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BRIEFING
ON
THE ACCESSION OF THE CEECs AND THE IGC
- agricultural aspects -

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These briefings have been drafted by the Parliament Secretariat Task Force on the Intergovernmental Conference. Their purpose is to gather together, in an organized, summary form, the proposals and suggestions which the authorities in the Member States, the Union's institutions and specialist commentators have put forward on the issues likely to be on the IGC/96 agenda.

Briefings will be updated as negotiations proceed.

Already out:

1. The Court of Justice
2. The Commission
3. The Court of Auditors, ESC and COR
4. Differentiated integration
5. The common foreign and security policy
6. The role of the national parliaments
7. The hierarchy of Community acts
8. Codecision procedure
9. CJHA
10. European citizenship
11. WEU, security and defence
12. Public services
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16. The Council of the European Union
17. The budget and the IGC
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24. The coherence of the external action of the EU under the first (Community) and second (CFSP) pillars
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28. Combating fraud
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32. European environment policy and the IGC
33. The common agricultural policy and the IGC
34. Civil protection and the IGC
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36. EU enlargement
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37. Employment and the IGC
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I. INTRODUCTION

The June 1993 Copenhagen European Council stated in its conclusions that the associated countries in Central and Eastern Europe (CEECs) that so desired should become members of the European Union (EU) once they satisfied certain conditions. The Essen and Cannes European Councils in December 1994 and June 1995, while confirming this decision, laid down a strategy for aligning the CEECs with the EU, and pointed out that accession of the associated states would promote peace and stability on the European continent. On the basis of this agreement in principle, the European Community is also proposing a strengthened and extended multilateral dialogue with the associated countries, which should touch on all matters of common interest and take place at all levels.

Although neither agriculture nor enlargement to include Central and Eastern Europe is officially on the agenda for the Intergovernmental Conference (IGC), these matters deserve special attention. The accession of the CEECs to the EU is undoubtedly a major challenge to the various countries concerned, and enlargement to include the CEECs, with their greater emphasis on agriculture than the Community average, and their being three or four times poorer, will have a considerable financial impact on the CAP which is also possibly to be reformed within the framework of the WTO.

II. POSITIONS ADOPTED BY THE INSTITUTIONS

2.1. Council

On 8 August 1995 the Council by written procedure adopted the Regulation on the adjustment as an autonomous and transitional measure, of certain agricultural concessions provided for in the European agreements.

The programme of the Dutch Presidency, presented at the part-session of 13-17 January 1997 in Strasbourg, also mentioned that the question of Community agriculture would be taken into account in relation to the enlargement of the EU to include the CEECs.

2.2. The Commission

In December 1995 the Commission submitted a White Paper on the preparation of the Associated Countries of Central and Eastern Europe for integration into the internal market of the Union, and communications on the applicant countries, backed up by a synopsis. In its initial form the White Paper dealt mainly with those aspects of agriculture

bearing on the free movement of goods and requirements regarding the placing on the market of certain products.

Then in December 1995 the Commission published a study of entitled alternative strategies for the development of relations in the field of agriculture between the European Union and the associated countries with a view to their future accession. The document set out to define the issues for the agricultural negotiations, stressing three main aspects:

- *Agriculture in the Member States*: the document emphasized challenges of the future: the diversification of rural economies, the promotion of new economic activities in rural areas and the creation of new sources of income;
- *Assessment of the impact of enlargement on the CAP*: accession of the CEECs would inevitably increase the diversity and complexity of the CAP. To avoid this hazard, the document recommended a radical simplification of the CAP, and stated that, to facilitate accession, the dialogue between the Union and the CEECs would have to be intensified with a view to drawing up specific, appropriate proposals;
- *The compatibility of the CAP with the common international system of multilateral trade under the WTO*.

On 23 November 1996 the Commission organized a seminar on the Agenda for 2000 to deal with enlargement and the future financing of Community activity. It pointed out that future financial resources would determine the terms of accession for the CEECs, especially in respect of agriculture. On this point the Commissioner with responsibility for the budget, Mr Erkki Liikanen, considered that maintaining a coherent common agricultural policy after enlargement was a challenge for the EU. More specifically, on 20 January 1997 at the East-West agricultural forum, organized as part of Green Week in Berlin, the Commissioner with responsibility for Agriculture, Mr Franz Fischler, said that some adjustment of the CAP would be inevitable in view of enlargement to include the CEECs. He believed that:

- the first enlargements were most unlikely to take place before the year 2003;
- if all ten Central and Eastern European associated countries joined at the beginning of the next decade under present conditions (i.e. with the CAP in its present form), the extra financial burden on the EU for agriculture would be of the order of ECU 12bn per year. The Commission is preparing a document for the Autumn which will analyse the impact of enlargement on all Community policies.

2.3. Parliament

On 17 May 1995 the European Parliament adopted a resolution on the operation of the Treaty on European Union with a view to the 1996 intergovernmental conference - implementation and development of the Union, on the basis of the Bourlanges-Martin report. On the subject of future accessions, Parliament reserved the right to make proposals pending the Commission report on the impact of common policies in the applicant countries (Part IV).

At the sitting of 14 December 1995 Parliament urged the Council to define a mandate for the IGC which took account of the priorities established by the European Parliament in its resolution. It also approved the position adopted by the Reflection Group, stating that to meet the challenge of enlargement, substantial reforms were required, and the proper implementation of existing European policies.¹

On the specific aspects of enlargement in relation to the CAP, the EP's Committee on Agriculture considered that a rapid alignment of the national provisions of the associated States with the principles set out in the White Paper governing the European Union's agricultural policy offered a real chance to reduce the imbalances affecting trade in agricultural products between the European Union and the countries seeking accession and for intensifying as of now trade relations between the associated countries.²

As regards the cost of enlargement, at its sitting of 13 December 1996 Parliament approved the resolution contained in the Rehder report on the agricultural aspects of CEEC accession. The resolution speaks of redefining a differentiated, cautious and circumspect approach. In other words, this approach lays stress on the following:

- Despite the widely-varying nature of agriculture in the CEECs it is vital that those countries share a vision of Europe and its aims to enable them to join the CAP. The latter has to be adjusted, but the applicant countries must, before the negotiations end, be aware of the main features of that adjustment to know which farm policy they are signing up for. Enlargement should not in fact jeopardize the level of aid to agriculture.
- Enlargement does not mean calling into question the present level of aid to the agricultural sector authorized by the Uruguay Round and should not reduce the competitiveness of European agriculture.

2.4. Positions adopted by the Member States

2.4.1. General considerations

Knowing that the CAP has not yet been completed, the Member States primarily wish to know how the agriculture in the associated States is to be incorporated. They stress the importance of the cost arising from enlargement which the reform of the CAP will have to bear. They also draw attention to the need to clarify, at Community and WTO level, the question of the increased output which should be the result of CEEC accession to the EU.

2.4.2. Belgium

A policy note from the Belgian Government to the Belgian Parliament (approved by the Council of Ministers on 13 October 1995) has been published, describing the Belgian Government's European policy towards the IGC. As regards enlargement, the note

¹ Resolution on the agenda for the 1996 Intergovernmental Conference with a view to the Madrid European council.

² cf. REHDER report - Doc. A4-384/96.

states that the Government believes that the Union has to adopt its operating methods in advance and that Union policies cannot be extrapolated as they stand.

Belgium also considers that:

- (i) the CAP is the product of vital solidarity and a basic system of balances within the Union and it is therefore imperative that the CEECs, as future Member States, adapt to this 'acquis communautaire';
- (ii) the IGC is not a forum for renegotiating the Union's finances;
- (iii) enlargement must not be regarded as tantamount to dismantling the CAP, but should rather involve the introduction of special transitional measures in the accession treaties.

2.4.3. Denmark

The Danish position is set out in the June 1995 report submitted by the Foreign Ministry. The Government recommended that the implications of enlargement should be examined during the IGC or in a parallel forum, but it also recognized that it was unlikely that this matter would be on the IGC agenda.

2.4.4. Greece

The conclusions of the government's interministerial committee held in Athens on 7 June 1995 state that enlargement should not be used as a cover for overturning the current set of balances within the European Union, especially as regards agriculture.

2.4.5. Spain

Spain produced a document entitled 'The 1996 IGC: points for consideration', devoted in particular to enlargement and drawing attention to the impact on the CAP. As a result Spain wishes to propose lengthy transitional periods (maintaining border checks), so as to avoid a situation in which enlargement is achieved at the expense of the Member States of the Union.

2.4.6. France

On the CAP the French Prime Minister, Mr Alain Juppé, on 23 May 1995 stated that he was in favour of retaining all its machinery during the forthcoming enlargements, which does nevertheless involve the provision of transitional periods for adaptation. A letter written jointly by President Chirac of France and the German Chancellor, Helmut Kohl, states that the IGC will be a crucial step in the future enlargement of the Union. It draws attention to the four main objectives of the IGC but makes no reference to enlargement or the CAP.

2.4.7. Ireland

There is no official Irish position on the link between agriculture and the CEECs in the light of the IGC. However, the publication of the white paper on the 1996 IGC during the Irish Presidency offers some indications.

2.4.8. Italy

In a communication of 23 February 1995 the Italian Government set out its position on the impact of enlargement on the IGC. It believed that tangible results had to be obtained at the IGC before new accessions were contemplated. It also stressed the fact that the CEECs should first progressively espouse Community standards. It was vital that the CAP be revised in the light of enlargement.

2.4.9. Luxembourg

In its memorandum of 30 June 1996, which was its first statement on the IGC, the government made no reference to the CAP.

2.4.10. Netherlands

In a note on the 'enlargement of the European Union: scope and obstacles', forwarded by the Government to the two Houses on 14 November 1994 and voted in plenary on 14 February 1995, the Netherlands stated in respect of the CAP and the structural funds that enlargement should not involve a substantial increase in the Dutch financial contribution to the Union.

2.4.11. Austria

The government announced its reservations on any discussion of CAP reform at the IGC. It has given no indication of its position on enlargement and its impact on the CAP.

2.4.12. Sweden

In a note of July 1995 on Sweden's fundamental interests with a view to the 1996 IGC, the Swedish Government considered the IGC to be a further stage in the continuing process of broadening and deepening the Union, and that it should not hold up other equally important projects such as the reform of the CAP and the enlargement negotiations.

2.5. Positions adopted by the associated states

2.5.1. General considerations

The first meeting between the Union and CEEC Ministers of Agriculture held on 26 September 1995 concentrated on the future of agriculture in the CEECs. On that occasion the Ministers of the associated States set out their positions on the impact of enlargement on the CAP.

2.5.2. Bulgaria

The Minister of Agriculture considered that a transitional period would first be required to allow Bulgarian agricultural policy to be aligned with the Union's common agricultural policy.

2.5.3. Estonia

In announcing his position, the Minister of Agriculture felt that subsidies would have to be removed, the common market opened, and the CAP substantially reformed, as he regarded it as discriminatory against his country.

2.5.4. Hungary

The Minister of Agriculture pointed out that Hungary had lost several of its traditional markets to competition from subsidized exports from the Union. Hungary had also been affected by restrictive trade measures adopted by the Community.

2.5.5. Poland

The Minister of Agriculture stated that the agricultural trade provisions in the European agreement had been poorly interpreted in Poland. Union technical assistance had been valued, but was inadequate, while greater trade liberalization was required, together with the removal of Community export subsidies. Poland also hoped to have access to the structural funds in order to speed up the structural reforms which were vital to its accession to the Union.

2.5.6. Czech Republic

The Minister of Agriculture believed that a reform of the CAP could be of benefit not only to CEECs farmers, but also to those in the Community. He added that the Union's plant health standards were barriers to trade.

2.5.7. Romania

Romanian agriculture, characterized by increased productivity, is designed to encourage exports to the Union, but without needing export subsidies.

III. REFLECTION GROUP

The report of the Westendorp Group made no direct reference to agriculture. It mainly dealt with enlargement and institutional reform. In respect of the Community policies, it stressed the need to maintain the 'acquis communautaire' while allowing a degree of flexibility to bring about the complete integration of the CEECs.

IV. CONCLUSION

The current work of the IGC in preparation for the enlargement of the Union is concentrating on institutional reform. The impact of enlargement on the various aspects of Community policy should not be concealed, although it is not on the IGC's agenda.

Although the timescale for enlargement has yet to be finalized, it will soon be a central issue, as:

- On the one hand, agriculture dominates the CEECs' economies, both in terms of GDP and of employment. The agricultural restructuring now in progress will be a difficult process for the CEECs, politically and socially. It is however essential to ensuring the viability of agriculture in the associate countries.
- On the other, after having to face up to the present changes in the CAP arising from the 1992 reform and the Union's commitments from the Uruguay Round, farmers in the Member States are expressing their concern over the financial implications of opening up the CAP to the rest of Europe. In all probability they will wish to obtain guarantees that this process will not lead to fundamental changes in the CAP machinery.

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