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Agriculture and Rural Development

Agriculture and Enlargement



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Key agricultural issues in the
accession process

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Content



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Steps on the road to EU



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- **Association agreements** (Europe agreements, Stabilisation and Association Agreements,...): liberalisation of trade between EU and the country is one of the main objectives
- **Application for Membership** (followed by Commission Opinion and Council decision)
- **Screening process and Accession Negotiations**
- **Treaty signature and Ratification**
- **Accession!**

Copenhagen criteria related to agriculture



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- **Economic:** existence of a functioning market economy and the capacity to cope with competitive pressure and market forces within the EU (including clear property rights, functioning markets, price liberalisation and macroeconomic stability).
- **Acceptance of the Community *acquis*:** ability to take on the obligations in agriculture and rural development (e.g. Agricultural policy formulation, payments and control, market mechanisms, Community Rural Development programmes).

Monitoring



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- **Yearly Progress Reports** structured according to the **Copenhagen criteria**
- DG Agriculture and Rural Development focuses on the ability of candidate countries and potential candidate countries to carry out obligations from **agricultural Community acquis**
- **Association and European Partnerships** identifying key priorities to be addressed by candidate countries and potential candidate countries

Challenges for accession



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- Agriculture and Rural Development is one of most sensitive negotiation chapters.
- Employs a large share of rural workforce.
- High impact on Community budget.
- Direct effect on income of stakeholders.
- *Acquis* very complex.
- High investment in administrative capacities.
- High investments for farms and industry (EU norms).

Main issues for accession negotiations



- Preparation for **implementation of acquis** (IACS, Paying Agency, Direct payments, CMO, Rural development)
- **Financial issues** (Direct payments, Market measures, RD funds)
- Modalities of direct payments, production quotas, recognition of geographical indications
- **Transitional periods** (e.g. Rural development, Quality policy, Organic farming etc.)

Administrative structures



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- Implementation of the Common Agricultural Policy (CAP) requires appropriate administrative structures.
- In some cases the *acquis* sets out specifications for the administrative structures.
- In many cases the *acquis* simply uses terms such as the “competent authority” - Member State to decide which institution is responsible.
- In practice, this is most often the Ministry of Agriculture or a competent authority under its responsibility, e.g. an agency. Nevertheless, the functions that EU Member States must have the capacity to carry out are clearly specified in the *acquis*.

IACS and Paying Agencies



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Integrated Administration and Control System (IACS):

- To guarantee that payments are carried out correctly;
- Control system limiting the risk of error or irregular CAP expenditure;
- Composition: computerised database; identification system for agricultural parcels and animals; a system of aid applications and payment entitlements.

Paying Agency

- Execution of CAP payments to beneficiaries;
- Tasks: check eligibility and authorise payments, keep the requisite documents, communicate statements to the Commission.

FADN and agricultural statistics



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Farm Accountancy Data Network (FADN)

- Provides an overview of EU farms economics;
- The FADN survey covers the entire range of agricultural activities on farms, plus non-agricultural farming activities (such as tourism and forestry).

Agricultural statistics

- Necessary for economic analysis and evaluation of European agriculture and rural development;
- Data collection: agricultural census; agricultural structural surveys; farm income surveys; other types of collection of agri-data.

Quality Policy



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Protection of geographical indications and traditional specialities

- To protect European farming methods and culinary heritage as well as maintaining the quality of products;
- Quality policy relies on quality indicators such as: Designations of Origin (PDO), Protected Geographical Indications (PGI) or Traditional Specialities Guaranteed (TSG);
- Registers for wine, spirit drinks and agricultural products and foodstuffs.

Marketing standards

- To demonstrate quality of the products, to describe their composition and characteristics and assure fair competition.

Organic farming

- A production method producing quality food products;
- Addressing concerns of environmental protection, food quality, food safety and animal welfare.

Common Market Organisation (CMO)



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- responsible for operation and development of the Community market for agricultural products
- since November 2007 - one single Common Market Organisation for all agricultural products

It incorporates provisions concerning:

- the internal market - public intervention, private storage, special intervention measures, quotas
- trade with third countries - licences, import duties, tariff quotas, special safeguard, export refunds, inward- and outward processing
- general provisions - communications, reporting, management committee

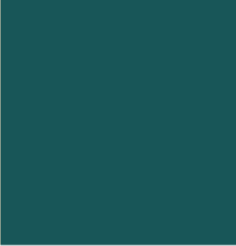
Common Market Organisation



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Getting ready to effectively apply the Common Market Organisation:

- focus on institution building within the **public sector**.
- **private sector** must carry out improvement of production, processing and marketing conditions.
- develop producer organisations to strengthen the competitiveness of the agricultural economy.
- introduce marketing standards and rules on presentation and labelling of products like those of the Community together with compliance with health and environmental standards.



Negotiation results New Member States (NMS)



■ Main aspects:

- ✓ **Direct payments** to be phased in over 10 years (25% in first year of accession, reaching 100% 10 years after)
- ✓ **Top-ups** (Complementary National Direct Payments)
- ✓ Simplified direct payment regime “**SAPS**” (Single Area Payment Scheme) applied by all NMS except Malta and Slovenia
- ✓ Agreement reached on **levels of production quotas**
- ✓ Significant **financial package for RD**
- ✓ Specific **transitional periods** for certain agriculture acquis limited in time (certain RD measures, CMO, Cross Compliance, Modulation)

Expectations and fears prior accession



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■ Expectations:

- **Restructuring and modernisation** of the agricultural sector;
- **Increase** the level of support for agricultural incomes;
- **Diversify** the forms of agricultural activity in rural areas **and improve** the trade balance for agri-food products;
- **Stability** of agricultural policy and markets.

■ Fears:

- Would the farms in NMS remain **competitive**?
- Would the NMS be **flooded** by products from EU-15?
- Would the Community financial support be **sufficient**?



Accession impacts



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- **Higher stability** of agricultural markets enabled **better planning**.
- **Increased transfer** to the agricultural sector, in particular **rural development**, helping to modernise farms and structures.
- Substantial increase of trade, both exports and imports.
- Improved **farm practises** and **environmental protection**.
- **Improved** food safety, veterinary and phytosanitary **standards**.
- **Although no significant changes of the unfavourable agrarian structure** (small size farms, lack of capital for investments), many small farms dropped off the market due to high production costs.

Priorities Potential Candidates



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- Build up administrative capacity at central and local level;
- Upgrade agricultural statistics (rural census);
- Create capacities for policy formulation and seek dialogue with stakeholder on European integration;
- Establish farm register, land cadastre and advisory services;
- Get a better understanding of the *acquis*;
- Prepare for future IPARD programme (incl. agency).

Priorities Candidate countries



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- Gradually align agricultural policy with the CAP;
- Build administrative capacity for future Paying Agencies and Managing Authority;
- Upgrade farmers, animals and land parcel registers and set up IACS (including LPIS);
- Gradually prepare for future application of the Common Market Organisation;
- Set up FADN;
- Liberalise trade with EU.



Regional cooperation



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- Integration in regional and international markets essential for development of the agricultural sector;
- Agriculture production also needs a regional coordination for reasons of environment, animal & plant health;
- Free trade agreements facilitate exchange of agricultural goods and cross border investments (e.g. CEFTA);
- Exchanges of lessons learned and advice is essential in the accession process.



Concluding remarks



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- Accession process has many stages and many requirements
- Enlargement countries face the challenge to modernize agriculture, design a new perspective for rural areas and at the same time to align with the EU
- **Individual countries are** in different stages of the accession process and they should adapt their strategies accordingly
- Negotiations on Agriculture and rural development are very demanding and sensitive
- **Impacts** of the last enlargement round in agriculture and rural development **are largely positive**
- Start early enough. Do things gradually to avoid « big bang »
- Commission is your partner in the process, **ready to provide support**



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Thank you for your attention!