

Introduction

The recent incorporation to the European Union of eight countries of Eastern Europe represents a challenge, because they carry a big series of problems in their agricultural sector. Their agriculture suffers from a stagnation that has accompanied part of their history; moreover, the agriculture of these countries has been manipulated according with the different needs or ideologies of each of the leaders that have ruled them. The Communist past has made the peasantry very vulnerable because they do not want to lose control over their property or their culture again, only to benefit their States. To enter the European Union signifies, in a way, that once again they will have someone else to look over their shoulders to make the agricultural sector more profitable, and that will be a challenge.

For the purpose of this thesis we will talk about the eight countries of Eastern and Central Europe that in May 2004 entered the European Union: Estonia, Latvia, Lithuania, Poland, Czech Republic, Hungary, Slovenia and Slovakia.

We want to show that, taking its communist history into consideration, it will be very difficult for the agriculture of these countries of Eastern Europe to compete with the agriculture of the countries of Western Europe that are already part of the European Union. It will also be analyzed whether the Eastern European countries are ready to let the market forces work by themselves, or if they still need the government to help them with the food industry. This involves describing the agricultural conditions of the eight countries of Eastern Europe that entered the European Union, and showing their weak points as well as the strong ones. We also want to see, from the standpoint of the European Union, which challenges they will confront by accepting these eight countries of Eastern Europe, and the economic consequences of that decision.

This part of the world is a very interesting object of study, as in less than 15 years, it has switched from Communism to transitional democracies, and as of 2004 they have joined the European Union. They have shown they can handle change pretty well, the people are still following their governments and accepting the new influence of something else over them, in this case, the European Union.

The European Union (EU) is a family of democratic European countries, committed to working together for peace and prosperity. It is not a State intended to replace existing states, but it is more than any other international organization. The EU is, in fact, unique. Its Member States have set up common institutions to which they delegate some of their sovereignty so that decisions on specific matters of joint interest can be made democratically at European level. This pooling of sovereignty is also called "European integration" (Unknown Author II).

The “Peasant Europe”, or “Peasant belt”, as some authors have described it, is the area of interest that will be analyzed, but it is important to recognize that this area is very big and vast in population as well as in culture and natural resources. This thesis will focus especially in eight Eastern European countries, which have been chosen because of their ability, strength or will to fulfill certain political and economical prerequisites and requisites to enter the European Union. It was exactly in May 2004 that Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Hungary and Slovenia became part of the European Union. [“The entry of eight central and eastern European countries together with Cyprus and Malta into the European Union on May 1st, 2004 was a historic achievement, ending centuries of division. Europe reunited means a stronger, democratic and more stable continent, with a single market providing economic benefits for all its 450 million citizens”](#) (Unknown Author V).

Negotiations with 10 of the candidate countries were completed in Copenhagen on December 13th 2002. The agreements reached give these new member states the

mechanisms and transitional periods they need in order to meet all their obligations. Before accession, each of them must pass its own national laws incorporating the whole *acquis communautaire* - which amounts to 26 000 pieces of legislation and runs to around 80 000 pages. This legislation must not only be adopted but also applied in practice. Clearly, this means a huge amount of work for the national parliaments and other bodies in these countries whose institutions have only recently been rebuilt. But this is what it takes to ensure that the EU's policies and the single European market continue operating smoothly. The 15 older member states are, of course, doing all they can to help (Unknown Author II).

Considering that problem, the purpose of this thesis is to show and demonstrate the following hypothesis: The Eastern European countries that were admitted into the European Union in 2004 are not ready to compete with the other European Union countries in the agricultural sector, because of their inefficient socio-economic structure; however, in the long term, with special assistance from the institutions of the European Union they will be able to have similar agricultural standards

In order to demonstrate the hypothesis, this thesis is divided in three chapters. In the first chapter we will make a journey through the history of these eight countries from 1945 to 2004, a period in which they moved from communist to transitional democracies and then to members of the European Union. The purpose of it is to show the intense history they have had and how it has set some of the basis of what is coming on for their future. First of all, the reader will find a description of what is considered to be Eastern Europe, what it represents and why. Also, we will mention some of the characteristics that predominate in these countries, like the different languages, religions, zones, geographical characteristics and some other things that are important to understand their background.

In the second part of the first chapter, we will go through a description of their communist past, the different phases of this period and making reference to the diverse leaders of communism as well as to who made a difference, on what and why. The communist history of these countries is fascinating and shows us a reality that is hard to imagine but that did happen. For some people this reality was cruel and left a lot of resentment, but for others, it constitutes a phase of their lives remembered with nostalgia and they would prefer a return to Communism.

The third part of the chapter will be dedicated to the transition period, from the fall of the communist regimes to the plans of accession to the European Union. This section will describe the changes that occurred in order to move from a planned economy to a capitalist world, the challenges and fears that came with them as well as the problems they still carry, since it is so hard to leave behind 45 years of communist rule.

In the last part of the chapter we will consider the agricultural background of these countries so that we can show the conditions and aspirations these countries have, but also the big challenge they have to face in order to reach a competitive level in agriculture. The reader will get an idea of how the collectivization phase of the communist worked and how deep the damage caused by it was. We will also talk about what is the importance of being a farmer in this part of the world and the emotional connotation it has. The lives of the peasantry, their families, their roots and their possible future are discussed. This is why we consider chapter one as being very important to the reader to refresh their minds about the past, so that they can understand the possible future and the big challenge faced by these countries.

In chapter number two we will do a brief explanation about the European Union's Common Agricultural Policy (CAP), about how it first started and why. We will consider the historical context of its creation in order to understand the initial purpose of the CAP and how through there have been serious reforms that have improved the functioning and implementation of the policy.

From January 1st 2005, 10 member States will introduce the fundamental reform of the Common Agricultural Policy (CAP) agreed in June 2003. The reform completely changes the way the EU supports its farm sector, offering EU farmers the freedom to produce what the market wants. In the future, most subsidies will be paid independently from the volume of production. These new "single farm payments" will be closely linked to the respect of environmental, food safety and animal welfare standards. Severing the link between subsidies and production will make EU farmers more competitive and market orientated, while providing the necessary income stability. More money will be available to farmers for environmental, quality of animal welfare programmes by reducing direct payments for bigger farms. The changes will give consumers what they want, offer taxpayers more transparency and contribute towards more market-orientated world farm trade (Unknown Author XV).

We will also show what areas the Common Agricultural Policy covers, how it works, the institutions that are in charge of the management of its policies and what importance it has in the whole European Union, not only in the monetary sense but in a broader perspective. At last, this chapter will talk about the prospects of enlargement of the European Union and the conditions required for this enlargement. From the perspective of the European Union we will describe the conditions they required for the incorporation of the new Member States and some of the things these countries had to do before the accession took place.

In the third chapter we will unify the previous information and analyze the transition taking place between the Eastern Members and the European Union as well as the real challenge this enlargement represents. We talk about the free market of the European Union and what are the measures headed by the countries of Eastern and Central Europe to be able to compete and let the market forces work. The reader will also find that there are a few things that are not quite ready, but that with the special support the European Union is giving them it will be easier to reach the levels needed to compete with the other European Union members.

In the second part then, we talk about competitiveness of the countries towards the rest of the European Union and the world. We analyze how hard it is going to be for them due to its economic and political conditions. We will also talk about the special transition arrangements the Union has planned for them. The last part of chapter three is a compilation of data that shows the agricultural conditions. Also we answer some questions that help us prove our hypothesis.

We conclude that, with special support from the CAP, it will be easier for the Eastern European countries to compete with the rest of its counterparts. It is going to be hard for the Eastern European countries in the Agricultural sector to accomplish the objectives of the CAP in the short term, but after a transition period we hope they reach that goal. We also show that this enlargement will not only bring challenges with it, it also has many good things that come with it for the new Member States.