Network of Independent Agricultural Experts in the CEE Candidate Countries (ed.)

Research Report

Development of agricultural market and trade policies in the CEE Candidate Countries

Studies on the agricultural and food sector in Central and Eastern Europe, No. 19

Studies on the Agricultural and Food Sector in Central and Eastern Europe

Development of Agricultural Market and Trade Policies in the CEE Candidate Countries

By the
Network of Independent Agricultural Experts
in the CEE Candidate Countries

IAMO
INSTITUT FÜR AGRARENTWICKLUNG IN MITTEL- UND OSTEUROPA
STIFTUNG DES ÖFFENTLICHEN RECHTS

AGRIMEDIA

Development of Agricultural Market and Trade Policies in the CEE Candidate Countries

Studies on the Agricultural and Food Sector
in Central and Eastern Europe

Edited by
Institute of Agricultural Development in Central and Eastern Europe
IAMO

Volume 19

Development of Agricultural Market and Trade Policies in the CEE Candidate Countries

By the
Network of Independent Agricultural Experts
in the CEE Candidate Countries

AGRIMEDIA

2003

Bibliografische Information der Deutschen Bibliothek
Die Deutsche Bibliothek verzeichnet diese Publikation in der Deutschen Nationalbibliografie; detaillierte bibliografische Daten sind im Internet über http://dnb.ddb.de abrufbar.

Bibliographic information published by Die Deutsche Bibliothek
Die Deutsche Bibliothek lists the publication in the Deutsche Nationalbibliografie; detailed bibliographic data are available in the internet at: http://dnb.ddb.de.

Agrimedia GmbH
Spithal 4
29468 Bergen/Dumme
+49 (0) 5845 98810
e-mail: mail@agrimedia.com
www.agrimedia.com
ISSN 1436-221X
ISBN 3-86037-212-2

PREFACE

At the end of 2000, the European Commission, Directorate General for Agriculture set up the *Network of Independent Agricultural Experts in the CEE Candidate Countries* in order to get expert advice and impartial analyses on a range of issues related to the agricultural situation, prospects and rural development in the CEE Candidate Countries. The Network is made up of over 20 country experts (in general two per candidate country) and the Advisory Body. Until now the Network has provided reports on various topics for the European Commission. The following are available on the Commission's websites:

– Key Developments in the Agri-Food Chain and on Restructuring and Privatisation in the CEE Candidate Countries (http://europa.eu.int/comm/agriculture/publi/reports/agrifoodchain/2002en.pdf)
– Social Security Systems and Demographic Developments in Agriculture in the CEE Candidate Countries (http://europa.eu.int/comm/agriculture/publi/reports/ccsocialsec/fullrep_en.pdf)
– Consumption Trends for Dairy and Livestock Products, and the Use of Feeds in Production, in the CEE Candidate Countries (http://europa.eu.int/comm/agriculture/publi/index_en.htm)

In 2003, the Network is analysing the "The future of rural areas in the CEE candidate countries". The results will be published in a book later on.

This report on the "Development of Agricultural Market and Trade Policies in the CEE Candidate Countries" was first written in 2001 and updated in 2002.

It has been prepared by the Advisory Body – for which IAMO (Institute of Agricultural Development in Central and Eastern Europe, Halle/Germany) – acts as the home institute - in co-operation with the Country Experts. The members of the Advisory Body were:

Steffen Abele
Klaus Frohberg
Monika Hartmann
Alan Matthews
Peter Weingarten

The following country experts contributed to this report:

Estonia:	**Mati Sepp**
Latvia:	**Matthew Gorton, Andris Miglavs**
Lithuania:	**Natalija Kazlauskiene, William H. Meyers**
Poland:	**Waldemar Guba, Marius Safin**
Czech Republic:	**Tomas Ratinger, Françoise Simon**
Slovak Republic:	**Marian Bozik, Jerzy Michalek**
Hungary:	**Martin Banse, Tibor Ferenczi**
Slovenia:	**Stefan Bojnec, Jernej Turk**
Romania:	**Graham E. Dalton, Crina Sinziana Turtoi, Maria Magdolna Vincze**
Bulgaria:	**Sophia Davidova, Nedka Momtscheva Ivanova, Plamen Dimitrov Mishev.**

We would like to thank the European Commission for initiating and funding this report, especially for providing a platform for gathering up to date information and conducting cross-country comparative analyses. In particular, we acknowledge the many helpful comments received by Leo Maier in the first phase of the Network until he took over other responsibilities within the European Commission and then by Wolfgang Münch and his colleagues from the Directorate General for Agriculture. However, this report represents the views of the authors and does not necessarily reflect the views of the European Commission.

Peter Weingarten
for the Advisory Body of the
Network of Independent Agricultural Experts
in the CEE Candidate Countries

Halle (Saale)/Germany, July 2003

CONTENTS

Preface .... **I**

List of Tables and Figures .... **V**

1 Introduction **1**

2 Country Reports Summaries **2**

2.1 Estonia 2
2.1.1 Domestic Support Measures 2
2.1.2 Market Access 3
2.1.3 Export Subsidies 3
2.2 Latvia 3
2.2.1 Domestic Support Measures 3
2.2.2 Market Access 4
2.2.3 Export Subsidies 4
2.3 Lithuania 5
2.3.1 Domestic Support Measures 5
2.3.2 Market Access 6
2.3.3 Export Subsidies 6
2.4 Poland 6
2.4.1 Domestic Support Measures 7
2.4.2 Market Access 8
2.4.3 Export Subsidies 8
2.5 Czech Republic 9
2.5.1 Domestic Market Price Support 9
2.5.2 Market Access 10
2.5.3 Export Subsidies 10
2.6 Slovak Republic 11
2.6.1 Domestic Support Measures 12
2.6.2 Market Access 12
2.6.3 Export Subsidies 13
2.7 Hungary 13
2.7.1 Domestic Support Measures 13
2.7.2 Market Access 14
2.7.3 Export Subsidies 14

2.8 Slovenia 15
2.8.1 Domestic Support Measures 16
2.8.2 Market Access 16
2.8.3 Export Subsidies 17
2.9 Romania 17
2.9.1 Domestic Support Measures 18
2.9.2 Market Access 19
2.9.3 Export Subsidies 19
2.10 Bulgaria 19
2.10.1 Domestic Support Measures 19
2.10.2 Market Access 20
2.10.3 Export Subsidies 21
3 Synthesis 21
3.1 Domestic Support Measures 21
3.2 Market Access 22
3.3 Export Subsidies 23
References 24

LIST OF TABLES AND FIGURES

Table 1: Producer Support Estimate for the CEE candidate countries and the EU, 1997 to 2001 25

Table 2a: Domestic Policies on the Wheat Markets in the CEE Candidate Countries (2000/2001) 26

Table 2b: Domestic Policies on the Barley Market in the CEE Candidate Countries (2000/2001) 30

Table 2c: Domestic Policies on the Corn Market in the CEE Candidate Countries (2000/2001) 32

Table 2d: Domestic Policies on the Rye Market in the CEE Candidate Countries (2000/2001) 34

Table 2e: Domestic Policies on the Oilseed Market in the CEE Candidate Countries (2000/2001) 37

Table 2f: Domestic Policies on the Potato Market in the CEE Candidate Countries (2000/2001) 39

Table 2g: Domestic Policies on the Sugar Market in the CEE Candidate Countries (2000/2001) 41

Table 2h: Domestic Policies on the Dairy Market in the CEE Candidate Countries (2000/2001) 44

Table 2i: Domestic Policies on the Cattle Market in the CEE Candidate Countries (2000/2001) 48

Table 2j: Domestic Policies on the Pig Market in the CEE Candidate Countries (2000/2001) 52

Table 3: MFN Tariff Rates and Final Bound Rates of the CEE candidate countries agreed on in the WTO schedules 55

Figure 1: Comparison of transition economies bound tariff rates with those of the EU 61

1 INTRODUCTION

This synthesis report focuses on the evolution of agricultural market and trade policies in the Central and Eastern European (CEE) candidate countries in the period 1997 to 2001. The developments were crucially influenced by (OECD, 2000a):

- the situation in world agricultural markets;
- the overall macroeconomic development in the countries considered;
- the prospective EU accession;
- bringing domestic agricultural policy in line with the Uruguay Agreement on Agriculture (URAA).

High 1997 agricultural prices on world commodity markets were followed by a marked depression in 1998. With the exemption of milk products this trend continued in 1999. Likewise the economic and financial crisis in Russia had a considerable impact on agricultural policies. It hit the regions´ exports resulting in a decline in industrial as well as agricultural output[1]. Thus, compared to the previous years most of the CEE candidate countries experienced a slow down or even negative rates of growth in their Gross Domestic Product (GDP) in 1998 and 1999. In addition those countries felt increased budgetary pressures. Agricultural market and trade policies largely reacted to these developments. Border protection was increased in many countries in 1998. This was combined in some cases with export subsidies, and ad hoc producer aids to mitigate the adverse effects. The prospect of EU accession also had an influence on the agricultural policy design in the region with many countries implementing EU-type policy instruments. Thus, the importance of per hectare and per head payments increased in the region, quota like measures were implemented in some countries and as part of this development Estonia introduced tariffs for agro-food imports. Finally, many countries also continued to adjust their policies to comply with their commitments agreed to in the World Trade Organisation (WTO).

Despite these general tendencies there are also differences in the development of agricultural policies between the various CEE candidates. Chapter 2 therefore provides an overview of the changes of agricultural market and trade policies in each of the 10 accession countries. It addresses the policy issues market access (e.g. tariffs, special safeguard measures), export subsidies (value and quantities) and domestic support (intervention policies, direct payments, input subsidies,

[1] Agricultural output declined in 1999 by about 9% in Estonia, 19% in Latvia, 12% in Lithuania, 10% in the Czech Republic, 4% in Slovakia, 15% in Poland and 13% in Hungary (OECD 2000a and 2000b).

production quotas). Chapter 3 provides a brief assessment of recent policy developments in the region in the light of EU accession and WTO commitments.

The development of prices and values, e.g. export subsidies, agricultural support expenditure, were presented in the background papers provided by the country experts in current prices in national currencies. In this synthesis report they are in addition converted in Euro. This firstly allows for a better comparison among the CEE candidate countries as well as between those countries and the EU. Some of the accession countries still suffer from high inflation and thus a strong depreciation of their currency. Thus secondly, the conversion to Euros allows the comparisons to be made in real terms.

2 COUNTRY REPORTS SUMMARIES

2.1 Estonia

Governmental support payments amounted in 2001 to 400.2 million EEK (25.6 million Euro) of which about 59% were spent on measures on a per hectare or per animal basis and, thus, directly affected agricultural income. Budgetary outlay for agriculture increased in 2001 by 2.6% compared to the previous year. The monetary value of support to agriculture measured by the Total Producer Support Estimate (Total PSE) increased considerably in Estonia from 433 million EEK (27.3 million Euro) in 1997 to 1432 million EEK (90.9 million Euro) in 1998. In 1999 expenditure fell back markedly to 372 million EEK (23.8 million Euro). The provisional figure for 2000 is 481 million EEK (30.7 million Euro). Accordingly, the Percentage Producer Support Estimate (%PSE) first increased from 6% to 20% in 1998, dropped again in 1999 to 6% and slightly increased in 2000 to 7% (OECD, 2002, p. 56).

2.1.1 Domestic Support Measures

Direct support payments played an important role in the government budget on agriculture, amounting to 234.6 million EEK (15.0 million Euro) Direct support payments played an important role in the government budget on agriculture, amounting to 234.6 million EEK (15.0 million Euro) or 59% of the total budgetary outlay in 2001. Such support was mainly granted in the form of

- a dairy cow premium (total 110.9 million EEK (7.1 million Euro), per cow 1129 EEK (72 Euro));
- per hectare payments for crops (total 110.3 million EEK (7.0 million Euro), per ha 397 EEK (25.4 Euro));
- per ewe payments (total 3 million EEK (0.2 million Euro), per ewe 281 EEK (18 Euro));

- per beef cattle payments (total 0.8 million EEK (0.05 million Euro), per animal 1140 EEK (73 Euro)).

Besides these payments on a per hectare or per animal basis direct subsidies were paid to reduce the costs of inputs to be paid by farmers. Those subsidies amounted to 63 million EEK (4 million Euro or 16% of the total budgetary outlay) in 2001. Other types of support, which did not have a direct impact on producers income, amounted to 102.6 million EEK (6.6 million Euro) or 26% of total budgetary outlay. Such support was granted, for example, towards research, training and consultation services, animal breeding, animal disease control, infrastructure, market research, collective activities, and other state programmes.

2.1.2 Market Access

Estonia had a completely liberal agro-food trade regime from the beginning of the transition period until the year 2000. In 2000 Estonia introduced ad-valorem tariffs for all major agro-food products. Most Favoured Nation (MFN) tariff rates range between 20% and 50%, with higher rates for oats and lower rates for sheep, oilseeds and oilseed products. This development might be seen as a step towards harmonising Estonia's agro-food policies with those of the EU. Applied MFN tariff rates are in general identical with the final bound tariffs Estonia has negotiated in the WTO.

2.1.3 Export Subsidies

In the URAA Estonia has made no provision for expenditures on export subsidies during its base period and thus is prevented from using export subsidies in the future. So far Estonia has not made any use of export subsidies.

2.2 Latvia

The monetary value of support to agriculture measured by the Total PSE increased considerably in Latvia from 19 million LVL (29 million Euro) in 1997 to 72 million LVL (109 million Euro) in 1998. There was a small decline in 1999 to 64 million LVL (103 million Euro). Decline was stronger in 2000 to 46 million LVL (82 million Euro). The relative support measured by the %PSE considerably increased from 5% in 1997 to 20% in 1998 and 22% in 1999 and then decreased to 15% in 2000 (OECD, 2002, p. 56).

For 2000 the planned budgetary outlay for agriculture was much less than in 1999 at 17.6 million LVL (31.5 million Euro) which was 2.7 per cent of the total central government basic budget.

2.2.1 Domestic Support Measures

The main support measures in Latvia have been targeted at cereals, cattle, pigs, sugar beet, seed materials and flax. Since 1998 Latvia has set intervention prices for food grain. In 1999 a total of 9.1 million LVL (14.6 million Euro) was spent on direct payments. They were granted especially for certified seed material, dairy and beef but also for flax, potatoes, greenhouse vegetables and rapeseed. Continued pressure on the pork market prompted market stabilisation measures for this product in 1999. This led to government spending of about 2 million LVL (3.2 million Euro). Furthermore, from December 1999 pigmeat producers were supported through a higher import tariff (see 2.2.2). Input subsidies were primarily allocated for capital grants (Credit guarantee fund; 1.6 million LVL (2.6 million Euro)). In addition credit interest rate subsidies (0.12 million LVL (0.19 million Euro)) and support for e.g. the purchase of breeding animals (0.32 million LVL (0.51 million Euro) continued.

Expenditure on "green box" measures has significantly increased in recent years.

2.2.2 Market Access

Imports are regulated mainly by ad-valorem tariffs. Between 1994 and 1996, Latvia increased the tariff rates for some products and introduced new support measures. Since then tariffs have been stable or reduced as part of Latvia's international commitments. One exception to this was the increase in the pork import tariff from 30% to 100% for 200 days making use of a safeguard clause and the introduction of a minimum customs value of 1.05 LVL (1.68 Euro) per kg on imported pork in December 1999. This measure was, however, withdrawn in June 2000, and replaced by government subsidies.

In 2000 the applied tariff rate equalled for wheat 25%, for all other grain 0.5%, and ranged for all animal products between 30% and 40% (except for sheep 24%) and for most other products between 10% and 20%. The applied tariff rate was equal to Latvia's final bound rate for most agricultural and food products; however there were some products for which the applied rate was considerably below the final bound rate (rice, corn, rye, oats, eggs, some fruits and vegetables) and vice versa (sheep, beer).

As part of preparations for WTO accession, Latvia abolished quantitative restrictions on grain imports and replaced its licensing system by automatic import licensing. In addition in accordance with international treaties tariff rate quotas were established providing for limited amounts of goods imported under reduced or zero tariff rates.

2.2.3 Export Subsidies

Export subsidies were provided for milk powder, canned milk, cheese, butter and rye in the period 1994 to 1996. However, in its WTO membership negotiation Latvia committed itself to eliminate export subsidies. Thus, as part of its commitment Latvia did not maintain any export subsidies in 1999, 2000 and 2001.

2.3 Lithuania

Since 1997 the principal source of agricultural and rural financial support in Lithuania is the Rural Support Fund (RSF), which was recently changed to Rural Support Program (RSP). For the fiscal year 1998 the RSF had a projected budget of 447 million Lt (99.3 million Euro). In mid 1998 the Agricultural and Food Market Regulation Agency (AFMRA) was established. The agency administers the market intervention, market information and export promotion programs.

Monetary support to agriculture measured by the Total PSE increased considerably from 288 million Lt (63.5 million Euro) in 1997 to 1007 million Lt (224.6 million Euro) in 1998 but showed only some change in 1999 (885 million Lt (207.6 million Euro). In 2000 it dropped to 314 million Lt (85.0 million Euro). Accordingly the %PSE strongly increased between 1997 and 1998 from 4% to 16%. After remaining constant in 1999, it significantly declined in 2000 (6%) (OECD, 2002, pp. 56).

2.3.1 Domestic Support Measures

Domestic support measures in Lithuania have in recent years gradually adjusted towards EU like measures. So-called minimum marginal purchase prices (MMPP)[2] introduced in 1994/1995 for most agricultural products were in many cases eliminated (e.g. cattle, pigs, barley in 1997; fodder legumes in 1999/2000; milk in 2000; rapeseed and flax in 2000/2001) or replaced by intervention prices (e.g. food wheat, rye, buckwheat in 1999/2000). With the exception of flax and sugar beet subsidies per ton were eliminated or converted into subsidies per head or per hectare. In addition the Lithuanian government has granted support for private storage since 2000. As in the EU the sugar market is highly regulated. The government sets farm price and subsidies per ton. There exists a sugar quota for the four sugar refineries, which specifies the quantities on which farm price subsidies can be paid.

Due to budgetary constraints support was reduced for many products in 2000 and 2001. In the dairy sector the induced income loss was partly compensated by a one-time direct income support payment to households with 1 or 2 cows.

Lithuania also grants its farmers support through input subsidies. Excise tax compensation on diesel fuel is by far the largest expenditure on input support, though special funds were also allocated for state credit guarantees through the Agricultural Loan Guarantee Fund (OECD, 2000a, p. 97).

---

[2] The MMPP is a price established by the Government. It sets the floor for purchase prices to be paid by processors for a specified grade or quality of product. In general it was limited to a specified quantity. However, there did not exist any institutional mechanism to enforce such announced prices.

2.3.2 Market Access

In Lithuania imports are regulated by ad-valorem tariffs, except for sugar and alcohol. After reaching their lowest level in 1997, import tariffs were increased for most products in November 1998 in response to the trade shock resulting from the Russian financial crisis. This rise was especially pronounced for rye, cheese, beef and poultry. Tariff rates remained constant from November 1998 to 2001 except for wine and some changes in the sugar regime. However, at the beginning of 1999, Lithuania increased reference prices for the calculation of import duties on a range of food imports including meats, dairy products and eggs which implicitly led to an increase in import duties (OECD, 2000a, p. 99).[3] In 2001 these customs valuation procedures were brought into compliance with WTO rules.

In 1999 MFN tariff rates were zero for most products not produced in Lithuania such as rice, bananas, citrus, 40% to 50% for all grain and all meat but sheep (30%). For milk and milk products tariff rates vary between 30% for milk to up to 60% for butter. It can be expected that tariff rates will decline as a result of implementation of WTO commitments for those products where bound tariffs are lower than currently applied rates. This holds for potatoes, raw sugar, skimmed milk powder, cheese, beef, pork, eggs and wine.

2.3.3 Export Subsidies

Export subsidies were used in Lithuania on an ad hoc basis prior to WTO accession. In these instances the government covered the price difference for announced quantities of specified products or for losses of products purchased on the domestic market and exported by the AFMRA. In 1999 export subsidies were granted for dairy products and to a lesser extent for meat products (OECD, 2000a). In 2000 and 2001 they were used to cover losses on the price difference for grain and in 2000 meat preserves purchased on the domestic market by AFMRA and exported. Lithuania committed itself to abolish export subsidies upon accession to WTO.[4] It should also be noted that in 2001 sugar processors, at their own expense, exported about 15000 tons of sugar at prices below the domestic ex-plant price. Under WTO rules, this could also be classified as an export subsidy.

2.4 Poland

Agricultural market and trade policy in Poland encompasses intervention purchases, direct payments, supply control measures, subsidies for credits and other production inputs, export subsidies and border tariffs. The support to agriculture

---

[3] Estonia and Latvia, being members in the Baltic Free Trade Agreement, were exempted from these new reference price calculation measures.

[4] Agreement was ratified by the National Parliament and came into force as of May 2001.

measured by the Total PSE strongly increased from 6566 million Zl (1767 million Euro) in 1997 to 12404 million Zl (3166 million Euro) in 1998. In the following two years, it declined to 10245 million Zl (2424 million Euro) in 1999 and even to 4335 million Zl (1081 million Euro) in 2000. This corresponds to a development of the percentage PSE from 12% in 1997 to 22% in 1998, 19% in 1999 and 7% in 2000 (OECD, 2002, p. 57). The reduction in the last years was primarily due to a considerable decline in the support of animal products and despite a rise in the support of plant products. The preliminary results for 2001 show that the support maintains on a rather low level.

2.4.1 Domestic Support Measures

The Agricultural Marketing Agency (AMA) has offered support to producers of wheat, rye, butter, skimmed milk powder (SMP), pigmeat and honey by intervention purchases. Those are carried out through businesses selected on a tender basis. In 1999, approximately 3.2 million tons of cereals were purchased: 2.7 million tons of milling wheat and 0.5 million tons of milling rye. In 2000, the intervention purchases of wheat and rye amounted to 3.3 million tons and 0.7 million tons respectively, while in 2001, respectively, to 3.6 million tons and 0.5 million tons. In addition, the intervention system in the grain market was modified in 1998 and direct payments were implemented. Minimum prices were lowered and direct payments for cereal producers were introduced to compensate for this reduction. Within the framework of gradual adjustment to EU requirements, the minimum quantity of cereals per single purchase subject to intervention measures was increased to 5 tons (10 tons in 2000, 15 tons in 2001, 20 tons in 2002 and 80 tons in 2003). In 2001, in addition the AMA intervention purchases covered about 11.6 thousand tons of butter, 1.6 thousand tons of honey, 51.3 thousand tons of beef and 68.8 thousand tons of pork. To a degree the considerable intervention purchases of pork since 1998 have become necessary after the crisis in the Russian export market and the continuation of subsidised pork shipments from the EU.

The sugar quota system in Poland has been operated since 1994. The new legislation on organisation of domestic sugar market (passed in 2001) provides for a further and almost complete alignment of the system to that under the CAP.

According to a new legislation on the organisation of the domestic milk market the prospected production quota in the milk sector will be distributed among farm producers in accordance with the production level in the reference period April 2002 to March 2003.

Finally, input subsidies still account for a considerable although declining share of governmental spending on agriculture. In this respect credit subsidies are still the most important item. The value of subsidies to operational credits amounted to 364.9 million Zl (86.5 million Euro) in 1999, 378.3 million Zl (94.2 million Euro) in 2000 and 248.2 million Zl (67.7 million Euro) in 2001. The value of subsidies to investment credits amounted to 709.9 million Zl (168.2 million Euro) in 1999, 713.6 million Zl (177.9 million Euro) in 2000 and 635.4 million Zl (173.2 million Euro) in 2001. Funds are also used for those inputs, which stimulate biological progress in agriculture (certified seeds, seed potatoes, new animal breeds, etc.) and prevent further increases in soil acidity (lime). The total value of these subsidies amounted to 239.9 million Zl (56.9 million Euro) in 1999, 274.8 million Zl (68.5 million Euro) in 2000 and 249.6 million Zl (68.0 million Euro) in 2001.

2.4.2 Market Access

Imports of agro-food products are regulated in many cases in Poland by ad-valorem tariffs combined with minimum or maximum tariff values. The tariff structure is quite heterogeneous.

In 1999 and 2000 the Polish government significantly increased domestic market protection by

- raising MFN tariff duties within or up to the ceilings determined by WTO commitments;
- suspending preferential tariff rates;
- invoking the WTO special agricultural safeguard clause and applying additional tariffs on several products such as pigmeat, poultrymeat, wheat and white sugar.

Nevertheless, in 2001 there were still many products for which the applied rate was far below the in general very high final bound rates. This holds for rye, potatoes, starch, soybean oil, milk, SMP, cheeses, frozen sheep and poultry carcasses and to a lesser extent for several vegetables and fruits. Tariff rates are in 2001 in the range of 10% to 20% for rice, corn, rye, soybean oil, some fruits and vegetables. However, there are many products for which tariff rates are above 60% such as wheat (64%), sugar (96%), SMP (70%), butter (102%), pigmeat (76%) and poultry meat (60%).

2.4.3 Export Subsidies

In the years 1999-2001 Poland has used export subsidies to sell surplus production of rapeseed (in 2000 and 2001), sugar (throughout the period), potato starch (throughout the period), SMP (throughout the period) and pig carcasses (in 1999 and 2000). As in the EU export subsidies for sugar are financed through a co-responsibility levy imposed on the sugar refineries. The levy amounts to 2% of the value of purchased sugar. It is collected by the Agency for Restructuring and Modernisation of Agriculture (ARMA).

According to Poland’s notifications in WTO the total budget for export subsidies amounted USD 55.3 million in 1999, USD 36.4 million in 2000 and USD

21.5 million in 2001. The same notifications indicate that in 1999 Poland exceeded its yearly quantity limit of volume of subsidised exports of SMP and pig carcasses and the value limit of export subsidy of SMP. Since these excess export subsidies were limited to that particular year (e.g. a similar situation took only place in 1998 in the case of sugar) they were in conformity with the WTO Agreement on Agriculture which allows to cumulate unused limits in consecutive years.

2.5 Czech Republic

The relative support to agriculture measured by the %PSE declined from the early 1990s up until 1997. 1998 and 1999 showed a reversal of this trend. The %PSE sharply increased between 1997 and 1998 from 6 % to 23 % and in 1999 raised to 24 %. The decline of market price support in 2000 resulted in a %PSE decrease of 16 %. In 2001 this percentage remained at about the same level. The development of the Total PSE was similar rising from 7937 million CZK (221 million Euro) in 1997 to 31890 million CZK (878 million Euro) in 1998. In 2000 the Total PSE declined to 20567 million CZK (578 million Euro) and slightly changed in 2001 to 22248 million CZK (534 million Euro). Support to agriculture was mainly provided by market price support till 1999 (70% of the Total PSE). Since 2000, the percentage of market price support has declined and in 2001 it reached only 40% of the Total PSE. This development is a major step in the change of support direction (OECD, 2001 part 2, OECD, 2002).

2.5.1 Domestic Market Price Support

Price support policy was mainly operated by the State Fund for Market Regulation (SFTR, established in 1993) through intervention purchases and export supports (subsidies). In August 2000, this SFTR was cancelled and replaced by the State Agrarian Intervention Fund (SZIF) through the Act no. 256/2000 which transferred all obligations and all rights from the SFTR to the SZIF. Upon the decision of the SZIF Presiding Committee, two commodities were classified in the market organisation for both 2000 and 2001: milk or, in fact, dairy products, and food wheat.

In 2000, no provisions for direct control (limitation) of supply were applied. In 2001, a system of (voluntary) setting land aside was introduced. Furthermore, new directives regarding the milk market organisation were put in force. According to Government Decree no. 445/2000 Coll. on production quotas of milk determination for the years 2001 to 2005, compensation payments for milk have been realised since 2001. In 2001, the payments are ca. 0.12 CZK/l of allocated quota for plants in less favourable areas (LFA) and ca. 0.09 CZK/l of allocated quota for plants out of LFA.

In 2000, the provisions to create the conditions for securing and maintaining the production of sugar beet and sugar, and for stabilising the sugar market was fixed (Government Decree no. 51/2000 Coll). This regulation should be in force in the period March 2000 to March 2001. However, due to an insufficient legal basis, the Decree was nullified by the Constitutional Court on February 2001. Therefore, on March 2001, the sugar production quota was fixed by the Government Decree no. 114/2001 Coll. for the quota years 2001/2002 to 2004/2005. The Directive also sets the minimum price for sugar launched to the Czech market.

Czech farmers also benefit from direct payments. They include area and headage payments, and also support for organic agriculture and livestock breading. In 2000 and 2001, the most important input support measures referred to credit and grant policy. The most important tool of the credit policy is the Support and Guarantee Fund for Farmers and Forestry (SGFFF).

2.5.2 Market Access

The agricultural import regime of the Czech Republic changed significantly as a consequence of the URAA. All variables levies were turned into ad-valorem tariffs[5] and gradually reduced in line with the general guideline of the URAA (by 36% on average, but for sensitive commodities only by 15-20%). In 2000 and 2001, customs tariffs were applied in accordance with the commitments notified in WTO. They were updated automatically by the Customs General Management. In 2001 the applied MFN tariff rates amounted to 60% for rapeseed, 80% for starch and ranged between 17% and 21.2% for all grain but rice (0%), between 34% and 43% for all meat but sheep (125%) and between 9% and 68% for dairy products. The applied MFN tariff rates were for all main agro-food products equal to the final bound rates agreed in the WTO schedules.

2.5.3 Export Subsidies

The government continued its system of non-automatic export licences for e.g. live cattle and pigs, beef, pigmeat, milk powder, grains and grain products, oilseeds and sugar to maintain control of exports of these products (OECD, 2000b, p. 69). Since 30 September, 2001, the non-automatic export licences for plant items have been nullified and, at the same time, the limit for the non-automatic export licences for live cattle has been increased to 8000 t upon the Government Decree no. 397/2001 Coll., for the second half of 2001. For 2002 all export licences for agrarian products were cancelled.

In 2000, the total of 859 million CZK (24 million Euro) were spent to the support of agricultural and food product export by means of SFTR (SZIF), this sum included 823 million CZK (23 million Euro) for dairy products, 33 million CZK (1 million Euro) for potato starch, 3 million CZK (0.1 million Euro) for fatted pigs. In addition, the export support within the frame of the SGFFF EXPORT

5 The Czech Republic does not use specific tariffs.

program amounted 21 million CZK (1 million Euro). Furthermore, 116 million CZK (3 million Euro) were paid by the subsidy funds of the Ministry of Agriculture to support malt exports. Thus in 2000, the total volume of expenses for both direct and indirect export support in 2000 equalled 996 million CZK (28 million Euro).

In 2001, in total 1411 million CZK (40 million Euro) were used for supporting the export of agricultural products by means of SZIF. This included 967 million CZK (28 million Euro) for dairy products, 6 million CZK (0.2 million Euro) for potato starch and 430 million CZK (12 million Euro) for beef cattle. The value of commitments was mostly withdrawn for dairy products. The amount of the export support within the frame of the SGFFF EXPORT program achieved the amount of 2 million CZK (0.1 million Euro).

2.6 Slovak Republic

Subsidies provided to the agro-food sector were mainly designed to support farming in less favoured areas[6], to partially offset the disparity between developments in input and output prices, and to support the priorities of development programmes in the area of plant production (fruit and vegetable growing) and animal breeding (bovine animals and sheep) mostly through loans provided from the SSFAFI (State Support Fund for Agriculture and Food Industry). In addition to the above, part of the subsidies in the years 1997 to 1999 was targeted to compensate farmers for crop damages. In 2000 and 2001, support priorities were shifted to the following four main targets:

- market regimes more compatible with those in the EU,
- ecological agriculture and less favourable areas,
- modernisation and structural changes support in agriculture,
- general services to agriculture.

In 2001 (2000), 66.5 million Euro (71.0 million Euro) were spent as direct payments. Support to less favoured areas amounted to 75.2 million Euro (79.2 million Euro) and environmental payments reached 15.7 million Euro (19.4 million Euro). With 52.6 million Euro (41.5 million Euro) inputs were subsidised. Rural development measures accounted for 2.2 million Euro (1.3 million Euro) and general services for 30.2 million Euro (35.1 million Euro). In total, 242.3 million Euro (247.5 million Euro) were spent.

After support to agriculture measured as %PSE continuously declined over the period 1991 to 1996 (1996: 2%) it then sharply increased to 11% (1997) and 31% (1998). After 1998 it steadily declined (1999: 25%, 2000: 23%, 2001: 11%

---

6 In the period 1995 to 1999 between 38% to 50% of total budgetary outlay was spend on the support to less favoured areas. In 2001, this share was 36%.

(provisional figure)) (OECD, 2002, p. 57). This latter development reveals the tighter budgetary constraints the Slovak Republic has been facing since 1999. Overall market price support also declined in the Slovak Republic. This was due to the fall in the exchange rate and the strong reduction in market price support for grains and milk (OECD, 2000a, p. 105).

2.6.1 Domestic Support Measures

The Slovak Republic implemented price intervention schemes for a number of products. In the period 1997 to 1999 intervention purchases declined considerably from 2186 million SKK (57.4 million Euro) to 374 million SKK (8.5 million Euro), partly revealing the tighter budgetary situation of the country. While in the years 1995 to 1998 about two-thirds of the total intervention outlays was spent on crops, in 1999 about 90% of the much lower total intervention purchases were used to support livestock products, mainly slaughtered pigs. This was due to continued pressure on this product market. In 2000 and 2001, no intervention purchases were realised.

CAP related budgetary allocation grew. Some previous input subsidies were diverted into per hectare payments; and previous milk quality premia were transformed into head payments (OECD, 2000a, p. 97).

In 1998, Slovakia launched a new credit mechanism based on a system of public warehouse receipts. By the end of 1998 the Ministry of Agriculture issued a total of 44 licences for the operation of 44 public warehouses with projected storage capacity of 490 000 tons of grains, 113 000 tons for oilseeds and 36 000 tons for legumes. To further improve the access of farmers to capital this scheme was complemented in 1999 by subsidies on interest rates payable on such warehouse loans (OECD, 2000a, p. 97).

2.6.2 Market Access

Imports of the Slovak Republic are mainly regulated by ad-valorem tariffs. The period 1997 to 2000 showed a reduction in MFN tariff rates for most products to meet WTO commitments. In the year 2000 the applied MFN tariff rates were equal to the final bound rate allowed by WTO for all products but wine of fresh grapes, for which it was lower (applied rate 20.7%; final bound rate 30%). MFN tariff rates amount to 21.2% for all cereals, 59.5% for raw and white sugar and between 34% (beef) and 110% (sheep) for meat. MFN tariff rates also vary considerable for milk and milk products ranging from 9% for cheese to 68% for butter.

In 1999 measures were applied to improve the agri-food trade balance; these included e.g. a stricter application and control of phytosanitary and veterinary conditions; increased import tariffs for pork meat by making use of the special safeguard clause and the introduction of export self restraint measures in trade with the Czech Republic.

2.6.3 Export Subsidies

Slovakia has export subsidy commitments. The utilisation rate of the permitted export subsidy quotas have been rather low in the past, showing, however, in the period 1995 to 1999 a strong increase from 10.3% to 31.9%. In 2000 export subsidies were lowered to 535 million SKK (12.6 million Euro) which is 33.4% of Slovakia's WTO commitment. In 2001 this share significantly decreased to 26.3%. Export subsidies amounted to 421.3 million SKK (9.7 million Euro). Pronounced differences exist in the utilisation rate between different products. In general Slovakia was close to its WTO limits only for the following products: malt, milk products, sugar, sheep and mutton, pasta and ice cream. For the future the Government of Slovakia envisages support for exports at the highest level allowed by its WTO commitments.

To support agricultural exports the Slovakian government converted previously non-automatic export licenses into automatic export licenses for a number of agricultural commodities and speeded up handing out veterinary permissions on the export of commodities subject to veterinary control from 15 to 5 days.

2.7 Hungary

After reaching its lowest level in 1997 (6%) support to agriculture measured as %PSE increased in 1998 to 19% and again in 1999, to 23%. This increase was mainly the result of an increase in market price support. Total PSE increased accordingly from 67.2 billion Ft (317.5 million Euro) in 1997, to 227.6 billion Ft (946.2 million Euro) in 1998 and further to 272.8 billion Ft (1079.3 million Euro) in 1999. In 2000, it slightly declined to 257.4 billion Ft (989.8 million Euro) (%PSE: 20%) (OECD, 2002, p. 57).

2.7.1 Domestic Support Measures

Market price support forms the main element of support in Hungary. It accounted in 1998 for one-third and in 1999 for half of total support (OECD, 2000b, p. 83). Market price support is based in the case of crops on a system of guaranteed prices. If market prices are below the guaranteed prices the state purchases limited quantities of wheat (bread-wheat) and maize. For the former the guaranteed price is limited to 2.4 t/ha, for the latter it is limited to 3.2 t/ha. As a reaction to continuously declining world market prices guaranteed prices also declined considerably in the period 1998 to 2000 (if measured in Euro) for both products. This secured that guaranteed prices for bread-wheat and maize were much closer to market prices in recent years inducing a decline in market price support for those products.

Prices for milk, pigmeat and beef are supported by a guaranteed and guidance price system. Subsidies are paid to processors who pay prices above the guidance price to farmers, or to farmers in case the price they receive is below the guidance price. In addition price premiums are paid for high quality production of milk, pigmeat and beef. While guaranteed prices for milk and beef increased if measured in national currency as well as in Euro in the period 1997 to 1999 they were reduced in 2000. As a reaction to the depressed pork market guaranteed and guidance prices declined considerable in Euro over the period 1997 to 2000, implying a considerable reduction in protection to this sector. In fact the %PSE for pork was slightly negative (-3%) in 1998 and zero in 1999. The 1999 and 2000 milk quota is fixed to 1900 million kg and will be extended by 5.3% in 2001.

Area payments are granted to all farms with less than 300 ha of agricultural land, with payments inversely related to the land's production potential (OECD, 2000b, p. 84). Budgetary support is also provided for credit subsidies, loan guarantees, investment grants and fuel tax subsidies. Although support based on the use of inputs declined considerably in the years 1999 and 2000 it still remains the most important item in budgetary support.

2.7.2 Market Access

Imports are regulated by ad-valorem tariffs and tariff rate quotas. In the period 1997 to 2000 Hungary lowered its MFN tariff rates for most agro-food products in accordance with the Uruguay Round Agreement in Agriculture (URAA). In 2000 the applied tariff is lower than the bound rate only for rice. For all other products the commitments of the URAA is binding. In 2000 applied MFN tariff rates amount to 32% for all grain but rice (10%), to about 50% for dairy products except for butter (101.8%), to about 50% for all fruits and vegetables relevant for Hungary, and to 62.9% for wine. For meat MFN tariff rates vary between 25.6% for sheep and 71.7% for beef.

2.7.3 Export Subsidies

Before 1997 expenditure on export subsidies was about twice the level of Hungary´s URAA commitment[7] and covered 149 products as against 16 specified in the WTO schedule. Against this background the Hungarian government applied for a waiver. In 1997 this waiver was granted. It allows Hungary to provide support for exports of 119 products. The base level commitment is set to 50.9 billion Ft instead of the former 21.6 billion Ft. However, the final 2002 value of export subsidy payments is unchanged under the waiver agreement and will be 14.3 billion Ft.

Export subsidies are granted for a wide range of products. In 1999 the total amount of spending is estimated to have been 24.4 billion Ft (97 million Euro),

[7] Hungary expressed its commitment on domestic support and export subsidy budgetary outlays in Ft. However, due to the considerable depreciation of the Ft against the US$ the real value of the allowed export subsidies eroded.

which amounts to about two-thirds of its permitted export subsidy level (32.9 billion Ft). Compared to 1998 this is an increase of 14% if calculated in Ft (OECD, 2000b, p. 85).

In 1998 the Agricultural Intervention Centre (AIC) was established to monitor and control export subsidy spending. This together with a change in the system of tendering for export subsidies has increased transparency and helped to prevent fraud.

2.8 Slovenia

The government budget support for agriculture increased in the period 1996 to 1998 from 11.9 billion SIT (70.5 million Euro) to 18.6 billion SIT (99.9 million Euro). For the period 1999 and 2000 a considerable further rise in budgetary outlays for agriculture took place due to reform measures introduced in 1999. The reform was motivated by the necessity to harmonise Slovenian agricultural policy with the CAP and as a response to the CEFTA agreement. The main element of the reform is a shift from market price support to direct payments. For the medium term future no considerable additional changes are expected.

In 2000, the total agricultural budget amounted to 27.9 billion SIT (135.1 million Euro). Agricultural market policies accounted for 53% (14.8 billion SIT (71.5 million Euro)). Among them, direct payments amounted to 5.9 billion SIT (28.7 million Euro), sales and consumption promotion to 5.7 billion SIT (27.5 million Euro) and natural disaster aid to 3.0 billion SIT (14.4 million Euro). Structural policies accounted for 31% (8.7 billion SIT (42.2 million Euro)) of the total agricultural budget. The most important measure under this heading is the support for marginal areas (3.8 billion STI (18.4 million Euro)) followed by investment subsidies (1.9 billion SIT (9.2 million Euro), food processing and co-operatives restructuring (0.8 billion SIT (3.8 million Euro)). The remaining measures include those for environmentally friendly agriculture (0.5 billion SIT (2.4 million Euro)), rural development (0.4 billion SIT (2.0 million Euro), agricultural land operations (0.2 billion SIT (1.0 million Euro)) and other structural measures (1.1 billion SIT (5.4 million Euro)). The remaining 16% of the total agricultural budget was allocated for general services (4.4 billion SIT (21.3 million Euro).

Slovenia is the only CEE candidate country which during the last years supported agriculture (measured as %PSE) stronger than the EU. In 1997, %PSE for both Slovenia and the EU amounted to 32%. During the following years, support increased in Slovenia to 42% in 1998 and 49% in 1999. Later it decreased to 39% in 2000. The corresponding figures for the EU for the period 1998 to 2000 are 36%, 39% and 34% (OECD, 2002, pp. 56-57). In 2000, %PSE of the following products were considerably higher than the average in Slovenia: sugar (62%), sheep (58%), wheat (52%) and milk (48%). Beef and eggs (both 40%)

and pork (39%) were supported as agriculture on average. Relatively low %PSE were reported for maize (11%), poultry (17%) and other cereals (22%).

2.8.1 Domestic Support Measures

Until 1999 the Slovenian agricultural policy has been mainly based on market price support. Administrative prices for some key products (wheat, rye, sugar, milk) and import tariffs combined with specific import duties have been the two main pillars used to keep agricultural prices significantly above world market prices. For wheat and sugar, the government used to have a complete monopoly over the market. The pork market was regulated by setting ceiling prices for fresh pork carcasses at the retail level and by fixing the wholesale and retail trade margin.

In 1999 Slovenian agricultural policy was reformed. As part of this reform administrative prices (=intervention prices) for wheat and rye decreased considerably and direct payments on a per hectare basis were introduced for bread cereals (wheat, rye), sugar beet, hops and for seed production in 1999 and for other cereals and oilseed in 2000. Other measures include support payments on a per kg production base for cattle breeding in less favoured areas and a head compensation payment for livestock breeders and for feeding calves on a high weight. In addition measures for market stabilisation were implemented. These cover e.g. the cofinancing of wheat, rye, potato, wine and seed stocks and covering the costs of intervention purchases on the pork market. Due to the BSE crisis, there were also intervention purchases of beef. Finally, the only sugar refinery has been privatised and direct intervention in the sugar market declined. Currently, there is no intervention mechanism for wheat and rye as well as for sugar. Agricultural environmental payments were introduced as well.

In addition input subsidies and investment support are of relevance. In the period 1994 to 1998 they amounted to about 20% of total budgetary outlay on agriculture.

2.8.2 Market Access

Imports of most agricultural products are regulated by a combination of ad-valorem tariffs and specific duties. For some sensitive products the latter are more important as an instrument of protection than the former. In the period 1995 to 2000 MFN ad-valorem tariff rates have been gradually reduced and in 2000 have been largely equal to the final bound rate agreed to in the WTO. Comparing the specific import duties with the final bound values reveals a more heterogeneous picture. For some products such as wheat, sugar, SMP and pork the applied specific import levy almost equals the final bound rate. For many products the applied value is considerably lower (e.g. oilseeds and butter) and for a few products it is considerably higher (e.g. poultry) than agreed in the WTO schedules.

In the framework of the URAA Slovenia has agreed preferential access to the domestic market for set quantities of specified agricultural and food products. A recent analysis revealed that the agreed import quotas are close or even above the actual imported quantities, but in general there are differences between products.

In addition there exists the opportunity for duty-free imports of primary agricultural products, processed in Slovenia and exported on the international market (e.g. for meat industry). Duty free imports were also carried out for the State Agency for Commodity reserves. Finally, in the past there has been a temporary abolishment of import duties for some products such as for maize.

2.8.3 Export Subsidies

Slovenia has not been allowed to use export subsidies under the WTO agreement. However, for selected processed and unprocessed products Slovenia grants export support on a quantity base (e.g. SIT/kg). This support is justified as compensation for the higher prices of raw material bought on the internal market. A recent analysis reveals that most of the products entitled to receive export support were indeed subsidised. In many cases the quantities of subsidised exports were similar to the quantities of total Slovenian exports for these products. The support amounted up to 60% of the unit value of exports. However, the ad-valorem tariffs and fixed specific duties were generally much greater than the export support for the same product category.

2.9 Romania

In the past government intervention in agriculture has led to heavy distortions in Romania. In 1997 Romania introduced a radical economic liberalisation. Quotas and bans on agricultural exports were removed and in some cases replaced by export taxes. Import tariffs were lowered. In addition governmental trade policies have gained in stability in recent years. Besides liberalisation of trade policy Romania also took important steps in reducing distortions induced by domestic market policy; e.g. price regulations were stopped.

Between 1997 and 1998 the monetary value of support to agriculture measured by the Total PSE increased sharply from 2626 billion Lei (323 million Euro) to 31050 billion Lei (3110 million Euro). In 2000, the Total PSE reached the same level when measured in Lei (31103 billion Lei (provisional) after 26235 billion Lei in 1999) but showed a sharp decline when defined in Euro (3110 million Euro in 1998; 1605 million Euro in 1999, 1561 million Euro in 2000). Corresponding the %PSE rose from 3% in 1997 to 30% in 1998 and again declined in 1999 to 20% and in 2000 to 19% (OECD, 2002, p. 56).

2.9.1 Domestic Support Measures

Support to agriculture is provided by suspending agriculture from income tax for the period 1997 to 2001 and by subsidised interest rates as well by other general input subsidies provided through a voucher system which was implemented in 1997. Vouchers were granted to agricultural landowners, disregarding the nature of crops grown, for areas between 0.5 and 10 hectares. The vouchers could be used to purchase seeds, gas oil, fertiliser, pesticides, feed, medicines, and phyto-sanitary products as well as for contract services (ploughing, sowing, harvesting). In 1998 and 1999 the list of goods and services that could be purchased with the vouchers was modified. Gas oil was eliminated from the list. Instead value tickets were granted for this input. It is estimated that in 1999 input subsidies made up about 65% of total budgetary outlays for the agro-food sector in Romania (OECD, 2000a, p. 97).

The voucher system was changed considerably in 2000. Vouchers are now directly addressed to agricultural producers. 5 vouchers are granted per hectare of arable land, while 12 vouchers are distributed per hectare of vineyards and orchards. In addition vouchers are also granted for livestock production (4 voucher per animal). The value of one voucher is equal to 100 Lei. It is estimated that about 10% to 12% of the variable costs of agricultural production will be covered by the new voucher scheme. In addition in 2000 support grants to milk producers were introduced.

After the autumn of 2000 the voucher system was terminated. Starting with the spring of 2001 it was substituted by per ha payments of 1 million lei (41.4 Euro) for cultivated land, irrespective of the type of crop grown. Each farm that had cultivated 1 ha, is eligible to receive these payments. In addition in 2001 a premium of 500000 lei/t (20.7 Euro/t) of wheat is granted for about 1.5 million tons of wheat that goes to processing. This is equal to about 35% of total wheat production. Finally, a premium of 500000 lei/t (20.7 Euro/t) of milk is paid in 2001 for milk that goes to processing. This amounts to about 25% of total milk production.

Both the voucher system (applied until the autumn of 2000) and the per hectare payments introduced in the spring of 2001, helped overcome the liquidity problem in the Romanian agricultural sector. The amount granted through the two systems covered about 10 to 12% of the financial needs for carrying out spring work.

In addition horizontal measures such as support for investments, for loans and for obtaining seeds as well as pesticides are envisaged for 2001. Finally, the creation of the necessary legal framework for improving the marketing of agri-food products is planned.

2.9.2 Market Access

On July 1995 Romania strongly increased its applied MFN for most agro-food products. Since then, however, tariff rates have declined again. In 1999 imports were primarily regulated by ad-valorem tariffs. Two successive cuts in tariffs were made in January 1999 and May 1999 on agro-food products. After May 1999 the applied MFN amounted to about 25% to 30% for grain and 40% to 45% for most other commodities, such as meat products, sugar and potatoes. Considerably higher import tariffs are in place for wine (144%). In general Romania applied MFN tariff rates are far below the final bound rate agreed on in the WTO schedules.

Romania introduced minimum import prices for poultry and pork, as well as a surcharge on all imports in 1998. The latter was imposed for balance of payments reasons and are to be phased out by January 2001.

2.9.3 Export Subsidies

Romania has negotiated export subsidies in the WTO. It is allowed to subsidise exports of all major agro-food products. In 1999 Romania granted export subsidies for maize, wheat, pork and poultry.

2.10 Bulgaria

Before 1997 agricultural market and trade policy in Bulgaria was strongly distorted and was not in favour of agricultural producers. Recent years showed a gradual liberalisation of these policies. In 1996, %PSE was strongly negative (-55%). Although the discrimination of agriculture declined in 1997, agriculture was still implicitly taxed, the Total PSE was –489 million BGL (-257.2 million Euro). Since 1998, the %PSE has been close to zero (1998: 2%, 1999: -2%, 2000: 1% (provisional) (OECD, 2002, p. 56). Governmental spending on agriculture is still mainly in the form of credit subsidies intended to support farmers' cash flow.

2.10.1 Domestic Support Measures

No intervention mechanism was applied in the period 1997 to 2000. In general governmental influence on domestic prices was done via trade policies and/or administrative controls. Until August 1998 a system of minimum prices existed for wheat and tobacco. The established minimum prices were the prices below which transactions were prohibited. While minimum prices for wheat were eliminated in August 1998 they still exist for tobacco. A system of projected prices was in place till the middle of 1997. It was aimed at controlling the marketing margins. The list of the goods with projected prices included up to 28 main food products. The system was modified in June 1997 and removed in August 1998 for all products but tobacco.

Financial support to agriculture was in the past and still is mainly given in the form of input subsidies, especially as different forms of credit subsidies. In 1997 direct subsidies were also paid to wheat, maize and sunflower producers. In 1998 additional support programmes were introduced, e.g. support for the storage of bread wheat. Also animal producers received direct subsidies to compensate them for increasing feed prices. In 1999 besides those measures in place in 1997 and 1998 commodity credits were granted for sunflower and potatoes for buying high quality seeds and subsidies for reducing the costs of fertilisers (for all crop products). In 2000 the input subsidies used were extended to reduce fuel costs. In addition to the short term credits granted since 1998 credit subsidies on investment were provided. They were intended to support agricultural producers in replacing the very obsolete agricultural machinery in Bulgaria. Support policy to agriculture also covered subsidies for irrigation and drainage. Finally, state policy has aimed at improving agricultural producers' access to bank loans and alternative finance. In 1999 a warehouse grain receipts scheme was implemented. This was supported by the European Bank for Reconstruction and Development (EBRD).

2.10.2 Market Access

Before June 1997 it was the main goal of the foreign trade regime to secure low consumer prices for the major food commodities. In order to achieve this goal several measures were applied such as a licensing system, duty free import quotas, taxes as well as bans on export. At the end of June 1997 bans on export were removed and replaced by export taxes and a regime of registration. In addition applied MFN tariffs were reduced for several products and quotas for zero duty imports were for some commodities removed and zero duty was applied to the whole imports of these products. The process of removing restrictions on trade continued in the second half of 1997 and 1998. In addition trade measures gained in stability.

At the beginning of 1999 the regime of registration and licensing for export and import of agricultural products was removed for all products except grains and sunflower seeds to "the first reproduction". In addition export taxes were removed. Thus intervention in trade of agricultural and food products was limited to ad-valorem tariffs and the setting of some minimum import prices. In addition for several products duty free (lower duty) import quotas remained. In some cases the quota is fixed at a level much higher than the total imports.

During the period of transition Bulgaria changed its MFN import tariffs four times, in 1992, 1996, 1999 and 2000. These changes were intended to harmonise Bulgarian tariff codes with HS as well as to reduce applied tariffs. Since 2000 tariff codes are completely harmonised with the HS. With the exception of butter, applied MFN import tariffs are much lower in 2000 than the final bound rates agreed in the WTO.

2.10.3 Export Subsidies

Bulgaria has made provision for expenditures on export subsidies during its base period and thus is allowed to use them in the future. However, during the analysed period no export subsidies have been used in Bulgaria.

3 SYNTHESIS

The Total PSE increased in all CEE candidate countries between 1997 and 1998 inducing a similar rise in the %PSE (see Table 1). In 1997 the level of the %PSE was in single figures for the three Baltic countries, the Czech Republic, Hungary and Romania (the figure for Bulgaria was even negative (-10%)). In 1998, this situation did not hold for any of the CEE candidate countries except for Bulgaria. The development of agricultural support was more heterogeneous between 1998 and 1999. In most of the countries there was a decline in Total PSE. This was to a considerable extent due to a tighter budgetary situation. The situation was different in Hungary and Slovenia where support to agriculture increased. The change in the %PSE between 1998 and 1999 does not in all cases reveal the same development as the Total PSE (see Table 1). While for example, in Latvia the Total PSE declined from 109 million Euro in 1998 to 103 million Euro in 1999, the %PSE increased from 20% to 22%. This was due to the considerable drop in the agricultural production value against which the %PSE is measured. The (provisional) figures for 2000 indicate for most of the countries a significant decline in support, both in Total PSE and in %PSE. In the period considered, in all candidate countries except for Slovenia, support to agriculture measured as %PSE was notably lower than in the EU.

3.1 Domestic Support Measures

The CEE candidate countries are clearly heading towards the European mainstream in terms of their agricultural policy design. This becomes obvious by looking at the policy measures implemented by the various governments in recent years. Direct support payments on a per hectare and/or per animal basis, a major agricultural policy element in the EU since the MacSharry reform in 1992, have been implemented in all candidate countries except for Bulgaria (see Tables 2a to 2j). Also other elements of domestic policies are adjusted towards CAP like measures. These include the requirements for intervention purchases and the implementation of a quota on the sugar market (in Latvia, Lithuania, the Czech Republic, Slovakia and Poland, with the one in Poland being very similar designed to the one in the EU) or milk market (Hungary, the Czech Republic and the Slovak Republic). Nevertheless a closer look at those instruments reveals that there are still in many cases considerable differences in the specific design of those instruments. This will be illustrated with respect to direct payments for crops.

Direct payments for the grand cultures in the EU are linked to reference levels such as base area and historical yields. This does in general not hold for the CEE candidate countries. In many cases the only criteria for obtaining those payments seems to be that the land is registered. The Tables 2a to 2j also reveal that there are pronounced differences in the product coverage and the level of direct payments granted by the respective CEE candidate countries to their farmers. Slovenia is the country with by far the highest level of per hectare and per animal payments while those payments are in general lowest in Lithuania. In Hungary, area payments are only granted to farms with less than 300 and payments are inversely related to the size of the farms.

Similar differences can be detected for other policy measures such as intervention measures, which are in some CEE candidate countries limited to a specific quantity (e.g. to 110000 tons in the case of wheat in Lithuania (see Table 2a)) or to a specific yield per hectare of registered area in the case of Hungary (e.g. for wheat see Table 2a).

Input subsidies are of relevance in all CEE candidate countries. They were and still are to a large extent allocated for capital grants and interest rate subsidies.

With respect to the WTO agreement on agriculture the following main developments can be summarised. First, in most CEE candidate countries for which information was available there has been a shift of domestic support towards Green Box measures (WTO, 2000). However, the relevance of Green Box measures in total domestic support vary considerable among the countries. It is especially of relevance in Romania, the Czech Republic, Poland and Slovenia amounting to between 60% and 100% in the period 1996 to 1998 while it is of little importance in the Slovak Republic (less than 5% in the same period). Second, with the exception of Slovenia the future member countries applied support is lower than the Aggregate Measure of Support agreed upon in the WTO (TANGERMANN, 2000).

3.2 Market Access

Imports of the CEE candidate countries are mainly regulated by ad-valorem tariffs. In the case of Poland and Slovenia and to some extent also Bulgaria these are combined with specific import duties (Slovenia) or minimum import prices (Poland). The level and the structure of MFN tariff rates in 2000 vary considerably between the CEE candidate countries (see Table 2) with especially Poland and Slovenia applying a very high import protection, although this is done in the case of Slovenia mainly through specific import duties. MFN tariff rates are relatively low in Estonia and Latvia. Table 3 also reveals that in the CEE candidate countries applied MFN tariff rates are for most products close to the final bound rates agreed on in the WTO. An exception in this respect is Romania. Romania's applied tariff rates are far below its bound rates agreed to in the WTO schedules. Finally it should be noted that the final bound tariffs of the CEE candidate countries are with the exceptions of Poland and Romania[8] far lower than the final bound rates the EU has agreed on in the WTO (see Figure 1). This very likely will lead to conflicts with trade partners upon accession to the EU.

The MFN tariff rates discussed above are not the ones that pertain to the majority of imports of the CEE candidate countries since all of them have signed numerous preferential trade agreements that provide for free trade or preferential import tariffs for the partner countries. The most important trade agreements among the CEE candidate countries are the Baltic Free Trade Agreement, the Central European Free Trade Agreement, and the Customs Union between the Slovak and the Czech Republic while the Europe Agreement the EU signed with each of the CEE candidate countries are the most relevant ones of those with countries outside the region.

3.3 Export Subsidies

Of the ten CEE candidate countries Estonia, Latvia, Lithuania and Slovenia have made no provision for expenditures on export subsidies in the base period or have committed to eliminate export subsidies in their membership negotiation. Of the four countries mentioned above Estonia and Latvia indeed did not use any export subsidies in 2001, while Slovenia and Lithuania made use of this support measure. Lithuania applied export subsidies in general on an ad hoc basis. They were mainly granted for dairy and meat products. Slovenia has in the past made considerable use of export "support" which is justified as compensation for the higher raw material prices on the domestic market.

The other six CEE candidate countries have negotiated export subsidies in the WTO. However, while for some of those countries export commitments have already become limiting, those commitments impose no problem for others. The former holds especially for Hungary which nominated its schedules of commitments on agriculture in its national currency (Ft). Due to the strong depreciation of the Ft against the US$ since the middle of the nineties the allowed budgetary outlay for export subsidies fell strongly. Although Hungary has been granted a waiver until 2002, it will have to abide to its original schedule after that date. Bulgaria is allowed to apply export subsidies but has not made any use of this support measure in the past. In general, however, it seems to be the export subsidy commitments in the WTO which appear to be the constraining factor.

8 This also holds for Slovenia. However, in the case of Slovenia import protection set in the WTO schedules is mainly due to specific duties and less so due to tariff rates.

References

OECD (2000a): Agricultural policies in emerging and transition economies, Paris, OECD.

OECD (2000b): Agricultural policies in OECD Countries, Monitoring and evaluation 2000, Paris, OECD.

OECD (2002): Agricultural policies in transition economies, Paris, OECD.

TACIS (2000): Accession of Non-CIS transition economics to the World Trade Organization – Lessons for CIS economics, Unpublished manuscript.

TANGERMANN, S. (2000): Währungsdisparitäten und WTO-Anforderungen – zwei Hemmschuhe für den Beitritt, Vortrag gehalten auf der Wissenschaftlichen Akademietagung des Deutschen Bauernverbandes und der Deutschen Landjugend-Akademie zum Thema "EU-Osterweiterung: Was erwartet die deutsche Landwirtschaft?", Bonn-Röttgen am 12./13.10. 2000.

WTO (2000): Green box measures, Background paper by the secretariat from 19.04.2000, Geneva.

Table 1: Producer Support Estimate for the CEE candidate countries and the EU, 1997 to 2001

	1997		1998		1999		2000		2001[e]	
	Total PSE in million Euro	% PSE	Total PSE in million Euro	% PSE	Total PSE in million Euro	% PSE	Total PSE in million Euro	% PSE	Total PSE in million Euro	% PSE
Estonia	27	6	91	20	24	6	31[p]	7[p]	44	13
Latvia	29	5	109	20	103	22	82[p]	15[p]	79	16
Lithuania	64	4	225	16	208	16	85[p]	6[p]	125	11
Poland	1767	12	3166	22	2424	19	1081	7	1322	10
Czech Republic	221	6	878	23	796	24	578	16	534	17
Slovak Republic	200	11	531	31	364	25	365	23	138	11
Hungary	318	6	946	19	1079	23	990	20	530	12
Slovenia	239	32	322	42	354	49	303	39[p]	299	40
Romania	323	3	3110	30	1605	20	1561[p]	19[p]	2074	24
Bulgaria	-257	-10	49	2	-35	-2	12[p]	1[p]	58	3
EU-15	92664	32	102330	36	108241	39	97244	34	103937	35

Note: [p] provisional; [e] estimate.

Source: OECD (2002, pp. 56-57), converted in Euro.

Table 2a: Domestic Policies on the Wheat Markets in the CEE Candidate Countries (2000/2001)[1]

	Intervention Mechanism					**Direct Payments**					**Other measures[6]**
Country	**Yes No**	**Intervention limited to**		**Intervention price in Euro**	**Stage of processing chain where intervention takes place[3]**	**Yes No**	**Value in Euro per ton**	**Value in Euro per ha or per animal[4]**	**Criteria for obtaining direct payments[5]**	**% of production receiving direct payments**	
		...1000 tons[2]	**...% of production[2]**								
Estonia	No					Yes		25.4		80	
Latvia	Yes	Limited to total amount available – 236 thsd. Euro for all grain; Minimal amount of cereals supplied from one seller: 40 t.		01.08.01–30.04.02 for minimum quality cereals per t (without VAT) – Euro 37.76 (01.08.-30.09.); Euro 39.53 (01.10.-31.10.); Euro 41.3 (01.11.01-30.04.02)	Raw product grain Subsidy cover: i) Export expenditures for admission, transport, storage of market intervention. ii) Expenditures due to differences in prices, that appear on market from market intervention.	Yes – for so-wing area		8.85 for licenced and 4.43 for non-licenced seeds	1) For sowing area not less than 15 ha		1) For partly covering the credit interest payments on bought seeds 2) Maintaining the gene pool of seeds
Lithuania (highest and first for food only)	Yes	110		114.5/t	Farm gate, minimum quantity of 10 tons	No					See[7]

	Intervention Mechanism					Direct Payments					Other measures[6]
Country	**Yes No**	**Intervention limited to ...1000 tons**[2]	**Intervention limited to ...% of production**[2]	**Intervention price in Euro**	**Stage of processing chain where intervention takes place**[3]	**Yes No**	**Value in Euro per ton**	**Value in Euro per ha or per animal**[4]	**Criteria for obtaining direct payments**[5]	**% of production receiving direct payments**	
Poland (for food)	Yes	3552[8]	38.3%[9]	139/t[10]	Farm gate	Yes	27/t[11]		Grain quality	38.3%	Subsidised credits and credit guarantees for grain purchases[12] Market price support (border) measures.
Czech Republic	Yes	See [13]		0		No					
Slovak Republic	Yes	600	In 2001, no intervention purchases due to high market prices.	80.83	Intervention warehouse	Yes		Compensation payment on operation in crop production – cereals is possible provide up to the limit 18.48 Euro/ha. Applicant has to render reported minimum income per ha including fulfilled insured damages (based on land price group I-IV) from 2310 Euro/ha to 5774 Euro/ha, submission of identification list, registration and some other administrative conditions.			Min. price 97.0 Euro/t

	Intervention Mechanism					Direct Payments					Other measures[6]
Country	Yes No	Intervention limited to ...1000 tons[2]	Intervention limited to ...% of production[2]	Intervention price in Euro	Stage of processing chain where intervention takes place[3]	Yes No	Value in Euro per ton	Value in Euro per ha or per animal[4]	Criteria for obtaining direct payments[5]	% of production receiving direct payments	
Hungary	Yes[14]	100[15]	-	71.7/t[16]	Raw product	Yes		Payment per ha in Euro 49.2 32.8	Arable land size of farm, ha 1-10 10-300, soil analysis not older than 5 years, at least 40 per cent of the area was seeded by approved seeds	100 % for applicable farms	
Slovenia	No					Yes		Payment per ha in Euro 256.9			
Romania	No					Yes	20.7/t	41.4	Sown area	35%[17]	
Bulgaria	No					No					Input related payments – credit subsidies

1 A quota system on the wheat market was not applied in any of the CEE candidate countries.

2 If intervention is unlimited please fill in "unlimited".

3 Does intervention take place at the level of the raw product e.g. milk or at the level of the processed product e.g. butter?

4 In general direct payments are either paid per ton or per ha (animal). Thus only one of the two columns need to be filled in.

5 Please indicate whether all farms applying for direct payments are eligible to receive them or whether farmers have to fulfil specific conditions.

6 Please indicate other important domestic market measures on the respective product market, e.g. voucher system.

[7] Support to private storage was provided at 1.67 Euro/t for grain marketed in September and 2.79 Euro/t for grain marketed in October. If grain is delivered to AFMRA, but the owner decides to sell it elsewhere before November 1, only handling charges are paid by owner. There is a minimum quantity of 10 tons for intervention deliveries. AFMRA does not own storage and drying facilities, but leases these services from private companies. Subsidisation of exports is limited to food wheat purchased by AFMRA in the framework of intervention purchases and sold at a loss in external markets.

[8] Intervention is limited to grain for food. Ca. 80% of intervention purchases were commissioned by AMA and carried out by enterprises (traders and processors) who take advantage of subsidised credits and credit guarantees (for grain purchases) – the rest was purchased (financed) directly by AMA. Intervention purchases are linked with direct payments to farmers.

[9] Share of total (i.e. including feed grain) wheat production.

[10] Minimum intervention prices set in the "Yearly Program of intervention activities of AMA in 2001", which enterprises participating in the system are obliged to pay farmers.

[11] The value of direct payments varies during the intervention; it amounts: 24.5 Euro/t in August, 27.3 Euro/t in September and 30 Euro/t in October. It also may be decreased if purchase price of grain exceeds the minimum price by more than 3.9 Euro/ton.

[12] In 2001 AMA granted guarantees to 43 million Euro to enterprises purchasing wheat and rye.

[13] In 2001/02 the intervention purchase was not proclaimed. In 2002/03 the State Agricultural Intervention Fund (SAIF, Czech abbreviation SZIF) has proclaimed guarantee intervention price for food wheat at 3500 CZK/t (102.7 Euro/t). SAIF is available to purchase food wheat in value max. 3.5 billion CZK (104.7 million Euro), that means at about one fifth of the expected harvest of the current year. The purchase has begun from July, 16th 2002.

[14] Food wheat only.

[15] Not more than 2.4 t/ha yield on the registered area for a producer.

[16] Intervention period: 1 Aug to 1 Dec 01.

[17] The premium of 20.7 Euro/7 wheat is granted to only about 1.5 million tons of wheat that goes to processing. This is about 35% of total wheat production. The amount of 41.4 Euro per ha is paid to all sown area.

Source: Country experts of the Network of Independent Agricultural Experts in the CEE Candidate Countries.

Table 2b: Domestic Policies on the Barley Market in the CEE Candidate Countries (2000/2001)[1]

	Direct Payments					Other measures[4]
Country	**Yes No**	**Value in Euro per ton**	**Value in Euro per ha or per animal[2]**	**Criteria for obtaining direct payments[3]**	**% of production receiving direct payments**	
Estonia	Yes		25.4		80	
Latvia	Yes – for sowing area		8.85 for licensed and 4.43 for unlicensed seeds	1) For sowing area not less than 15 ha		Partly covering the credit interest payments for bought seeds
Poland	No[5]					Market price support (border) measures
Czech Republic	No					
Slovak Republic	Yes		Compensation payment on operation in crop production – cereals is possible provide up to the limit 18.48 Euro/ha (criteria: see wheat).			
Hungary	Yes		Payment per ha in Euro 49.2 32.8	Arable land size of farm, ha 1-10 10-300, soil analysis not older than 5 years, at least 40 per cent of the area was seeded by approved seeds	100 % for applicable farms	
Slovenia	No					
Romania	Yes		41.4	Sown area		
Bulgaria	No					Input related payments – credit subsidies

1 In Lithuania no domestic policies were in place on the barley market. An intervention mechanism or a quota system was not applied on this market in any of the CEE Candidate Countries.

[2] In general direct payments are either paid per ton or per ha (animal). Thus only one of the two columns need to be filled in.

[3] Please indicate whether all farms supplying for direct payments are eligible to receive them or whether farmers have to fulfil specific conditions.

[4] Please indicate other important domestic market measures on the respective product market, e.g. voucher system.

[5] Barley: Support to the production of malt barley, ensuring competitiveness and sustaining export markets. The support is given to exporting malt houses, which contracted barley for a minimum price 99.9 Euro per tonne (complying with the other conditions). Support: 17.1 Euro per tonne of (exported) malt: Limits: a) on value 3.42 million Euro, b) on volume (of subsidised export) 200 thousand tonne of malt i.e. 250 thousand t of barley.

Source: Country experts of the Network of Independent Agricultural Experts in the CEE Candidate Countries.

Table 2c: Domestic Policies on the Corn Market in the CEE Candidate Countries (2000/2001)[1]

	Intervention Mechanism					Direct Payments					Other measures[6]
Country	Yes No	Intervention Limited to ...1000 tons[2]	Intervention Limited to ...% of production[2]	Intervention Price in Euro	Stage of processing chain where intervention takes place[3]	Yes No	Value in Euro per ton	Value in Euro per ha or per animal[4]	Criteria for obtaining direct payments[5]	% of production receiving direct payments	
Latvia	No					No					
Poland	No					No					Market price support
Czech Rep.	No					No					
Slovak Republic	No					Yes		Compensation payment on operation in crop production – cereals is possible provide up to the limit 18.48 Euro/ha (criteria: see wheat)			
Hungary	Yes	100[7]	–	61.5/t[8]	Raw product	Yes	–	Payment per ha in Euro 49.2 32.8	Arable land size of farm, ha 1-10 10-300, soil analysis not older than 5 years, at least 40 per cent of the area was seeded by approved seeds	100 % for applicable farms	
Slovenia	No					Yes		126.44			
Romania	No					Yes		41.4	Sown area		
Bulgaria	No					No					Input related payments – credit subsidies

[1] In Estonia, Lithuania and the Czech Republic no domestic policies were in place on the corn market. A quota system was not applied on the corn market in any of the CEE Candidate Countries.

[2] If intervention is unlimited please fill in "unlimited".

[3] Does intervention take place at the level of the raw product e.g. milk or at the level of the processed product e.g. butter?

[4] In general direct payments are either paid per ton or per ha (animal). Thus only one of the two columns need to be filled in.

[5] Please indicate whether all farms applying for direct payments are eligible to receive them or whether farmers have to fulfil specific conditions.

[6] Please indicate other important domestic market measures on the respective product market, e.g. voucher system.

[7] Not more than 3.2 t/ha yield on the registered area for a producer.

[8] Last intervention period was 1 Dec 2000 to 1 March 2001.

Source: Country experts of the Network of Independent Agricultural Experts in the CEE Candidate Countries.

Table 2d: Domestic Policies on the Rye Market in the CEE Candidate Countries (2000/2001)[1]

	Intervention Mechanism					Direct Payments					Other measures[6]
Country	Yes No	Intervention Limited to		Inter-vention Price in Euro	Stage of processing chain where intervention takes place[3]	Yes No	Value in Euro per ton	Value in Euro per ha or per animal[4]	Criteria for obtaining direct payments[5]	% of pro-duction receiving direct payments	
		...1000 tons[2]	...% of produc-tion[2]								
Estonia	No					Yes		25.4		80	
Latvia		Limited to total amount available (236000 Euro for all grain); Minimal amount of cereals supplied from one seller: 40 t		For mini-mum qua-lity cereals per t (without VAT) – Euro 37.76 (01.08.-30.09.01); Euro 39.53 (01.-31.10.01); Euro 41.3 (01.11.01-30.04.02)	Stage-raw product grain Subsidy cover: i) Export expendi-tures for admis-sion, transport, storage of market intervention. ii) Expenditures due to differences in prices, that ap-pear between market and intervention prices.	Yes – for so-wing area		8.85 for licensed and 4.43 for unlicensed seeds	1) For sowing area not less than 15 ha		Partly covering the credit interest payments for bought seeds.
Lithuania (highest and first)	Yes	10		97.71/t	Farm gate	Yes		22.3	Low productivity soils, farm accounting and crop declaration		See [7]

	Intervention Mechanism					Direct Payments					Other measures[6]
Country	Yes No	Intervention Limited to ...1000 tons[2]	Intervention Limited to ...% of production[2]	Intervention Price in Euro	Stage of processing chain where intervention takes place[3]	Yes No	Value in Euro per ton	Value in Euro per ha or per animal[4]	Criteria for obtaining direct payments[5]	% of production receiving direct payments	
Poland	Yes	514[8]	10.6%[9]	96.8/t[10]	Farm gate	Yes	19.1/t[11]		Grain quality	10.6%	Subsidised credits and credit guarantees for grain purchases. Market price support (border) measures.
Czech Rep.	No					No					
Slovak Republic	No					Yes		Compensation payment on operation in crop production – cereals is possible provide up to the limit 18.48 Euro/ha (criteria: see wheat).			
Hungary	No					Yes		Payment per ha in Euro 49.2 32.8	Arable land size of farm, ha 1-10 10-300, soil analysis not older than 5 years, at least 40 per cent of the area was seeded by approved seeds	100% for applicable farms	
Slovenia	No										
Romania	No					Yes		41.4	Sown area		
Bulgaria	No					No					No

[1] In the Czech Republic and Bulgaria no domestic policies were in place on the rye market. A quota system was not applied on the rye market in any of the CEE Candidate Countries.

[2] If intervention is unlimited please fill in "unlimited".

[3] Does intervention take place at the level of the raw product e.g. milk or at the level of the processed product e.g. butter?

[4] In general direct payments are either paid per ton or per ha (animal). Thus only one of the two columns need to be filled in.

[5] Please indicate whether all farms applying for direct payments are eligible to receive them or whether farmers have to fulfil specific conditions.

[6] Please indicate other important domestic market measures on the respective product market, e.g. voucher system.

[7] Support to private storage was provided at 1.67 Euro/t for grain marketed in September and 2.79 Euro/t for grain marketed in October. If grain is delivered to AFMRA, but the owner decides to sell it elsewhere before November 1, only handling charges are paid by owner. There is a minimum quantity of 10 tons for intervention deliveries. AFMRA does not own storage and drying facilities, but leases these services from private companies. Subsidisation of exports is limited to food wheat purchased by AFMRA in the framework of intervention purchases and sold at a loss in external markets.

[8] Intervention is limited to grain for food. Ca. 85% of intervention purchases were commissioned by AMA and carried out by enterprises (traders and processors) who take advantage of subsidised credits and credit guarantees (for grain purchases) – the rest was purchased (financed) directly by AMA. Intervention purchases are linked with direct payments to farmers.

[9] Share of total (i.e. including feed grain) rye production.

[10] Minimum intervention prices set in the "Yearly Programme of intervention activities of AMA in 2001", which enterprises participating in the system are obliged to pay farmers.

[11] The value of direct payments varies during the intervention; it amounts: 17.7 Euro/t in August, 19.1 Euro/t in September and 20.4 Euro/t in October. It also may be decreased if purchase price of grain exceeds the minimum price by more than 3.9 Euro/ton.

Source: Country experts of the Network of Independent Agricultural Experts in the CEE Candidate Countries.

Table 2e: Domestic Policies on the Oilseed Market in the CEE Candidate Countries (2000/2001)[1]

	Direct Payments					Other measures[4]
Country	**Yes No**	**Value in Euro per ton**	**Value in Euro per ha or per animal[2]**	**Criteria for obtaining direct payments[3]**	**% of production receiving direct payments**	
Estonia	Yes		25.4		84	
Lithuania (Rapeseeds)	Yes		22.3	Yield at least 1.7 t/ha, farm accounting and crop declaration		
Latvia	Yes – for so-wing area		23.4	1) For oil flax – sowing area not less than 15 ha 2) For fibre flax – i) Sowing area not less than 15 ha, ii) There is a contract with primary processing company, iii) The yield of sold flax is not less than 2.0 t/ha, iv) the quality of flax is: Nr. 1.0 – 23.6 Euro/t Nr. 1.25 – 29.5 Euro/t Nr. 1.50 and higher – 34.6 Euro/t		Partly covering the credit interest payments for bought seeds
Poland	No					Market price support (border measures including export subsidies)
Czech Republic	No					Purchase of part of production (300000 t in 2001, equal to 35% of the production) to produce oilseed rape methylester and biofuel
Slovak Republic	Yes		See[5]	(criteria: see wheat)[6]		

	Direct Payments					Other measures[4]
Country	Yes No	Value in Euro per ton	Value in Euro per ha or per animal[2]	Criteria for obtaining direct payments[3]	% of production receiving direct payments	
Hungary	Yes		Payment per ha in Euro 49.2 32.8	Arable land size of farm, ha 1-10 10-300, soil analysis not older than 5 years, at least 40 per cent of the area seeded by approved seeds	100% for applicable farms	
Slovenia[7]	Yes		323.4[8]			
Romania[9]	Yes		41.4	Tilled area		
Bulgaria	No					Input related payments – credit subsidies

1 An intervention mechanism or a quota system was not applied on the oilseed market in any of the CEE Candidate Countries.

2 In general direct payments are either paid per ton or per ha (animal). Thus only one of the two columns need to be filled in.

3 Please indicate whether all farms applying for direct payments are eligible to receive them or whether farmers have to fulfil specific conditions.

4 Please indicate other important domestic market measures on the respective product market, e.g. voucher system.

5 Compensation payment on operation in crop production – oilseeds is possible provide up to the limit 6.9 Euro/t, poppyseed 11.55 Euro/t.

6 Document on account sales required.

7 All Oilseeds.

8 Exchange rate based on the average of the year 2001.

9 Rapeseed, Sunflower seed.

Source: Country experts of the Network of Independent Agricultural Experts in the CEE Candidate Countries.

Table 2f: Domestic Policies on the Potato Market in the CEE Candidate Countries (2000/2001)[1]

	Direct Payments					Quota System		Other measures[4]
Country	**Yes No**	**Value in Euro per ton**	**Value in Euro per ha or per animal[2]**	**Criteria for obtaining direct payments[3]**	**% of production receiving direct payments**	**Yes No**	**Binding Yes No**	
Latvia	Yes – for sowing area		35.4	i) Sowing area not less than 3 ha, ii) Used licensed seed material, evidence of a waybill-invoice for buying seed materials if potato seeds were purchased, iii) In the application for the direct payment potatoes devoted to starch production should not be included, iv) The applicant is registered in the State Plants' protection Service according to the legislation.				Maintaining the gene pool of seeds
Poland	No[5]					No		Market price support on starch potatoes implemented at processing level (export subsidies to potato starch)
Czech Republic (refers to starch)	Yes	44.0		See [6]	7.6[7]	No		146.7 Euro/t[8]
Slovak Republic	Yes		See [9]	See [10]		Yes	162000 t	Min. price 120 Euro/t
Hungary	Yes		Payment per ha in Euro 49.2 32.8	Arable land size of farm, ha 1-10 10-300, soil analysis not older than 5 years, at least 40 per cent of the area seeded by approved seeds	100% for applicable farms	No		

	Direct Payments					Quota System		Other measures[4]
Country	Yes No	Value in Euro per ton	Value in Euro per ha or per animal[2]	Criteria for obtaining direct payments[3]	% of production receiving direct payments	Yes No	Binding Yes No	
Slovenia	Yes		Payment per ha in Euro (Seedpotatoes) 458.7 to 733.9[11] (Consumer potatoes) 0					
Romania	Yes		41.4	Sown area		No		
Bulgaria	No					No		Input related payments – credit subsidies

1 In Estonia and Lithuania no domestic policies were in place on the potato market. An intervention mechanism was not applied on this market in any of the CEE Candidate Countries.

2 In general direct payments are either paid per ton or per ha (animal). Thus only one of the two columns need to be filled in.

3 Please indicate whether all farms applying for direct payments are eligible to receive them or whether farmers have to fulfil specific conditions.

4 Please indicate other important domestic market measures on the respective product market, e.g. voucher system.

5 However, in 2001 new regulations on potato starch market were passed, which implement from 2002/2003 on: production limits on potato starch, minimum prices on starch potatoes, direct payments for producers of starch potatoes and processors.

6 Condition: content of starch: 16%, minimum price 51.4 Euro per tonne of potatoes.

7 Support of 44 Euro per tonne of potatoes for starch processing. Limited to 30000 tonnes of potatoes.

8 Export subsidy per ton of starch. Limited to 6000 tons of starch.

9 Late potatoes up to 369 Euro/ha based on disposal quota recalculated on the yield of 20 t/ha on potatoes – reproduction areas up to the limit 347 Euro/ha.

10 For reproduction areas it is possible to provide an "in advance payment" of 231 Euro/ha, supplementary payment of 116 Euro/ha after second field inspection. In other cases "in advance payment" can be provided at the level of max. 50%, and supplementary payment at the end of 30 September. Appendix of application form includes: document on agriculture land planted area, document of three years yield average and contract on sale.

11 Exchange rate based on the average of the year 2001.

Source: Country experts of the Network of Independent Agricultural Experts in the CEE Candidate Countries.

Table 2g: Domestic Policies on the Sugar Market in the CEE Candidate Countries (2000/2001)[1]

	Direct Payments					Quota System		Other measures[4]
Country	**Yes No**	**Value in Euro per ton**	**Value in Euro per ha or per animal[2]**	**Criteria for obtaining direct payments[3]**	**% of production receiving direct payments**	**Yes No**	**Binding Yes No**	
Latvia	Yes, for pro-duc-tion of sugar					Yes	Sugar beet amount for supply – fixed for sugar beet growers. In 2001 additional sugar production quota was introduced – the B quota that makes 7% of the A quota amount for sugar.	i) Market inter-vention if sugar reserves exceed production quo-tas by 10% (total sum available Euro 59 thsd.); ii) Sugar price stabilisation programme (total sum available Euro 88.5 thsd.
Lithuania	Yes	26		Farm accounting and crop declaration		Yes	Yes 112000 t sugar equiv.	
Poland	No					Yes	Yes[5]	Credit guaran-tees for sugar beet purchases and storage of sugar. Market price support (bor-der) measures including ex-port subsidies.

	Direct Payments					Quota System		Other measures[4]
Country	**Yes No**	**Value in Euro per ton**	**Value in Euro per ha or per animal[2]**	**Criteria for obtaining direct payments[3]**	**% of production receiving direct payments**	**Yes No**	**Binding Yes No**	
Czech Republic	No					Yes[6]	Yes[6]	
Slovak Republic	Yes		3.93 Euro/t of sugar beet	(criteria: see wheat)[7]		Yes	Yes	
Hungary	Yes		Payment per ha in Euro 49.2 32.8	Arable land size of farm, ha 1-10 10-300, soil analysis not older than 5 years, at least 40 per cent of the area seeded by approved seeds	100% for applicable farms.	No		
Slovenia	Yes		192.7			No		
Romania	Yes		41.4	Sown area		No		
Bulgaria	No					No		Input related payments – credit subsidies

[1] In Estonia no domestic policies were in place on the sugar market. Except for Poland, an intervention mechanism was not applied on this market in any of the CEE Candidate Countries.

[2] In general direct payments are either paid per ton or per ha (animal). Thus only one of the two columns need to be filled in.

[3] Please indicate whether all farms applying for direct payments are eligible to receive them or whether farmers have to fulfil specific conditions.

[4] Please indicate other important domestic market measures on the respective product market, e.g. voucher system.

[5] A new regulation passed in June 2001 further aligned the quota system with that under CAP.

[6] For the marketing year 2001/02 there was set a production quota included reserve of 504000 t, from which the domestic consumption share reached 71% and export share 29%. Production reserve was set at 14000 t. The minimum price for sugar beet was set at 978 CZK (28.68 Euro/t) and the weight for basic sugar content 16%. The minimum price for white sugar crystal in bulk was set at 16500 CZK (463.48 Euro/t).

[7] Verification document about disposal of quota (allocated to producer), recalculated to 15% of sugar content. Decreasing of subsidy by 0.155 Euro/t of sugar beet for each 0.1% of sugar content less than 15%. Producers with sugar content less than 13.5% do not receive payments. Quota is binding for production.

Source: Country experts of the Network of Independent Agricultural Experts in the CEE Candidate Countries.

Table 2h: Domestic Policies on the Dairy Market in the CEE Candidate Countries (2000/2001)

	Intervention Mechanism					Direct Payments					Quota System		Other measures[5]
Country	Yes No	Intervention limited to		Inter-vention price in Euro	Stage of processing chain where intervention takes place[2]	Yes No	Value in Euro per ton	Value in Euro per ha or per animal[3]	Criteria for obtaining direct payments[4]	% of pro-duction receiving direct payments	Yes No	Bin-ding Yes No	
		...1000 tons[1]	...% of produc-tion[1]										
Estonia	No					Yes		72.2		76	No		
Latvia	Yes	Un-limited	Un-limited		Both milk and milk products[6]	Yes		1970 thsd. Euro – total amount available in 2001 i) Euro 2.95 per month per cow	Milk producer farm has not less than 7 cows (this number will be gradually increased); The average milk yield of the herd per cow per year is not smaller than 3500 kg; Respective cows are registered in the state herdbook and the herd satisfy welfare conditions; Producer has a contract with milk processing companies or budget institutions to supply milk.		No		1) Subsidy for creation and maintenance of the register of milk producers – collecting and analysing info on milk producing enterprises (total amount 11 800 Euro). 2) Subsidy for standardising of milk farms and promotion of milk market (total – 11800 Euro). 3) Subsidy for restoration of stud/herd.

	Intervention Mechanism					**Direct Payments**					**Quota System**		**Other measures**[5]
Country	**Yes No**	**Intervention limited to**		**Inter-vention price in Euro**	**Stage of processing chain where intervention takes place**[2]	**Yes No**	**Value in Euro per ton**	**Value in Euro per ha or per animal**[3]	**Criteria for obtaining direct payments**[4]	**% of pro-duction receiving direct payments**	**Yes No**	**Bin-ding Yes No**	
		...1000 tons[1]	**...% of produc-tion**[1]										
Lithua-nia	No					No					No		See [7]
Poland	Yes	Butter: 11.6 SMP: 35.7[8]	Butter: ca. 7.7% SMP: 23.6%	Butter: 2.26 Euro/kg[9] SMP:[8]	Processed product	No					No[10]		Subsidies to storage of butter and hard cheeses[11]. Market price support (bor-der) measures including ex-port subsidies for SMP.
Czech Republic	No					Yes	1.95[12]	59.6[13]	See [12; 13]	100 18.4 See [16]	Yes See[14]	Yes	See[15]
Slovak Republic	No					Yes	Total year 2001 24.4 million Euro	See[17] 2001: 106.23 Euro 2002: 99.3 Euro	See [18]		Yes	2001: 950 million l 2002: 1000 million l	Minimum price 0.214 Euro/l, Subsidised export 4.644 million Euro (2001)

	Intervention Mechanism					**Direct Payments**					**Quota System**		**Other measures**[5]
Country	**Yes No**	**Intervention limited to ...1000 tons**[1]	**Intervention limited to ...% of production**[1]	**Intervention price in Euro**	**Stage of processing chain where intervention takes place**[2]	**Yes No**	**Value in Euro per ton**	**Value in Euro per ha or per animal**[3]	**Criteria for obtaining direct payments**[4]	**% of production receiving direct payments**	**Yes No**	**Binding Yes No**	
Hungary	Yes[19]	300		197 Euro/t	Raw product	Yes		205	Per inseminated heifer	100% for applicable farms	Yes	Yes[20]	Quality premium 21 Euro/t for extra milk
Slovenia	Yes			0.26 Euro/l[21]	Farm gate	Yes		84.29			No		Export subsidies
Romania	No					Yes	20.7			25%[22]	No		
Bulgaria	No					Yes	20		Signed contracts with milk processsing firms or milk collecting points and document for the sold quantities of milk, including the milk quality		No		No

1 If intervention is unlimited please fill in "unlimited".

2 Does intervention take place at the level of the raw product e.g. milk or at the level of the processed product e.g. butter?

3 In general direct payments are either paid per ton or per ha (animal). Thus only one of the two columns need to be filled in.

4 Please indicate whether all farms applying for direct payments are eligible to receive them or whether farmers have to fulfil specific conditions.

5 Please indicate other important domestic market measures on the respective product market, e.g. voucher system.

6 Butter and SMP (if prices are kept below 92% of the intervention price during 2 weeks); ii) Butter, SMP and some longer stored cheese (taking out the product from the market and keeping it in storage by producer; the amount of reimbursement for that is decided based on costs of storage and market price tendencies).

[7] From May 1, 2000 prices were deregulated on the Lithuanian milk market and are subject to contract agreements between processors and farms. A 26.9 Euro payment per house hold with 1 or 2 cows (cows registered and kept on forms as of May 1, 2000) was introduced to partially offset income losses.

[8] Export subsidies administered by ARR only offered to those enterprises which paid farmers at least (minimum price) 0,23 Euro/litre of raw milk.

[9] In the period 01.04.01-15.05.01 intervention price was 1.69 Euro/kg and was offered only to those enterprises, which paid farmers at least 0.19 Euro/litre of raw milk. In the period 16.05.01-31.10.01 intervention price was increased to 2.26 Euro/kg and was offered only to those enterprises which paid farmers at least 0.23 Euro/litre of raw milk.

[10] Calendar year 2002 is the reference year for determining the farm-level milk quota under the CAP regime after Poland's accession to the EU.

[11] New instrument implemented in 2001. In that year 0.07 mln Euro was paid for storage of 1.31 thousand tons of butter and 0.07 mln Euro for storage of 0.91 thousand tons of hard cheeses.

[12] Compensation for accepting lower quota in comparison with Position paper CR-payment 5 085 million EUR.

[13] Headage payment per each cow with a yield above 6000 kg per lactation period for meat-milk breed resp. 7500 kg for milk breed. Total value of this support was 5.311 million EUR.

[14] Quota system on the milk market was introduced in spring 2001.

[15] Support for school milk in 2001. Support reached 0.18 Euro per litre of (0.25 l packed) flavoured milk. Total value of this support 0.880 million Euro.

[16] Percentage of cows which fulfilled in 2001 criterion under item 12 (total 88 966 cows).

[17] 2001: Subsidies on milk are based on recalculated number of cows – milk quota/milk yield 4000 l per year – 106.24 Euro per cow and year. School milk 0.09 Euro/l of processed milk, SMP – used on milk feed mixtures 329.8 Euro/t.

[18] 2002: Subsidies on milk based on recalculated number of cows – milk quota/milk yield 4300 l per year – 99.307 Euro per cow and year. School milk 0.185 Euro/l of processed milk, SMP – used on milk feed mixtures 330.25 Euro/t.

[19] Application form for subsidies submitted to the end of January include: documents about disposal of quota (allocated to producer), sold milk and recalculated number of dairy cows. Minimum number is 5 cows.

[20] For extra quality only.

[21] Managed by the Milk Product Council in an amount of 2000 million litre.

[22] Milk price just agreed upon.

[23] The premium of 20.7 Euro/t milk is granted only for the milk production that goes to processing. This covers about 25% of total milk production.

Source: Country experts of the Network of Independent Agricultural Experts in the CEE Candidate Countries.

Table 2i: Domestic Policies on the Cattle Market in the CEE Candidate Countries (2000/2001)

	Intervention Mechanism					Direct Payments					Quota System		Other measures[5]
	Yes No	Intervention limited to		Inter-vention price in Euro	Stage of processing chain where in-tervention takes place[2]	Yes No	Value in Euro per ton	Value in Euro per ha or per animal[3]	Criteria for obtaining direct payments[4]	% of pro-duction receiving direct pay-ments	Yes No	Bin-ding Yes No	
Country		...1000 tons[1]	...% of pro-duction[1]										
Estonia	No					Yes		73		0	No		
Latvia	Yes	As yet un-used			Private storage started from 01.06.2002. Since self-consump-tion of pork in Latvia is 58.9%, but of beef 79.6%, cur-rently there is no real need for in-tervention in Latvia.	Yes, for the owner of the herd		i) 47.2 Euro for born calf of specialised meat-breed cow; ii) 29.5 Euro for born calf of other breed cow; iii) For 'young' animals of extra and first category sold for meat, that are in the herd not less than 6 month and whose weight is above 400 kg: (a) For specialised meat-breed cattle – 76.7 Euro (except for calf), (b) For hybrid of spe-cialised meat-breed cat-tle – 53.1 Euro, (c) Other young cattle, if the herd consists of at least 20 cattle, - 35.4 Euro	For i): For acquired calfs of genuine breed if monitoring according to regula-tions; For ii): [other breed calfs] if there are at least 5 cows or pregnant heifers of this type in the herd (including cows and heifer of specialised meat-breed), that are in-seminated by spe-cialised meat-breed bulls. For iii): [young cattle sold for meat] if those are slaughtered in places monitored by Food and veterinary service[6]	Total amount for calves – 47200 Euro; for young cattle (be-low 36 months old) sold for meat – 41595 Euro	No		Also for creation of registra-tion soft-ware and purchase of neces-sary tech-nical equipment (8850 Euro)

	Intervention Mechanism					**Direct Payments**					**Quota System**		**Other measures[5]**
	Yes No	**Intervention limited to**		**Inter-vention price in Euro**	**Stage of processing chain where in-tervention takes place[2]**	**Yes No**	**Value in Euro per ton**	**Value in Euro per ha or per animal[3]**	**Criteria for obtaining direct payments[4]**	**% of pro-duction receiving direct pay-ments**	**Yes No**	**Bin-ding Yes No**	
Country		**...1000 tons[1]**	**...% of pro-duction[1]**										
Lithuania	No					Yes	222.3 pure breed cattle 111.7 mixed breed		Animal identifica-tion and registration		No		
Poland	Yes	51.3[7]	17.4%[8]	Carcasses: 1.72 Euro/kg[9]	Processed product	No					No		
Czech Re-public	No					Yes	107.1[10]	174[11]	See [11]	100	No		
Slovak Republic	Yes			Guaran-teed price 946.90/t of live weight	Slaughter house	Yes		See [12]	See [13]		Yes	Yes, for 300 00 t l.w.	In quota minimum price 1.062 Euro/kg live weight
Hungary[14]	SEU R OP: <450[15] >450[16]	2.0 2.0 0.5 0.5		1689 1566 1242 1172	Carcass	Yes		82	Beef-cow stock	100% for applicable farms	No		Quality premium min. 4 Euro/t lw, max. 49 Euro/t, up to the price fall in the market[17]
Slovenia	See [18]					Yes		84.29			No		

	Intervention Mechanism					Direct Payments					Quota System		Other measures[5]
	Yes No	Intervention limited to		Inter-vention price in Euro	Stage of processing chain where in-tervention takes place[2]	Yes No	Value in Euro per ton	Value in Euro per ha or per animal[3]	Criteria for obtaining direct payments[4]	% of pro-duction receiving direct pay-ments	Yes No	Bin-ding Yes No	
Country		...1000 tons[1]	...% of pro-duction[1]										
Romania	No					Yes[19]					No		
Bulgaria	No					No					No		Input re-lated pay-ments – credit subsidies

1 If intervention is unlimited please fill in "unlimited".

2 Does intervention take place at the level of the raw product e.g. milk or at the level of the processed product e.g. butter?

3 In general direct payments are either paid per ton or per ha (animal). Thus only one of the two columns need to be filled in.

4 Please indicate whether all farms applying for direct payments are eligible to receive them or whether farmers have to fulfil specific conditions.

5 Please indicate other important domestic market measures on the respective product market, e.g. voucher system.

6 In addition, there has to be a special way-bill or other documents certifying sale of the animals, providing the identification number of the animal, sold liveweight and tallowed class.

7 Purchased in April-June 2001.

8 Share in total beef production in 2001.

9 Price for grades E,U,R offered to those slaughterhouses, which paid farmers at least 0.84 Euro /kg of live weight.

10 Grazing cattle total payment was 22 330 mil. Euro to 208.5 ths. slaughtered cattle (live weight) that means 107.1 Euro/t or 53.55 Euro to a livestock unit.

11 In 2001 total payment was 11 121 million Euro to 63 826 calves; farming included 82.3 ths. of suckler cows, that means 135.1 Euro per suckler cow.

12 Subsidies on suckler cows from 138.6 to 207.86 Euro per cow (average year cows inventory) depending on administrative land price groups. Support of breed quality of bulls for fattening 0.057 Euro/kg of sold live weight. Minimum number of cows is 5 up to the quota allocation, minimum in grade U of

EUROP system. Subsidies for breeder can be provided for gene fund improvement up to the level 40% of the purchasing price. Support of LFA - Subsidies per ha of permanent grassland – based on the administrative land price groups from 21.94-85.4 Euro/ha of PGL 100% in the case of more than 0.35 LVU/ha of PGL; 80% in the case >0.301<0.35 LVU/ha of PGL; 75% in the case >25.1<0.30 LVU/ha of PGL.

Main condition is maintaining PGL in good conditions, cutting no less than 1x per year. In the year 2001 this support of LFA reached 53.025 million Euro.

[13] Application form has to include confirmation on the number of suckler cows, calves from suckler cow up to the age of 6 months, separated place for the suckler cow.

[14] Prices for liveweight.

[15] For slaughter animals below 450 kg liveweight.

[16] For slaughter animals over 450 kg liveweight.

[17] Quality premium can be claimed if the market price falls 20 Euro/t or more, below an established price.

[18] Temporary interventions.

[19] No information is provided with respect to the kind and level of direct payments granted on the cattle market in Romania.

Source: Country experts of y the Network of Independent Agricultural Experts in the CEE Candidate Countries.

Table 2j: Domestic Policies on the Pig Market in the CEE Candidate Countries (2000/2001)[1]

	Intervention Mechanism					Direct Payments					Quota System		Other measures[6]
Country	Yes No	Intervention limited to		Intervention price in Euro	Stage of processing chain where intervention takes place[3]	Yes No	Value in Euro per ton	Value in Euro per ha or per animal[4]	Criteria for obtaining direct payments[5]	% of production receiving direct payments	Yes No	Binding Yes No	
		...1000 tons[2]	...% of production[2]										
Estonia	No					No					No		
Latvia	Yes				Private storage Since self-consumption of pork in Latvia is 58.9%, but of beef 79.6%, currently there is no real need for intervention in Latvia.	Yes	1) For the breed work and monitoring programme (total 265 795 Euro): i) Owner of breed pigs, if there is an official status of breed piggery and is working according to the regulations, – for every sow with genetic index of 105 and more – 8.26 Euro per sow, but subsidising not more than 70% of sows in the herd; 2) Owner of the farm producing pork for the sow with productivity of 20 and more different piglets per year – 2.95 Euro per month if the enterprise gives info to a special institution on changes in the pig herd, has a computerised monitoring according to legislation, has at least 10 main sows in the herd.				No		
Poland	Yes	Carcasses: 68.8[7]	ca. 3.5%	Carcasses: 1.69 Euro/kg[8]	Processed product	No					No		Market price support (border) measures.

	Intervention Mechanism					**Direct Payments**					**Quota System**		**Other measures**[6]
Country	**Yes No**	**Intervention limited to**		**Intervention price in Euro**	**Stage of processing chain where intervention takes place**[3]	**Yes No**	**Value in Euro per ton**	**Value in Euro per ha or per animal**[4]	**Criteria for obtaining direct payments**[5]	**% of production receiving direct payments**	**Yes No**	**Binding Yes No**	
		...1000 tons[2]	**...% of production**[2]										
Czech Republic	No					No							
Slovak Republic	No			Guaranteed price 0.88 Euro/kg l.w.	Slaughter house	Yes		See [9]	See [10]		Yes	Yes, for 190000 t l.w.	In quota min. price 1.016 Euro/kg l.w.
Hungary	SE U R	12 14 7		1033 955 861	Carcass	Yes	Replacement for quality swines	41 low index 53 medium i. 70 high index	Purchase of registered varieties and hybrids	100% for applicable farms	No		Quality premium for SEU min. 4 Euro/t l.w., SE max. 82 Euro/t, U max. 61 Euro/t l.w., up to the price fall in the market[11]
Slovenia	See[12]					No					No		
Bulgaria	No					No					No		Input related payments – credit subsidies

[1] In Lithuania, the Czech Republic and Romania no domestic policies were in place on the pig market.

[2] If intervention is unlimited please fill in "unlimited".

[3] Does intervention take place at the level of the raw product e.g. milk or at the level of the processed product e.g. butter?

[4] In general direct payments are either paid per ton or per ha (animal). Thus only one of the two columns need to be filled in.

[5] Please indicate whether all farms applying for direct payments are eligible to receive them or whether farmers have to fulfil specific conditions.

[6] Please indicate other important domestic market measures on the respective product market, e.g. voucher system.

[7] Purchased in January-May 2002.

[8] Refers to grade E. Prices for grades U and R were 1.65 PLN/kg and 1.61 PLN/kg respectively. Those prices were offered only on condition that slaughter-house paid deliverers (farmers) at least 1.43 PLN/kg, 1.39 PLN/kg, 1.35 PLN/kg of dead weight for grades E, U, R respectively; (these correspond to 1.14 PLN/kg, 1.12 PLN/kg, 1.09 PLN/kg of live weight).

[9] Subsidies on breed quality support can be provided to breeder at the level of 0.035 Euro/kg of live weight of slaughtered pigs, up to the producer disposal quota, minimum grade U in the EUROP system. Subsidies for breeder can be provided for gene fund improvement up to the level 40% of the purchasing price.

[10] The appendix of the application form includes a document on sale increase compared to 1. previous half year and 2. previous half year, contracts with the domestic slaughter house, documents about sales to the domestic processor.

[11] Quality premium can be claimed if the market price falls 24 Euro/t or more, below an established price.

[12] Temporary interventions.

Source: Country experts of the Network of Independent Agricultural Experts in the CEE Candidate Countries.

Table 3: MFN Tariff Rates and Final Bound Rates of the CEE candidate countries agreed on in the WTO schedules

Product	Estonia		Latvia		Lithuania		Poland		Czech Republic	
	Applied 2001	Final Bound Rate	Applied 2001	Final Bound Rate	Applied 2001	Final Bound Rate	Applied 2002	Final Bound Rate	Applied 2002	Final Bound Rate
Wheat	20-30 %	20 %	25.0 %	25 %	40 %	40 %	64 % min. 10 EUR/100 kg	64 % min. 9.6 EUR/100 kg	21.2 %	21.2 %
Rice	20 %	20 %	0.5 %	1 %	0 %	5 %	10%	9.6 % + max. 41.6 EUR/100 kg	0	0
Corn	20 %	20 %	0.5 %	1 %	0 %	5 %	20%	12.8 % +max. 9.6 EUR/100 kg	17 %	17 %
Rye	59.9 %	59 %	0.5 %	1 %	50 %	50 %	20 %	51 % min. 9.3 EUR/100 kg	21.2 %	21.2 %
Oats	40-44 %	40 %	0.5 %	1 %	40 %	40 %	20 %	38 %	21.2 %	21.2 %
Barley	40-44 %	40 %	0.5 %	1 %	40 %	40 %	20%	51% min. 10 EUR/100 kg	21.2 %	21.2 %
Sugar white and raw		40 %	0.20 EUR/kg	0.20 EUR/ kg	0.49 EUR/kg 35% not less than 0.21 EUR/kg	0.47 EUR/kg 0.38 EUR/kg	96 % min. 43 EUR/100 kg	96 % min. 43 EUR per 100 kg	(In quota tariff: 59.5 %) 139.5-148/Min. 14 CZK/kg sugar beets 1.5	59.5 sugar beets 1.5
Potatoes	30 %	30 %	20 %	40 %	20 %	15 %	50 %	128 %	100 %	100 %
Starch	50 %	50 %	15 %	20 %	50 %	50 %	30 % min. 29 EUR/100 kg	89 % min. 22.4 EUR/100 kg	80 %	80 %

Product	Estonia		Latvia		Lithuania		Poland		Czech Republic	
	Applied 2001	Final Bound Rate	Applied 2001	Final Bound Rate	Applied 2001	Final Bound Rate	Applied 2002	Final Bound Rate	Applied 2002	Final Bound Rate
Oilseeds and oilseed products	13.7 %		0.5 %	1 %	0 % 0 (30) %	5 % 5 (30) %	27 %	27 %	60 % 24.8 %	60 % 24.8 %
Soybean meal			0.5 %	1 %	0%	5%	9%	9 %	0	0
Soybean oil			0.5 %	1 %	0%	5%	40 %	51 %	0	0
Milk	27 %	27 %	30 %	40 %	30 %	30 %	40 %	102 %	29 %	29 %
Skimmed Milk Powder	30 %	30 %	30 %	40 %	35 %	30 %	70 %	102 % min. 182.8 EUR/100 kg	37 %	37 %
Butter	35 %	35 %	36 %	55 %	60 %	60 %	102 % max. 231 EUR/100 kg	102 % max. 231.3 EUR/100 kg	68 %	68 %
Cheese	35 %	35 %	36 %	55 %	50 %	45 %	35 %	160 %	9 %	9 %
Beef (carc, frozen)	33 %	33 %	30 %	40 %	50 %	40 %	45 %	19 % +max. 303.4 EUR/100 kg	34 %	34 %
Pork (carc, frozen)	33 %	33 %	36 %	55 %	40 %	35 %	76 % max. 90 EUR/100 kg	76 % max. 89.6 EUR/100 kg	38.5 %	38.5 %
Poultry (carc, frozen)	48 %	48 %	30 %	40 %	50 %	50 %	60 % min. 60 EUR/100 kg	76 % max. 128.3 EUR/100 kg	43 %	43 %
Eggs	21 %	21 %	30 %	40 %	40 %	35 %	25 % min. 0.03 EUR/piece	64 % min. 0.105 EUR/piece	17 %	17 %
Sheep (carc, frozen)	15 %	15 %	21 %	40 %	30 %	30 %	25 %	64 %	125 %	125 %

Product	**Estonia**		**Latvia**		**Lithuania**		**Poland**		**Czech Republic**	
	Applied 2001	**Final Bound Rate**	**Applied 2001**	**Final Bound Rate**	**Applied 2001**	**Final Bound Rate**	**Applied 2002**	**Final Bound Rate**	**Applied 2002**	**Final Bound Rate**
Tomato	15-25 %	20 %	(1.9.-31.5.) 15% (1.6.-30.6.) 30% (1.7.-31.8.) 20%	20% 40% 30%	10-40 % (sea-sonal)	25-50 % (seasonal)	20 %	40 % +max. 120 EUR per 100 kg	(1.11.-14.5.) 0% (15.5.-31.10.) 12.7 %	
Apples			(1.1.-31.1.) 5 % (1.2.-31.7.) 0.5 % (1.8.-31.12.) 15%	20 % 1% 20%			12 EUR per 100 kg	48 % + max. 24 EUR per 100 kg	3-15 %	3-15 %
Cabbage		30 %	30 %	40 %			20%	32% min. 1.6 EUR per 100 kg	12 %	12 %
Onion		30 %	0.5 %	1 %			25%	64%	10 %	10 %
Wine	30 %		0	0	20%, but not less than 0.56 EUR/ litre	7%, but not less than 0.14 EUR/litre prevailing tariff	30 % min. 25 EUR per hl	48 % +max. 96 EUR per hl +16.4 EUR per 100 kg	2000: 30 %	2000: 30 %

Product	Slovak Republic		Hungary		Slovenia		Bulgaria	
	Applied 2001	Final Bound Rate	Applied 2001	Final Bound Rate	Applied 2000	Final Bound Rate	Applied 2001	Final Bound Rate
Wheat Soft wheat	21.2 %	21.2 %	20.0 %	32.0 %	4.5 % + 0.08 EUR/kg	4.5 % + 87 EUR/t	25%	50 %
Rice			10.0 %	63.4 %	Free	2 %	15 %	15 %
Corn	17 %	21.2 %	32.0 %	32.0 %	8.3 % + 0*	8.3 % + 81.1 EUR/t	15 %	125 % EUR/t
Rye	21.2 %	21.2 %	20.0 %	32.0 %	10 %		25 %	80 %
Oats	21.2 %	21.2 %	20.0 %	32.0 %	25.0 %*		25 %	63 %
Barley			20.0 %	32.0 %			20%	
Sugar white and raw	59.5 %	59.5 %	68.0 %	68.0 %	12.2 % + 0.32 EUR/kg 17.0 %	12.2 % + 344.3 EUR/t 45.0 %	cane sugar: 50 % sugar beet sugar: 160 EUR/t	50 % 160 EUR/t
Potatoes	100 %	100 %	44.2 %	44.2 %	45.1 %**	45.0 %	01.01.-15.05.: 25 % 15.05-30.06: 30% 01.06.-31.12.: 25 %	60 %
Starch	80 %	80 %	25.5 %	25.5 %	3 %		25 %	63 %
Oilseeds and oilseed products	24.8 % 60 % Rapes.	24.8 %	0 %	0 %	Free 9 % + 0 ***	9 % + 195.5 EUR/t	01.04-31.09: 0% 01.10-31.03: 10 % oilseeds products: 10%	50 %
Milk	29 %	29 %	51.2 %	51.2 %	7.7 % + 0.18 EUR/kg	7.7 % + 215.4 EUR/t	25 %	64 %

Product	**Slovak Republic**		**Hungary**		**Slovenia**		**Bulgaria**	
	Applied 2001	**Final Bound Rate**	**Applied 2001**	**Final Bound Rate**	**Applied 2000**	**Final Bound Rate**	**Applied 2001**	**Final Bound Rate**
Skimmed Milk Powder	37 %	37 %	51.2 %	51.2 %	10.9 % + 1.20 EUR/kg	10.9 % + 1275.0 EUR/t	64 %	64 %
Butter	68 %	68 %	101.8 %	101.8 %	10.9 % + 1.55 EUR/kg	10.9 % + 1796 EUR/t	68 %	60 %
Cheese	9 %	9 %	52.5 %	52.5 %	9.0 % + 1.43 EUR/kg	9 % + 1501 EUR/t	25 %	60 %
Beef (carc, frozen)	34 %	34 %	71.1 %	71.7 %	9.0 % + 1.21 EUR/kg	9 % + 1264 EUR/t	5 % + 244 EUR/t	13 % + 2387 EUR/t
Pork (carc, frozen)	38.5 %	38.5 %	51.9 %	51.9 %	10.9 % + 0.33 EUR/kg	10.9 % + 356 EUR/t	40 % min. 622 EUR/t	120 % min. 817 EUR/t
Poultry (carc, frozen)	43 %	43 %	39.0 %	39.0 %	10.9 % + 0.17 EUR/kg	10.9 % + 127.2 EUR/t	25 % min. 664 EUR/t	96 % min. 388 EUR/t
Eggs	17 %	17 %	25.5 %	25.5 %	4.5 % + 0.14 EUR/kg	4.5 % + 232.9 EUR/t	50 % min. 300 EUR/t	77 % min. 451 EUR/t
Sheep (carc, frozen)	110 %	110 %	25.6 %	25.6 %	45 %	45 %	15 %	55 %
Tomato	12.7 % (fresh)	12.7 %	46.1 %	46.1%	45 %	45 %	30%+147 EUR/t	60 % + 298 EUR/t
Apples			49.3 %	49.3 %	9 % + 0.12 EUR/kg	9 % + 137 EUR/t	5 % + 62 EUR/t (01.08.-31.12.)	13 % + 272 EUR/t
Wine	30 %	30 %	62.9 %	62.9 %	17.3 % + 0.36 EUR/kg	17.3 % + 436.5 EUR/t	12 % + 35 EUR/HLT	

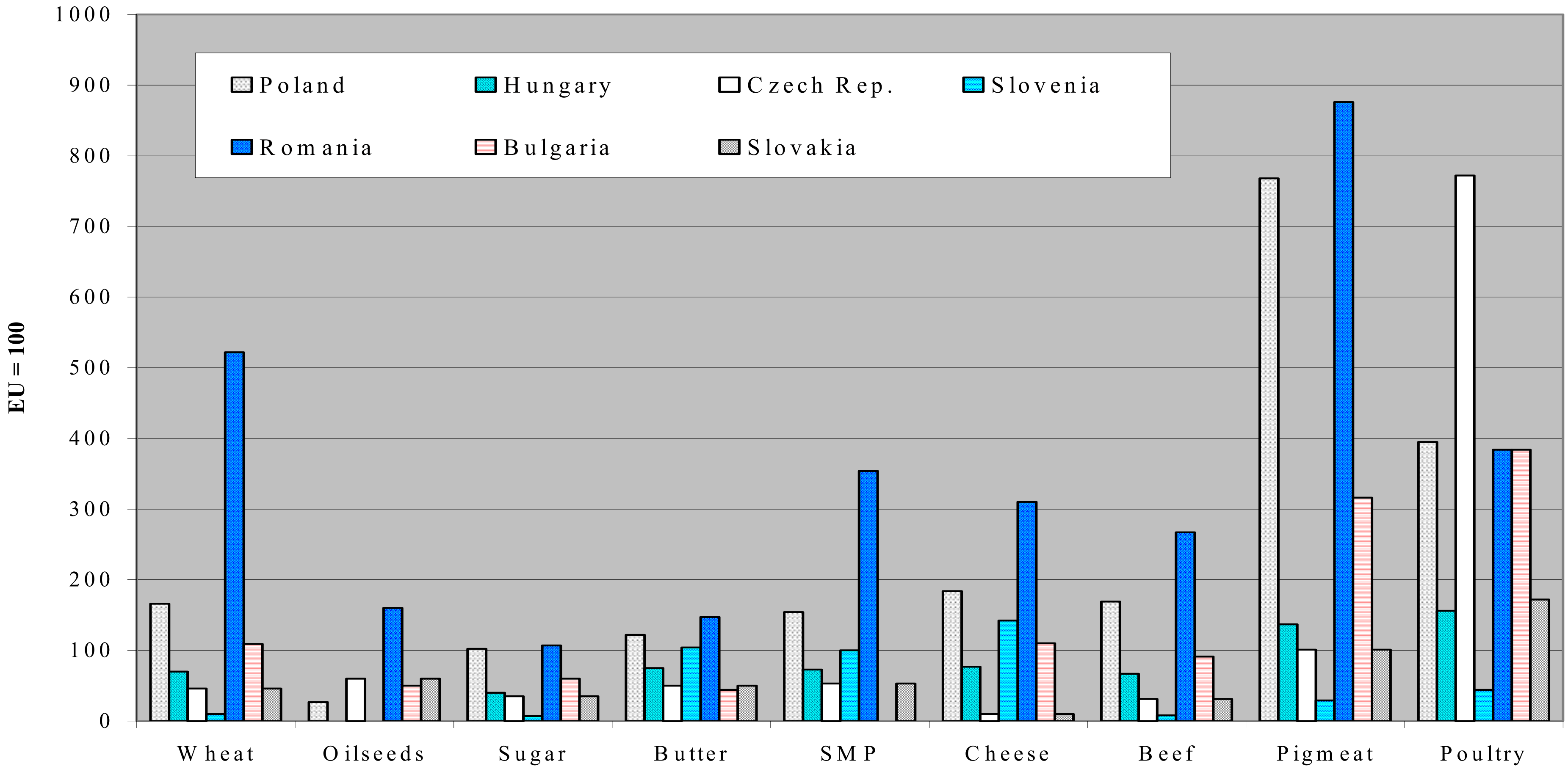
Notes: * Imports of corn and barley were often free of duties.

** The highest rate.

*** Refined vegetable (rapeseed) oil.

Source: Country experts of the Network of Independent Agricultural Experts in the CEE Candidate Countries.

Figure 1: Comparison of transition economies bound tariff rates with those of the EU



Source: Tacis 2000.

Studies on the Agricultural and Food Sector in Central and Eastern Europe
edited by Institute of Agricultural Development in Central and Eastern Europe (IAMO)
ISSN 1436-221X

Vol. 1 **The Importance of Institutions for the Transition in Central and Eastern Europe with Emphasis on Agricultural and Food Industry**
ed. by Klaus Frohberg and Witold-Roger Poganietz
1998, 137 pages, ISBN 3-8175-0258-3

Vol. 2 **The Significance of Politics and Institutions for the Design and Formation of Agricultural Policies**
ed. by Klaus Frohberg and Peter Weingarten
1999, 254 pages, ISBN 3-8175-0289-3

Vol. 3 **Food Processing and Distribution in Transition Countries. Problems and Perspectives**
ed. by Monika Hartmann and Jürgen Wandel
1999, 349 Seiten, ISBN 3-8175-0293-1

Vol. 4 **Die private Nachfrage nach Nahrungsmitteln im Transformationsprozeß Tschechiens und Polens**
Stephan Brosig (PhD)
2000, 171 Seiten, ISBN 3-8175-0319-9

Vol. 5 **Integrating Estonia into the EU: Quantitative Analysis of the Agricultural and Food Sector**
Achim Fock (PhD)
2000, 286 pages, ISBN 3-8175-0320-2

Vol. 6 **Competitiveness of Agricultural Enterprises and Farm Activities in Transition Countries**
ed. by Peter Tillack and Frauke Pirscher
2000, 216 pages, ISBN 3-8175-0322-9

Vol. 7 **Конкурентоспособность сельскохозяйственных предприятий и фермерской деятельности в странах переходного периода**
под редакцией Петера Тиллака и Фрауке Пиршер
2000, 253 страницы, ISBN 3-8175-0324-5

Vol. 8 **Perspectives on Agriculture in Transition: Analytical Issues, Modelling Approaches, and Case Study Results**
ed. by Witold-Roger Poganietz, Alberto Zezza, Klaus Frohberg and Kostas G. Stamoulis
2000, 433 pages, ISBN 3-8175-0323-7

Vol. 9 **Land Ownership, Land Markets and their Influence on the Efficiency of Agricultural Production in Central and Eastern Europe**
ed. by Peter Tillack and Eberhard Schulze
2000, 485 pages, ISBN 3-8175-0325-3

Vol. 10 **Landwirtschaft und Industrie in Russland – der Transformationsprozeß in der Ernährungsindustrie**
Jürgen Wandel (PhD)
2000, 361 Seiten, ISBN 3-8175-0334-2

Vol. 11 **Food Consumption in Russia. An Econometric Analysis Based on Household Data**
Karin Elsner (PhD)
2001, 256 pages, ISBN 3-8175-0335-0

Vol. 12 **Alexander Wasiljewitsch Tschajanow – die Tragödie eines großen Agrarökonomen**
hrsg. u. übers. von Eberhard Schulze
2001, 192 Seiten, ISBN 3-8175-0342-3

Vol. 13 **Analysis of Food Consumption in Central and Eastern Europe: Relevance and Empirical Methods**
ed. by Stephan Brosig and Monika Hartmann
2001, 253 pages, ISBN 3-8175-0349-0

Vol. 14 **Wettbewerbsprozesse und Firmenwachstum in der Transformation am Beispiel der polnischen Fleischindustrie**
Agata Pieniadz (PhD)
2002, 291 Seiten, ISBN 3-8175-0360-1

Vol. 15 **Agricultural Enterprises in Transition: Parallels and Divergences in Eastern Germany, Poland and Hungary**
ed. by Ludger Hinners-Tobrägel and Jürgen Heinrich
2002, 455 Seiten, ISBN 3-8175-0366-0

Vol. 16 **Agricultural Technology and Economic Development of Central and Eastern Europe. Results of the Workshop in Halle, 2nd – 3rd July 2001**
ed. by Peter Tillack and Ulrich Fiege
2002, 160 Seiten, ISBN 3-86037-199-1

Vol. 17 **Региональные аспекты аграрных преобразований: политика, реструктуризация, рыночная адаптация**
под редакцией Петера Тиллака и Виталия Зиновчука
2003, 236 страницы, ISBN 3-928466-55-0

Vol. 18 **Alexander Vasilievich Chayanov – the Tragedy of an Outstanding Agricultural Economist**
ed. by Eberhard Schulze
2003, 188 Seiten, ISBN 3-86037-201-7

Vol. 19 **Development of Agricultural Market and Trade Policies in the CEE Candidate Countries**
by the Network of Independent Agricultural Experts in the CEE Candidate Countries
2003, 72 Seiten, ISBN 3-86037-212-2