides, is a satisfactory one from which our agriculture can benefit.

What, concretely, did we agree to in the Uruguay Round? One of the major issues in the trade talks was the machinery of external protection under the CAP; another was market access. On the side of current access, the idea is to allow present trade flows to continue. By contrast, minimum access is introduced for products subject to tariffication. The rule will be brought in gradually, with minimum access starting at 3% of domestic consumption and finally reaching 5% when the agreement is applied in full, that is after six years. The new tariffication scheme will open up the Community market more, with a reduction of customs duties by 36%, although Community preference

will still be maintained at a significant level. The Union's negotiators managed to safeguard this as one of the basic principles of the CAP. The transformation of various forms of protection into customs duties will bring more transparency which will be to the advantage of all economic actors.

On internal support, the Union has undertaken to cut its overall level by 20% over six years, which is consistent with the choices made as part of the CAP reform. It ought to be remembered, however, that originally the United States (US) wanted all internal support to be abolished. The fact that the Union can continue to pay direct aid to producers as provided for in the CAP reform, as well as pursuing its present policies on rural development and structural improvement, should be seen as one of the major achievements in the Uruguay Round.

The GATT agreement also covers a further key aspect of the CAP, which is export subsidies. The Union has committed itself to cutting export subsidies by 36% over six years and to reducing the present level of subsidised exports by 21% over the same period. Despite these new constraints, which will also apply to the subsidised exports of the US, the competitiveness and quality of European products should mean that, overall, they will maintain their share of exports to the world market.

Before the Council of Ministers agreed to the GATT compromise, the question was raised as to whether our farmers might suffer further constraints as a result of new international disciplines over and above what was agreed to in the CAP reform. The Commission had already replied 'no' to this question in December 1992. The Council itself, in March 1993, agreed with the Commission's view that accepting the draft final act as amended by the Blair House accord would not involve additional sacrifices beyond those contained in the CAP reform, subject to the verification of various assumptions. The eventual agreement reached in Brussels in December 1993 clearly accorded with the Commission's position.

If we look again at the various assumptions on which the Commission based its view that our international commitments would be compatible with the CAP reform, we can see that these assumptions are beginning to be borne out by the initial results from implementing the reform. What is the situation now in the main areas of agriculture? In the cereals sector, the assumption underlying the reform was that it would bring about a marked drop in production and that more of the internal market would be supplied from domestic sources once again. As it has turned out, cereals production in 1993 and 1994 will have been under 165 million tonnes, over a million tonnes less than forecast when the reform was adopted. Compare this figure with the 180 million tonnes of the 1991 harvest. The area sown to cereals is now 32.7

million hectares, in line with the assumptions on which the reform was based. The added amount of Community grain incorporated into animal feed is estimated at 6 million tonnes for the 1993/94 marketing year. This trend should continue or even accelerate in the next few years with more consumption of pigmeat and poultrymeat. As for Community imports of cereals, these are likely to stabilise at around 4 million tonnes. Finally, some analysts had expressed fears about yields. They claimed that there was likely to be a desperate race to increase yields which would wipe out the gains from the Set-aside scheme contained in the reform package and lead to increased production. These fears have not been borne out in the first two years of the reform. The Commission believes that a continuation of the price cuts as foreseen under CAP reform (7.7% this year and a similar cut next year), and a certain degree of decoupling of premiums from production, should counter any tendency farmers may have to try to increase yields and output. In this context, it is worth noting that recent industry data show that the use of fertilisers and pesticides was very considerably down last year.

What conclusions can we draw from these trends in terms of the commitments made under GATT? As far as export discipline is concerned, only the reduction in the volume of cereals subsidised will be a potential constraint. The exports to be allowed by the end of the six years amount to 25.9 million tonnes. This figure includes the current level of food aid, at 2.5 million tonnes. However, this food aid could be increased if the need arose in the developing countries or the countries of the former Soviet Union since it is not covered by the new GATT disciplines in agriculture. Projecting Community cereals production up to the end of the agreed period, ie 1999, and even assuming annual growth of 1% in yields, the exportable surplus comes very close to the figure set under GATT.

The Commission's forecasts suggest that the Community will have to continue providing subsidies unless world prices go up significantly. If this happens, of course, it will no longer be necessary to pay out export refunds on cereals and the quantity restrictions will no longer have to be applied.

In the beef sector, intervention stocks fell by 1.1 million tonnes in early 1993 to a present level of 160 000 tonnes, and market prices have stayed firm. Despite these positive factors, an increase in production cannot be ruled out in view of the relatively favourable prices for producers. In recent years, Community imports have been around 450 000 tonnes on average and exports about 1.2 million tonnes. Some of these exports have been due to the run-down of stocks over the last fourteen months, of course. Now that stocks have almost disappeared, the amounts available for export will in future be very low. By about the year 2000, imports are forecast to rise to 500 000 tonnes, while

subsidised exports should drop to 817 000 tonnes in line with our GATT commitments. Save for unforeseeable events, we expect the Union to be able to meet this undertaking.

In the poultry and pigmeat sector, the fall in prices is likely to bring about an increase in demand and output. In order to fulfil the Community's GATT commitments, it will be necessary to increase the proportion of non-subsidised exports in the overall total. This should not occasion major difficulties as long as cereals prices decline further at the beginning of the 1995/96 marketing year.

The milk sector is in structural surplus and output can only be marketed by subsidising sales on both the internal and external markets. The GATT agreement will therefore have an inevitable impact on subsidised exports. At the same time, if we take milk products individually, our international commitments should not cause problems. Projected exports of butter will remain well below the ceiling set under GATT, and the same is true for skimmed-milk powder. As for cheese, the cuts in subsidised exports may indeed prove problematic. All the same, the foreseeable expansion of internal demand should cushion the impact of GATT constraints. In this connection, the cuts in quotas which were included in the reform package but have not yet been implemented should be sufficient.

Turning finally to the sectors in which reforms have not yet been introduced, the Commission has already tabled proposals for wine and fruit and vegetables which take account of the expected impact of the GATT accords. In the wine sector, the aim is to encourage production of quality wines, exports of which are likely to expand. The danger of our markets being taken away from us by wines of inferior quality sold at very low prices by non-Community countries seems relatively academic given overall consumption trends in Europe. I would also like to make a few remarks about the fresh fruit-and-vegetable sector which on the face of it, is one of the most sensitive and most directly affected because of growing competition from outside the Community. The cuts in subsidised exports and internal support should not be a very major constraint on fruit and vegetables. Only a few products are subsidised on export: tomatoes, peaches, apples, walnuts and one or two others. The impact of reduced internal support should not be significant either, given the implementing measures that have been taken. Looked at from the point of view of Community growers, and although we have to distinguish fruit and vegetables protected only by *ad valorem* customs duties and those for which there are minimum entry prices, the danger of depressed market prices only looms for a very small number of products and then only during certain periods of the year.

One can conclude then, in the light of the initial results of the reform, that the Community will be able to meet new commitments under GATT without having to impose further constraints on farmers. In the

end, the Community has been able to negotiate its way to a successful conclusion of the multilateral talks without sidelining itself in terms of the international rules of the game, by having the far-sightedness and political courage to tackle a major reform process beforehand, for reasons that were mainly internal.

With the outcome of the GATT negotiations, the Community has been able to attain two fundamental goals:

- it has contributed towards constructing an international trading regime which is more market-orientated, without giving up Community preference;
- it has ensured that its international commitments are compatible with the CAP reform, retaining sufficient flexibility to be able to manage by itself the schemes which are at the base of the reformed CAP, such as direct aids and rural development.

In addition, Community exports can gradually develop their full trade potential; here I mean non-subsidised exports, where the expected rise in world prices and decline in Community price levels should increase our comparative advantage. The introduction of generalised tariffication together with the provisions covering minimum access and current access should lead to a marked growth in agricultural trade worldwide. New opportunities, especially for food-industry and milk products, will be available on the US market. New markets will also open up in Japan and South Korea as a result of more transparency in the milk-product and pigmeat sectors and, because of tariff cuts, in wine and crop products. The 'double-zero' option for various spirit drinks will also benefit European businesses.

Finally, the provisions on due restraint will mean that the Community and its producers are not repeatedly faced with GATT panels and arbitration procedures. For the first time in its history, in a GATT context, the mechanisms of the CAP will be recognised as being compatible with the Community's multilateral commitments. The EU firmly intends to abide by its new international commitments against the background of the reformed CAP, and the Commission has already proposed to the Council the legislation necessary for applying the agricultural measures agreed to in the Uruguay Round. The agreements which have been negotiated are complex and therefore call for major changes to the trading arrangements contained in most of the Community market organisations. The aim of the Commission's proposals is to comply scrupulously with our obligations while at the same time preserving a high degree of flexibility in practice so as to defend our farmers' interests.



## RELATIONS BETWEEN THE EU AND THE COUNTRIES OF EASTERN AND CENTRAL EUROPE IN THE AGRICULTURAL SECTOR

I would now like to turn to another international topic which is destined to assume great importance for the EU in future, and that is the question of relations with the countries of central and eastern Europe (CEE) with a view to their eventual accession. The European Council meeting in June 1993 in Copenhagen offered them the prospect of becoming members of the Union as soon as they were able to meet the obligations imposed by membership. In July 1994 the Commission sent the Council a communication and working documents on the preparation of central and eastern European countries for accession to the EU. This was a first response to the request to the Commission by the European Council in Corfu to come up with concrete proposals for implementing, in the various sectors, the Europe Agreements and the decisions taken by the European Council in Copenhagen.

As regards agriculture, the Commission had indicated that it would think specifically about future options for preparing the accession of the associate countries. I will come back to this later. Nobody will disagree that agriculture will be an extremely sensitive topic in the future accession negotiations, perhaps the most sensitive. The first reason for this is that agriculture plays an important part in these countries' economies, both in terms of GDP (Gross Domestic Product) and employment. The agricultural restructuring now in progress will be fraught with difficulties for them both politically and socially. There could be a temptation to justify it on the sole grounds of the accession requirements, although all the experts agree that such restructuring is the only way for farming in these countries to become economically viable again, regardless of whether or not they join the Union.

The second reason resides in the fears which the opening up of the CAP to the rest of Europe inspires in our own farmers. They would certainly like to receive guarantees that this opening up will not lead to fundamental changes in the mechanisms of the CAP or to a sudden flood of agricultural products onto the Community market. Independently of the agricultural crises which the CEE countries are experiencing, their potential in this sector is enormous and their products are competitive with ours and could easily destabilise our markets. It must not be forgotten that our farmers have had, in a very short space of time, to accept the changes resulting from the reform of the CAP and the commitments entered into as part of the Uruguay Round.

Before looking at how the EU could help these countries to build up their farming industries again with a view to accession I would like to comment briefly on their agricultural situation, since any proposed solution must be based on the best possible assessment of the reasons for the severe crisis in the sector. Although the OECD (Organisation for

Economic Co-operation and Development) has recently pointed to some signs of a slight upturn in agricultural production, it is highly premature to assume that the end of the crisis is in sight. While the gravity of the situation varies depending on the country and the sector under consideration, production of the main basic products has fallen sharply since the early 1990s as a result of the combined effect of the drop in domestic demand and the rise in input prices. In addition, traditional outlets in the former Soviet Union have been severely curtailed and trade between the countries themselves has also fallen off. This decline is the result of the radical changes brought about by land reform, privatisation, decentralisation and the abolition of subsidies. Restructuring and modernisation are still in progress in the farm sector and have sometimes run into serious difficulties. Despite major efforts on the part of the governments concerned, a lot still remains to be done to improve storage, processing, distribution and marketing, particularly in the case of food products. Mainly because of this generally disorganised situation, exports of agricultural produce to the EU have plummeted in recent years, while exports from the EU have increased sharply.

The CEE countries sometimes tend to lay the blame for the current difficulties their farming industry is experiencing on the CAP's alleged protectionism and its subsidy mechanisms. I believe that such a view is mistaken in the light of the real impact of our export refunds and considerably underestimates the scale of the internal difficulties encountered by their producers in making the transition from the old to the new system. It also leaves out of account the preference shown by eastern European consumers for certain western products. This does not mean, however, that in certain cases we have not been partly to blame. On the EU side, there have been complaints about the massive exports of soft fruit at dumping prices, for example, which are hitting our producers hard. Setting aside disputes of this kind, I believe that if we wish to go ahead together, the EU and the countries of eastern and central Europe will have to initiate true cooperation in an open and realistic spirit. This is necessary if we are to dedramatise the agricultural aspects of the future accession negotiations and prevent the continued deterioration of their production systems and trade deficits from jeopardising the progress of economic and political reform in the countries of eastern and central Europe.

What form might such cooperation take? I think it is important to distinguish, as the Commission in fact has done, between long-term and short-term measures.

Turning first to the long term, the Commission stated in July this year that it was necessary to examine very carefully the ways it could propose of facilitating agricultural convergence so as to prepare these countries for accession, in view of the possible implications of the

various options both for the development of the CAP and for the agricultural policies of the associate countries. In my view this process must be a long-term one and be based on the principle of acceptance by them of the *acquis communautaire*, that is to say the principles on which the CAP is based. The Commission staff are at present examining these matters in order to prepare a detailed communication which the Commission will submit next year. Without committing the Commission at this stage, I feel there are two major complementary approaches to be explored:

- a system based simply on the free play of market forces advocated by some is, in my view, economically and politically unrealistic. In fact, with the exception of New Zealand, there is no industrialised country today which manages without some direct or indirect price support mechanisms. Even under the reformed CAP there are still certain intervention mechanisms;
- in the CEE countries, without some stabilisation of farm prices it will be difficult to create an environment in which farmers can make long-term forecasts and be encouraged to invest and produce for the market.

Consequently, a support mechanism for certain basic products should no doubt be envisaged, taking care to calculate judiciously the level of support so as not to undermine market forces. At the same time, the interdependence of internal support and trade must be taken into account, and thought must be given to the financial resources needed.

With regard to credit, it would be very useful to explore the possibility of reforming the credit system in central and eastern European countries in order to help farm enterprises out of their present financial difficulties. Without credit it will be difficult or even impossible to modernise the productive base and improve international competitiveness. A form of agricultural bank would help to resolve not only the question of inadequate cash flow but also the lack of a genuine land market. The EU could contribute advice, guidance and assistance with the establishment of agricultural land banks.

Lastly, as the EU alone will never be capable of absorbing all the exports of its eastern neighbours, ways and means, including financial ones, must be found for developing new trade links among those countries themselves and for restoring traditional export flows to the newly independent states of the former Soviet Union. According to the latest statistics, some CEE countries have succeeded since the second half of 1993 in restoring some of their exports to the former USSR, although at levels still far below those attained before the dissolution of Comecon.

Turning to the short-term options, you may know that as promised last July, the Commission yesterday adopted a communication to the

Council requesting a negotiating brief to adapt the agricultural trade aspects of the Europe and Interim Agreements with the CEE countries. The Commission is well aware that, if nothing is done to increase exports from these countries, political tension may get rapidly worse and jeopardise the chances of a constructive dialogue for agricultural cooperation in the long term. Such tension was generated in the past when the Community introduced animal health protection measures, which were seen by the associated countries as trade protectionism. In this connection the Commission is currently preparing framework agreements with the associated countries in order to establish a basis for equivalence and cooperation which should greatly facilitate exports of crop and livestock products from the CEE countries to the countries of the Union in the future. Most of the framework agreements could be submitted for adoption by the Council before the end of the year.

Coming back to the negotiating brief for the adaptation of the agricultural sections of the Europe Agreements, it is essential to take account of the following points:

- the Europe Agreements must be adjusted to the new situation created by the conclusion of the Uruguay Round. The forthcoming implementation of the latter Agreement will create an international environment more favourable to agricultural trade, and this will benefit the central and eastern European economies. In the context of cooperation between the Union and central and eastern Europe, it will be necessary to evaluate the repercussions of the concessions accepted during the Uruguay Round on the reciprocal preferences granted in the Europe Agreements;
- in addition, the Europe Agreements must be adjusted to the enlarged Union. Specifically, the arrangements concluded by the future Member States in the context of bilateral preferential agreements with the CEE countries must be integrated into the main Agreements;
- the Commission will also look closely, with the CEE countries concerned, at the reasons why the tariff quotas opened by the Union have not been fully taken up and how this situation can be rapidly improved. Finally, it will also examine, with the authorities, the reasons behind the significant growth of agricultural exports from the Union to the CEE countries. It will then be necessary to reach agreement with the CEE countries on mechanisms whereby specific cases of severe imbalance in agricultural trade flows can be remedied;
- finally, the Commission proposes instituting an early-warning mechanism for soft fruit, in order to reduce the risk of sudden disruption or interruption of exports. In order for such a mechanism to be effective, encouragement should be given to the creation of associations of exporters in the CEE countries. They

would then be able to organise themselves more effectively and take the necessary measures more promptly.

I think this shows that the Commission has already taken certain initiatives for the short term to prepare a strategy for the progressive convergence of the farming sectors of the Union and the associated countries. Contacts and exchanges of ideas must be stepped up not only between the public authorities but also between representatives of the farming sectors in general. I have, myself, visited the ministries of agriculture of the Visegrad countries and Baltic states to promote the idea of agricultural cooperation. I have always encountered keen interest in such initiatives.

We are preparing for a long-term task with many obstacles. Other initiatives will be proposed by the Commission, in particular on the options for long-term cooperation. The prospective debate will no doubt be a lively one. The farmers in the Union must appreciate that it is preferable to have more highly organised competitors in the east with a livelihood and purchasing power rather than no competitors at all and possibly no markets either. For the central and eastern European farmers it would be dangerous to imagine that the EU alone can ensure the recovery of their farming industries, as if the causes of the crisis were essentially external. It would be equally unrealistic to think that the EU alone can absorb all the agricultural goods produced in the associated countries. Despite the criticisms levelled against the CAP by producers in the east, I must stress that it is in the long-term interest of the countries of central and eastern Europe themselves for the principles and mechanisms of the CAP to be maintained. This does not mean that the CAP must not undergo some adjustments where necessary to facilitate accession. Any analysis in this connection must obviously take account of the rules of international trade which may be adopted after the period of implementation of the Uruguay Round agreement.

## CONCLUSION

After this review of the two major issues that will influence the development of the CAP over the coming years, I would like to add a few remarks about the trend of world agricultural trade. I have already referred to the importance of the agricultural potential of the CEE countries. The scope for progressive and non-conflictual growth of agricultural trade between the CEE countries and the countries of the EU will also depend on the ability of the CEE countries to revive traditional trade flows with each other and with the countries of the former USSR.

More generally, the Uruguay Round is expected to have a positive impact on world trade. Analyses show that world demand for food and

agrifood products should double in the next ten years. Taking account of population growth and economic expansion in south-east Asia, the FAO forecasts a significant rise in demand for cereals. This will inevitably affect world trade flows, in that south-east Asia, above all China, South Korea, India and Indonesia, will probably be unable to meet its own requirements. But, of course, we do not yet know what impact technical progress and genetic improvement will have on yields of, for instance, rice in those regions. Furthermore, the choices of south-east Asian governments as regards the types of crop to develop - cereals, maize, or rice? - will undoubtedly affect international markets.

The EU at present exports 10% of its agricultural production, and 18% if agrifood products are included. I am convinced that, in the context of expanding world demand, our exporters will be able to find new outlets for our products, whether basic commodities or processed food products. New needs will also continue to emerge on markets where Community products are very competitive, such as dairy products or biscuits, for which we hold 60% of the world market. I think the new rules on international trade will stimulate competition and the search for new outlets by businesses in the EU and agricultural exports should therefore expand in the medium term.

## DISCUSSION

**Sir John Quicke** (Farmer and CAS Advisory Committee) referred to Mr Steichen's comment that CEE countries felt it was in their interest for the CAP to continue. He saw some difficulties in this and invited the Commissioner to explain further.

**M Steichen** said that he was reflecting discussions with Ministers representing most of the CEE countries, who had expressed concern about their crop price and marketing arrangements that provide greater benefits for speculators than for producers. They had therefore expressed interest in suitable support mechanisms for their basic products, a form of aid for restructuring of farms, and credit facilities for land transactions. Discussions with these countries continue.

**Ms Annabel Holt** (Annabel's Crusade for the Environment) proposed to Mr Steichen that the European Commission should seek a six-year moratorium against challenge to animal and environmental issues, consistent with the moratorium against challenge to agriculture included in the GATT Uruguay Round.

**M Steichen** in reply felt that this matter is not linked with GATT, and referred to the historical differences of approach on animal welfare matters between the northern and southern countries in the EU. He

expressed optimism about the outcome of current discussions based on veterinary advice, which tended to place greater importance on the conditions under which animals are transported than on the duration of transportation. He recognised, however, that the UK continued to stress the importance of time limitation and confirmed that this factor is being taken into account in the ongoing discussions.

**Mr Peter Brown** (Agricultural business consultant), who had recently participated in a trade mission to Russia said that he returned with a strong impression that the overwhelming need is for inward supplies of food rather than the development of food exports. He accordingly asked the Commissioner to comment on the prospects of aid in relation to feeding the population, and the likely time scale for the entry of Russia into international commodity trading.

**M Steichen** in reply outlined the EC long-standing policy of providing food aid in cases of real and immediate need, with a preference for co-operation in various ways to assist with the development of self-supporting agricultural production, processing and marketing systems. He felt unable to make a specific forecast for Russia but expressed the view that the development of normally functioning agricultural sectors in the CEE countries is likely to take at least fifteen years.

**Mrs Pippa Woods** (Small Farmers' Association) said that it is generally assumed that further reforms of the CAP, possibly in 1996, seem likely to reduce farming support because of the public perception that there is no logical reason for encouraging food production when (at least in the short-term) there is over-production on world markets. She expressed concern that there is little sympathy for the social aspects of farmers in producing from their land and caring for the countryside, and asked Mr Steichen for his view about the future of support for farmers.

**M Steichen** commented that following unsuccessful efforts during the 1980s to reduce the support of the agricultural sector, Finance Ministers decided in 1988 on an 'agricultural guideline' which prescribed that the agricultural budget must not increase by more than 74% of the rise in total budget, ie an increase of 3% in total budget limits the increase of the agricultural budget to 2.2%. He felt that this policy, which ensures a fair return for farmers in relation to other industrial and social categories, should be maintained. He also considered that, contrary to earlier fears, the 1992 CAP reforms are working well, farmers on average are content with the outcome, and accordingly he sees no justification for further reforms.