

EU farm ministers agree on reform

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BRUSSELS, Belgium: European Union agriculture ministers agreed Thursday to further reforms of the bloc's farm handout programs, to better compete in global markets and improve the chances of reaching a global trade deal.

The accord was announced after all-night negotiations on a slew of reforms meant to leave decisions on production more in the hands of farmers themselves rather than those of bureaucrats.

It does not reduce the size of the program — \square 53 billion (\$67 billion) per year — which is fixed in the EU's five-year budget plan, but ministers did agree to shift away from direct handouts to farmers by diverting cash to projects promoting rural development, food quality and environmental protection.

EU Agriculture Commissioner Mariann Fischer Boel said the compromise reached would improve the 27-nation bloc's ability to compete with rival agricultural powers like the United States, Australia and Brazil.

"The (reform) is all about equipping our farmers for the challenges they face in the upcoming years, such as climate change, and freeing them to follow market signals," she said.

French Farm Minister Michel Barnier, who chaired the negotiations, said there was "virtual unanimity" on approving the reforms, which are the largest the bloc has undertaken for five years.

Officials said that Latvia and Britain said they opposed the compromise but did not call for a vote.

Key measures in the deal include the end of rules that forced crop farmers to set aside 10 percent of their land due to overproduction, and a gradual increase of milk quotas up to 2015, when they are to be totally scrapped.

Rules are also being changed to allow national governments more flexibility to decide which agricultural sectors should get special aid.

Handouts to bigger farm holdings will also be reduced in an effort to protect and promote family farms. While all farmers will see cuts to subsidies, operations that currently receive more than \square 300,000 (\$380,000) in annual handouts will lose 14 percent by 2013, whereas smaller operations will only lose 10 percent.

Fischer Boel had proposed much larger subsidy cuts, but her plan was opposed by France, Germany and some ex-communist countries that have many large farm holdings.

"For me, the result of the (reform) is a success overall, even though not all of our wishes were fulfilled," said Ilse Aigner, Germany's agriculture minister.

The reforms also cut the areas where the EU can intervene to prop up market prices, notably in pork production. Such rules will stay in place for wheat and for certain dairy products like butter.

Barnier said the measures were interim and would lead to a further review of the bloc's farm policy by 2013, when the EU has to agree on a new five-year budget plan.

The EU spends about 40 percent of its budget supporting 13 million farmers even though they represent less than 3 percent of its population. Britain, the Netherlands and Nordic members have called for the EU to shift its spending priorities to high-tech research rather than subsidizing Europe's shrinking farm sector.

During negotiations at the World Trade Organization, the EU has often come under pressure because of its subsidies to farmers and has been forced into gradual change.

The EU five years ago shifted away from subsidies directly linked to production, which was seen as a cause of past overproduction that distorted prices on world markets.