POLICIES

A NEW AGRARIAN POLICY IN GERMANY AND ITS CONSEQUENCES FOR THE SOUTH

Dr. Hans Schoeneberger

Rudolf Buntzel-Cano[1], *Hans Schoeneberger*[2] *and* **Thoralf Schulze*[3]

Thoralf Schulze

Sustainability has been one of the big buzz words of the last decade. The term was frequently used as a rather meaningless ingredient of many speeches; looking it up on *google.com* yields well above one million results, and it has even been used to sell cars. However, there is more to sustainability than the public relations agencies are aware of. Sustainability - the responsible use of resources in a way that they will not be depleted or permanently damaged and maintained for future generations - might well provide us with an opportunity to solve some of the most serious problems the world is facing today.

European agriculture had to cope with several severe crises over the past few years. The mad-cow disease led to a significant decline in the consumption of beef throughout Europe, its causes and means of transmission are still not completely understood. Farmers in England had to cope with an outbreak of the foot and mouth disease, the killing of hundreds of thousands animals was the only available means to contain the outbreak of the disease. These and other incidents considerably affected consumer confidence in agricultural products. Public outrage was followed by a debate on the state of European agriculture in general: the discussion went off stormily, and the industrial mode of agriculture prevalent in Europe was blamed for being at least partly responsible for the re-ccurrence of well-known epidemics and the appearance of new animal diseases. It became obvious that proceeding with "business as usual" was not really an appropriate strategy for any of the involved parties.

It is no coincidence that Renate Künast, German Minister of Consumer Protection, Food and Agriculture, stepped up her campaigning for the so-called *Agrarwende* (roughly translated as "new agrarian policy") subsequently to the outbreaks. By moving the focus of attention away from the producers towards the consumers of the produced goods, this new policy claims to be nothing less than a paradigmatic shift. As a result, food will supposedly be safer and of higher quality, and it will be produced in a sustainable and welfare-oriented way. The new policy is said to create new jobs, to bring added value to agriculture and to develop rural areas. It will promote organic farming and reward non-marketable services rendered by farmers. Quality instead of quantity will be encouraged; the consumers will have the choice to buy either conventionally or organically produced foodstuffs. Both modes of production will be made transparent and safe by the introduction of quality labels.

All of these transformations are supposed not only to take place in Germany, but throughout the European Community as well. If one assumes that the European governments will adopt this project without fundamental modifications, Europe's agriculture seems to be on a good way to become more sustainable.

The intended results of the policy change are quite coherent with the objectives of NGOs and social movements working on developmental issues in both the developing and the developed world. Sustainability, orientation on domestic markets and rural development - to name just a few - are important issues on their agenda as well as

*Corresponding author - Email: thoralf.schulze@gmx.net

[1]Commissioner for World Nutrition of the German NGO Evangelischer Entwicklungsdienst (EED).

[2]Advisor, Nutrition and Food Security of the GTZ (German Agency for Technical Cooperation).

[3]Collaborator for the Food Security Program of the GTZ.

ends of the new policy. It seems like the introduction of the Agrarwende does have a justification, even when being judged on the high moral and ethical standards NGOs are advocating.

But some questions arise, and one of them is of utmost importance for developing countries: what are the consequences of the Agrarwende for the South? Will developing countries be able to draw profit from the intended change in European agrarian policies? Are there any unintended and maybe even negative side effects of the Agrarwende, and if so, how can they be dealt with?

Regarding its impact on developing countries, the most important elements of the Agrarwende are its intentions to reallocate agricultural subsidies according to social and environmental criterions and to reduce surplus production in Europe. These two issues are interconnected: the latter will be a direct result of the first.

There is an annual increase in the turnout of agricultural products in Europe of about 2 to 3%. New agrarian technologies and the indebtedness of many farmers (forcing them to increase their production to keep up with the installments) are partly held to be accountable for this growth, but the main reason are most likely the subsidies given to European farmers during the 1980s and 1990s. These subsidies were issued mainly without regard to real demands, and excess production was the logical consequence - beef and butter mountains and lakes of milk and wine materialized. Exporting the surplus out of the European Union at subsidized and sometimes even dumping prices was regarded as a reasonable way to deal with the excess production. However, by doing so, the world market was significantly distorted. Developing countries could not keep up with the sagging prices; their modest chances of selling locally produced goods on the world market were further diminished.

The problem had been admitted, and with regard to the Agrarwende, improvements are on the way. It is planned to move financial assistance away from supporting the production of agricultural products towards ecological services rendered by the farmers. Speaking in WTO terms, the new policy would reduce the amount of amber and blue box measures and increase the extent of the green box. A shift like this is going to remove the most serious discrimination developing countries are facing on the world market today; it would definitely be of assistance to them. Moreover, part of the funds released by the reallocation of subsidies is proposed to be used as fresh money for development programmes.

However, not everything is just fine. Since there is a shift towards a more sustainable and ecological agriculture at the core of the new policy, the goods produced by farmers under this new paradigm will have to meet certain standards like quality characteristics, proof of their origin, certificates for processing and so on. There are, however, some catches associated with the introduction of such criteria. The certification of agricultural products is one example: trusted institutions capable of supervising compliance with the new norms are being established in Europe, but who will ensure the same in the developing world? Moreover, while it will not be easy for farmers and producers in Europe to fulfil these conditions, it might be hard or even impossible for people in developing countries to accomplish such norms. Local production methods must be taken into consideration: they will have to be certified by equivalent standards. Finally, the criteria themselves must be of a non-discriminative nature: nothing would do less good than arbitrary standards imposed upon the south by the north on the grounds of its standards of living and cultural specificity.

Another issue requiring further discussion is fairness in international trade. There is an attempt to re-organize subsidies embedded in the framework of the Agrarwende, but it discounts questions like the deficiencies of the WTO system, market access by smallholders, the discrimination of environmentally friendly produced goods on

the free market and a possible sealing-off of European markets for products originating in developing countries. A new agrarian policy that effectively prevents equal market access for products on the grounds of their origin would be highly counter-productive.

The intended reduction of subsidies has a downside, too. It is feared that financial grants will still exist within the framework of the new agrarian policy - from this point of view, shifting subsidies from one box to another does not abandon them, but merely conceals their existence. Moreover, on the assumption that reducing subsidies will result in decreasing surpluses and possibly higher prices for foodstuffs on the world market, it is possible that the volume of emergency food aid may drop significantly.

It can be concluded from these and other issues that the *Agrarwende,* while hitting the spot in attempting to make European agriculture more sustainable, is not yet in accordance with the concerns of developing countries. There are several open issues that must be dealt with, otherwise the *Agrarwende* could once again become an instrument of discriminating the developing world.

As a result, a "non-discriminatory setting of standards" which would make the Agrarwende more compatible with development policy objectives is highly recommended. An approach to these standards would be based on a multilateral consultation process. The findings of this process - perhaps a good mix of a global law harmonization, a multilateral framework convention, private labelling of voluntary measures and state-protected certification - should receive immediate international recognition, and there ought to be technical and financial assistance to ensure that the developing countries achieve the standards. Establishing the standards requires a participatory process with a strong involvement of developing countries and a balanced mix of civil society organizations. Finally, the standards to be established should recognize equivalent standards and production methods, treat similar goods equally, and ensure transparent implementation and inspection.

Introducing such non-discriminatory standards is paramount to guarantee fair and equal preconditions for trade and development all over the world. To avoid yet another round of structural discrimination of the developing world, the concept of the *Agrarwende* definitely needs to be amended in this sense.

Further reading

1. Buntzel-Cano, Rudolf: Agrarwende für uns - wo bleibt der Süden?! Bonn: Forum Umwelt & Entwicklung, 2001

2. Künast, Renate: Germany's Ideas about a new European agricultural Policy. (Speech given on the Occasion of the International Conference "Where next for European agriculture?"). http://www.verbraucherministerium.de/reden/ministerin/2001-07-17-germanys-ideas-about-a.pdf