

EU CAP Enlargement: The Commissions Proposal

On January 30, 2002, the European Commission presented its proposal for extending the Common Agricultural Policy to ten Eastern and Central European countries. The proposal, which includes specific budgetary allotments per candidate, will be discussed by member states.

In 2004, ten countries are expected to join the fifteen countries currently comprising the European Union. The ten candidates are Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. Key points in the Commission's proposal include a ten-year transition period for direct payments combined with a substantial amount of funding for rural development measures. New member countries, which are already providing direct aids to farmers, will be able to supplement EU payments with national funds. For the new member countries, the payment would be phased in over ten years, starting at 25 percent of the EU level in the first year, 2004/05. The payment would then increase five percent per year for the next three years. The payment would increase gradually for the next six years

The Commission's proposal will be debated in the Council, which is expected to decide on a Common Position by June 2002. Only then can negotiations with the candidate countries begin. Due to the highly political nature of the budgetary questions, the negotiations on agriculture are expected to last into December. Once negotiations are complete, the European Parliament has the right to assent or dissent to the accession treaty as a whole (they may not propose amendments) and member states as well as accession candidates must also ratify the treaty according to their procedures. If negotiations are completed by the end of 2002, accession could likely take place by 2004, as currently anticipated.

The Commission proposes to use data from 1995-1999 to establish supply management instruments such as production quotas, arable crop base areas and beef premium ceilings. The most appropriate reference period for each type of scheme would be chosen within this framework. While the Commission proposal includes specific quota amounts, and other instruments per accession candidate, the final negotiated amounts are expected to be highly controversial and political and are not likely to be decided until the end of the negotiations in December 2002.

The Commission proposal suggests increasing current Community Thresholds for aid for processing to account for the new member states.

Processed Fruits and Vegetables

Current Community thresholds for the products in question are as follows (in tons):

	Tomatoes	Peaches	Pears	Oranges	Lemons	Sm. Citrus	Grapefruit
Threshold	8,251,455	539,006	104,378	1,500,236	510,600	384,000	6,000

Proposed increase for Community thresholds (** means insufficient/unsuitable data provided)

Country/product	Requested increase	Average Historical Production '97-'99	Proposed increase
Cyprus			
-Tomatoes	10,000	4,641	4,770
-Peaches	500	**	**
-Pears	500	0	0
-Lemons	5,000	3,548	2,986
-Grapefruit	30,000	9,069	10,812
-Oranges	21,000	15,438	14,969
-Small citrus	10,000	1,007	937
Czech Republic			
-Tomatoes	26,000	**	**
-Peaches	4,000	**	**
-Pears	500	**	**
Hungary			
-Tomatoes	321,442	127,265	130,790
-Peaches	1,000	11,692	13,808
-Pears	1,000	**	**
Malta			
-Tomatoes	50,000	**	**
Slovakia			
-Tomatoes	36,000	**	**

EU Horticultural Trade with Enlargement Candidate Countries

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	EU Horticultural Exports 1000 U.S. Dollars			EU Horticultural Imports 1000 U.S. Dollars			Net EU Horticultural Trade 1000 U.S. Dollars		
	1998	1999	2000	1998	1999	2000	1998	1999	2000
Live Plants, Cut Flowers	\$178,035	\$193,331	\$181,579	\$39,581	\$41,995	\$41,757	\$138,454	\$151,336	\$139,822
Fresh & Frozen Vegetables	\$293,065	\$255,974	\$250,173	\$297,710	\$295,978	\$261,828	(\$4,645)	(\$40,003)	(\$11,656)
Fresh & Frozen Fruits & Nuts	\$497,869	\$507,946	\$533,327	\$431,095	\$399,860	\$361,410	\$66,774	\$108,086	\$171,917
Sugar	\$209,829	\$151,135	\$146,648	\$79,236	\$73,589	\$71,910	\$130,592	\$77,546	\$74,738
Prepared Fruits & Vegetables	\$223,453	\$178,203	\$165,791	\$232,486	\$251,486	\$275,612	(\$9,033)	(\$73,283)	(\$109,822)
Beverages; Wine, Beer	\$347,456	\$352,379	\$331,279	\$163,809	\$176,219	\$200,986	\$183,647	\$176,160	\$130,293
Total	\$1,749,707	\$1,638,969	\$1,608,797	\$1,243,918	\$1,239,127	\$1,213,504	\$505,789	\$399,842	\$395,293

	EU Horticultural Exports 1000 U.S. Dollars			EU Horticultural Imports 1000 U.S. Dollars			Net EU Horticultural Trade 1000 U.S. Dollars		
	1998	1999	2000	1998	1999	2000	1998	1999	2000
Poland	\$539,454	\$538,345	\$559,784	\$607,234	\$599,976	\$614,229	(\$67,780)	(\$61,631)	(\$54,445)
Czech Republic	\$369,054	\$372,917	\$345,259	\$107,523	\$128,557	\$158,109	\$261,531	\$244,361	\$187,150
Hungary	\$143,782	\$127,016	\$137,597	\$345,301	\$342,162	\$302,058	(\$201,519)	(\$215,146)	(\$164,461)
Slovenia	\$155,486	\$144,027	\$126,133	\$23,664	\$23,380	\$19,187	\$131,822	\$120,647	\$106,946
Slovakia	\$114,352	\$103,063	\$94,236	\$13,507	\$12,761	\$15,353	\$100,845	\$90,302	\$78,883
Estonia	\$118,632	\$87,746	\$91,783	\$10,594	\$7,171	\$6,031	\$108,037	\$80,575	\$85,752
Latvia	\$95,691	\$70,858	\$73,008	\$5,942	\$3,736	\$4,829	\$89,749	\$67,123	\$68,179
Cyprus	\$70,102	\$68,102	\$68,145	\$100,385	\$101,237	\$73,064	(\$30,283)	(\$33,135)	(\$4,919)
Lithuania	\$80,971	\$62,157	\$57,488	\$25,263	\$16,325	\$17,335	\$55,708	\$45,833	\$40,153
Malta	\$62,183	\$64,735	\$55,363	\$4,506	\$3,824	\$3,307	\$57,678	\$60,911	\$52,056
Total	\$1,749,707	\$1,638,969	\$1,608,797	\$1,243,918	\$1,239,127	\$1,213,504	\$505,789	\$399,842	\$395,293

Source: Eurostat

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