Agenda 2000 and the Integration of the CEE Countries

Developments proceeded very quickly indeed and the EU was completely unprepared: Following the collapse of the political systems in the Central and Eastern European Countries the EU was very quickly confronted with these countries' desire to become Member States of the EU. What to do? Initially, accession treaties were swiftly signed but soon after concrete accession applications from a number of countries were received in Brussels.

The desire to become EU Member States arises from a number of motives in the different CEE countries. One motive, which is certainly very important, concerns the desired conscious decoupling from the former Soviet Union which can be made manifest by joining the NATO as well as by becoming integrated into the EU. There is a desire to be part of the West and the West is the EU. In addition, there is certainly also the hope that the integration brings with it aids from the 'rich countries' for economic development. At the Copenhagen European Council of June 1993 it was established that the EU would be open to applicant countries provided they fulfil certain criteria. These criteria include i.a.

- stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- the existence of a functioning market economy;
- the ability to cope with competitive pressures and market forces within the Union;

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• the ability to take on the obligations of membership and

• the adherence to the aims of political, economic and monetary union.

That is to say: If you want to join us you can do so provided the conditions set by us are fulfilled and allow us to continue our progress in building the 'European House' relatively little disruption. The magic phrase is "acquis communautaire" i.e. the application or adoption of what is the current basis for political, administrative and economic action in the EU.

The Commission as the EU's administration has the role of negotiating with the applicant countries and to decide when and how they fulfil the requirements for accession to the EU. To this end the Commission has published detailed studies as part of the Agenda 2000 in which it has applied the Copenhagen criteria and has determined item by item in how far these criteria are fulfilled in each of the countries.

**Major problems in relation to environmental protection and agriculture**

It is generally accepted that the "Democracy" criterion is already adequately fulfilled in all the applicant countries (with the exception of Slovakia).

However, a different picture emerges with regard to the speed of the application of Community rules and standards and of all the measures implementing common policies (e.g. Agricultural Policy). It is obvious from the part of the Agenda 2000 in which the Commission presents the "Summary and conclusions of the opinions of Commission concerning the Applications for Membership to the European Union" that particularly in the fields of environmental protection and agriculture major problems remain.
### Summary and conclusions of the opinions of the Commission in the Agenda 2000 (quotations)

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<tr>
<th>Country</th>
<th>Environment</th>
<th>Agriculture</th>
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<tr>
<td><strong>Bulgaria</strong></td>
<td>For the environment, very import efforts will be needed including massive investment and strengthening of administrative capacity to enforce legislation. Full compliance with the <em>acquis</em> could be expected only in the very long term and would require increased levels of public expenditure.</td>
<td>Bulgaria must put in place fundamental reforms of its agricultural sector before it can meet the obligations of accession. Considerable progress is needed on restructuring of the sector; on the agrifood industry; on agricultural policies and on health and quality controls. A particular effort will be needed on the administrative structures responsible for administering the CAP.</td>
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<td><strong>Estonia</strong></td>
<td>For the environment, very import efforts will be needed including massive investment and strengthening of administrative capacity to enforce legislation. Full compliance with the <em>acquis</em> could be expected only in the very long term and would require increased levels of public expenditure.</td>
<td>The agriculture sector needs restructuring, and only a limited number of the mechanisms of the common agricultural policy presently exist. A substantial effort will be needed to prepare for accession in the medium term.</td>
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<td><strong>Hungary</strong></td>
<td>For the environment, very import efforts will be needed including massive investment and strengthening of administrative capacity to enforce legislation. Full compliance with the <em>acquis</em> could be expected only in the very long term and would require increased levels of public expenditure.</td>
<td>In the agriculture sector if progress is made in the veterinary and phytosanitary fields, and if the structures needed in the agrifood sector and for applying the CAP are reinforced, membership in the medium term should not pose significant problems for Hungary in applying the CAP in an appropriate manner.</td>
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<td><strong>Latvia</strong></td>
<td>For the environment, very import efforts will be needed including massive investment and strengthening of administrative capacity to enforce legislation. Full compliance with the <em>acquis</em> could be expected only in the very long term and would require increased levels of public expenditure.</td>
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<td>For agriculture, particular efforts will be needed to establish a coherent structural and rural development policy, and to implement veterinary and phytosanitary requirements and to strengthen the administrative structures necessary to apply the common agricultural</td>
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levels of public expenditure.

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<th>Country</th>
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<tr>
<td>Czech Republic</td>
<td>For the environment, very import efforts will be needed including massive investment and strengthening of administrative capacity to enforce legislation. Full compliance with the <em>acquis</em> could be expected only in the very long term and would require increased levels of public expenditure. For agriculture, particular efforts will be needed to implement veterinary and phytosanitary policy. Provided these targets can be met, the common agricultural policy could be applied in an appropriate manner on accession in the medium term, although a solution to Poland’s structural problems will require a long-term approach.</td>
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<tr>
<td>Romania</td>
<td>For the environment, very import efforts will be needed including massive investment and strengthening of administrative capacity to enforce legislation. Full compliance with the <em>acquis</em> could be expected only in the very long term and would require increased levels of public expenditure. Romania needs to implement fundamental reform of its agricultural sector before it can fulfill the obligations of membership. Particular effort will be to restore the sector and the agrifood industry and to put in place health and quality control mechanisms. Romania will also need to strengthen administrative structures responsible for implementing the common agricultural policy.</td>
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<tr>
<td>Slovenia</td>
<td>For the environment, very import efforts will be needed including massive investment and strengthening of administrative capacity to enforce legislation. Full compliance with the <em>acquis</em> could be expected only in the very long term and would require increased levels of public expenditure. In agriculture, if progress is achieved on veterinary and phytosanitary controls, on strengthening the structures needed to apply the CAP, and on re-structuring the agrifood sector as well as on strengthening its rural development policy, membership should not create significant problems for Slovenia in the medium term in applying the CAP in an appropriate manner.</td>
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<td>For the environment, very import efforts will be needed including massive investment and strengthening of administrative capacity to enforce legislation. Full compliance with the <em>acquis</em> could be expected only in the very long term and would require increased levels of public expenditure. In agriculture, provided there is progress on veterinary and phytosanitary controls, on strengthening of the structures needed to apply CAP and on re-structuring the agrifood sector, accession in the medium term should not cause significant problems for Slovakia in implementing the CAP in an appropriate manner.</td>
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This list shows that in both the environmental and the agricultural sector there are, as yet, major adjustment deficits in relation to the preconditions set by the EU.

**The Agenda 2000 is oversimplistic**

At this stage it is time to point out a weakness or possibly the principal weakness of the Agenda 2000: The Agenda is a strategy based on financial, trade and market policies and deals with the future financing of the EU in general and with the enlargement in particular as well as with the
(potential) consequences of the upcoming WTO negotiations. Agenda 2000 is not the result of a critical analysis of the social and environmental impact of the EU economic policies which thus far have been based on traditional growth theories. As a result the Agenda does not examine the environmental and social consequences of the adoption of EU policies in the accession countries but it analyses if and at what speed the mechanisms are likely to be adopted.

It has already become very clear that the countries cannot expect only positive impacts. The consistent application of EU environmental law is certain to have a positive effect. However, it also has to be stated that developments will be initiated which have the potential to run counter to positive achievements in the fields of nature conservation and environmental protection. For example, the implementation of the Habitats Directive in Poland will not be able to prevent major nature conservation problems resulting from the significant structural changes expected in the farming sector. Another example is Poland's policy in relation to used cars. Until recently Poland had closed its borders for the importation of old cars. The state wanted to avoid a situation where old vehicles, which had been taken out of service in the West, would be imported to Poland, leading to air pollution. With this strict policy the government aimed to build up a more "modern" vehicle fleet with, amongst other things, catalytic converters. This policy had to change on January 1st, 1998 since the EU was successful in abolishing this "impediment to free trade". Poland had to open its borders for used vehicles.

The PHARE programme as a vehicle to accession

The PHARE programme of the EU aims to support the Central and Eastern European Countries on their way into the EU. Projects are initiated which provide assistance for the recipients in their adoption of the Community acquis. However, in adopting the EU policies the undesirable developments are equally being adopted. There is no doubt that, for example, western aid has led to clear improvements in fighting air pollution from old power plants. Flue gas scrubbers have been installed and some aged power plants were shut down. In the field of wastewater treatment there have also been some clear improvements. However, environmental problems are not mere technical problems that can be solved with (saleable) technologies and "end-of-the-pipe" solutions. Environmental problems are often the result of the wrong type of structural developments. The central dilemma is that EU
policies which are not in accordance with the principles of sustainability are now to be adopted by other countries.

In the transport sector as well as in other areas, and in the agricultural sector in particular, it can clearly be established that PHARE transfers rather inappropriate structures and policies. For example, no attempt has been made to critically examine the massive increase in motorised private transport. The opposite is the case: the financial aid provided by the EU and the development banks is focused on road traffic and in some cases even on investments in car factories. The well developed but technically and organisationally very deficient local public transport system in the Central and Eastern European Countries which urgently requires investment is not being addressed by aid measures nor is it the subject of political discussion. The EU discussion paper on "Citizen's Networks" which has given many positive pointers for the local public transport system has no relevance in the accession negotiations. Strategies to minimise road traffic are not being discussed.

**Agricultural policy is coming apart at the seams**

The situation in the field of agricultural policy is even worse. Using the example of the country which would appear to have the most small-scale agricultural structures of all the applicant countries, i.e. Poland, the following section will take a look at the consequences of the adoption of the (reformed) agricultural policy and what steps the EU has taken so far to develop farming in one of the accession countries.

When eventually the ten associate countries - Estonia, Latvia, Lithuania, Poland, the Czech Republic, the Slovak Republic, Hungary, Bulgaria, Romania and Slovenia - all have joined the EU there will be an extra 100 million consumers in the community (up 30%).

The number of people employed in farming will rise by 100% and the utilised agricultural area will grow by almost 50% (60 million ha) to a total area of 200 million ha.

The German Minister for Agriculture, Mr. Borchert gave a clear indication of the way things are going to change for Poland as well as for the other associate countries when he spoke at the international agricultural fair "Grüne Woche" on January 20, 1996.
He said: "In late 1994 ... employment in agriculture amounted to ... 26% of Poland's workforce. The EU average is as low as 6%.

With the adoption of the Common Agricultural Policy and in particular with the transfer of western technology the share of people employed in farming ... will adjust to the EU level. This will mean that millions of people in agriculture alone will lose their places of employment." To reduce the share in employment from 26% to 6% within the coming 10 to 20 years means destroying 3 million jobs! This would necessitate a restructuring process of unforeseen dimensions. It will happen in parallel with the restructuring of Poland's heavy industry (which is going to cost many jobs) and with the commencing concentration in the retail sector where many small businesses have started in recent years and which are now at risk as they are deemed "uneconomic".

The Agenda contains no or at best inadequate statements as to how this restructuring process can be achieved and how the necessary modernisation of farming and the development of new economic sectors can be financed which might be able to compensate for the loss of employment in agriculture.

The unification of Germany has shown that despite a transfer of hundreds of billions of DM from West to East the much promised economic boost for less than 20 million people has not been realised in a socially and environmentally benign fashion. The integration of the associated countries will be of a different order of magnitude than the so-called "Aufbau Ost" (Building the East) in Germany. Here we are not talking about building up the economy of five new (integrated) federal states. We are concerned with ten independent, sovereign countries, not 20 million people but 100 million.

And there is another difference to the internal German situation - the moneys will not flow nearly as freely as they did from western to eastern Germany even though many people still hope that this may be the case. The discussion in the Agenda 2000 makes this very clear. It is not social or ecological problems that are of concern, it is money. The pencils have already been sharpened in Brussels. Countless reports have been written on the cost of the accession of the new member states. For the farming sector alone figures of up to 50 Billion ECU are quoted if the countries were fully integrated and all the current support and supply control measures were extended to them. This figure led to pale faces in Brussels as it could not be financed. Brussels had to come up with something else.
Three official alternatives were contemplated in the cabinet of the Agricultural Commissioner, Mr. Fischler, two of which were dismissed out of hand. These were Option 1 "Maintaining the status quo of agricultural policy" (cannot be financed and will probably not be tolerated in GATT/WTO negotiations) and Option 2 "Radical CAP reform" (politically undesirable). However, the latter is urgently needed according to environmentalists, amongst others, for environmental reasons as well as because there is an urgent need to keep jobs and to maintain the fabric of the rural areas.

Therefore Mr. Fischler backs Option 3 as it is described in the agriculture section of the Agenda 2000, i.e. the deepening and extending of the 1992 reform through further shifts from price support to direct payments. However, Polish farmers must not expect to benefit from the same direct compensatory payments upon accession to the EU, since this would cost the EU dearly. The Agricultural Commissioner, Mr. Fischler has commented on this issue in no uncertain terms: "There is hardly any reason to extend the EU system of compensatory payments to the CEE countries as those countries did not have to suffer any cutbacks in prices for agricultural commodities as a result of the CAP reform..."³.

Many of the applicant countries do not seem to be quite clear about what is to come, e.g. in relation to agricultural policy. The Polish Ministry for Agriculture, for example, stated that "as yet, we do not know all the conditions which we will have to meet in order to become a full member of the European Union. However, we will search for arguments to ensure these conditions will not be too strict."⁴

Critical voices from the applicant countries about the Common Agricultural Policy are few and far between and if they are raised at all they are quite brusquely silenced by those responsible in the West. It is quite obvious that the EU dictates the path which is to be taken by the applicant countries and opposition is not being tolerated. Brussel's provisions have to implemented and that's that.

The "Bonner Generalanzeiger" reported on February 15, 1996 that at the yearly summit of politicians and economists in Davos "EU Commissioner, Mr. van den Broek once again set his standards very high: one of the biggest obstacles to the admission of those countries would be the anticipated demands on the financing of the agricultural sector." The newspaper follows with a quote by the Czech Prime Minister Vaclav Klaus: "Why should we try to bring our agricultural
sector more into line with that of the EU? If anything needs changed in the EU, it is their way of dealing with agriculture which swallows half the budget. If my Czech farmers ask me when they are going to get the same subsidies as their western colleagues, I tell them, it will be when the EU has scaled down these subsidies in the same way we did." This disconcerted Mr. van den Broek. He simply countered that in his view the Czech Republic should come into line with the EU and not the other way around.5

Agriculture in the eastern European countries will fall into the 'globalisation trap' just as it has within the EU. The impact of these processes, however, will be even more pronounced than those we can observe in the EU countries as this process will be faster and less likely to be cushioned. But nobody is questioning this trend towards globalisation which the Agenda 2000 will also embody for eastern Europe.

Estonia has already had a foretaste of the potential consequences. The EU Court of Auditors reports: "Estonia … strictly enforced the principles of the free market and did not protect its farmers against imports of subsidised agricultural produce from third countries. As a result of this policy, the country is no longer self-sufficient in terms of food, for the first time for several decades. At the beginning of 1995 the Estonian authorities were obliged, finally amongst other things, to introduce minimum prices for agricultural imports."6

With regard to the agricultural developments in the CEE countries the Court of Auditors demand, "In all cases, privatisation, especially of the agricultural sector, should be accompanied by a clearly defined strategy of reform that takes proper account of the social, economic and political situation in each country."7 However, there are no such strategies for reform in these countries. This is also true for Poland, where, in the context of present agricultural structures, we are not talking about privatisation but about the development of existing private holdings. Does is come as a surprise that there are no such strategies in eastern Europe? Who should have developed them?

Not even in the current EU countries are there official, clear objectives for the ecological and social development of agriculture.

Despite these discernible developments those in charge in Poland still have great confidence in the process of agricultural integration. Polish farming would be (and will be) boosted by Poland's agricultural policies falling into the EU CAP framework. "Poland's full membership of the
European Union is one of the priorities of the economic policies of the present Polish government. ... However, the association of Poland with the European Union is also creating new conditions for the development of agriculture. The process of integration into the European Union will offer the agricultural sector numerous possibilities for improved access to the European markets, for the expansion of agricultural exports, for the opening of the free transfer of capital and capital aid, for improved prices and incomes for farmers and for foreign aid for the restructuring processes. ... The move ... towards the European production levels will certainly allow us to multiply our turnover; this will be of advantage not only to Polish farmers but also to farmers in the EU countries. ... One of the strategic tasks of the Polish economy is to expand the volume of exports of our products and to strengthen our ties to the world market."8

This is what the EU likes to hear. And it continues to assist, using questionable 'top-down projects' as described above.

- One of the first PHARE projects was the delivery of a small amount of pesticides to Poland. This delivery was targeted specifically at small and medium sized farmers who had not previously purchased such products. The question as to why the EU did not make it a priority to carefully develop those structures which had led to environmentally benign production for many decades can only be explained with reference to the agricultural philosophy enshrined in the Agenda 2000.

- In 1996, for example, the EU supported a Polish move to curb inflation. The EU delivered approximately three million tonnes of grain and 100,000 tonnes of potato starch to Poland. The stores were bursting at the seams and prices came under severe pressure following the harvest, which was the purpose of the exercise (Anti-Inflation Programme!). As a side-effect land prices in the agency in charge of disposing of state-owned lands also dropped since they are linked to wheat prices. The fact that the son of the then Minister for Agriculture, Mr. Jagliensky particularly profited from this collapse of land prices leaves a rather unpleasant taste. Then, in 1997 Poland (re-)exported 100,000 of potato starch into the EU.

- In Bialystok (northeastern Poland) EU financial aid was provided for the construction of a new "modern" abattoir from which meat can also be exported into the EU. Most of the pigs slaughtered there actually come from Lithuania; for the farmers in the region the abattoir has a rather damaging impact. The same is true for a wholesale market which was built in Bialystok. It
opens up new markets for importers of Dutch vegetables and southern European fruit. But for regional marketing initiatives there is no place in the integration process!

Even if sufficient financial means could be provided (and that is very doubtful) to render parts of the Polish agricultural structures and production 'fit for the world market' it would by no means be clear whether a 'sustainable' path is being taken. The question as to how the resultant ecological and social problems could be solved equally remains unanswered. In any case, the current EU agricultural policy has nothing to do with sustainability. Interfaces between Agenda 2000 and Agenda 21 are few and far between.

Just as EU aid has certainly not aimed at establishing a farming economy based on ecological criteria in the past, the Agenda 2000 does not demonstrate future prospects in this regard. Rather, it is going to transfer a policy to the accession countries which does not live up to the principles of sustainability.

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1 Agenda 2000 - Summary and conclusions of the opinions of Commission concerning the Applications for Membership to the European Union presented by the candidate Countries. DOC/97/8 Strasbourg/Brussels, 15th July 1997
2 Distributed script of Borchert's contribution to the East-West-Forum at the "Grüne Woche".
3 Manuscript of a speech given by Mr. Fischler in Brussels, 30.9.96. (Translated).
4 Polish Ministry for Agriculture and Food "Agriculture and Food Production in Poland", Warsaw, July 1995, p.4.
5 Source: Bonner Generalanzeiger, 15.2.96 (Translated)
8 Polish Ministry for Agriculture and Food "Agriculture and Food Production in Poland", Warsaw, July 1995, pages 3, 4, and 32.
9 In order to produce 100,000 t of potato starch the entire potato harvest of the provinces Bialystok and Lozna would have to be used. In these regions in particular the farmers complained of great marketing problems for the 1996 potatoes harvest.
Please note:

This Euronature information forms part of a publication by Naturfreunde International on Agenda 2000. The complete publication on the Agenda 2000 (in German), which is highly recommended reading can be obtained from offices of Naturfreunde International at:
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