

1. Introduction

Germany's agricultural policy has protected small family farms through such means as supporting high prices, providing preferential tax measures for farmers, and various kinds of direct payments. Both agri-environmental policy and farm-structural policy have been implemented as federal and state 'common tasks' within the budgetary framework peculiar to Germany, causing occasional confusion with regard to the policy target. Discussed herein is farm-structural policy in Germany since the 1970s, followed by the EU-wide development of the agri-environmental policy since the 1980s. Finally, the direction taken by the agri-environmental policy in Germany from the 1980s to date, through Common Agricultural Policy (CAP) reform and 'Agenda 2000,' and related issues are discussed.

2. Farm-structural Policy in Germany

In 1973, the farm-structural policy (including farm investment aid programs and compensatory allowance for LFA: less-favored areas) was implemented in former West Germany under 'common tasks for the improvement of farm structure and coastline protection' within the state and federal governments' common budgetary framework. While structural change in former West Germany was ongoing, a dual structure of individual farms and corporations remained in former East Germany. The basis for the protection of family farms, which had been so significant in the 1980s, had to be changed.

3. EU Agri-environmental Policy since 1980s

Consideration for the environment in the EU's agricultural policy was first noted in the 1985 EU Regulation 757/85 on the efficiency of agricultural structure. Article 19 of this regulation provides that special aid (environmental payment) be given to farmers in environmentally sensitive areas (ESAs). The second change began in 1993 with the MacSharry Reform, which urged the introduction of environmental payment in areas other than ESAs according to EU Regulation 2078/92. The third change was Agenda 2000, wherein the idea of cross-compliance was introduced, which allowed farm aid to be provided on the condition that

'good agricultural practices' were implemented.

4. German Implementation of Agri-environmental Policy and Related Issues

German agri-environmental policies were introduced in the mid-1980s. Although initially operated under the 'common tasks', some states such as Baden-Württemberg and Bavaria (Bayern) now finance the policies solely through the state government and EU, setting standards for their environmental payment independent of the federal government.

As CAP is reformed to be more market-oriented, the target of both LFA allowance and environmental payments are going to be restricted. In practice, however, farm income in LFAs is still supported by both the LFA allowance and environmental payment. According to government farm accountancy data, the income deficit of farms with LFA allowance compared with those outside LFA is actually decreasing, although it temporarily increased after the 1992 CAP Reform. In the Bavarian case, farm income in mountainous areas is higher than that of non-LFA areas in 1998 (Fig. 1). This is because the state government introduced a grassland premium in the same year as a part of state's agri-environmental program (KULAP), on the ground of farmers union's request and EU Commissioner's assistance.

Since Agenda 2000, the decision of whether to promote either environmental payment or farm investment aid has been left to each state government. In Germany, the difference in financial expenditure between the affluent southern states and the poorer northern states has increased. Comparing the total budget for 'Rural Development' along with EU Regulation 1257/99 for the period 2004-2006 among states, southern states put relatively greater emphasis on agri-environmental measures (Article 22) than northern and eastern states (Table 1).

Moreover, there have been strategic attempts to combine environmental payment with regulations for natural resource conservation or water source protection as seen in Baden-Württemberg. It is worth noting that some researchers are concerned that even issues that should be regulated on a national level, not left to individual farmers' free will, will be neglected.

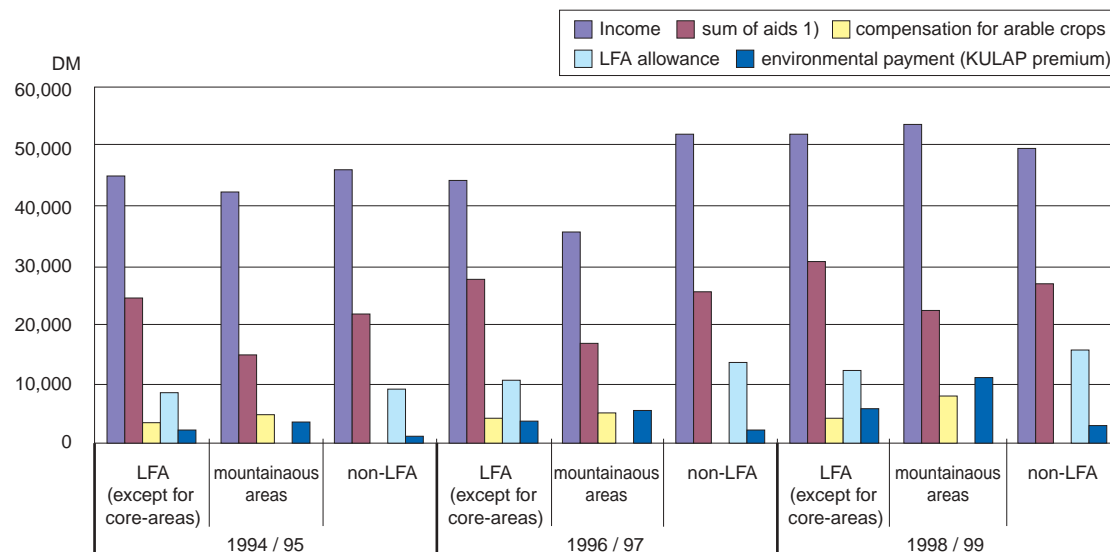


Fig. 1. Income change of farms mainly earning from farming by area categories (Bavaria)

Source: Bayerischer Agrarbericht (every annual report).

Note: 1) These include gasoline tax reduction, interest subsidy, investment aids, premium for bull and suckler cow, set-aside premium.
2) In order to avoid complication data on core-areas are omitted.

Table 1. Budget Plan for 'Rural Development' along with EU Reg. 1257/99 by States (2004-2006)

	former West Germany						former East Germany					all states		
	northern states					southern states								
State name (abbreviation)	SH	NI	NW	HE	RP	BW	BY	SL	BB	MV	SN	ST	TH	
Total sum of budget except for forest measures (EU, federal government,states government)														
Total (euro/ha)	125	73	79	122	171	251	287	151	170	108	238	179	224	174
Ratio by programs (%)														
A: promotion of competence	20	33	28	23	27	20	37	14						
B: rural development	71	41	16	26	32	24	26	33						
C: environmental measures, compensatory measures	10	26	56	50	39	56	36	53	37	28	38	18	35	36
Agri-environmental measures (Article 22)	8	25	41	32	23	42	24	33	23	16	28	14	23	25
: of which measures for nature protection	63	17	27	32	17	10	16	21	26	60	17	40	30	18
Budget for agri-environmental measures (Article 22)(euro/ha)	10	18	33	39	39	104	70	50	39	17	67	25	51	44

Source: Osterburg, Stratmann (2002, p. 265).

Note: Program A: investment aids, aids for young farmers, occupational education, processing and marketing of agricultural products
Program B: all measures mentioned in Article 33 (land consolidation, village renewal, environmental protection etc.)
Program C: LFA compensatory allowance, agri-environmental measures, promotion of early retirement

5. Related Publications

Ichida, T. (2004) *Agricultural Policies for Less-favored Areas in European Union: Focusing on Germany*, Research Monograph Series 5, PRIMAFF.

Ichida, T. (2004) Direction of Agri-Envir-

onmental Policy in Germany and Related Problems, *Nogyo Mondai Kenkyu (Journal of the Rural Issues)*, 56: 1-12.

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An Analysis of Agricultural Training System Corresponding to Various New Entrants

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1. Objective and Method

Due to the increasing of new entrants to agriculture from non-farming households ("new entrants"), the training system has been enhanced. This training system, however, does not correspond to various types of farming, which range from full-time farming to noncommercial farming.

The purpose of this study is to examine

the ideal training system for new entrants, considering management-oriented systems and life-oriented systems. For the last year I concentrated on the former type, and analyze the training program using data from questionnaire analysis into farming of new entrants. For the current year I shall deal with the latter type and consider a farmwork program for beginners.