

The dilemmas of globalisation

Towards a re-evaluation of agriculture.

Groupe de Bruges, 2008, see www.groupedebruges.eu .

Summary by G.Goverde, h.goverde@chello.nl - for those who don't have the time or the fluency in English to read the whole book. The book itself is certainly worth reading for all the detailed information and informative diagrams.

(Italics in the text - by G.Goverde - : parts of the text where an attempt is made at offering solutions)

A journalist doing a survey could write about an enormous diversity of scenes. Agriculture the world over varies from subsistence farming to large scale industrialised farm holdings. There is hunger in the rural areas, there are luxury foods, there are crowded large cities, there is migration, the climate is changing...and this journalist might end up in Geneva where a handful of experts are trying to reach an agreement, edged on by twenty to fifty multinational enterprises that debate on free trade. Are they really able to think globally?

Edgar Pisani, founder of the Groupe de Bruges.

1 Introduction

The Groupe de Bruges thinks a re-evaluation of agriculture is necessary.

Only a small proportion of the westerners is still directly involved in agriculture, and the proportion of our income that we spend on food has decreased to less than 10% in some countries. It seems that we have forgotten the vital importance of agriculture, which is still evident in poorer countries. The role of agriculture has changed. It now also yields fuels and fibres and pharmaceuticals. Agriculture is connected with water storage, and the maintenance of biodiversity and our natural and cultural heritage. But its primary function is still to provide us with a very essential basic need; food. All these changes now have effects worldwide because of globalisation.

The Groupe de Bruges

The Groupe includes scientists, decision makers, farmers, representatives of NGOs from 23 different European countries, so very varied sources of information can be brought together. The members all consider themselves to be true Europeans.

They want to examine the major dilemmas that should be addressed in the future debate. This could provide the negotiators and stakeholders with insights on how the liberalisation debate should proceed and how the globalisation process should be managed.

Then they will in this book return to the focus of the Groupe de Bruges: the European Union and more specifically the Common Agricultural Policy. What should be its future role and responsibility? 2013 is another milestone for the CAP and the Groupe wants to contribute to the debate. It feels some critical and fundamental questions are not dealt with in the current debate.

From the beginning agriculture has been at the core of Europe's policy. Once again agriculture has to be a priority, in Europe and elsewhere. This manifest should be considered as a critical but ultimately positive review of Europe's role in dealing with important issues.

2 Globalising world, liberalising markets.

Nowadays globalisation has gained a more symbolic connotation, a process associated with the spread of Western capitalism, technology, social and moral values, and more recently the Internet. Within the WTO framework globalisation has become even more narrowly and almost exclusively defined in economic terms, only relating to the global trade of commodities and services.

Liberalisation could be defined as the removal of artificial, man made, barriers to the flow of goods, services, people, capital and knowledge across borders. The word in itself has an ideological connotation: as if trade has been held in captivity and has to be set free.

It is our impression that in the debate 'objective' economic parameters and political and ideological views get mixed up. Some of the assumptions are of a mythical nature, thus clouding the debate.

We would like to address some of the basic, underlying assumptions, to liberalise as it were the liberalisation debate.

The invisible hand

. The chief function of a market is to adjust prices to accommodate fluctuations in supply and demand in order to achieve allocative efficiency. This is the essence of Adam Smith's 'invisible hand'. But even Adam Smith was quick to note that information is always imperfect and markets are always incomplete. In practice there always exist disparities in information and market unbalances; these disparities and imbalances are the very reason that traders and merchants can make money.

So, buyers and sellers have to work with Best Information Available, which is imperfect by definition. The huge disparities nowadays (consider an illiterate subsistence farmer - a rich farmer connected to the internet - hedge funds buying up commodities) give the best informed parties an important and often decisive advantage on the market. In other words: there is no invisible hand. And moreover as far as agriculture is concerned, buyers are always in the driver's seat because they know that most agricultural produce can only be stored for a limited period of time.

Markets

Every first year economy student will be taught that there are four different types of markets, each with their own specific characteristics depending on the number of suppliers, the number of buyers and the nature of the goods and services traded:

the market of perfect competition, monopoly, monopolistic competition and oligopoly.

Farmers have understood for a long time the workings of the market of perfect competition, by organising supplier power in the form of cooperatives over a hundred years ago. This has proven to be a very successful strategy as they form a countervailing power towards traders and processors. Over the last decades, however, we have seen a process emerging of both globalisation and concentration of traders, processors and, more recently, also in the retail industry. This has given large parts of the market for agricultural commodities a more oligopolistic nature, in which a few parties dominate the market. Demand will in this situation react inelastically. Usually this phenomenon leads to a freeze in prices, but can also result in the notorious price wars we have witnessed in some European countries over the last few years and in which food products more often than not were the main products suffering from these price wars. To be able to raise prices or to avoid such war prices, the handful of parties dominating the market often form cartels in which they agree not to fight each other and to raise their prices simultaneously. Cartels are not an item dealt with within the WTO framework, but are illegal in most countries. However, the advantages of forming cartels often outweigh the risks of being caught and punished, and therefore are still a common practice.

It seems strange that within the liberalisation debate these differences are not taken into account. There seems to be some kind of general assumption that if markets were liberalised they would function as markets of perfect competition. By this false assumption there is no attention whatsoever within the WTO negotiations for the oligopolistic tendencies that today are occurring in the globalised agricultural commodity markets. But even if there could be markets where perfect competition exists, problems can be expected for agricultural production, since farmers do not and cannot respond to market fluctuations and yet economic theory tells them they should.

On the notion of cost of production and the myth of comparative advantage

One of the most important assumptions underlying the free market thinking is the notion of comparative advantages. Products should be produced in areas where the relative cost of production is lowest. In this way all products are produced in the most efficient way. Uninhibited trade between regions and countries will ensure maximum profits for everybody by utilizing these comparative

advantages. It was David Ricardo who developed this theory in the early 19th century⁵.

In reality, a myriad of variables determine whether or not certain products can be best produced in certain parts of the world, ranging from climate and geological conditions, to the level of education, tax regimes, labour conditions, sanitary standards (or the lack of them), political stability, interest rates, and so forth and so on. In short, the notion of comparative advantages has to be carefully applied and viewed, as Joseph Stiglitz points out, from a dynamic point of view. By influencing production conditions to obtain a comparative advantage, we very quickly enter

a grey zone of indirect producer support and market distortion.

A level playing field

If minimum production standards and criteria would be the same for every producer of a certain product, then competition would be fair. But the WTO's Dispute Settlement Body does not take international social or environmental law into consideration but mainly standards connected with environmental and hygienic problems in western countries.

Market distortion

When we talk about market distortion, we should be very precise on what exactly we mean and what definition we apply. The GATT/WTO rules on subsidies have evolved considerably over the years, becoming more precise and detailed. Competing views exist however as to whether the rules are tight enough to limit trade distorting subsidies, or accommodating enough to allow governments to pursue their legitimate objectives, including development.

Needs and wants

In marketing theory usually a distinction is made between 'needs' and 'wants'. Around this notion Maslow developed his pyramid of needs and wants. At the basis of the pyramid he puts a number of basic needs which are: air, water, food, shelter, safety and procreation. These basic needs have to be fulfilled before people can strive for other needs and wants, both material and immaterial. The market as it is seen today is essentially an expression of the wants of consumers and not of the needs of society. The market tends to prefer to fulfil the wants of the affluent, before attending to the needs of the poor or of the next generations. This is why we need, on all levels from local to global, governments and governance: to express and regulate the needs of society, to help create the necessary conditions to fulfill basic needs and to make sure that today's wants do not endanger the fulfilment of basic needs of future generations.

Free trade and governance

In general we feel that the publicly constituted authorities represent an indispensable institution for economic co-operation and control. But one of the effects of globalisation is to reduce the room for manoeuvre of nation states. Many small and medium-sized states have almost been swept away by the scale of financial fluctuations and economic change that followed a period of liberalisation of financial and commodity markets. . Even among the planet's major powers, authorities struggle to adapt to the worldwide mobility of capital, companies, developments in technology and to the speed of change. Public policy, long confined to the national level and unequal to the task, seems to be breaking down.

So the question is not whether or not we should have state intervention, but what type, at what level and to what extent. This raises the question in how far the WTO and other international bodies are structured in a way to guarantee good, transparent and balanced governance to counterbalance the loss of power of nation states vis à vis globalisation and liberalisation. At this moment the WTO is the only international legal body that claims legitimacy to develop governance of international trade. Unfortunately it does not incorporate or encourage world's best practice; principles of good public governance, such as openness, transparency and accountability.

Agriculture as an exception; why should farmers be protected against the free market?

Countries restrict trade and support agriculture reasons such as self-sufficiency and food security and to save jobs. Australia and New Zealand are well known examples of countries where producer support is among the lowest of all the OECD members, and they are among the most competitive in the world. Advocates of their liberal policy say that food security, way of life and 'preserving countryside' objectives, if they have legitimacy, can be achieved by less wasteful policies than are used today in Europe, the US and Japan.

Still, the authors hold that agriculture cannot be treated as an economic sector like any other. First of all because food is a basic need. On a global level we therefore cannot run the risk of running low on supplies. In fact, for food security reasons, some overproduction is inherent and natural to food production.

Also, different economic laws seem to apply to agriculture. All economists will agree that especially food products are of an inelastic nature. This means that lowering prices will not encourage people to eat more and raising prices will not lead to a decline in demand. This price inelasticity of

agricultural commodities is one part of the explanation why, under liberalised conditions, prices for agricultural commodities tend to become very volatile. The other reason for volatility in prices is through fluctuations in supply. The main part of agricultural production involves working with living matter and is dependent on climatic and soil conditions. This entails specific risks, largely unknown to other sectors.

What also makes agriculture stand out as a different sector is the fact that a farmer is simply not like any other entrepreneur. Their aim in the short term is to make a living and in the long term to keep the farm. This 'deviant' logic also allows them to sell their produce under the real cost of production (labour cost included) for a certain period of time. As long as they have sufficient cash money to pay for direct cost, they will tighten their belts, work some more hours, try to save expenses and increase production until the market improves.

Finally, agriculture is inherently multifunctional. Landscapes and flora and fauna are closely linked with agricultural production. But if the farmers have to follow the logic of the market they will only produce those products that serve their economic interests and they cannot afford to 'produce' landscapes and biodiversity. These will need public intervention.

3 Liberalisation: from GATT to WTO

In 1947 over 50 countries participated in negotiations to create an International Trade Organization (ITO) as a specialized agency of the United Nations. This was to be the third of the "Bretton Woods" institutions, besides the world Bank and the International Monetary Fund, to be created at a UN conference in 1947. Its draft charter extended beyond world trade disciplines, to include rules on employment, commodity agreements, restrictive business practices, international investment, and services. But the ITO never came to be, because ratification was eventually blocked in 1950 by US Congress.

This left the general agreement of 1947, the GATT (General Agreement on Trade and Tariffs) as the only multilateral (and unofficial) instrument governing international trade from 1948 onwards until the WTO was established in 1995. The WTO was a more formal organisation with better mechanisms to penalise countries that didn't apply the agreed rules. (The Dispute Appellate Body). From its start WTO focussed on coming to a final agreement on the principal components of liberalising markets through a reduction of tariffs, maximizing market access and removal of trade

distorting domestic support. At the same time it expanded its scope, including more countries and more issues concerning services and notably property rights in the form of the TRIPS agreement. Gradually public resistance against further liberalisation was building up. It was felt that WTO-negotiations were not in the interest of the weaker actors of the game, like developing countries, low income labourers and farmers. More recently, there is also concern for the effects of globalisation and liberalisation on the environment.

Former European Commissioner for Agriculture and architect of the first CAP, the late Sicco Mansholt, once said that he had always tried to keep agriculture out of the GATT. To him, agriculture was a sector that needed to be treated differently from any other sector and that should not be made subject to free trade negotiations. Countries and multilateral unions like the European Union should never give up the means to have their own policies concerning food security and market regulation.

This vision, shared by others, kept agriculture outside the GATT negotiations until as late as 1995, when at the Uruguay Round the Agreement on Agriculture (AoA, 1995) was agreed upon. The wind had changed and was now blowing from the neo-liberal side.

The biggest result of the GATT agreement was that the tariff system became the base for agricultural trade among WTO members. In the Doha (2001) and Hong Kong (2005) conferences it was agreed that agricultural markets would be opened, tariffs would be lowered (less so for Special Products), export subsidies would be lowered and eventually abandoned and, domestic support would be reduced by 20% or more. However, Green Box measures (environment, among other issues) were regarded to be non-trade distorting, in contrast to 'amber box' measures of domestic support. (Hence the 'rural development' subsidies in Europe). The draft text also stated that 97% of the products originating from the 32 Least Developed Countries would get duty-free access in other countries. However, the last gaps in the negotiations could not be bridged and they are still dragging on.

In the meantime Regional Trade Agreements (RTS's) such as Europe's EPA's (Economic Partnership Agreements with mostly former colonies) are now covering more than half of the world trade, usually with stricter free-trade regulations than were stipulated in the AoA.

The changing geo-political landscape

This is reflected in the various positions countries take in WTO negotiations.

- The first group consists of countries that have a strong agro-export potential and would like to see maximum opening of world markets. They embrace the G20, a group of emerging countries such as Brazil, China, South-Africa and the Cairns group. (Australia, New Zealand etc.)
- A second group is made of countries that would like to preserve their policy space in trade and protect their agriculture. They include the G33, the LDC's and the African countries.
- Countries that would like to accede to new markets while maintaining protective and support measures for their agriculture, namely the USA and the EU, form the third category.

New agro-super power Brazil is one of the WTO's most active participants. As the third largest exporter of agricultural products worldwide, Brazil has played a leading role in the agriculture negotiations, as the sector remains subject to wide trade distortions and protectionism that hinder Brazilian trade. Brazil is also an active user of the WTO dispute settlement mechanism. This mechanism has become an essential instrument for Brazil to address worldwide market distortions. The country has recently (2005) reached a victory in a dispute over American cotton subsidies and in 2003 Brazil together with Australia and Thailand filed a complaint at the WTO against the European Union's subsidised sugar production. The WTO Panel ruled in favour of the complainants, and the EU was subsequently forced in 2005 to reform its sugar regime, something that had not been included in the 2003 'Fischler' reform.

A very important forum for Brazil is the G-20. Led by Brazil, China, India and South Africa, the G-20 has rapidly become a powerful voice and a distinctive and new element in the scenario of trade negotiations. It takes its legitimacy out of the importance in the agricultural production and trade, as it represents almost 60 percent of the world population, 70 percent of world's rural population and 26 percent of world's agricultural exports. Furthermore, the G-20 has the capacity to translate a vast range of developing countries' interests into concrete and consistent proposals. However, due to the great differences of the leading states Brazil, China, India and South Africa, common positions are not easily reached. India, for example, is more defensive than Brazil concerning "Agriculture" and "Market Access" because it wants to protect its own internal market and is not yet ready to make major concessions in these regards. China is not as strongly in favour of liberalisation as Brazil and South Africa; as a recently acceded member country of the WTO it wants to avoid further obligations and is thus less involved in the G-20 discussions.

Brazil has proposed a free-trade agreement among the G-20 developing countries and will continue to press for concessions by rich countries at global trade negotiations.

As regards the US, it seems that the general tendency of the new Farm Bill is to make a move towards Europe and other major players in the WTO arena. Partly this is due to the fact that the US has recently lost some Dispute Settlements (cotton) and runs the risk of losing more (rice, soy, maize), that could heavily affect domestic agriculture. Until now the proposed reforms have been rather well received by most of the domestic actors as an attempt to reduce total direct spending on agricultural support (10 billion dollars less on the commodity title), to come to a more balanced approach in payments and to give greater emphasis on the 'greening' of agricultural policy. (5 billion for rural development, 2 billion for renewable fuels, 7 billion for conservation programmes, etc. totalling 14 billion for 'other funds'.)

Some have, however, pointed out that these changes do not go to the core of the agricultural question, namely the position of farmers in the US (and worldwide) in the food supply chains.

Where does this leave Europe? The objective of the EU is a balance between trade considerations (market access, export competition and domestic support) and programs belonging to *non-trade concerns* (environmental protection, food safety, rural development). In return for this the EU promises a drastic decrease of domestic support and export refunds. The EU seeks to further improve access to markets, since it is a major food exporter, and it aims to reduce customs barriers.

Farmers' perspectives on liberalisation

The position of two of the largest and most active farmers' organisation should be explained: that of the International Federation of Agricultural Producers (IFAP) and its counterpart the Via Campesina, with the Coordination Paysanne Européenne (CPE) as its European member. IFAP believes that farmers need a rules-based system for international trade, but trade liberalisation should not be regarded as an end in itself. For IFAP, it is critical to empower producers in the market place so that they are able to receive a fair return for their work. In a Press release from August 3, 2004, the more radical CPE stated that "at the WTO, Fischler and Lamy betrayed the European farmers and those from the southern countries to the only advantage of the transnationals". They see tariff protection as the only fair commercial protection and an effective way to support the agriculture prices and thus the farmers' revenues. "The EU lets the European agricultural production be moved to countries with low wages and lower environmental and social standards, and uses agriculture as change in the WTO negotiations so that European companies or services can enter freely into the markets of third countries.' 'To produce in the cheapest way in the world, with a few euros for a day's work, that is not competition', but slavery".

Although the tones of the two farmers' organisations differ, in essence they are telling the same story: full liberalisation would be disastrous for farmers both in the South and in the North. It will also damage the multifunctional role agriculture is supposed to play.

Are we barking up the wrong tree?

When it comes to liberalisation all the attention seems to be on the WTO. In reality the liberalisation of capital markets, and the role that the World Bank and the IMF have played in this has probably had a larger impact than GATT and WTO. In fact, the globalisation of financial markets by far exceeds that of commodity markets. While world exports have increased twenty fold since 1950, capital investments have been increasing four times quicker than foreign trade over the same period. Over the last 15 years alone foreign capital investments increased from \$ 60 billion to \$ 394 billion.

Heavily indebted countries especially have sought the aid of World Bank and/or IMF to obtain the necessary financial means for economic development.

Over the years both World Bank and especially IMF have broadened their field of activity, engaging themselves in assisting developing countries that decolonized in the fifties, sixties and seventies. In doing so, they have also started to deviate markedly from their original course and have turned into champions of the free market ideology. This new attitude has led to policies, the so called Structural Adjustment Programmes (SAPs), in which funds are provided under the condition that countries apply strict measures such as cutting budget deficits, raising taxes and interest rates. Some, like Joseph Stiglitz, feel that the strict, almost religious way in which World Bank and IMF imposed their recipes on developing countries has brought mostly damage.

The Commission for Africa states that Africa has lost two-thirds of its global market share as a result of the application of World Bank and IMF conditions. UNCTAD has also admitted that the Least Developed Countries (LDCs) have not benefited from the last decade of liberalisation; they simply do not possess the necessary institutions and means to win a global trade war. Another consequence of the World Bank and IMF programmes is that farmers in developing countries are pressed to start producing cash crops for export at the expense of their own food requirements, often resorting to non-sustainable cropping practices. Vietnam, for example, entered the coffee market a decade ago, and is now the fourth largest coffee producer, contributing to an overproduction and a long crisis in coffee prices; in Sri Lanka commercial and industrial shrimp cultivation was developed under the auspices of the World Bank at the expense of mangrove forests, not only destroying an important eco system, but making the country also more vulnerable for the effects of tsunamis as witnessed in December 2004. It is felt that these institutions have lost their pivotal role in financial development and are instead no more than the cheer leaders of economic optimism and neo-liberalism, causing damage and havoc wherever they operate, with the WTO 'der dritte im Bunde', the Third Party in this neo liberal choir.

Concentrating supply chains

The hundred largest multinational corporations now control about 20 per cent of global foreign assets; 51 of the one hundred biggest world economies are now corporations. According to the World Bank the top hundred multinational companies control 71% of world trade compared to 25% in 1989. Three quarters of the world cereal market is in the hands of two American companies, Cargill and ADM. Bunge (Belgium) and Dreyfuss dominate the oilseed and soy market, Cargill, Dreyfuss and Tate&Lylle share the sugar market while only four companies control 40% of the coffee market. Western multinational companies like these control 80% of international agriculture trade. It is therefore no surprise that companies such as these profit most from liberalisation of agricultural trade.

More recently the retail industry has also begun to internationalise. Until recently retail companies like Wal Mart (USA), Tesco's (UK), Carrefour (France), Aldi (Germany) and Ahold (Holland) were only active on the domestic market. Some 10 years ago however these companies have been focussing increasingly on acquiring companies or setting up businesses abroad. It is expected that in the future only ten retail companies will dominate the international food supply market, turning the global food market into even more of an oligopoly. These powerful chains in the food supply chains also make their influence felt in the WTO arena, especially when it comes to market access and food standard issues.

This double process of internationalisation and concentration in the food supply chain can lead to a race to the bottom. Governments can be tempted to change their laws and regulations concerning labour conditions and environment to accommodate the wishes and demands of these corporations. These corporations 'export' their own higher standards to countries in the south, but in practice global enterprises tend to withdraw from activities and pass the risks on to sub-entrepreneurs. The production factor "labour" has been in transition for decades now towards a "migrating world factory". As Levins (2002) put it: "This has significant implications for farmers throughout our hemisphere. Farmers on the one hand must deal with multinational firms to sell their products and buy many of their inputs. But farmers continue to identify themselves as being from one country or another, and to see their principal competition as coming from other countries.' He is therefore proposing a global farmer's network (other than IFAP or Via Campesina) in order to strengthen the bargaining power of the agricultural producers throughout the world.

On the importance of global trade

The bulk of production is traded on the domestic market (where the European Union is considered as one unified market). Only 10-20% of most products, like cereals, meat and dairy, are traded internationally. World trade in agricultural commodities is not the rule, but rather the exception. Studies also show that further liberalisation will only lead to a limited increase in world trade for agricultural products.

As regards the developing countries, the policies imposed by World Bank and IMF have caused a shift in investments to more export orientated countries and/or have forced mostly developing countries to reduce tariffs and take on a more international market orientated approach, shifting from subsistence production to growing cash crops for export.

As regards the EU and the USA, they are still among the world largest exporters, but these exports have for decades been heavily supported through export subsidies. Their growth can be attributed to anti-liberalisation policies. Now that shares in world trade are steadily dropping for products that used to receive export support, such as meat, milk, cereals and sugar, there is an accelerating tendency of production capacity, particularly for bulk products, shifting towards a number of emerging developing countries.

Despite GATT and WTO, the developed countries, most of them united in the OECD, maintain very high levels of producer support. Even today total OECD spending on agriculture is more than \$ 300 billion per year. PSE's vary enormously between OECD countries, ranging from 5% of gross farm receipts in Australia to 20% in the US, 35% in the EU and up to 70% in Switzerland. Upcoming economies like China, India, Brazil and South-Africa have increased government support for agriculture over the last years to make them more competitive on the world market.

Where do we stand?

Two questions arise: should we continue with the WTO as the right platform for trade negotiations and should we keep on pushing the same neo-liberal buttons? Or should the pause be welcomed as an opportunity to rethink and restructure the way multilateral trade negotiations are managed? We will come to a final conclusion later on in this book, but it seems that for the WTO as an institution, liberalisation has become a goal in itself and therefore has lost its right to be the legitimate arena to debate liberalisation in relation to development.

4 The dilemmas of globalisation

Old problems persist and new problems come to the fore. In the next decades we will have to deal with some serious problems that will test the planet's resources and man's resourcefulness to their very limits.

In this chapter we will deal with four of the main challenges,

- poverty and sustainable economic development,
- feeding a growing world population sustainably,
- the new competition for food and fuel and
- agricultural commodity production and bio diversity

Dilemma 1: Sustainability and reduction of poverty.

poverty

Development is central to the Doha Round of WTO negotiations, development in the sense of reduction of poverty through which poor countries will be able to become more competitive on world markets and expand their exports. which will contribute to their economic development and welfare. Poverty reduction is one of the Millennium Goals of the UN. The UN also sees free trade as one of the instruments to reach this goal, though under certain conditions.

Are these assumptions true? And supposing that liberalisation does help to alleviate poverty, can this be obtained in an ecologically sustainable way?

After finally concluding the Uruguay Round there was an overall optimism about the benefits of the trade agreements, also for the developing countries. However, the developing countries gained little or indeed were worse off than before the GATT agreement. Especially the Least Developed Countries are estimated to have suffered \$ 600 million in net losses per year.

One World Bank report (!) showed that the poorest region in the world, Sub-Saharan Africa, saw average incomes, already the lowest per capita in the world, decline by more than 2% as a result of the GATT agreement.

Key to the Uruguay agreement was the conversion of non-tariff barriers into tariffs, which was supposed to provide a simpler framework for negotiations. However, countries in the developed part of the world, took the opportunity to set high initial tariffs so that even after the implementation of the agreed tariff reductions. In the rich countries the new tariff rates were higher than the ones that prevailed before the agreement whereas in the poorer countries trade conditions did not really improve. On the domestic support front farm subsidy levels in rich countries only dropped 3 per cent points, from 51 per cent to 48 per cent, of all farm production in OECD countries.

Also, the system of tariff escalation was not addressed. This keeps most developing countries in the position of supplier of raw materials, while the added value is achieved in the importing countries.

These poor results show the power relations within the WTO. The EU and the US pro-actively reinforced their bargaining position. In the US Farm Bill of 2002 the amount of support almost doubled with respect to the previous programme, from \$ 103 to \$ 190 billion, which provided for so called Counter Cyclical Measures to compensate farmers and exporters for changes in world prices, allowing products to be exported well below the cost of production.

The EU for its part, responded through the 2003 Fischler Reform, steering the price and market support subsidy system towards direct payments decoupled from production, thus trying to shift support measures from the so called Blue Box to the Green Box subsidies which are deemed to be less trade distorting, while leaving the total level of support almost unchanged.

It is true that the EU also introduced the Everything But Arms (EBA) initiative, granting duty and quota free access for all products coming from LDC's except arms, but several studies show that the impact of the EBA initiative is only marginal.

The gap in incomes continues to grow. Per capita GNP in the 20 per cent poorest countries versus the 20 richest countries in 1962 was \$ 212 versus \$ 11,417; in 2002 it was \$ 267 versus \$ 32,339. So, in 40 years time the poor have stayed almost just as poor, while the rich got much richer. Developing countries are expected to reduce tariffs just like rich countries, but what is overlooked here, is that a large number of the less developed countries have already been forced to reduce tariffs, open up markets and develop a competitive, internationally orientated agriculture by the strict World Bank and IMF rules, while Europe and the USA were and still are heavily subsidizing their economic sectors, including agriculture. This seems quite unfair. All the more so because tariffs are one of the few sources of income for governments of developing countries. It has been suggested that they should raise VAT taxes, but in most of these countries the informal sector is predominant, and that is out of reach of taxation. The FAO's message in its 'The State of Agricultural Commodity Markets 2006' is absolutely clear: "further liberalisation of world trade will not benefit the poorest countries. Application of a reduction of tariff rates will confront domestic production, notably agricultural commodities, with increased competition from abroad".

What liberalisation in essence does is that it creates winners and losers, the winners being those that are in the position to make use of liberalised markets to expand their markets and reduce production cost, while the losers being the ones that do not have the resources or circumstances to seize the opportunities.

Increased market access will benefit companies to obtain a better return on investment from Research and Development. Innovation through R&D is one of the most important drivers for obtaining a better market position. The European Union, has been supporting industry in this way for decades through its Framework Programmes for Research. Developing countries, typically, have very limited means to give this kind of support to their own economic sectors, leaving them a priori in a worse competitive position. And there are no social welfare programmes, leaving the poor even worse off than before liberalisation. Developing countries can select some agricultural products for Special and Differential Treatment, but more often than not, even with SDT put into place, imported products are still cheaper than domestic supply.

More fundamentally, the main flaw of the WTO approach, and that of the IMF and World Bank, is its one-solution-fits-all ideology. We need a tailor-made approach for each and every one of the developing countries.

Stiglitz and Charlton (2005) have therefore proposed to introduce a new principle into the negotiations, namely all countries should provide free market access in all goods coming from all countries with a GDP per capita and a total GDP smaller than themselves. An approach that is simple, fair and relatively easy to monitor. (Another criterion could be added, in which income disparities within a given country are also taken into account)

As it is now, the WTO process is not transparent and the instruments are difficult to use for developing countries., they lack the funds and expertise.

In conclusion: Government intervention, both nationally and internationally, embedded in democratic institutions, remains necessary to guide and where necessary impede the process of liberalisation. Macroeconomic stability and a stable political system based on fair democratic principles offer a better starting point for growth than openness to trade.

Sustainability: one planet short

There is a strong negative correlation between economic growth in this sense and ecological sustainability. As people have more money to spend, their ecological footprint increases (as the Figures on p. 87 of the book show). From the second figure it can be concluded, rather cynically, that the poorest people are the most sustainable ecologically, since they use the least resources per capita. The whole population of the Asian Pacific region, including India and China, some 3.5 billion people, have the same ecological footprint as the 780 million people of North-America and the EU-25. We will be at least one planet short in 2050. We have to realize that any increase in standards of living anywhere is at the expense of standards of living somewhere else, a situation that implies nothing less than a geo political time bomb of an unprecedented scale.

Are we, the 20 per cent of the rich that consume 80 per cent of the resources, prepared to reduce our standards of living? In our view this is the main dilemma: are we willing and able to alleviate poverty and make economic development more sustainable? Are we prepared to share our cake with others and, if necessary, be satisfied with a smaller slice ourselves? Globalisation makes people that are deprived of even the most basic needs, realize what they don't have. As the global fight for resources will inevitably increase fiercely over the next decades, in the end the poor will not stand idly by as 20 per cent of the rich consume 80 per cent of the earth's resources, destroying the planet in the process in its continuous strive to fulfil, basically, endless wants.

The WTO avows to promote sustainable development in the Preamble to the Marrakech Agreement and this allows nations to take certain supporting measures in the green box. But the preamble also says these measures should not 'restrict international trade'. So sustainability is by no means part of an integrated approach by the WTO; it is not based on a shared vision on sustainable economic development; a new hierarchy between people, planet and profit.

Dilemma 2: Can we feed 9 billion people sustainably in 2050?

The world's farmers now provide 24% more food per person on average than in 1961 although population has nearly doubled over the same period. The available calories per capita have risen globally from 2549 calories per day to almost 2800 calories; an increase of over 10% per capita. An average person, depending on gender, age and occupation needs some 2500 calories per day. So, in theory, there is, for the moment, sufficient food in calorific value to go around for everybody. Nonetheless, the UN estimates that today some two billion people suffer from under-nourishment; 824 million people suffer from chronic hunger, 13% of the world population. Every second a human being dies of malnutrition and related causes, 30 million deaths per year.

In its 2006 report the UN warns that progress is slow and that in some parts of the world the numbers of hungry people are rising again.

In the 2002 study "World Agriculture. Towards 2015/2030" the FAO predicts that annual agricultural production growth will decline from 2.2% in the last 30 years to 1.5% over the next 30 years. This will not be enough to meet a 60% growth in demand that is calculated between 2005 and 2030. The expected growth rate is based on certain assumptions which rely mostly on advances in technology. Yield growth in the EU-15, however, has slowed down considerably over the last decade. In order to meet the growing demand for food, intensification of production seems the only way forward, but there are a number of other telltale signs that show that the necessity to intensify production will be accompanied with a whole series of problems

One significant trend will be that of urbanisation. One of the effects of urbanisation is a change in dietary patterns. Generally as people in towns have more money to spend they substitute cereals for higher value protein foods such as milk, dairy and meat. World meat production has surged fivefold since 1950. Meat production over the last decades has become part of a global production, processing and distribution system. Continued growth in meat output has become largely dependent on feeding cereals to animals, creating competition for grain between affluent meat eaters and the world's poor. Currently, 36 percent of the world's grain goes to feed livestock and poultry, inefficient converters of grain. And a small, but rapidly growing, share of the world's grain goes to fish farms, where the conversion is slightly more efficient than poultry. The world fish consumption has tripled since the mid 1900's. harvest has soared from 21 million tons to 120 million tons since mid-century, tripling the per capita consumption of seafood

Factory farming is now the fastest growing means of animal production in the world. Industrial systems today generate 74 per cent of the world's poultry products, 50 per cent of all pork, 43 per cent of beef, and 68 percent of eggs. It takes 7 kilograms of grain to produce one kilogram of beef; the conversion is 4 to 1 for pork and 2 to 1 for chicken. Since they are less grain-intensive, chicken and pork are more cost-effective choices.

Still, beef and to a lesser extent mutton and goat's meat remain popular worldwide. Generally, the production of beef and mutton still depends heavily on natural system-rangelands. Since much of these lands are too arid or too steeply sloping to be ploughed, meat production is the only option for generating food from these ecosystems. But as overgrazing becomes the norm in much of the world, rangelands are being pushed to their limits and beyond. In Central America for example, 40 percent of all rainforests have been cleared or burned down in the last 40 years, mostly for cattle pasture. The fragile state of the world's rangelands, which cover roughly twice the area of the

world's cropland, is worrying. These ecosystems are the source of nearly one-quarter of the world's meat, and moreover hundreds of millions depend on these lands for their food and their livelihood. Lastly, meat production is also one of the main contributors to global warming: methane production from animal husbandry is currently responsible for 13-18% of emissions of green house gases, exceeding the effects of, for example, air transport.

So, should we propose a worldwide ban on animal production? Their manure is still one of the main ingredients to maintain soil fertility. They can graze on soils that are too steep to cultivate. And moreover ruminants, considered inefficient by many, are efficient since their digestive systems can utilize cellulose and fibrous materials, the most abundant raw food material on earth. They can even utilize non-protein nitrogen and convert them into well balanced food for people.

Water: a rising problem

Already a third of the world's population now lives in water-stressed countries. By 2025, this is expected to rise to two-thirds. (Study by the IWMI³⁵)

Four main factors will contribute to this worrying trend:

- the increase in the use of fertilizers and irrigation to intensify production: 14% more water needed by 2030. Water tables are already dropping, in India as much as 3 m a year.

- increase of meat consumption. . It takes 15 cubic metres of water to produce a kilogram of grain-fed beef, while it only requires 0.4 to 3 cubic metres to produce a kilogram of cereals.

- the increase of water use in general. Global water consumption rose sixfold between 1900 and 1995, more than double the rate of population growth.

- as a result of climate change. (melting glaciers are leading to water shortages, more droughts)

All in all, the demand for water could increase by as much as 70% in 2050

The quality of the water is also problematic. The number of people dying of waterborne diseases each year is ten times the number of people killed in wars (more than 5 million). In developed countries the water quality is deteriorating from the over-use of manure, chemical fertilisers and pesticides in intensified agriculture. In the past we sought to maximise production per unit; soon we will be seeking to minimise the use of water per production unit, and farming practices will no longer be the same

The soil

The International Food Policy Research Institute (IFPRI) some years ago calculated, based on the most advanced satellite and ICT techniques that no less than 40% of world's agriculture land is seriously degraded, ranging from 11 percent in Asia, 20% in Africa and up to 75% of crop land in Central America. But also in Europe soil fertility has been dropping as agriculture has come to rely more and more on external inputs; chemical fertilizers will feed the plants but not the soil, causing a gradual depletion of soil fertility. The Chinese Ministry for Land and Natural Resources announced recently that over 10% over Chinese agricultural land has been polluted by artificial fertilizers, heavy metals and hazardous waste to such an extent that food coming from these soils constitutes a threat to public health and should not be used for either animal or human consumption.

Soil degradation is caused by poor management and by externalising the cost of production in the effort to maximize short term revenues instead of optimizing long term production. It's increasingly difficult to find productive new land. Intensification of production on the remaining land will become an even more growing necessity.

The link with liberalisation and globalisation

The market is driven by buying power and to achieve a return on investments the Law of Comparative Cost dictates that raw materials should be bought as cheaply as possible within but also sometimes by neglecting existing local legal frameworks. The market has no morality and is therefore not an adequate mechanism to resolve the distribution problem. We must not fool ourselves into thinking that liberalisation will help to solve the problem; it will not provide the necessary checks and balances needed to slow down globalisation, change its course or remedy its 'collateral' damage.

The main mechanisms for globalisation are the developments in technology and in tax regimes. Developments in transport technology have made shipping 70 per cent cheaper over the last 20 years, road transport 20 per cent and costs of transport by air has fallen 50 percent. Kerosene, the fuel for planes, is free of taxes. Shipping and air transport are left out of the Kyoto protocol. Road

transport has increased immensely over the last decades. It is estimated that on average 30-40% of all road transports involve food.

It costs 88 calories worth of fuel energy to fly 1 calorie of carrot from South Africa to Europe. Transport by air of one kilo of kiwi's from New Zealand will cause 5 kilos of CO emissions. Technological developments have led to an increased global competition among producers. Companies that produce animal feeds for example, can nowadays determine on a day to day basis the composition of concentrates for cattle, pigs and poultry, based on where and what they can buy at the cheapest price, making soy producers in Brazil competitors with cassava producers in Thailand. Linen producers in Europe compete not only with cotton growers in the USA but also with palm oil producers in Malaysia. (Residues from both linen oil and palm oil are used in animal feed.) More recently the interests and behaviour of shareholders have become more dominant in determining business strategy. It also seems that over recent years the time horizon of both shareholders and top management has shortened, focussing more on business performance over the next quarter than on long term returns on investments.

In this global competition the weaker actors will draw the short straw. Cost of production is reduced by externalising certain costs either to the environment, to land labourers, to tax payers or to future generations. It is by now undeniable that globalisation has had devastating effects on various eco systems. Over 400 million hectares, 8 times the size of France, of natural forest has been lost worldwide over the past 30 years, 40% of which were rain forests in the Latin American region. The increasing diversity of products offered by supermarkets has been accompanied by a parallel loss of agro-biodiversity. Nowadays, here in Europe we can buy kiwis from New Zealand, rice from Thailand and avocado's from Costa Rica. But of the 6,000 plus varieties of European apples, only three or four varieties are available in supermarkets today. In the U.K. 70% of all eating apples sold in supermarkets are from two varieties only. Other varieties are simply not competitive enough or do not comply with the logistical requirements of the retail industry.

International trade is now less and less the domain of democratic governments. Multinational companies have the power to 'bribe' or pressure democratic governments into accepting the rules of the game of the industry, rules that are not the result of democratic processes, but unilaterally imposed by companies and accepted by governments in the name of employment and economic growth. The WTO as an undemocratic body itself has more than once demonstrated utter contempt for the wishes and positions of democratically elected governments. The Dispute Settlement Body ruled against the EU and in favour of the United States, Monsanto, the US Dairy Export Council and the US National Cattlemen's Association and concluded that the European ban on hormones created a barrier to imports, even though the ban was the result of 366 to 0 votes by the European Parliament. A similar case was won by the United States some years later concerning the trade of food products containing genetically modified ingredients.

Intermezzo: can we feed the world on organics?

A number of conclusions can be drawn from table on p. 112 in the book: organic agriculture is marginal compared to other systems of production that is: *certified* organic agriculture. In large parts of the world agriculture is organic *de facto* through the lack of funds to buy artificial fertilizers and pesticides. Another conclusion is that Europe is doing a lot better (3.8%) than the USA (0.5%) which scores far below the world average (1.7%) , even though production area has quadrupled there over the last decade. Both, however, are nowhere near organic champion Australia, a country also renowned for its low Producer Support Estimate. So, despite a large consumer potential, relative high environmental awareness and favourable policy measures, Europe cannot claim to be a role model when it comes to organic agriculture.

Does organic agriculture ensure a more sustainable use of resources? It doesn't require artificial fertilizers or pesticides, thus reducing the risks of contaminating water; it is on the whole, less intensive, more energy efficient and provides less of a threat to overgrazing and loss of soil fertility. On the other hand: it provides no restrictions to the use of water or to transport: organic kiwis imported to Europe from New Zealand or organic wine from Chile cost the same amount of energy for transport, causing the same amount of emissions as conventional ones.

Let us assume nonetheless that organic agriculture on average is more ecologically sustainable than conventional agriculture and that we would live in a world where 100% of agriculture is organic. Could the world then be fed sufficiently?

The University of Michigan developed two models, one based on actual organic yields and one based on optimum conditions. In the first model the yields were 2,641 calories per person per day,

only (average caloric requirement is 2,500 calories per day) , In the second model the yield was 4,381 calories per person per day.

On average there is a yield gap with conventional agriculture: a Swiss study showed that organic farms were 20 per cent less productive than conventional plots over a 21-year period.

A World Bank study shows that shifting to organic culture in developing countries would lead to a rise in production, but this would require schooling and the appropriate research institutions and extension services that have to be put in place. Soil fertility has to be rebuilt, an essential benefit of organic agriculture by the way, and perennial plants take time to become fruitful, so it would take some years. (See also: N. Röling's paper 'Organic agriculture and world food security', 2006) *Some have therefore pleaded for a third option, that is basically organic, but with the possibility of using conventional methods as an insurance policy, in case of emergency.*

A political problem is that multinational companies that provide the inputs for conventional agriculture have a very strong market position and a strong political position: they provide jobs and taxes. The (developing) countries that provide the raw materials put more faith in conventional agriculture or just want to be part of the modern world.

If economies of scale would make organic products more competitive it would mean that supermarkets could obtain the same turnover in the sale of organic products, but at lower margins than they get now on the niche 'organics', so they would not be eager to change over.

As regards the hunger problem: currently hunger is not a problem of food shortage, but of inadequate income and distribution problems. These problems will not be solved by going organic.

A way out of the dilemma?

We can conclude that we should be extremely cautious concerning further liberalisation, especially of agricultural markets. So far liberalisation, as promoted and implemented by IMF, World Bank and WTO, has been unable to solve or even reduce the distribution problem.

Secondly, sustainability is only marginally part of the liberalisation process; economic parameters rule the game.

So we need (international) policy and we need international governance to remedy where the market fails and prevents the market from externalising the cost of production, processing and distribution. With the power of individual governments diminishing vis à vis the globalised agribusiness, an integrated approach towards liberalisation under the umbrella of more democratic bodies such as the UN becomes all the more necessary to counterbalance the high speed train that is globalisation, instead of injecting it with more liberalisation fuel, thus accelerating its speed even more. If liberalisation benefits mostly a mere handful of global companies to create artificial comparative advantages at the detriment of environment, labour conditions and animal welfare, then the WTO should be there to rule this as 'trade distorting'.

Trade can only become fair and sustainable when there is a full internalisation of all cost of production. Policies of granting subsidies on inputs such as fertilizers and fuel create an unsustainable comparative advantage. (In the CAP conventional beef producers still receive large subsidies, while organic fruit and vegetable growers receive virtually none.) So we need to reflect on the role of international public policy, the role of World Bank, IMF and WTO and on the way the European Union should redefine its position.

Dilemma 3: the fight for food, feed and fuel

When the automobile was invented, some 120 years ago, people in Europe travelled on average less than 100 km per year; today the average is 20,000 km, flying not included. Car sales and car use and economic prosperity are closely interlinked. According to the World Watch Institute, in 2006 a record breaking 67 million new cars were sold worldwide, of which 7 million cars in China, 40% of the number sold in the US.

Fossil fuels are the main contributors to the enormous rise in emissions since the Industrial Revolution and in particularly since World War Two. The CO₂ emissions emitted by cars and other sources are complemented by methane (CH₄), coming largely from the strong increase in animal husbandry and nitrous oxide, whose effects on global warming are 300 times stronger than carbon oxide. The trend for nitrous oxide (N₂O) or 'laughing gas' has been the same as for carbon oxide and methane due to, again, intensification of agriculture (manure and artificial fertilizer) over the last two centuries, chemical industry and burning of fossil fuels.

Emissions of nitrous oxide are relatively small, but the gas is very persistent: it takes 150 years to break down.

Scientists differ on what the effects of global warming exactly will be, at what pace they will occur and where they will be felt the most. It is generally believed that temperatures this century will rise between 1.8 and 6 degrees, causing glaciers to melt, the levels in seas and especially rivers to rise and leading to changes in rainfall patterns and quantities. As far as Europe is concerned, recent research shows that it is likely that the south will become warmer and drier and that the north will be warmer and wetter, making agriculture more favourable in the northern parts of Europe, such as Scandinavia and the Baltic countries and less so in Southern Europe.

Another crisis approaching fast is the energy crisis. Over the next decades total energy demand will continue to increase over 70% between 2003 and 2030. Demand for fossil fuels will increase 60% over the same period. Based on data provided by the oil companies, the International Energy Agency expects that the so called Hubbard Peak (the point at which consumption of oil exceeds the finding of new oil fields) will manifest itself around the year 2030, but the peak could be reached as early as 2010.

Agriculture is, next to transport, to be considered as one of the main contributors to global warming both through the emissions of methane from the expanding numbers of livestock as well as the ever growing use of fertilizers and other energy demanding inputs. It seems therefore almost ironic that the eyes are on agriculture to combat climate change.

In February 2007, more than 20 years after the first resolution accepted by European Parliament and 10 years after Kyoto the EU Council finally accepted the proposal of the European Commission to reduce carbon emission by 20% in 2020 compared to 1990 levels, and even to 30% if other countries such as the USA will also reduce their emissions. Biofuels are to be among the main instruments in the strategy to achieve these objectives, though now the EP has cast doubts on this strategy. Some maintain it is sustainable because it decreases CO₂ emissions, while others state that, that not much will be gained and they doubt its energy efficiency; some say that it will lead to higher prices for feed and food and is therefore not in the interest of poorer countries, while others suggest the opposite; some it will offer a new source of income for farmers, while others fear that it will only strengthen the position of the agri-business.

Just as water always flows downward, commodities always flow to the people with the highest purchasing power, so international demand for agricultural commodities will shift from food to fuel to sustain our intensive energy based lifestyles, just as it has been shifting from food to feed to accommodate our craving for meat.

Will biofuels benefit the poor farmers? The price volatility can be devastating for those that lack the necessary reserves to deal with sudden drops in prices. Moreover it will be accompanied by a general upward trend in market prices for agricultural commodities, making food more expensive. For the poor this is disastrous.

The biofuel boom will affect prices in more than one way. Energy inputs will become more expensive, thus resulting in higher cost of production. A higher demand for agricultural products used for fuel will also lead to higher commodity prices. This will affect consumers as prices for food will go up. Higher cost of energy inputs for agricultural production could also lead to farmers economizing on these inputs, resulting in lower yields and in higher consumer prices.

Europe will have to rely on imports, again, but this time not only from oil producing nations, but also from bio fuel producing nations.

The environmental effects are worrying. In Asia vast areas of rain forests have been sacrificed to make room for large scale palm oil production. In Brazil the Amazon is under constant threat of large farmers and multinational corporations to be cut down for soy and sugar cane production. The impact of intensive sugarcane cultivation on soil organic carbon, particularly as the result of changes in land use, has also not received due attention. A study published in 1999 found a decrease in soil organic carbon of 24 percent over 20 years when forest is turned into pasture land in Brazil. The remaining 47 tonnes of carbon per hectare of pastureland was further reduced by 22 percent over the next 20 years when a sugarcane plantation was established on the pastureland. The biofuel 'cure' is solving the problem, it is aggravating it.

Another disturbing side-effect of bio-fuels production is a sharp increase in the use of water. The Stockholm International Water Institute has calculated that the expected increase in the production of rapeseed and sugar cane could double the current agricultural water use. Adding bio fuels as a fifth factor to the causes of water shortage is likely to tip the already vulnerable balance even more towards a global water crisis. Bringing marginal or set aside land into production will also lead to

higher inputs of other resources, such as fertilizers and pesticides.

From hype to realism

We must not delude ourselves in thinking that if we dedicate enough land to produce raw materials for bio-fuels or bio-fibres the emission problems will be solved and that we don't have to change our ways concerning the use of energy quantities. This is of course one of the key factors in the whole debate. We have to reduce our ecological footprint, carbon included, by addressing our high energy input economies and lifestyles. Globalisation and liberalisation will do nothing to change consumer attitudes and behaviour, on the contrary, as this is not in the commercial interest of the industry and service sectors. *To make consumer behaviour more sustainable, government intervention is indispensable. We need a set of international criteria that can act as a framework and reference point for research programmes and policy. This framework should at least contain criteria for energy efficiency, reduction of CO2 emissions, the impact on farmers' income here and in the South, on food prices especially for the poorer classes, and on changing consumer behaviour.*

There seems to be not much wrong with using agricultural produce for energy production and processing waste products for energy production, the so-called second generation bio-fuels. Moreover bio-fuel production should be limited to polluted land to purify it and to marginal land that is otherwise unsuitable for food production (e.g. drought-resistant grasses could be utilised). Lastly, more attention should also be given to make agricultural production more energy efficient, decrease its reliance on valuable non-renewable resources and increase its potential to contribute to environmental problems. For example, as the CPE has pointed out, *by changing the ways of farming to decrease the use of nitrate fertilizers, which represent around 40% of the energy use of the farms and by adopting farming techniques which raise the organic matter rate of the soil in order to increase its carbon level. The European Landowners Organisation has suggested integrating a system of carbon accounting into farm management.*

This more careful and subtle approach seems to be more realistic than rushing headlong into an uncertain adventure of full scale bio fuel production that will prove to be counterproductive.

Dilemma 4: Food or landscape: nurture or nature?

Nature and landscape have become entities to be utilized for the production of food and resources, but also as a consumption space for recreational purposes. On the one hand we have come to see nature as something we can visit in the weekend and in our holidays; a separate area where trained specialists manage nature on our behalf for which they receive public funding and private subscription fees. On the other hand man's intervention has created new agricultural landscapes with a variety of flora and fauna which are also appreciated.

This is our fourth dilemma: can protection of nature, landscapes and bio-diversity be combined in a sustainable way with our growing need for food, feed and fuel and their subsequent intensification of the use of resources in a liberalising economy?

According to Ricardo's Law of Comparative Cost under liberalised conditions, production will be allocated in those areas where lowest comparative cost of production can be obtained. This should hold true in particular for agriculture, which still largely depends on fertile, workable soils and favourable climates. However, there are many ways in which comparative advantages can be altered and used or abused to create a competitive advantage on world markets. In fact, the general trend in globalisation seems to be to externalise cost of production, rather than to look for the most efficient ways to produce. This 'race to the bottom' is inherent in the way the globalised production system works. We have shown that this has led to major shifts in land use worldwide, to a re-allocation of nutrients and minerals and the sacrifice of mangrove forests and rainforests and an enormous loss of biodiversity and a diminishing gene pool. Producers are also forced to modify production conditions to accommodate new varieties.

Scenario studies show that dairy production will fare remarkably well economically, in a free trade situation, as a result of a general rise in standards of living. This would be good news for those areas and landscapes that require grazing in order to be maintained. Liberalisation will, however, reinforce the already existing trend to larger and more specialised dairy farms. The question is in how far large scale, specialised dairy farming will affect the landscape. In a free trade scenario most cattle will be kept indoors for technical and managerial reasons. In fact, a study executed by the Dutch ministry of Agriculture showed that full liberalisation would have a negative impact on

certain species of birds and plants that are part of the grass land ecosystem. It would also lead to a loss of elements that are characteristic for the specific types of landscape and a loss of historic values.

In general, increased global competition under more liberalised trade conditions will not be beneficial for nature and landscapes and is a serious threat to biodiversity. The international body to regulate free trade, the WTO, in theory complies with international agreements to safeguard vulnerable ecosystems and to protect valuable landscapes but in practice, it has prioritized economic interests above all others time and time again.

Future outlook_

The developments described above are leading to a new race for land; even land previously considered marginal in economic terms but of extreme importance as far as biodiversity is concerned is falling prey to this. Over 25 per cent of the total USA maize production is currently being used to produce bio-ethanol. Brazil, the second largest producer of bio fuel plans to double its production over the next decade; production increase will come mainly from expansion of the already vast areas of sugar cane and soy.

Specialists expect that as soon as 2009, 10% of all European cereals will be used for bio-ethanol production. This would equal over 6 million hectares. Land prices will undoubtedly rise, making land an even more interesting commodity for speculators. Private equity brokers have already engaged themselves in buying both American farms and former large scale communist farms in Central and Eastern Europe. Whilst receiving generous payments (subsidies for farmland) from either the U.S. Government or the European Union they patiently wait for land prices to rise. The new demand for land has also led some farmers' leaders to express the need to refrain from spending more public money in buying and managing nature areas (nature 2000 programme) and to focus more on securing farmland to ensure future food, feed and fuel sufficiency.

We have tried to tame and control nature and to detach ourselves from it only to discover, as the current climate crisis evidently shows that we are still very much part of it. Nature, biodiversity and the landscapes that are connected to them, are not a luxury to be commoditized at our will, but vital conditions for our lives and standards of living.

NGOs are doing what they can, and some companies involve environmental considerations into their business decisions, but it is clear that if we truly want to find a compromise between private markets and these essentially public goods we need more public intervention. We will have to at least make sure that the WTO as an institution is integrated in the United Nations, for better or for worse the only international political platform where the interests of the market can be weighed against the interests of the environment. In such a new institutional context internationally agreed aims for preserving our environment, protecting landscapes and bio diversity can and should be integrated.

This implies introducing a process of international harmonisation of policies aimed at protecting environment, landscapes and biodiversity, integration of these policies and accompanying criteria into trade, internalisation of all cost of production together with an internationally agreed labelling system through which both importing nations and consumers can assess in how far these criteria are met; the abolition of public support measures that have a clear negative impact on the environment and no limits whatsoever to programmes aimed at preserving nature and landscape. If this should lead to new forms of open or disguised protectionism, so be it.

5 Fortress Europe

One vision, one market: Europe as a success story?

The year 2007 marked the European Union's 50th Anniversary. The main objective of the European Project, to prevent war from happening again, has been achieved. With the successive enlargements from the EU-6 in 1951 to the EU-27 in 2007 peace could in fact be defined as the Union's main achievement.

A process of economic convergence and the unification of markets seem to be the result of the European process: there are more possibilities to reach new and profitable markets and there is

stiffer and fairer internal competition, resulting in innovation and higher efficiency of production and productivity.

One of the other main factors behind this success was the Common Agriculture Policy, developed in 1962. The Treaty of Rome defined the general objectives of a common agricultural policy which have in legal terms, remained unchanged until today:

- to increase agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, in particular labour;
- to ensure a fair standard of living for the agricultural community by increasing the individual earnings of persons engaged in agriculture;
- to stabilise markets;
- to assure the availability of supplies and to ensure that supplies reach consumers at reasonable prices.

Three main principles, defined in 1962, characterise the common agricultural market. The first of these is the principle of a unified market: this denoted the free movement of agricultural products within the area of the Member States. The second principle is that of community preference. This implies that EU agricultural products were given preference and a price advantage over imported products and also the protection of the internal market from products imported from third countries at low prices and from considerable fluctuations in the world market. Lastly, there was to be financial solidarity: all expenses and spending which result from the application of the CAP are borne by the Community budget.

To make these principles operational three mechanisms were put in place, the first of which was to apply import tariffs to specified goods imported into the EU. These were set at a level to raise the world market price up to the EU target price. The target price was chosen as the maximum desirable price for those goods within the EU. Quotas were also used as a means of restricting the amount of food being imported into the EU. Also, an internal intervention price was set. If the internal market price falls below the intervention level then the EU will buy up goods to raise the price to the intervention level. The intervention price is set lower than the target price. The internal market price can only vary in the range between the intervention price and target price.

Finally, subsidies were used to pay to farmers growing particular crops. This was intended to encourage farmers to choose to grow those crops attracting subsidies and maintain home-grown supplies. Subsidies were generally paid on the area of land growing a particular crop.

So, the success of the European Union and of the CAP was reached by creating on the one hand a common market, but on the other by building a fortress, a strong defence line against external competition. It is crucial to underline this, since in the liberalisation debate the Union's internal market and its success are frequently pictured as a textbook example of the benefits of liberalisation of markets. We have to realize, however, that the success of this internal liberalisation was only made possible through massive external protectionism.

The European Model can therefore not be extrapolated to a global level. or only if all of a sudden we would encounter extraterrestrial economic competition.

The history of the CAP as a history of reforms

The first serious attempt at a reform came just six years after its implementation. In 1968, the 'Mansholt Plan' was published, named after Sicco Mansholt who was Vice-President of the Commission and responsible for the CAP at that time. The plan sought to reduce the number of people employed in agriculture and to promote the formation of larger and more efficient units of agricultural production. The reform was contested so heavily that subsequent Commissioners could not find the courage for new reforms until 1983. (Mansholt later regretted launching it).

In 1983 the Commission published a Green Paper to introduce new ways of reducing production in problem sectors and, in general, to analyse alternative solutions for the future of the CAP. The reform had become necessary because the CAP had been hugely successful in at least one respect: subsidized production had soared, making food security a thing of the past and providing the rapidly growing post War population with an ever cheaper food supply. In fact, there was serious overproduction in a number of products, costing the Union billions in intervention.

However, on a technical note, it has to be added that overproduction is part of agriculture: supply must always somewhat exceed demand. (see second chapter). A (limited) storage of overproduction through state intervention in this sense can be viewed as prudent policy rather than money squandering. Henry Wallace, Franklin Roosevelt's Secretary of Agriculture during the Great Depression in the Thirties of the last century, developed the instrument of managing excess supply: buying low when there is excess production and selling high when there is shortage. Nonetheless, the billions spent on intervention created public outrage and to confront the situation the instrument that was introduced with this reform was installing production quota for milk and sugar.

In 1991, the Commission, with Ray MacSharry as the Agriculture Commissioner, put forward two discussion papers on the development and the future of the CAP. These papers were the basis for a political agreement on the reform of the CAP, adopted by the Council on 21 May 1992. The reform of 1992 marked a major change and had as its principal elements:

- the cutback of agricultural support prices to render them more competitive in the internal market and on the world market,
- compensation for farmers for loss of income,
- other measures relating to market mechanisms (especially measures for the reinforcement of the competitiveness of agricultural commodities) and the protection of the environment.

On 26 March 1999, at the Berlin European Council, the Heads of Government or States concluded a political agreement on Agenda 2000, including the document 'A CAP for the future'. This entailed not so much a reform as a continuation and specification of the MacSharry reform to further stimulate European competitiveness, meaning a further lowering of price and market support. The Agenda 2000 also formally introduced a Rural Development Policy in which the multifunctional role of agriculture was recognised. New instruments were introduced such as (voluntary) cross compliance (compliance of agriculture with environmental goals) and (voluntary) modulation (change-over) of moneys from agriculture to 'rural development'.

This seemed to bring some peace and quiet to the CAP for the 2000-2006 programming period. It was therefore rather unexpectedly that during the programme's mid term review the latest, and maybe most far reaching reform of the last fifteen years was presented by Commissioner Fischler. The most dramatic rupture, at least at first glance, with the old CAP is the introduction of a single farm payment system for EU farmers, independent from production. (Decoupling of subsidies from production). The single payment is based on the payments farmers already received over the 2000-2002 reference period and it is linked to obligatory minimum requirements ("compulsory cross-compliance"). If farmers fail to comply through negligence they can face penalties between 5% and 15% of direct payments received. Application of cross-compliance is to be at national level.

One of the aims behind the decoupling of the payments was to be able to convince the WTO that a major share of support to agriculture would be moved from 'trade distorting' classification under WTO-rules (Amber Box) towards 'minimal or non-trade distorting' category (Green Box).

In this sense the Commission pro-actively anticipated the outcomes of the new Doha round of negotiations in which reduction of trade distorting support would be key.

As a consequence of the reform and the strict budgetary rules the value of subsidies paid to individual European farmers will fall by 25-30% in real terms until 2013. The cost of the CAP will amount to no more than 0.5 percent of the EU's GNP.

Evaluation of the reform: strengths and weaknesses?

Obviously it was a difficult compromise; the Commission was juggling to keep a strong bargaining position in the WTO-arena. *It still lacks an integrated long term vision and a sustainable socio-economic and territorial strategy for an enlarged Europe.*

It refers to the year 2013 as the long-term reference. (Diminishing) support was guaranteed until 2013, which gave farmers respite to adapt to new entrepreneurial circumstances. But in fact we should look beyond the year 2013.

Even more remarkable than the reform itself is the fact that it was presented and approved during a mid-term review and that it was impeccable in its timing, just before three crucial terms: the resumption of the WTO negotiations, the beginning of the political debate for the new financial perspectives for the years from 2007 to 2013, and the enlargement of the EU to 25 members in

2004. It is difficult to imagine what would have been the future of European agriculture had the three deadlines been due without a CAP reform.

Decoupling subsidies from products and prices is presented as an incentive to efficient farm choices, according to the available technology and market conditions.

The U.S. had previously followed a more or less similar approach in its Freedom to Farm Bill, the assumption being that farmers would diversify away from price-supported programme crops and that they would be better equipped to respond to market forces for alternative crops. The expected diversification agriculture, however, has hardly come to fruition. It is risky but also difficult: farmers have made significant investments in equipment, storage and other infrastructure for particular crops and they have developed a level of expertise in those crops. This also applies to European farmers, with the addition that especially in some countries, they have invested heavily in buying quotas.

The reform has resulted in internal market distortions. The rules are that farmers who receive 'historical' direct payments cannot shift to permanent crops, vegetables and potatoes. (these rules can be by-passed by buying more land). Different rules for the old and the new member states also result in internal market distortions and could even be considered as a partial re-nationalisation. The rules for cross compliance can also be applied differently. Full decoupling has also led to the abandonment of production in non-competitive areas (such as mountain areas) where stopping agricultural activities may lead to negative environmental consequences.

The changes in the CAP can bring some indirect advantages to Europe in the negotiations, but the EU position within the WTO will remain weak. The total support for European agriculture, calculated by the OECD in terms of Producer Support Estimates (PSEs), has only slightly decreased after the reform. The volume of support can still be considered as a strong distortion in international competition. The protection has been moved but it has remained more or less at the same level as before.

Has it 'greened' the CAP, made it more sustainable? Usually only minimum, legal requirements are installed. European farmers receive public funds to basically abide by existing laws. The key problem however is that in the Single Farm Payment System there is no relation whatsoever between payments and output in the form of public goods and services. The way cross compliance is introduced now does not really justify its claim as a solution for greening the first pillar and a qualification for the WTO's green box.

A third goal of the reform was to put more emphasis on the second pillar, that of rural development. Thanks to the compulsory modulation, funds are shifted from farmer support (first pillar) to rural development. The second pillar, however, continues to receive a small amount of funds which are directed to a long list of measures not coherent with the structural and cohesion policies, or with the national and regional policies for regional and local development. Since national governments, contrary to the first pillar, have to co-finance Pillar Two policy one on one, huge differences can arise between member states depending on actual monetary room and/or political will. The support for multifunctional services of agriculture is not enough. The main risk here is that the farms are penalized by a squeeze of the non-selective direct support, without being rewarded by an adequate compensation for their multifunctional services.

If it only leads to marginal improvement of lifting trade distortion, if the greening of the CAP is still quite pale and the new Rural Development Programme hardly lives up to its expectations, then what then does the reform actually do? By rewarding the status quo conditions the Single Farm Payment can be considered a rent. It does not reward the most deserving behaviour of farmers, either in innovative or environmental respects. It is in fact a consolidation of the past distribution of CAP funds. The major beneficiaries of the CAP are still the same as they were twenty years ago and more. Until 2013 80 % of the support will still go to the same 20% beneficiaries. They are in general the largest farms (or even farming land now used for other purposes), part of which are in the hands of private investors, producing the most protected crops or animal products obtained with standardized, capital intensive techniques, which offer fewer job opportunities. They are generally less compatible with the objectives of environmental protection, less diversified, and less likely to engage in Pillar II schemes. They continue to be concentrated in the richest regions near the largest metropolitan areas. The opportunity to bring the CAP in agreement with the cohesion policy has been missed.

Intermezzo: who wants to be a farmer these days?

Very few, it seems. The number of farmers in Europe has shown a steady decrease of on average 2 to 3% a year for decades. The remaining farms on average get larger. Contrary to what might be expected, the number of small farms remains high and it's the middle-size farms that suffer the biggest decline. In fact, in the EU-25 of the 10 million people working in agriculture in 2003 only 46% worked full time. Commissioner Fischer Boel's remark that in the future the majority of farmers need to look for additional sources of income outside agriculture is already current practice. The European Commission expects furthermore that of the 15 million farmers in the EU-27 by 2015 almost half will have given up farming. Some seven million people will have to find alternative employment, and it will lead to marginalisation of already disadvantaged rural areas. Why are so few young people are inclined to take up farming? Farming has a bad image due to the lack of economic perspective, the hard labour, long working hours, the investments needed to become and stay competitive, the uncertainties concerning policy changes and more liberalised market conditions, the increasing expectations of society concerning protection of the environment and animal welfare that just don't pay off.

The income has kept dropping and the current (2008) higher prices hardly make up for past losses, especially since prices for inputs have increased. Officially the European Commission expects farmers' income to increase on average by 3% in the next seven years, but few employees in the industry and services sectors would be satisfied by a 3% rise in seven years; in real terms this will be another loss of income as inflation will most certainly be more than 0.5 annually. The reason why farmers' incomes do not increase more, given the expected continuing rise in demand, is threefold:

- SPS will suffer a 25-30% reduction of their payments in real terms.
- Secondly, over the next few years farmers will have to invest once more in order to be able to comply with EU-regulations, such as the Nitrate Directive, the Water Directive and the Soil Directive, increasing the cost of production. Energy and feedstuffs will also become more expensive
- More and more pressure on prices from the retail business. On average of every euro spent by consumers on food, only 20% end up in the pockets of the farmers, compared to 50% a few decades ago. When European farmers claim more, retailers promptly try to find other suppliers elsewhere. Recent developments in demand have already led retailers relaxing their EurepGAP criteria so as to have more room for manoeuvre on world markets.

There are large differences between farmers. The largest farmers who are generally also the most profitable receive most of the benefits of the CAP: the largest 25% of farms produce 72% of the output and receive 68% of support. In fact, most of the peasant farms in new Member States are considered too small to be eligible for CAP support.

The latest reform also creates a new form of distorted competition among farmers. With the SPS the coupled support has been transferred from the product to the eligible land. The effect is that land prices and land rents remain high, also because of the benefits and supports that are attached to it, and this is an additional barrier for new farmers.

Rather ironically, on the other hand there are now Pillar II funds and measures to help and encourage young farmers, but they are moderate funds and have to be co-financed by the national government so they result in national differences. Some countries that apparently appreciate farmers even top up these funds by more than 100%.

The CAP and the dilemmas of globalisation

Poverty and ecological footprint

The CAP has stimulated farmers to modernise and increase production through which food security was achieved. It was also achieved by building an economic fortress to the world outside the Union through its price and market support measures, its export restitution policy and by limiting access to imported goods.

With the growing success of the CAP in the sixties and seventies of the last century criticism increased as to the externalities of this policy. One of the main points of critique was the fact that Europe's export and access policy was hugely distorting world markets and destroying local food production systems in developing countries. And it was in fact the major Western companies that, directly helped by the CAP and U.S. agricultural policy, succeeded in getting a tight grip on the global food supply chain.

The abolition of export subsidies has now been agreed on principle, though the actual implementation and finalization has been made dependent on the outcomes of the current WTO round of negotiations. In the meantime the damage has already been done: multinational companies, through a process of expansion and concentration have achieved a dominant position in the global food supply and are in an excellent position to compete under liberalised conditions. Europe still has to make up for the damage done in the past. The CAP of the 20th century on the whole has not contributed to alleviating poverty in poor countries, it has rather made farmers in those countries worse off and has put them in a disadvantaged position now that we are pursuing the liberalisation of the world economy. Once again they will find themselves confronted with forces they can neither control nor fight with equal arms. There is therefore a direct link between the CAP and poverty, positive for those that find themselves within the boundaries of the Union, negative for farmers on the outside.

Food and sustainability

As regards sustainable development, so far scientific and technological advances have not been able to offset the negative externalities of economic development on the contrary, they have led to a questionable intensification of agriculture. The environmental measures were mostly on a voluntary basis and now that they have become compulsory they are only minimum requirements. The consumers may turn to less sustainable products for financial reasons, and the multinational agribusinesses will be more than willing to accommodate this, signs of which are already becoming apparent. Under these conditions they are the ones to benefit most from further liberalisation. So consumers should be fully involved in the debate on the future of the CAP: it is about their food, their health, their backyard and their landscapes and it is paid for with their money, either as consumers or as tax payers.

Products imported from preferential countries should comply with the same standards as they apply for our European producers. But that should not be a tactical approach to use environmental standards as a new mechanism for protection. Rather we should allow their products to come in and simultaneously install and finance programmes to help these producers to meet sustainability standards that are based on what constitutes sustainable production under their conditions.

In Europe we do not need more of the old neo-liberal, technology driven strategy; we need another, a modern-ecological approach; an approach that takes the use of resources as a starting point combined with reinforcing existing measures to prevent and combat wastages and contamination and, again, to include consumers as being co-responsible; a truly integrated approach that entails the whole chain from upstream industries to production, processing, transporting, selling and consumption.

Following this approach through to the international arena of the WTO the EU should once and for all free itself from the vested interests that merely aim to keep the level of support as unchanged as possible, support that is not only to the detriment of the world's poor but is also damaging our resources and environment; the Union should instead agree on no further liberalisation until ecological principles have become an integrated part of any agreement. We have reached a point in history where partial interests no longer should dominate the debate and determine its outcomes. If we want ensure profit, people and planet should come first.

The fight for land and resources

Can the CAP in this context then be considered a tool in the sustainable management of land and resources? From the current CAP few incentives can be detected for a more prudent use of either. Water is only a matter of policy as far as the quality of ground and surface waters are concerned; necessary of course, but these policies should be complemented by redirecting the SPS towards increased input efficiency. The same goes for land management; cross compliance offers only a bare minimum, meat production is still one of the most subsidized sectors and the budget for Pillar II is far too insufficient to really tackle the problems of loss of land and soil fertility. The overall effect of the CAP after decades of implementation is a growing concentration of agricultural support in a decreasing number of holdings in a limited number of what are on the whole the most productive regions.

The last reform has done nothing to change this trend, but has rather reinforced it.

Market and public goods

One problem with cross-compliance is that it is tied to direct payments and therefore will only have an effect on the individual holding receiving Single Farm Payment. This works well for animal welfare but measures directed at nature, landscape and environment work best on an integrated level. Since direct payment entitlements can be sold and bought as farmers see fit, without any ties to the land, there is no long term guarantee of a sustained implementation of the cross compliance measures on the same land. And member states are required to check only 1% of the beneficiaries each year, which is a very lax policy to say the least.

At the start of the CAP rural space was primarily considered as (future) surface for agricultural production and to a lesser extent for the expansion of cities and towns and the necessary infrastructure. With the main goals of the former CAP fulfilled other functions have come more to the forefront such as nature and landscape conservation, recreation and water management. The debate now is whether these 'public goods' should be turned into marketable commodities as a strategic approach to ensure their appropriate management. And if so, to what extent should these goods be paid for, on what basis and how, out of public funds and/or private funds?

If we, as society, value these goods and value agriculture as one of the principal actors to preserve them, we need to make sure that payments can compete with what a farmer can earn with agricultural production. *We therefore need a re-coupling, not to production and prices, but a direct payment system for real public services based on clear indicators concerning sustainability, nature, animal welfare, human health and spin off for the rural community in terms of employment and viability. This payment should not be a compensation for income lost, as is now the case, but a real monetary reward for services provided.* In other words: it is wise economic policy to invest in these public commodities.

Secondly direct payments for public goods should in part be decoupled from individual farmers and be spent on an aggregate level, locally or if necessary regionally, not only because funds are and will remain scarce, but also because some measures will only have an effect on certain public goods when implemented on supra-individual or territorial level. Research on the effects of existing agro-environmental measures shows that to improve the quality of ground water or to manage certain habitats only a territorial approach will be effective. This also means that these payments should be connected to the land rather than to the farmer himself. Moreover farmers and other land managers operating collectively and cooperatively to maintain landscape and bio diversity are a far better partner to engage the general public than individual farmers. A recent Dutch study shows that the cost will be more than compensated by additional income from tourism and reduction in health care cost.

The future of the CAP: opportunities and threats.

It would be safe to say that the biggest threat to the future of the CAP is a political debate that would only consider budgetary arguments. We can conclude that the bulk of the CAP can be put to other uses. To call the CAP obsolete and outdated is one thing, to abolish it altogether would be extremely dangerous; we would lose a powerful instrument in manoeuvring and redirecting agriculture and rural development.

Indeed, the CAP budget highly risks erosion; budget shrinkage is already at work: its ratio on the European GDP amounted to 0,61 % in 1993, and fell to 0,43 % in 2003 and it will fall, on the basis of the decisions already adopted, to 0,33 % in 2013. Nothing proves that the last ratio will actually be defended until 2013. As time passes, the dissatisfaction will rise, in particular if these payments are not strictly associated with tighter cross compliance criteria and the supply of public goods or services. It can be expected that the situation will become untenable as 2013 draws closer.

The Fischler reform successfully broke the wall of previous opposition to any consistent change. This new political setting, strengthened by the fact that meanwhile we now have 12 new members, most of which still have a strong agricultural and rural basis, offers an opportunity to give the CAP new meaning and justification. Nonetheless, the cornerstone of the recent reform, the Single Farm Payment System will need some fundamental revising; it is the time bomb under any future CAP. A system that allocates, in the name of income support, the majority of the funds to a minority of farms that should be expected to be in a position to compete on international markets without subsidies anyway, is untenable. Direct payments should be re-coupled, but this time to support farmers to re-orientate production towards truly sustainable production systems, to more efficient use of resources, to further 'green' the CAP on the one hand and to the provision of non-agricultural, public goods and services on the other.

Farmers could try to find a comparative advantage in producing regional quality for nearby large markets, under the condition however that the Commission remains prepared to protect these added value products of origin both towards European consumers as well as in the WTO arena. Several European regions and farms will be able to continue produce the most standardized products with less support and still be competitive, but in many cases it will be necessary to change strategy and to re-orientate land use either towards non-agricultural functions (forestation, residential use, recreational services) or less extensive high quality products). If this were really going to happen, the Fischler reform could favour the spread of the European model of agriculture evoked by Agenda 2000 in a concrete way, based on quality enhancement, diversification and multi-functionality. The eco-conditioning of the Fischler reform would represent only a first step towards new and more explicit contractual solutions to pay for multifunctional services supplied by farmers. It is evident that Rural Development Policy will not obtain enough funds if the cost of direct payment policies is not re-directed. *The present size of modulation (5 % at the maximum level) is certainly too low. It is necessary to decide on an intensification of the modulation regime as soon as possible.*

As the Member States have implemented the SPS and further decoupling is likely, the budget for market support will drop to almost zero in 2013. Given the volatility of the markets this could prove to be disastrous. Food, sustainably produced and contributing to public health, is a need so obviously essential for our survival, that it can be considered to be a public good. Stabilizing markets through public intervention so as to give farmers some certainty on their income and on the other hand make sure that food is available for all consumers, will therefore always remain necessary and justifiable.

The fact the European population will hardly grow or even decrease over the next decades makes maintaining food security for our part of the world relatively easy, technically. For this reason alone we could take bigger steps in ensuring a more efficient use of resources in production. In the short term this could lead to a reduction in production quantities, but it would ensure production capacity in the long term. It will also lead to a competitive disadvantage in the global market in the short term but this is defensible in the international arena and towards the general public by maintaining a long term perspective.

Finally, what can be concluded at this point in time is that the CAP is becoming less common. Member States have the right to choose their own form of implementing the decoupled payment system, they can develop their own criteria for cross-compliance; they have their national envelopes, they are responsible for writing and implementing their own Rural Development Plans and for co-financing the Second Pillar. This 're-nationalisation' of the CAP is of course understandable and justifiable in the name of subsidiarity, but it is also a threat to cohesion. In short, the Commission is facing a Herculean task. The signs are that the Commission is just trying to make the CAP more efficient to keep expenditures within the limits of the budgetary constraints so as to keep the rest of the Commission and especially the Ministers of Finance happy, instead of starting a fundamental debate. But fear is not the best advisor and will ultimately further undermine the justification of the CAP.

Fundamental issues raised here in this book and by others elsewhere are not addressed by the Commission or if so, only marginally. Given the time needed to come to any agreement on any reform before 2013, the debate on such a new vision post-2013 should start right now, a debate that should question the original objectives of the CAP, question the still dominant free trade ideology in the light of the problems and challenges of tomorrow to come to a new, common, comprehensive and integrated European vision on agriculture, on farmers and farm employment, food, health, sustainability, bio diversity, land management, rural development and the city-countryside (inter)relationship; in fact to come to a new Treaty of Rome.

6 A re-evaluation of agriculture

The dilemmas of globalisation and liberalisations: synthesis

We realize that we have been critical concerning the processes of globalisation and liberalisation. That does not imply that we are opposed to either. We live in a globalised world and we cannot turn back the clock nor do we want to. The interlinking of economies and cultures can act as a powerful driver for economic development and welfare if governed wisely. Trade liberalisation can lead to a more efficient use of resources, to a wider and faster dissemination of the use of

technology and knowledge and give poorer nations and people the opportunity to reap the benefits of access to larger and more profitable markets.

We have shown, however, that this is not the case. Globalisation and liberalisation are not driven by ideals, but are essentially about making money, in which free trade serves as leverage for economic growth defined in very narrow monetary terms. Simple and basic economic notions are lacking in the debate. There is for example hardly any mention of the different price and substitute elasticities of various categories of commodities; especially agricultural commodities which react quite differently to changes in supply and demand than other goods or services. There is also no mention of the various types of markets that exist, each with their own characteristics. In this respect agricultural commodities have moved from local and regional markets with full competition to a global oligarchic market where a handful of agri-businesses and two handfuls of retail companies meanwhile dominate global supply and demand. The debate lacks clear definitions of what subsidies and trade distortion are; it fails to make clear what the benefits of further trade liberalisation could be and to whom.

We have demonstrated that there is no such thing as the invisible hand that reigns or could reign over markets and that the notion of comparative cost should be approached in an extremely cautious manner. We have also made clear that the notion of a level playing field is not being addressed properly as it is usually narrowed down to production criteria. Other and more important aspects such as tax regimes, infrastructure investments and research programmes are disregarded.

The debate is especially lacking a basic distinction between goods that serve to satisfy basic needs and commodities that serve endless wants, a topic to which we will return at the end of this chapter.

From this critical position we have tried to put the discussion in the context of some of the main problems that face the world, problems whose solution is critical for the survival of mankind.

We have started with the UN's number one priority, the eradication of poverty, or rather the challenge to overcome poverty in a sustainable way. A dilemma that is crucial for farmers as they still constitute one third of the world population and 75 per cent of the world's poor. We have made clear that globalisation and liberalisation do little to reduce poverty, evidence shows that most of the poor are even worse off and the gap between the haves and have-nots has become wider.

As our second dilemma we have confronted the expanding world population with the question of sustainable production: can we feed 9 billion people sustainably in 2050? We have demonstrated that the globalised does not meet demand as it is primarily looking for demand that has buying power: when a new demand emerges for bio-fuels the market delivers rapidly.

Subsequently we have dealt with the energy crisis which unfolds in two ways, in terms of climate change and the approaching end of the era of mineral oil. Agriculture as one of the main emitters of green house gases, could become one of the main victims of the expected effects of climate change, but is also considered as a sector that could provide a part of the solution, though biofuels does not seem the right way to go.

Finally we have posed the dilemma of food against bio diversity and landscape.

We have demonstrated that globalisation and the free market have fuelled and reinforced the destruction of biodiversity and nature, facilitated by governments that have conveniently forgotten to integrate these costs in their economic models so as to be able to boost their economic growth and welfare to keep their voters happy. We are now at a point in history when we ourselves are also feeling the negative consequences of this short term strategy. We can no longer fool ourselves into believing that we can do without nature or can control it at our will. This is especially true for agriculture, not only as it is the biggest consumer of resources, such as land, water and energy, but also since agriculture can fulfil a vital role in reconnecting food production with a sustainable management of natural resources.

A new approach for the WTO

Therefore we need to come up with a new approach to globalisation and liberalisation, neither a retreat into protectionism, nor an unconditional opening up. As markets have acquired a global dimension the actions of public authorities and collective institutions must be exercised at this level. The WTO is in crisis. There is a shift in the geo-political balance, which is a good thing. Liberalisation itself is increasingly questioned by mainstream institutions and governments.

To put it bluntly: if it cannot be demonstrated that WTO negotiations will lead to a better economic position for poor countries and especially poor people, we should be against it; if there is no

evidence that WTO negotiations will result in a more sustainable use of resources we should be against it; if further liberalisation of trade leads to even more emissions of green house gases, we should be against it; if WTO negotiations do not improve the position of labourers according to ILO standards we should be against it; if WTO negotiations do not help farmers to acquire a better position, especially small scale subsistence farmers, we should be against it; if WTO negotiations do not result in a better and more democratic position of developing countries, we should be against it. The leaders of the world should start a process in which the established international bodies of WTO, UN, World Bank and IMF, all of which are more or less in crisis, join forces and find a common denominator.

One of the main principles that should be the starting point for this joint approach is to not give priority to further liberalisation as such, but to start with the UN Millennium Goals and to ask at each goal what the current impact of trade liberalisation is and subsequently whether or not trade liberalisation can contribute to achieving the goal at hand. *In this context it is obvious that priority should be given to an approach in which the right to install any food security measures is accepted, as well as the right to regulate markets in a way that enables food supply and price stability, to ensure a decent standard of income for farmers, to respect the need to protect, maintain and manage natural resources in a sustainable way, to promote the economic and social vitality and viability of rural areas and to adopt standards to ensure that consumers will be guaranteed sufficient, healthy food.* In this context developing countries should also be allowed to form multi-lateral economic unions similar to that of the European Union.

Also the principle of what we call 'trade subsidiarity' *should be introduced*, meaning that the WTO should concern itself only with international trade and not mingle with local and regional production and trading. *The WTO's role in regulating international trade should be limited to establishing and enforcing general rules for fair trade and competition and to preventing and combatting abuses, such as export dumping, to setting minimum standards for protection of the environment and animal rights and to helping producers and nations meet and control these standards, allowing them a certain transition period.*

This will also entail a revision of the definition of dumping, which should be defined not as selling on the world market at a price below domestic price but instead as selling at a price below production cost, including social and environmental costs. It will also mean ensuring that the social and environmental value of products is respected through UN controlled international standards defined on the basis of ILO conventions and environmental conventions. A system of labelling could help ensure that these standards are respected and that consumers are encouraged to 'green' their buying behaviour.

Greening the WTO

According to many environmental groups '... the WTO is creating the path for the rapid destruction of our global resources and the plundering of local economies...' (1991 tuna-dolphin ruling, 1998 ruling refusing to prohibit of shrimp imports from countries not mandating technology to protect sea turtles, etc). The trade rules and compliance mechanisms through the Dispute Settlement Body of the WTO have time and time again proven to be stronger and more effective than the requests regarding the protection of the environment.

One mechanism to green the WTO, apart from the aforementioned institutional integration of the WTO into the UN, is to integrate minimum environmental standards as part of the product specifications and as a legitimate argument to put trade barriers in place. These standards should also be applied to the Least Developed countries, providing that the Trade-Related Technical Assistance for LDC's is expanded to also include technical assistance to be able to comply to these environmental standards.

Also, there should be no barrier based on free trade arguments to support agriculture or other land users to provide for public goods. This type of support to protect the quality of air, soil and water, should be accepted as Green Box measures without any limits what so ever.

Finally, accepting a wider group of stakeholders into the WTO negotiations, green NGO's and concerned citizen's organisations for example, would also help to bring environmental issues up to par with economic priorities.

The CAP and beyond: towards a new vision and new policies

The CAP is questioned.

The CAP could be compared to a house that needs maintenance. The question is: should we renovate and redecorate the old house once more or should we start thinking of a completely new house, foundations included?

The world in which we live is no longer the world which gave birth to the Common Agricultural Policy in the 1960s, nor even the world which saw the most recent CAP reforms. It is clear, as the old vision no longer applies to the new reality, that we need a new policy based on a new vision and shared principles. In short: a new Treaty of Rome. Without a fundamental reform the CAP will lose its public mandate and will undoubtedly fall prey to the Ministers of Finance, who will concur with the Commissioner's Goubraskaite's vision that the CAP has become obsolete.

Another disadvantage is the inequality between regions. The recent enlargement with 12 new Member States has also more than tripled the number of farmers, from 5 million to over 15 million. At the same time the already rich diversity of production systems, types of farms and farmers, landscapes, stages of development has increased enormously. A phenomenon that we thought to be almost extinct within the 'old' Union, subsistence agriculture, is now again a substantial reality. These very small scale farms are not or are only marginally connected to the market, but still play a vital role in rural areas. As these farms are usually not eligible for 1st pillar CAP support, an exodus from these rural areas is already evident. On the other hand a new type of large scale farms has emerged in which the former communist farms have been bought up mostly by private investors. Under the reformed CAP and the rules applying for the new Member States, they will receive the largest part of the first pillar payments under no other condition than to keep the land available for agricultural production. Then there are the differences in rural areas, thinly populated in most parts, but densely populated when near large urban areas. Both types are important, but require specific support policies.

Last but by no means least; we need to consider the public legitimacy of the CAP. It is not only the financial experts that doubt the legitimacy of the CAP: ESPON, the European Spatial Planning Observatory Network concluded that the CAP has had three major spatial consequences:

- it is using up more space than is justified in a liberalised market,
- the CAP has caused farms to become larger
- products have been grown that would not have been produced or produced to a lesser extent without European subsidies, such as sugar beets. ESPON concluded that the CAP was not coherent with Europe's own cohesion policy: "CAP Pillar 1 support does not support territorial cohesion. with higher levels of CAP expenditure being strongly associated with more prosperous regions". So, even in this respect the CAP is being questioned. Even after the Health Check proposals will be implemented, a major part of 1st Pillar support will go to a small minority of large scale farms. Consumers and citizens should be regarded as an integral part of agricultural policy; not only to criticize it, but also to be held co-responsible for it.

Something old, something new: Goals for the future

What are at present the goals of the CAP?

The trend in the CAP, reinforced in the current Health Check proposals, (reduce support and increase competitiveness through further liberalisation) will put farmers' incomes even more at the mercy of the market and especially at the mercy of the agri-business and retail industry, while at the same time farmers will see the cost of production increasing as a result of tighter criteria for environmental protection, animal welfare and food safety as well as higher cost for inputs as energy, fertilizer and feed. Moreover the rise in consumer prices do not always reflect an equal rise in off-farm prices as a large and growing portion of the added value ends up in other parts of the food supply chain.

A more fundamental question for European policy however is whether or not the incomes of farmers should remain part of an agricultural policy or rather that it should be integrated into the European cohesion policies for the relatively poorer member states and be left to national policies in the wealthier member states.

The old goal of stabilisation of markets meanwhile seems a thing of the past in the era of liberalisation but this is a dangerous attitude and the Commission should be held to account.

As regards the new goals of the CAP: Rural Development was originally aimed at supporting marginal rural areas, but over the years its scope has expanded to include, in principle, all rural areas. This has led to situations, comical to some, perverse to others, in which under the heading

of the CAP member states that have the highest GNP per capita in the world have received European funding for creating bicycle tracks, maintaining libraries in villages and supporting local football associations. Though we do not deny these communities their right to facilities and we fully support the bottom-up approach that has been made key in the Rural Development policy, one may wonder whether they should be funded at all, and more specifically whether or not this should be part of an agricultural policy.

More recently two other types of objectives have come to the fore, one that does relate directly to food production (ensuring food safety, combating animal diseases, promoting (regional) food quality and healthy diets) and one that has to do with the management of resources (air, water, soils, biodiversity).

Lastly, the Union now represents its members in global trade negotiations.

It is in this extremely complex setting that we have to consider new approaches and lay the foundations for new policies.

In addressing the Commission we are in fact addressing its members to show more of the old spirit that characterised the political leaders that originally proposed and set up the European project.

What is most lacking is a new and coherent European vision, which can bridge national conflicts of interest, inspire and unite today's and tomorrow's generation of political leaders and can act, again, as a role model for the world. A vision in which not 'jobs and growth' as such are the predominant objectives, but one in which the notion of sustainable development will be the first and the last item, the starting point and the final measure for success for each policy and therefore also for a new and still common policy for agriculture, resources and countryside.

From new goals to new policies

We all know that eventually we will have to let go of the CAP. The CAP even in its revised and re-revised form will not be able to stand the test of time; it is still too much of an instrument of the past and not a tool to help face the challenges of tomorrow.

What alternative policies could we think of to reach our new common objectives?

A European policy for sustainable food supply and consumption

Food, not agriculture, should be at the heart of a future policy that should take the place of the CAP. This allows us to take the whole food supply chain into consideration, from the inputs used in agriculture to grow raw materials and the position of farmers in the supply chain to the food on the plate of the consumer.

Government intervention at a European level is necessary with respect to maintaining some of the instruments to secure food supply and to stabilize markets. We should be very cautious in abolishing instruments like setaside, production quota and stock management altogether. The Commission should rather choose to have them ready for use as anti-cyclical measures in times of need. Food is regarded as a public good, so this should not be a debate among Ministers of Finance, but of the Commission and the Council as a whole.

The position and functioning of the agri-business and the retail industry should come under public scrutiny as well. The proposal by the European Parliament to start research in this field could be a valuable first step.

Moreover a system should be developed to truly ensure sustainable production methods throughout the supply chain and for all sectors. Farmers should in the first place be rewarded for improving the efficiency in the use of inputs, such as energy, fertilizer and feed, and for improving soil fertility and reducing output that is harmful to the environment, such as carbon, methane, pesticides and minerals. As we have demonstrated in the previous chapter, the current cross compliance system is unsuitable to achieve sustainable production for a number of reasons.

A strong incentive that would encourage the reduction of inputs would be to green the tax system by allowing member states to burden unsustainable inputs with a higher VAT rate and to favour sustainably produced commodities by means of a lower VAT rate.

One thing is clear, the direct payment system is simply untenable in the long run, even in a 'flat rate' scenario; it will favour farmers that receive payments over those that do not, it will still favour meat producers over vegetable growers and it is not encouraging producers that are not entitled to direct payment to produce in a more sustainable way. Any support system should in our view be based on an approach in which all farmers that succeed in improving the sustainability from Good

Agricultural Practice to Better Agricultural Practice to Best Agricultural Practice should be rewarded. The same should apply to other parts of the chain: the food industry, they should likewise be encouraged to reduce their inputs in energy for transport and processing, and its waste outputs such as carbon emissions and packaging material.

Encouragement can be established by installing investment and research programmes and by greening the tax system. It will make some products more expensive, notably meat. Such an approach, in which all costs of production, processing, transport and trade are integrated in the market price, could also be used as a communication instrument towards the consumer, to help them distinguish between more and less sustainable production systems

Another important aspect of this new food policy is the quality of food products. At the end of the Second World War, the main objective was to produce enough food. Today, the Common Agricultural Policy is mainly prioritizing food safety issues, much more emphasis should be put on different types of quality. One of Europe's main assets is its cultural diversity. This is also reflected in its diversity in local and traditional products of origin and culinary traditions. Consumer concern expressed in the 'Slow Food' movement should be backed up by European policy. This could imply that a different set of quality and sanitation standards is needed in order to maintain quality products that are anchored in tradition. The fact that these largely localized systems can also contribute in reducing food miles and carbon emissions should act as an additional incentive for policy makers to go further than the current system of merely labeling.

Lastly, this new policy should also concern the relationship between food and health. Obesity and other diet related diseases are increasing at an alarming rate, especially among children. To bring food and diet related health issues into this new food policy will have major implications. It will involve more and new stakeholders and require new forms of cooperation between different policy departments at all levels.

We are aware that to say goodbye to the CAP in its old form and to embrace a sustainable food supply and consumption policy would mean a breach with the past. A careful transition strategy will have to be put into place to enable producers to adapt and modernize in this direction; time is also needed to involve the other stakeholders in both the development and execution of such a policy.

A European policy for a sustainable management of the countryside and rural resources.

To be fair towards the European Commission we admit that the process of industrialisation had already started in pre war times. It had started at the end of the 19th century, already causing damage to soils, water, landscape and bio-diversity. But the CAP in the first decades of its existence has accelerated this process. The Nitrate Directive, the Water Directive, Natura 2000 and the recently adopted Soil Directive, introduces after years of debate and even longer periods of implementation, are evidence of attempts to address these consequences at European level. But the damage had already been done. All over Europe landscapes have been dramatically altered to accommodate new and more efficient methods of farming, hundreds of thousands of kilometres of hedge rows have been cut down, ancient meadow lands have been converted for maize cultivation, millions of hectares of peat soils have been used for fuel, causing the loss of landscapes and eco systems that had evolved over hundreds or thousands of years. What is left of its huge cultural heritage and its vast variety of unique landscapes are Europe's Unique Selling Points. The countryside harbours a multitude of resources; both natural resources and resources that could be used to provide a large and growing number of goods and services for society such as recreation and health.

We need a coherent policy for the sustainable management of the countryside and rural resources. More coherence is needed between the different DGs but also between the different levels of governance. Lower echelons usually have a more territorial perspective on agriculture and the countryside. The existing diversity in rural areas requires a tailor made approach in which the interests of all stakeholders are weighed and considered. For these areas a strict rural policy is no longer sufficient; the future of the countryside is so closely tied to urban developments, that in these peri-urban regions we need an integrated rural-urban approach. Urban sprawl in most cases has a negative effect on nature and landscape., It also implies higher per capita energy consumption. But even if people stay in the cities, more land is needed. We have to re-connect citizens with agriculture and rural communities; make them realize, understand and accept that their wellbeing depends on sustainable agriculture producing safe and healthy food and

maintaining a viable, attractive countryside. The Union has a role to promote this for example, by integrating rural and regional development policies in which there is more room for programmes and projects aimed at integrating the urban and the rural world. What is needed is an integrated approach towards what could be called the management of rural resources, both natural and societal. Such an approach would offer the development of tailor made local strategies to assess valuable resources to be maintained and/or developed, and a system to 'market' and reward the management of resources and the goods and services connected to them. From this perspective we should also take leave of the notion of Less Favoured Areas, which can in other respects be More Favourable Areas. We should reward farmers for producing in these areas. The payment system should take the form of long term agreements. Probably agreements with groups of farmers will yield far better results and a better guarantee for long term management.

In the Rural Development Regulation 2007-2013 there is one axis intended to support and promote competitiveness in agriculture; one for the implementation of agri-environmental schemes and one on improving the quality of life in rural areas. (The integration of the Leader-programme, though valuable as this methodology has proven to be in shaping and executing a bottom up strategy for rural development, adds an extra dimension to this myriad that together is supposed to constitute the framework for Rural Development for the next programming period.)

Above we have made a case to integrate policies for agriculture and rural areas in a different way; a comprehensive policy for food supply and consumption on the one hand and an integrated policy concerning the multifunctionality of the countryside on the other.

The third and last tier concerning rural areas is an approach to quality of life issues that will support the Union's overall Cohesion Policy.

For reasons mentioned above rural development with regard to the quality of life should be integrated into existing cohesion policies. This would result in decoupling the financing of the Second Pillar from the First Pillar and would also imply that the richer members receive less European funding for this policy. The integration of this aspect of Rural Development into the wider Regional Development approach would also allow areas that are under urban pressure to integrate urban and rural development. These peri-urban fringes, too often and too long regarded by spatial planners as future urban development areas, fulfil a vital role in maintaining open spaces around cities and at the same time in providing a multitude of goods and services, both public and private, for urban consumers, citizens and policy makers.

The European Project is founded on the premise that a unified Europe and a single market will bring us lasting peace and prosperity. The notion of cohesion, in which richer members, via the Union, invest money in poorer members, is key to its success. The new approaches proposed by us could still have a common, in the sense of European, dimension, but not in the old top down sense of the word, but as part of a truly integrated approach to agriculture, food and countryside.

The future of agriculture; towards a re-evaluation

If there is anything we want to make clear with this book then it is the plain and simple fact that when looking at some of the major issues for the world of tomorrow, we need a re-valuation of the role of agriculture and therefore of farmers. In the liberalisation debate within the WTO, but also in the CAP reform debate, we now approach farmers as entrepreneurs and as such urge them to become more market-orientated. So we should not be surprised to find that some of them actually do act as entrepreneurs, either by selling their farms to invest their money in more profitable Enterprises. or by making business decisions that do not comply with the multifunctional role we want to attach to agriculture. But, luckily for us, most farmers in essence are not entrepreneurs, even when they compete on international markets, which only a relatively small proportion actually do. They are not entrepreneurs but tenants of the soil and providers of our food, which is a public good. We must never forget, that the 'core-business' of farming is and should remain the sustainable production of food.

Nonetheless, the fact remains that agriculture is the only economic sector to provide both marketable goods and public goods. In that sense a lot is asked of agriculture and of farmers. It is therefore an outright scandal that agriculture has become marginalised in the public debate and is now threatened to become marginalised in policy as well. This is to a large extent due to globalisation that has disconnected production from consumption and producers from consumers,

to liberalisation as it regards agriculture a sector like any other and to the policies that have led to an image of farmers as living off tax payers' money and at the same time polluting our soils, water and air, mistreating their animals and destroying our landscapes. Thus the appeal of being a farmer -: working in an independent way in and with nature to produce basic good quality goods and services that are valued by consumers and backed by a policies that really support them- has been undermined

Again: on the needs and wants of society

We have shown that the market is very good in fulfilling the wants of society, but fails when it comes to satisfying basic needs, and that is the reason why government intervention is and will remain necessary.

Especially the Western world has a global moral obligation to reduce its ecological footprint and to help other regions of the world to prevent them from making the same mistakes. Instead of running around in desperate attempts to find quick fixes we should consider a new approach.

Moreover we should be prepared to cross the huge gap between what we expect from agriculture and what we are prepared to pay for it.

We have to debate sustainable production and sustainable resource management but also sustainable lifestyles. Citizens can exercise their democratic rights to evoke policy changes; as consumers they can use the power of the shopping bag to direct supply towards a more sustainable offer of goods. Politicians and policy makers should show the courage to put consumption patterns and lifestyles on the political agenda, an agenda on which currently the old notion of economic development and growth still prevails.

Ten questions for future debate

1. How will the changing needs and wants of society reflect on the functions of agriculture; how will this affect land use and landscape?
2. How will a more market oriented approach of agricultural production and the need to produce more efficiently to stay in the global competition affect land use in Europe?
3. More efficient production will mean a further decrease of farmers and farms in Europe. How will this affect the social and economic vitality of regions? How should the expected exodus of farmers, especially in the new member states, be managed?
4. If we agree that farmers are crucial for maintaining landscapes and for the vitality of the countryside and if this means to strive for maintaining the farmer's role in managing substantial parts of the countryside, how can enough critical mass be maintained to safeguard the management of the countryside?
5. What should be done to ensure alternative ways of land use and land management that are sustainable, both ecologically (environment, landscape, biodiversity), economically, socially and culturally?
6. What political room for manoeuvre is there to increase the effectiveness of existing instruments; what political means are there on the various levels of administration to develop new instruments to support farmers to adopt new uses for the land and/or to make use of the opportunities developments in markets and policies have to offer? More specifically how can the CAP and EU RD policy be redefined not only for but with the new EU members to prevent a devastating rural exodus?
7. What new ideas and examples are there in Europe in the form of best practices or could be developed to involve private parties (property investors, banks, and agribusiness) into the management of land, both by farmers or other stakeholders, and in the funding of new and sustainable ways of land use?
8. How should and how can world trade, especially in agricultural commodities, be governed to ensure that they will contribute to sustainable development?
9. How can the needs and wants of society be connected to the debate on sustainable development, sustainable agriculture and the multifunctional role of the countryside?
10. How can civic society become more involved into this debate and into assuming co-responsibility?