

## 'Kiechle and Kohl defend the agricultural compromise' from Frankfurter Allgemeine Zeitung (23 May 1992)

**Caption:** On 23 May 1992, the German newspaper Frankfurter Allgemeine Zeitung examines reactions in Germany to the Council Decision, taken two days earlier, to introduce far-reaching reforms to the Common Agricultural Policy (CAP).

**Source:** Frankfurter Allgemeine Zeitung. Zeitung für Deutschland. Hrsg. FACK, Fritz Ullrich; FEST, Joachim; JESKE, Jürgen; MÜLLER-VOGG, Hugo; REIßMÜLLER, Johann Georg. 23.05.1992, n° 120. Frankfurt/Main: FAZ Verlag GmbH. "Kiechle und Kohl verteidigen den Agrar-Kompromiß", p. 13.

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## Kiechle and Kohl defend the agriculture compromise

### **‘Substantial cuts in income for German farmers avoided’/Vehement criticism from farmers’ associations**

K.B./now. BONN/BRUSSELS, 22 May. The now approved European agricultural reform is being defended by Chancellor Helmut Kohl and Agricultural Minister Ignaz Kiechle as a compromise which may well have saved German farmers substantial cuts in income. Thanking Mr Kiechle for his role in leading the negotiations, Mr Kohl said on Friday that the Federal Government had managed to secure in the Council of Agriculture an incomes adjustment which ought in large measure to make up for price cuts. The safeguards attaching to the incomes adjustment scheme were such that farmers could have confidence in the new arrangements. Mr Kiechle assured the farming community that he had continued in Brussels to resist drastic price reductions. And in a situation in which he was alone on the price issue, with the Commission and eleven Member States ranged against him, he had managed in another area to win quite a lot of ground for Germany’s farmers. In contrast with the Commission’s initial intentions, a fair special arrangement had now been agreed for the new Länder.

Kiechle and Kohl are also calling the compromise a fair input for the continuing GATT negotiations. On his return from Brussels, Mr Kiechle made it clear that the incomes adjustment and the external protection on which EC had also agreed could not, and would not, be forfeited in the course of those negotiations. He did not feel he had to offer any apologies for his negotiating result. The German Farmers’ Association, on the other hand, accuses Kiechle of having departed from the basic consensus between the Federal Government and farmers’ representatives, namely that farm incomes should come primarily from farm sales and not from state income transfers.

The German and European Farmers’ Associations are terming the decisions a total change in the present arrangements, to the detriment of farming. The German Farmers’ Association predicts severe structural damage across entire regions as a result of the price reductions. The farming sector as a whole would, on this view, be left dangling on the string of direct payments from the state. According to the German Raiffeisenverband, the cuts in cereals prices were every bit as serious as had been feared.

The speaker on farming policy for the CDU/CSU, Egon Susset, talks of painful concessions on cereals but also of acceptable compromises for other agricultural products and of the opportunity for a new start. Kiechle himself has drawn attention to the particular difficulties of farmers whose activity is confined to grain production. As Kiechle indicated in response to questions, a figure of 3 % would, under the current cereal price reduction rules, continue to apply until 1 June 1993; this would however, with the new decisions, be immediately offset by the cancellation of the co-responsibility levy. Under the new regulations, there would be provision for price recovery through external protection against cheap imports, by cuts in output levels by withdrawing land from cultivation and the introduction of extensive farming, and by greater conversion of cereals into fodder.

In contrast to the farmers’ associations, the participants in the marathon session in Brussels were broadly positive in their assessment of the outcome of the negotiations. The agriculture ministers and EC Commissioner Ray MacSharry thought it likely that the compromise would contribute to a successful conclusion to the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). MacSharry said the EC could now go into the continuing negotiations with head held high; if the American Government now indicated a readiness to make corresponding efforts, there would be no problems with international trade disputes. But despite the confidence so expressed, it was clear that a number of obstacles had yet to be overcome on the way to an agreement.

France’s Agriculture Minister Louis Mermaz appeared entirely satisfied with the reductions in grain and beef prices decided in Brussels. This outcome could only strengthen the competitive position of efficient French farm undertakings both within the EC and in the world market. EC farming experts in Brussels indicated on Friday that in view of the good harvest expected this year, it could safely be assumed there would be a significant increase in grain stocks (currently standing at some 24 million tonnes) in the

upcoming 1992/93 farm year. The decisions taken in respect of beef would even, in the longer term, permit a further rise in the beef surplus mountains (currently amounting to some 900 000 tonnes), since below a particular price level there would continue in the future to be no volume restrictions on intervention purchases.