

Key issues in the agricultural enlargement negotiations

John Mc Clintock
DG Agri Information Conference
March 2004, Sofia

Structure of presentation

- Negotiations
- Issues
- Preparing to implement the CAP
- The future

Negotiations - the context

- Rather different agricultural sectors – capital endowments, structures, the need for restructuring
- Recognition that CAP reform had to continue

Negotiations – principles 1

- Full acceptance of the actual and potential rights and obligations attaching to the Union system – the acquis
- Application of the acquis as it stands at the time of accession

Negotiations – principles 2

- Either side may feel that more time or a special arrangement is required
- Transitional arrangements must be
 - Exceptional
 - Limited in time and scope
 - Not lead to significant distortion of competition
 - Accompanied by a plan to apply the acquis

Negotiations – principles 3

The setting of entitlements provided by the CAP –

- quotas,
- base areas,
- reference yields,
- ceilings for premia for livestock

Negotiations - overall result

- The new Member States will apply the agricultural acquis from the first day of accession
- There is no general transition period for agriculture

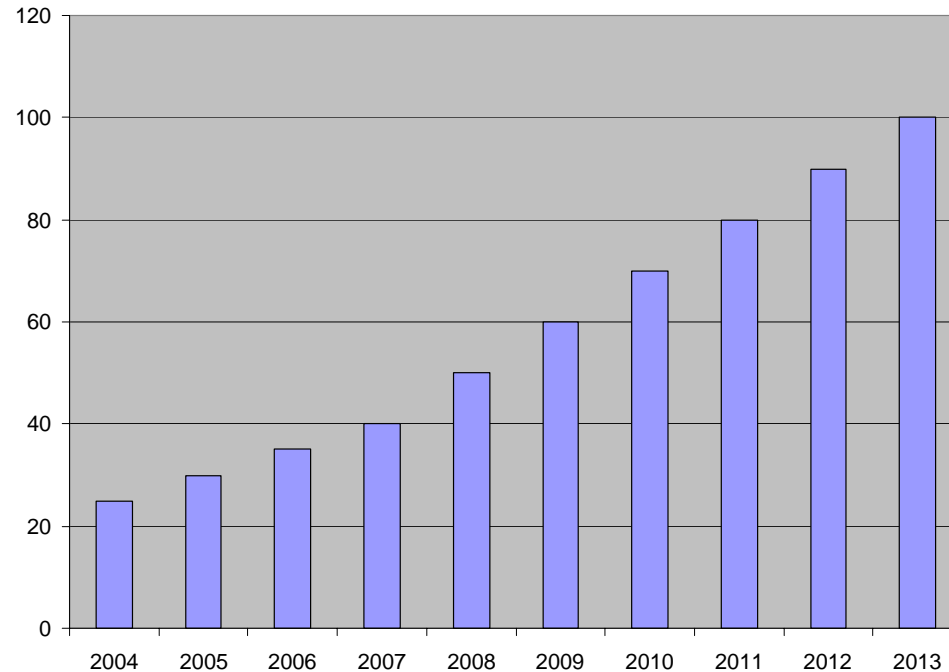
Issues

- Direct payments
 - level
 - administration
- Agricultural land and forests
- Quotas, base areas, reference yields
- Issues arising from CAP reform

Direct payments - level

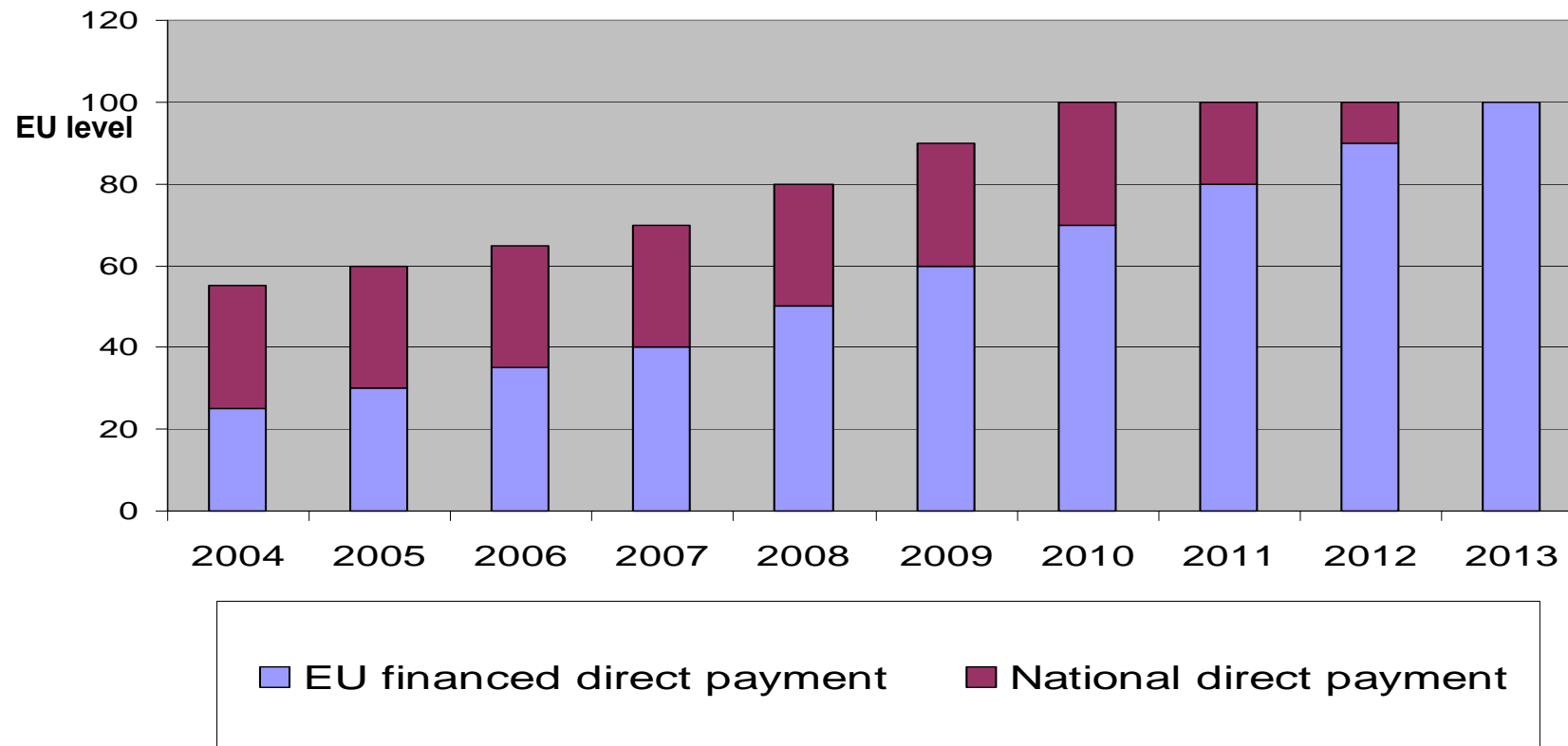
- Direct payments will be phased in over ten years

EU level



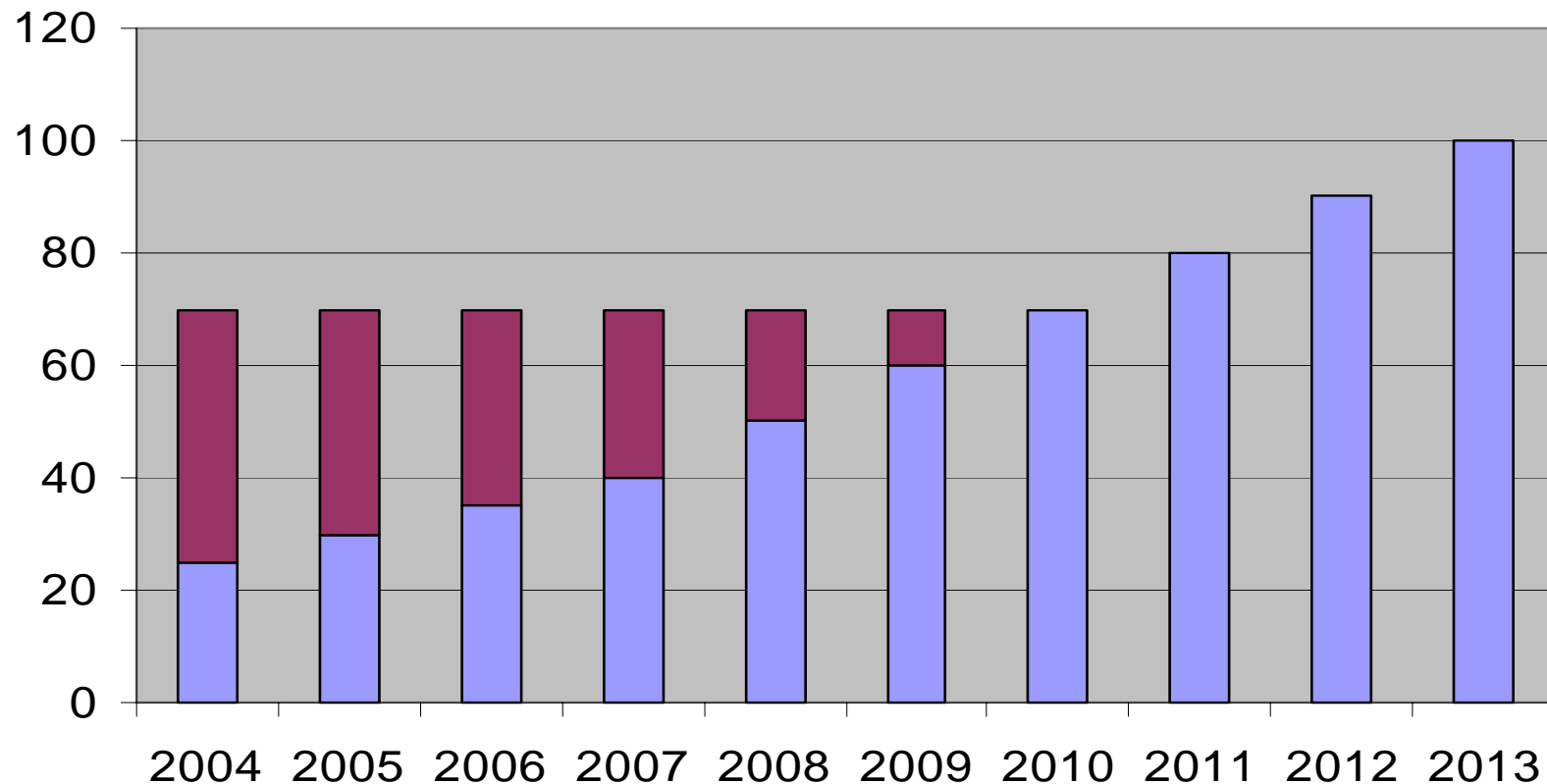
Topping up - first option

- New member states can top-up the EU direct payment by a maximum of 30%



Topping up - second option

- up to the level that applied before accession + 10%
- not higher than EU level



Administration of Direct Payments

- The classical method of administering direct payments is relatively complex
- For this reason Commission proposed the Single Area Payment Scheme

Agricultural land and forests (1)

- CZ, EE, HU, LT, LV and SK are granted a 7-year transitional period (with the option for 3-year extension) during which they may ban sales to foreign persons
- Poland is granted a 12-year transition period

Agricultural land and forests (2)

- Nationals from EU25 who want to establish themselves as self-employed farmers will be excluded from the scope of transitional arrangements
- They will have equal right to acquire agricultural land

Production quotas, base areas

- The method: average production during a recent period taking into account exceptional circumstances such as natural disasters, the Russian economic crisis
- This was the principle used in previous enlargements and when the quotas, etc. were originally introduced

CAP reform

- Adopted by Council September 2003
- Applies from 1 January 2005, with exceptions
- Applies to all 25 Member States with adjustments and exceptions for the new Member States

Single Payment Scheme

- In principle is sum of the individual direct payments that the farmer received 2000 – 2002
- But direct payments were not paid in NMS
- NMS can apply using the regionalisation option
- Or can opt instead for the Single Area Payment Scheme

Cross compliance

- For MS applying the Single Payment Scheme
 - Statutory management requirements
 - Good agricultural and environmental condition

- For new Member States applying the Single Area Payment Scheme
 - Cross compliance with the statutory management requirements is optional
 - The respect of good agricultural and environment condition is a requirement

Modulation

- Becomes compulsory from 2005
- Concerns farms receiving > 5 000 € per year
- For such farms, payments are reduced by up to 5%
- The money goes to rural development
- For the NMS modulation will not apply until direct payments reach EU levels

Financial discipline

- Ceiling on expenditure for 2007 – 2013.
- If ceiling exceeded spending on direct payments will be reduced.
- For New Member States, financial discipline will not apply to those direct payments subject to phasing-in until the level has reached the EU level

New direct payments

- Nuts and energy crops
- Milk direct payments brought forward to 2004 from 2005 and are higher than foreseen under Agenda 2000
- Phasing – in? applies to all direct payments introduced before 2013

Which system of direct payments?

	2004	2005	2006	2007	2008	2009
Classical	15 MS Malta Slovenia					
Single Payment Scheme				15 MS Malta Slovenia	15 MS Malta Slovenia	15 MS Malta Slovenia 8 NMS
Single Area Payment Scheme	8 NMS					

CAP reform – second wave

- Proposal is currently discussed in the Council
- Table olives, olive oil, hops, cotton and tobacco
- Proposed entry into force 2005
- No implications for NMS

Preparing to implement the CAP

- Administrative infrastructure required
- Phare programme
- Twinning and Peer reviews
- Regular Reports

The future

Bulgaria and Romania (1)

Brussels European Council, December 2003

- Welcoming Bulgaria and Romania in January 2007, if they are ready, is the common objective of the Union of 25
-the Accession Treaty...signed as soon as possible in 2005

Bulgaria and Romania (2)

Brussels European Council, December 2003

- Negotiations will be concluded on the same basis and principles applied to the ten acceding States
- All chapters have been opened, BG closed 26, RO closed 22
- EU Common Positions for Chapter 7 currently in preparation

Turkey

Copenhagen European Council, Dec 2002:

- “If the European Council in December 2004, decides that Turkey fulfils the Copenhagen political criteria, the European Union will open accession negotiations without delay”

Brussels European Council, Dec 2003:

- Noted the progress made and reiterated its support for the pre-accession process.

Croatia

- February 2003 applied for membership
- April 2003 Council requested Commission to issue an Opinion
- Commission is expected to adopt its Opinion by end March

Beyond enlargement...

Copenhagen European Council, December 2002:

- EU to enhance relations with its neighbours
- avoid drawing new dividing lines in Europe
- promote stability and prosperity on both sides of the new borders

Western Balkans – Stabilisation and Association Agreements

- Croatia – SAA 2001
- Bosnia-Hercegovina SAA feasibility study concluded
- Albania – SAA under negotiation
- Former Yugoslav Republic of Macedonia – SAA 2001
- Serbia and Montenegro – SAA feasibility study in progress

The former Yugoslav Republic of Macedonia

- Is intending to deposit an application for membership

Wider Europe (1)

- Russia, Western NIS – Ukraine, Moldova, Belarus
- Southern Mediterranean – ten countries
- The neighbouring countries are essential partners for trade, political stability, functioning rule of law, exchange of human capital, ideas, knowledge and culture.

Wider Europe (2)

Brussels European Council October 2003:

- to take forward this New Neighbourhood Initiative
- to ensure a comprehensive, balanced approach, including a financial instrument,
- to promote cross-border and regional/transnational cooperation on the external borders of the enlarged Union.