



Meeting of Energy and
Environment Committees, 21 January
2008

Meeting of the COSAC
Chairpersons and the Troika, 18
February 2008

Meeting of Defence Committees, 3
March 2008

Meeting of Foreign Affairs
Committees, 17-18 March 2008

Meeting of Cultural Affairs
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Meeting of the XXXIX COSAC, 6-8
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Meeting of Agricultural Affairs
Committees, 2-3 June 2008

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Substantive issues for discussion Djordjević

Positions of the Western Balkans on the Common Agricultural Policy

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During the past decade, Western Balkan Countries have made a remarkable progress in agriculture and rural development, yet the region still faces major challenges in improving economic performance, governance, and quality of life. Being rich in natural resources (before all land suitable for agriculture and valuable biodiversity), as much as in long traditions of the private farming and production of some widely recognized products and brands, the region has good chances to develop fast. The prerequisite is to manage to increase the competitiveness of its farming sector and food industry, upgrade to the modern food safety standards, and escape from the extensive farming highly dependent on weather conditions and use of natural resources. All countries in the region have decided to enter the Stabilisation and Association Process and trade agreements to speed up these improvements, re-establish regional trade, and bust rehabilitation of food chains. However, most of them (except Croatia, which is much more advanced in the process of EU accession) are still struggling to really start improving.

While failing to establish suitable institutional set-up (B&H for instance still have no state ministry responsible for agriculture and rural development, most of the countries in the region still lack functional modern legislation and strategic and planning documents, almost no country is ready for multi-annual planning, etc.), most countries are still trying to achieve mild changes while running the old agrarian policies, in fear that radical changes might make unstable political systems fall apart. All countries in the region have access to financial assistance to build capacities, however their capability for absorbing it is too low. Adequate sustainability assessments, strong analytics, etc. are still not the characteristic of the agro-policy in the region, and policies are preferably created on a short-term basis according to the actual political needs. For that reason, exposed to the accession process, the countries in the region often just copy-paste the existing EU legislation and programs rather than opting for a gradual, creative, and locally suitable adoption. In most cases, changes in legislation and programs are not followed by reality checks or implemented measures, but pending for the country to become eligible for EU funds to start living since national budgets are very small (financial support to agriculture and rural development is rather small, except in Croatia and Serbia where agrarian budgets are much higher than the average of the region). The agrarian policy is too often changed, varying due to the political instability and unpredictable dynamics of EU accession.

Nevertheless, all countries of the Western Balkans and SEE have gained valuable experience in the process of accession, due to the achieved different status in that process. The existence of such diversity of experience on a relatively small area with common history and almost no language and cultural barriers represents an advantage for exchanging the lessons learned and sharing advice within the region. To foster the process of using this advantage and start working together, in a manner comparable to the cooperation between EU Member States, the governmental institutions responsible for rural development in respective countries and territories of the SEE have established the Standing Working Group for Regional Rural Development in SEE countries (SWG). The SWG provides a platform for exchange of experience and mutual assistance in the field of agriculture and rural development, and aims to ensure a close and permanent cooperation in order to accomplish the common policy of integration with the EU. The SWG is intended also to keep the historical memory for overcoming political changes, preventing further loss of the momentum and repeated mistakes, which too often occurs in the region. Almost all countries of the SEE except Greece have joined (recently Romania and Croatia, while Turkey is expected to join soon).

The opinion on CAP in the region is by default positive given the intention to join the EU, however most of the countries in the region have not elaborated their positions on the CAP in as much detail as the scenarios for the accession and its effects (it was not the topic of any of projects financed by AP instruments so far). Therefore, most of the countries in the region see CAP as a not just moving, but a too distant target, considering their own capacity to deal with the necessary changes for adopting it. Yet, declaratively, all countries in the region agree about the priorities which will, if done, make them adopt CAP easily:

1. Institutional capacity building for creation and implementation of the development programs on the national and local level. Professional and technological modernization of agriculture for joining regional, European and worldwide integration processes. Creation of adequate informational base for valid, scientific and professional interpretation of the situation in agriculture and rural areas.
2. Harmonization of legislation and food safety standards with the EU
3. Increase of production and competitiveness
4. Improvement of the living conditions in the rural areas, including development of financial markets, support to establishment of producers groups and cooperatives, upgrade of diversification in agriculture products processing sector and strengthening of the horizontal and vertical links between all stakeholders in agriculture and rural development, and strengthening of the knowledge transfer systems

Event calendar

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According to the SWG discussions, the main objectives of agricultural policy in most Western Balkan countries will remain security of food supplies; environmental security - on the other hand - is still considered too "fancy" for developing economies (although all intend or experiment with the axis 2 type measures). This goes in line with the ultimate goal to prevent the accession process from worsening the economic position of agriculture in respective countries. However, requesting more roles in securing adequate food supply and managing prices by the government contributes to the countries' continuous lagging behind.

Only the largest and most successful farmers understand that securing food supply and making agriculture more sustainable is equally important and interrelated, and therefore requires huge investments and innovations. For most of the farmers, however, the most important factors affecting their ability to respond to the increased demands placed on them is access to financial resources (subsidies, incentives, etc.) Access to technical resources (farm inputs) is positioned lower on the list and access to technical capabilities (training) seems to lag behind even more, although moving up.

Most of the fears faced by the farmers and policy makers in the region are connected to the ability to achieve the required competitiveness with available financial means. Countries in the region are still not sufficiently capable to facilitate access to credits for farmers and rural business. Most of them also have weak advisory and extension services to enable farmers move in the right direction. The need to modernise them will not be covered by the pre-accession instruments. That means that the governments in the region should be more proactive to find other sources of assistance (IFI, bilateral assistance, etc.) to be able to provide adequate support to farmers and better utilise IPARD in future. Building the necessary structures and partnerships with the social partners and engaging the local level as much as the upgrade of the central level with better coordination of international assistance throughout the region is crucial for multiplying the effects of development assistance, as well as to help covering gaps and preventing overlapping (including avoiding the virtual effect of being "over-consulted" - a phenomena observed by SWG members in the region).

The awareness about the need to diversify rural economies is also lagging behind in the region. Most of the countries will stubbornly continue the tradition of producing all agricultural products the land can hold, no matter how economically justified, for the sake of providing self-sufficiency in food. They are reluctant to introducing the idea of agricultural diversification and rural economy, mainly due to the thorough analysis of gross margins. Fertile grounds for diversification may be found only in areas where agriculture is actually creating wealth and provides sufficient income to support local economies, instead in the marginal areas where it is a prerequisite for survival (due to differences in education of the local population). Too many expectations are connected to the introduction of tourism as a single option, while other types of non-agricultural activities, services or processing are not that much of interest. Irresponsible promotion of this option is often part of the political propaganda, which is glorifying national natural resources, culture and tradition of rural areas offering fast recovery through tourism or by selling "healthy products". This might lead to the inflation of such initiatives, and consequently cause failures and disappointments in implementing the axis 3 measures.

In the region, the opinion is that the current objectives of the CAP would adapt to the specific interests of the new member states in the future; however this legitimate wish is just a declaration – it is not articulated and it is not clear which major changes are expected, and whether there is any chance for them to be adequately justified. Responsible people for AP in most of the countries in the region still do not understand the substance of the existing CAP to be able to suggest its upgrade for its own sake. Some of them still do not understand the difference between CAP Pillar 1 and Pillar 2 measures, and do not see any reason and relevance for rural development to play a bigger policy role. What is clearly seen is that implementing CAP is a problem when there is no legal possibility for multi-annual planning of budget for instance, or not enough employees in the administration, or there is a lack of understanding and willingness of the governments to introduce radical changes in constantly moving political realities. Moving shooter + moving target = mission almost impossible.

Possible questions:

- How CAP will deal with the threat of developed economies pushing developing countries to the edge due to the mass engaging their land for energy crops production?
- How are the comparative advantages of the Western Balkan agricultures seen within the future enlarged EU?
- Which experience from the last two rounds of EU enlargement is relevant for the Western Balkans, and what will eventually change after the experience with Romania and Bulgaria with regard to the negotiation process with the countries in the region?
- What is the EU position on the further development of measures and instruments for the development of the mountainous areas within the CAP? (Supposing that the Agricultural Commissioner Ms. Mariann Fischer Boel already received the invitation for the Agro-Policy forum of the SEE countries which will be held in Montenegro in October with the main topic of the Forum - development of mountainous areas).
- Is there a chance to provide financial assistance to foster Western Balkan regional cooperation in order to speed up the accession in agriculture and rural development? It seems that the EU has a regional approach to the Western Balkan countries in their accession, yet unfortunately the EU instruments for enhancing regional cooperation in the SEE are rather ineffective in terms of applying the regional cooperation amongst the common people with the everyday problems. (An example thereof is the successor of the Stability Pact initiative i.e. the Regional Cooperation Council (RRC) based in Sarajevo where there is now even the seat of initiatives such as SWG, which promotes rural development). This would mean that regional cooperation is still on the agenda of high political structures (Presidents, ministries of foreign affairs) and not really a reality show of the people living along the border lines. How to facilitate cooperation on the technical level between the EC i.e. DG Agri and the initiatives such as SWG for regional rural development in SEE?
- SWG members are expressing concern that the EU is rather unfair about the requirements imposed to non-member countries, considering the effect of the assistance provided. By constantly changing rules, it seems impossible to ever join in a proper way (and not just following the political decision), and certainly not for the benefit of both sides. Is it possible and how to speed up and improve EU pre-accession assistance to make the CAP moving target move in more digestible way for the Western Balkans?

