

EU eastward enlargement

Comments of the Agriculture Commission (Brussels - 11 September 1998
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Undoubtedly the greatest challenge facing the European Union in the coming years is the accession of countries of Central and Eastern Europe. Apart from its enormous economic significance, this enlargement involves major social, security and cultural issues. An important factor to bear in mind is that a Union, including countries from Central and Eastern Europe, gains worldwide in terms of political weight.

1. Timing of the enlargement

ELEC works on the assumption that the only countries admitted will be those that are able to satisfy the criteria defined at the Copenhagen European Council * and that the accession process will follow the so-called "strategy for enlargement" laid down in "Agenda 2000". ELEC is pleased that the EU Commission does not presently envisage a global solution but proceeds by taking into account the specific conditions in the individual applicant countries and envisages differentiated transitional regulations. The start of concrete membership negotiations with Estonia, Poland, Slovenia, the Czech Republic, Hungary and Cyprus is a step in the right direction, as is the reinforced pre-accession strategy. In this connection, the so-called "Accession Partnerships" play an important role. They underline EU's political will to admit new members and help the applicants to adjust to membership criteria.

ELEC gives preference to a sufficiently long preparatory stage over a hasty admission of countries which have not yet reached the required standards. This approach helps to limit the difficulties expected both in the EU and in the applicant countries. Too early accessions might produce "shock effects" and social distortions. They would create incalculable risks and might increase the negative attitude to the EU's eastward enlargement, observable in parts of the population and could destabilise the political systems of the applicant countries.

For the above reasons, ELEC regards adequate preparatory measures in agriculture as in other sectors, as indispensable, in order to enable the future member countries to achieve the following goals:

- 1. create** a legal basis for the implementation of market systems, ownership and ownership transfer of real estate, agricultural credit schemes, abolition of monopolies and for the adoption of EU legal provisions regarding environmental protection, animal health and protection, plant protection, nutrition standards and food quality, product description, etc.;
- 2. establish** effective producer organisations and co-operatives, private and public warehousing facilities, market administration and supervision institutions, in order to implement and enforce pertinent EU-legislation;

* - Institutional stability guarantee of a democratic system under the rule of law, preservation of human rights and respect and protection of minorities.
- Ability to enter into the obligations involved in EU-membership and to identify with the objectives of a political, economic and monetary union

- 3. restructure** and modernise agriculture and the processing and marketing sectors at the company level (e.g., through promotion of independent private enterprises); and
- 4. create** conditions for agricultural products to be increasingly used for energy generation and as raw materials in the manufacturing industry.

In the effort to achieve these goals, the applicant countries are in need of adequate assistance by the EU.

2. Financing the enlargement

Original estimates of the financial demands on the EU were based on the simultaneous accession of 10 Central and Eastern European countries (CEECs). As concrete negotiations now have been limited to the 5 CEECs deemed eligible for accession in the near future, the burden on the EU budget will be significantly lower until 2006. The costs will depend on the new members' effective time of accession, and on the conditions and duration of the transitional regulations.

In any case, the following aspects should be borne in mind in the question of support to agriculture:

CAP premiums for crops and cattle were intended as a compensation for price reductions and thus for income-losses suffered by farmers in actual member states. Payments, provided for in Agenda 2000, are intended for the same purpose. However, at least for CEECs entering the EU before 2006, price increases are generally to be expected (e.g. for cereals and animals). As rising market prices in such countries would generate higher incomes for farmers, it is ELEC's view that this refutes a major argument for such compensatory payments.

Furthermore, ELEC deems that extending CAP premiums to farmers in CEEC would give them an unjustifiable competitive advantage over EU farmers and could negatively impact the social symmetry of these countries as other groups, faced with rising prices for basic foodstuffs, have no prospect of getting income-effective payments.

Should new members be accepted before 2006, ELEC regards it as appropriate to finance the pre-accession assistance provided for in Agenda 2000, not from EU's agricultural budget but from other sources, such as structural funds.

3. Transitional regulations

Agenda 2000 provides for transitional regulations in several cases. Among the problem areas mentioned are the free movement of labour and agriculture. ELEC regrets that the nature of such transitional regulations is not yet specified. In the second part of Agenda 2000, dealing with agriculture, there is a statement that due to the structural weaknesses in agriculture and in food industry and due to the prospective price differentials transition periods must be taken into consideration, in order to alleviate the shock of price adjustments. ELEC observes some inconsistency with other statements concerning the implementation of the Single Market, in particular with the envisaged requirement for all other areas of the immediate abolition of internal border controls.

ELEC sees the capacity for integration of the individual CEEC at the time of accession as the determinant factor for the extent and the duration of such transitional regulations. At that time the then existing price-differences should be taken into account, as well as remaining divergences in social, quality, environmental and animal protection standards. A Single Market Regulation, entering into effect immediately, might lead to unbearable

competitive distortions in the labour market and in other economic areas. Furthermore in order to keep the financial costs of financing the enlargement under control, ELEC deems there is a need to provide for reasonable transitional regulations for the agricultural sector.

4. Summary

The integration of CEECs into the EU is of unquestionable political significance, but will exercise enormous institutional and political pressures on the EU. Many EU citizens, but also of the applicant neighbouring countries, feel apprehension, regarding the eastward enlargement of the EU. ELEC urges governments not to neglect such existing reservations. The important factor will be again how fast the enlargement will take place and under which conditions.
