

Chapter III Eastern Members and the European Union: The Real Challenge for the Countries of Eastern Europe

3.1 Market Realities

During the first transition years from communism to democracy of the eight countries we are talking about, many economic reforms had to take place in order to reform their planned economic systems to capitalist systems in which they could lead the government but let the market lead itself. For that to become a reality at least five things needed to be, as Patricia Dillon and Frank C. Wynkoff mention in the book *Creating Capitalism: Transitions and Growth in Post-Soviet Europe*. These things are important, not accomplishing them or accomplishing them partially would mean that inefficiencies will be visible and that failures can occur, both in private markets and in governments (Dillon and Wynkoff 2002). These points are: 1) Price liberalization; this point is essential to create a market because this way prices will reflect whether the consumers can or cannot pay for each of the goods. 2) Private property; which is a key point for capitalism, because this way people will be in charge of their own property and will keep it well and work for it. 3) Well-designed fiscal and monetary institutions and policies, so that the people can trust their institutions and so that they can make plans knowing there is someone in charge for the price-level stability. 4) Industry restructuring and deregulation, with the idea of maximizing profits at a lower cost at the same time that consumers are satisfied. 5) International trade liberalization, to specialize and maximize their resources and improve technological transfer. This last one also helps to get rid of monopolies and improves competition (Dillon and Wynkoff 2002, 37). Knowing these, now we can imagine the big challenge Eastern and Central Europe have to face in order to keep dealing with these changes and with the new norms and rules to follow at the time they join the big market of the European Union.

The latest enlargement, from 15 to 25, is the biggest in Union history. It has its roots in the collapse of communism, symbolized in the fall of the Berlin Wall in 1989, which offered an unexpected and unprecedented opportunity to extend European integration into central and Eastern Europe. One of the Union's first post-enlargement priorities is to raise the newcomers' living standards, which are all below the EU average.

(Unknown Author IV)

What the free market of the European Union seeks is to raise the living standard of the population. In order to accomplish this, each Member State plays a very specific role. In the case of these eight countries what needs to be done is the decentralization of the economy and prevent situations that would create a market failure, such as: the emergence of monopolies, "the power of one economic agent to influence price rather than to have prices set in the competitive marketplace" and externalities "occur when social costs result from the action of an economic agent are external to the cost calculus of that agent; that is, social costs exceed private costs". The last one is the concept of public good, which has "two technical properties: marginal costs are small relative to fixed costs; and once fixed costs are incurred, users cannot easily be excluded from receiving the services (Dillon and Wynkoff 2002, 50).

In order to become a member of the EU, a country must have a stable democracy that guarantees the rule of law, human rights and protection of minorities, and it must have a functioning market economy as well as a civil service capable of applying and managing EU laws...The EU provides substantial financial assistance and advice to help the candidate countries prepare themselves for membership. This unprecedented co-operation has brought benefits to people in both present and future Member States. Trade has increased massively, and it has become easier to deal with the problems that affect us all, such as cross-border pollution and the fight against crime. (Unknown Author I)

After mentioning what are the changes needed to have a market economy, we need to analyze that the process of democratization in these countries has been of enormous importance on what has been already accomplished. One of the most important things to understand is that, for these new Members States, the European Union means political and security stability. In that sense it is important to give them the same rights and obligations as the other EU members.

Keeping the EU democratic, fair and efficient is also one of the many challenges ahead. The EU needs an efficient decision-making system as it grows from 15 to 25 countries. The arrangements must be fair to all member states, old and new, large and small. Each EU country has a certain number of votes it can cast when the Council of Ministers takes decisions. This is of extreme importance to follow, as it is established in the legal rules of the European Union. There are some benefits that are already visible: in Central and Eastern Europe, stable democracies have emerged, with democratic institutions and increased respect for minorities; the economic reforms in these countries have led to high rates of economic growth (higher than the European Union) and better employment prospects. This process has been easier with the European Union financial assistance. As a result, the Union enjoys growing trade with these countries (€17 billion trade surplus in 2000), and this generates employment and growth in the member states. (Unknown Author XII)

And even though we know it hasn't been easy, all of them at least have reached the requisites needed to be part of the European Union. It has not even been a long process, especially after being under communist rule for over 45 years. The following chronology will show how fast they accomplished their entrance to the European Union since the beginning of their transition:

- **December 19th, 1989:** the EU sets up a program known as Phare, for providing financial and technical assistance to the countries of Central and Eastern Europe.
- **June 22nd, 1993:** the Copenhagen European Council sets the criteria for joining the European Union.
- **March 31st and April 5th, 1994:** Hungary and Poland apply for EU membership.
- **1995:** applications received from Slovakia (June 21st), Latvia (October 13th), Estonia (November 24th), Lithuania (December 8th). **1996:** applications received from the Czech Republic (January 17th) and Slovenia (June 10th).
- **December 12th-13th, 1997:** the Luxembourg European Council decides to launch the enlargement process.
- **December 10th -11th, 1999:** the Helsinki European Council confirms that accession talks will be held with 12 candidate countries. Turkey is considered to be a candidate country "destined to join the Union".
- **December 13th, 2002:** the EU reaches agreement with 10 candidate countries, which would join on May 1st, 2004.
- **April 16th, 2003:** the 10 accession treaties are signed in Athens.
- **May 1st, 2004:** the 10 new member states join the EU. (Unknown Author II)

Having such a big and complex market has not been easy for the European Union and that challenge grows bigger with the recent enlargement. The size of the market will increase from 380 to 454 million people. It is expected that the free trade will bring benefits to both the EU-15 and the New Members. Concerning Agriculture, the new members will benefit from the market size opportunities because they will now have a liberalized farm trade with the other EU members and they will have the chance to increase their exports without tariff restrictions, export quotas or trade barriers. That is a positive challenge that will increase their opportunities. They will also enjoy greater stability than the one provided by their previously volatile agricultural markets. These changes will happen with the especial assistance that the EU is giving them. The Euro

(single currency) is one of the factors within the European Union that helps prevent the threat of instability and that will also help the New Members to reach the certain economic goals needed to be part of the market of the European Union.

The reduction in agricultural aid established by the CAP will help the free market because the previous agricultural aid encouraged distortions in trade. The substantial reduction in national grants will help the market work by itself. The economic aid is of extreme importance as long as it is well-handled and not with subsidies as it worked before. That help is still needed for the survival of rural economies: “the number of people working on the land dropped to 7% now compared to more than 20% half a century ago”. (Unknown Author I)

More than ten years on, we take the European single market for granted. With old barriers gone, people, goods, services and money move around Europe as freely as within one country. We travel at will across the EU's internal frontiers for business and pleasure or, if we choose, we can stay at home and enjoy a dazzling array of products from all over the European Union. In 1993, the single market was the European Union greatest achievement; it was also its toughest challenge. (Unknown Author VI)

3.2 Competitiveness

Agriculture plays a different role in each of these eight countries and “given the less developed situation of agriculture and rural areas in the New Member States it makes sense to use EU resources to address structural and long-term problems as well as to

direct aids and market-linked support systems". (Unknown Author XII) I will take the information given by the author Wyn Grant in his web page to show the importance agriculture has in these economies. The purpose of this explanation is to have an idea of the big challenge they have ahead of them.

Hungary, according to Grant, will enjoy many benefits because it has the highest commercial agriculture which means that they will not have many difficulties competing with the other EU members. This is a result of their commercial history with the Soviet bloc and, during the transition period, with Western Europe. After that, they kept exporting a lot to the European Union. Grant says Hungary is the most prepared country, among the eight, for the challenge.

About the Czech Republic, the contribution agriculture gives to its GDP is just about 1.2% even though 75% of their land is arable. The problem is that they have very few peasants working the land, which is one of their main challenges. The Czech Republic will have to use the EU help to encourage its agricultural sector.

Slovakia has also a major challenge ahead of them, especially because their agriculture declined since the collapse of the Soviet Union. The difference with the Czech Republic is that they have a peasant population of over 270,000; however they still have to recover from the vast destruction the collectivization left.

Poland's case is a bit different. They have about 18.8 % of people working in the agricultural sector but that just accounts for 3.3% of the GDP. They are not that efficient because of the little farm sizes that predominate (Wyn Grant's Common Agricultural Policy Web Page).

In Lithuania the average contribution of the agriculture to the GDP is the highest one among the eight new Member States, it is about 7.5%; however, this is one of the countries that suffered the most from the collectivization phase. They are still

recovering from it. Their land, as we already mentioned, is going through a restitution process that has not been easy, and almost all the land is constituted by family farms that are not very productive. Latvia and Estonia are very similar, much of their land has been abandoned and the restitution process is still taking place. The few parts of Slovenia that are fertile are well worked and they almost approach the EU's efficiency levels. That mainly happens because their economic history is not as stiff as it is in the rest of the countries (Wyn Grant's Common Agricultural Policy Web Page).

The main problem that I see and that will be the main challenge is the high number of inefficient farmers. This problem appeared since the process of privatization took place, when the new owners of the land were often "not engaged in agriculture and did not live in rural areas. Instead of cultivating the land, they have rented it to cooperate farms and individual farmers. Many new owners do not even know exactly where their land parcel is located because of the slow boundary marking and registration of land" (Govarelli and Bledsoe 2001). The good thing about this is that, since the transition period began and the privatization process took place, there are many candidate farmers that want to buy land in these eight countries because they want to take advantage of these new opportunities. On the other hand, the Governments want to sell the land to people that will give it a good use.

Another problem happening in the eight countries is the dispute between farmers and private individuals that say they are the owners, and the restitution claimants. As a result, there must be an analysis to determine which people are eligible for restitution. The other big problem is the several different laws and versions of the laws concerning agriculture that have been changing throughout the time; some even contradict each other. Also, there is a problem in the administration because the valuation process of land became very hard, especially since some of the countries

valuated their land at the time of communism and now it has been very hard for them to establish market values (Govarelli and Bledsoe 2001).

It is very important to work very hard on having good economic institutions that can solve these problems instead of making things more difficult. The same thing applies to the European Union. “There is also a need to remove more red tape – those administrative and technical barriers to the free flow of goods and services. These include the reluctance of EU countries to accept each other’s standards and norms or sometimes to recognize the equivalence of professional qualifications. The fragmented nature of national tax systems also puts a brake on market integration and efficiency” (Unknown Author VI).

There are going to be 4 million new farmers, an extra 38 million hectares and about 30% more production, but even with all of these, the EU agriculture as a whole will only expand about 10-20% for most products. The problem is that the large agricultural potential of all these countries is still far from being used to its full extent (Unknown Author IV). “Farm profitability is low. Farmers work hard for relatively small awards-it’s a 24 hours day, 7 days a week job for many farmers. If farming is not profitable then existing farmers will cease their activities, and young people may not be attracted into agriculture” (Lenguen 2004, 4); besides, there is a well known difference in economic prosperity between the EU-15 and the eight countries we are talking about “These is even more pronounced in rural areas because of the combination of lower income and higher unemployment levels in these areas compared with urban regions. There are many small ‘semi-subsistence’ farms-which produce for their own consumption” (Lenguen 2004, 22-23).

One of the greatest obstacles to the achievement of a common agricultural policy that is more than common in name only is to be found in the considerable structural divergences within European agriculture. These structural divergences lay at the root

of the divergent national interests that lead to conflicts and tensions in the development, reform and implementation of the CAP and which result in often incoherent and unsatisfactory compromises in the Council of Ministers. These differences have a number of dimensions: size of farm, form of ownership, capital intensity, types of produce and so on (Grant 1997,10)

3.3 The Agricultural Future of Eastern Members in the European Union

For the farmers of the new Member States there will be many benefits and most of them have already been seen. The ‘Sapard’, which is: “the special accession program for agriculture and rural development” has been in charge of helping with the transition in the Agricultural sector. What this program accomplished was remarkable because it led the farmers of the Eastern and Central European Countries to have a taste of what the benefits of joining the European Union was. It also encouraged the new Member States to make a big effort to reach the EU standards for the accession.

The benefits and opportunities for these eight countries as well as for the European Union will be of major importance. Some of them are already visible and some are expected to happen in the next years. First of all we will mention that for the European Union to have these new Member States represents a big opportunity in a geographical way. They are going to be able to reach the far eastern markets as well as Russia, which is of major importance to increase their world trading power.

In the European Union’s web-page we can also find different reports that show the many benefits that will come with the recent enlargement. Some of them are:

The benefits of enlarging the Union to include these countries are political, economic, and cultural: The extension of the zone of peace, stability and prosperity in Europe will enhance the security of all its peoples. The addition of more than 100 million people, in

rapidly growing economies, to the European Unions market of 370 million will boost economic growth and create jobs in both old and new Member States. There will be a better quality of life for citizens throughout Europe as the new members adopt European Union policies for protection of the environment and the fight against crime, drugs and illegal immigration. The arrival of new members will enrich the European Union through increased cultural diversity, interchange of ideas, and better understanding of other peoples. Enlargement will strengthen the Union's role in world affairs - in foreign and security policy, trade policy, and the other fields of global governance. (Unknown Author XII)

There are also problems that have appeared with the recent accession: "The CAP is the policy which has the greatest impact at the level of individual economic actors; and it presents one of the most significant obstacles to eastern enlargement of the union" (Grant 1997, 1). An example of these unexpected situations is the labor migration. Especially in the Agricultural Sector, the system of employment has been altered, because it has encouraged the workers to move and migrate. The problem is expected to increase now that that the enlargement took place. This migration mainly happens because workers are being exploited and receive very low payments; this obligates them to move to other countries to find better opportunities. As a consequence, there is not enough people to work the land (International Labour Office, 2003).

On average, the European Union's 75 million new citizens earn only 40% of the income enjoyed by people in the rest of the Union. That is why, "they have had to implement economic reforms that had led to high rates of economic growth (higher than the European Union) and better employment prospects" (Unknown Author II). These reforms, in addition to the accession arrangements that included financial assistance worth €10 billion in 2004, €12.5 billion in 2005 and €15 billion in 2006, will help the

economies of the 10 new EU countries to catch up with the other 15. Some are growing strongly, and the integration between them 10 and the 15 is largely completed, thanks to the removal of trade barriers in the 1990s and the domestic reforms being carried through by the governments of the 10. The same support as is provided to the EU-15's farmers by the CAP, will be given to the 10 new Member States phased in over 10 years (Unknown Author IV). The €40 billion or so to be paid from the EU budget to the new member states in 2004-2006 will be spent mainly on structural and regional projects, support for farming, rural development, domestic policies and administrative costs. The EU and the ten new member states at Copenhagen agreed on this deal in December 2002, which adjusts to the rules laid down by the Berlin European Council (in March 1999) for EU spending until 2006 (Unknown Author II).

The farmers of the newly incorporated members will try to sell their products to the relatively high-income consumers of the EU-15, that is a good thing but it is also a big challenge. The EU has already begun to help farmers to gradually develop a sustainable productivity potential, by means of a substantial modernization and modification of farming and food processing. That has been possible because of the single market and as a result of capital investment that is co-financed by the EU Rural Development Fund. "The CAP helps farmers to make the most of their agricultural potential and sustain the prosperity of rural areas. It does that via measures stabilizing market prices and by direct payments and through funding a wide variety of rural development programmes" (Unknown Author V). The programs mentioned have focused on assisting farmers to run modern businesses putting special attention on production methods, food standards, animal welfare and environmental demands. Farmers will have the opportunity at the beginning of the incorporation of not having the same obligations as the other EU-15 members; for example they do not need to have

the same environmental, animal welfare and other rules to qualify for the direct payments. This must be seen as a way of helping the new members to adapt to the new conditions. The only thing that is not in question and that has to be attained since the beginning of their incorporation is the Food Safety standards set by the EU. This will make the EU farmers more competitive and market-oriented:

Some of the CAP's mechanisms will not apply immediately. This is partly because the new member States and farmers need time to establish and adapt to the necessary administrative procedures, and partly because the continuing disparities in farm prices, structures and food industries mean that immediate implementation of the CAP as a whole could still provoke sudden changes (Unknown Author IV).

To help the farming sector the handling of cash-flow problems while the farm is being restructured to become commercially viable, income support is available for up to five years. The idea is to receive professional assistance in order to farm in an environmentally sustainable way, to diversify their farming activities, or to upgrade their facilities (Lenguen 2004, 23). Direct payment will be given in a lower level at the beginning that will be increased in accordance with what the EU has established during the transition period of ten years. The European Union is finding the way to encourage investment in these countries in order to help with the restructuring and development programs. This is another measure that also helps these countries to be able to fulfill the European Union standards.

There have been numerous economic analyses that have concluded that the benefits of enlargement outweigh the costs. In these analyses the results have shown that the benefits are relatively larger for the acceding countries, because they start from a lower economic base (their economies represent only about 6% of the GDP of EU-15), although there are gains for both sides (Unknown Author XII).

Another problem that the European Union has to take into consideration is that, having more and more farmers working the land in a more intensified way, involves a risk of the biodiversity being destroyed. The risk increases when the use of pesticides, fertilizers, machinery, soil erosion and pollution of ground water takes place (Grant 1997). On the other hand, there is also the problem of the abandonment of marginal farmland, since, if the land is not in use, it can be host to a diverse range of species and the habitat becomes less favorable.

Currently, of course, there are significant disparities between farmers' economic situation in the EU-15 and those in the new Member States. Generally speaking, after the Second World War, farms in central and Eastern Europe were collectivized (although in Poland and Slovenia most farms remained in private hands). After the collapse of communism some farmland has been returned to its original owners. Many farmers in the new Member States lack capital. They required modernization and investment to become competitive. Only a small proportion of farms are already competitive in international terms. (Unknown Author IV)

By knowing the history of these eight countries, and also what the Common Agricultural Policy is, we will let the public make their own conclusions. To finish this analysis here is a brief explanation on how were the conditions in the agricultural sector on the eight countries at the time of the incorporation, as the European Union saw them, plus on what areas each one needs more support. All these data comes from the European Union web page, under the title of "Activities of the European Union. Summaries of Legislation. Enlargement and Agriculture" (Unknown Author XVI).

The Czech Republic is working very hard to fulfilling its commitments on the common market organizations, and rural development. Most of the preparations in the field of animal disease control have been carried out. An intensive effort is required, on the other hand, to catch up in other veterinary and plant health areas as well as trade

mechanisms and the common market organizations for sugar, wine, beef and veal. The Commission has stated that it is very concerned about public health protection. The Czech Republic was ready on time, but big measures had to be taken to help them.

Estonia has accomplished a lot; they have met their commitments in certain specific areas: quality policy and organic farming, the agricultural accounting network and State aid. Of the market organizations, only measures for milk products remain to be adopted. In the veterinary sector, Estonia has met its obligations as regards the inspection of animal diseases, animal welfare and zootechnics. On the other hand, the area of public health protection requires more attention and greater efforts, as well as the fields of plant and public health, paying agencies, the administration and control system (IACS) and the implementation of trade measures.

Hungary has made substantial progress since the incorporation, especially with the state aid, quality policy and organic farming. In the veterinary and phytosanitary sectors, Hungary is ready to ensure measures regarding animals, by keeping them apart under veterinary control arrangements, common and phytosanitary measures. But they are still not ready to work fully in the establishment of the paying agency and the Integrated Administration and Control System (IACS). There are also delays regarding rural development, public health and the setting up of producer organizations.

Latvia has also accomplished a lot, its farming's share gross value added rose to 4.7% in 2001 while it accounted for 15.1% of total employment. Latvia's trade surplus with the EU in agricultural products rose from 151.6 million in 1999 to 193.2 million in 2000. The administrative budget for farming stands at 40.07 million. The most important thing in which Latvia has to pay more attention is to follow in the best way possible the *acquis communautaire*, as well as to reinforce its administrative capacity.

Lithuania is doing a good job regarding the market-organization regimes, although weaknesses have been identified with regard to beef. Lithuania is also behind in respect to setting up its Paying Agency, the Integrated Administration and Control System (IACS) and trade mechanisms. In the veterinary field, big efforts are still needed to identify all the transmissible diseases that animals have and that can remain in the products. The same is true for the common measures, animal welfare and phytosanitary measures.

Poland is doing well with respect of the quality policy, organic farming, the farm accountancy data network and state aids. The same is true of the common market organizations with the exception of milk, beef and veal, eggs and poultry. Regarding trade mechanisms they still have to make adjustments and respect them. Poland is meeting the commitments it has made in the veterinary and plant health sectors, but not at a 100%. They also have to put more attention to the animal health system

Slovakia is making a big effort, but they still have to work with the problem of the establishment of the paying agency, the Integrated Administration and Control System (IACS) and public health protection. They also have certain problems establishing trade mechanisms and introducing common market organizations, as well as in the veterinary sector. The system of veterinary controls on the domestic market needs more attention to handle the transmissible diseases, since the rules established by the EU are not being followed completely. Actually, it seems that Slovakia, needs more support than the others.

Slovenia has met most of its commitments, and they should not desist in its intense efforts. The common organizations of the markets in sugar and milk are not totally in accordance with the *acquis*, the same can be said about veterinary control

systems in the internal market, trade in live animals and livestock products in the veterinary field, the protection of public health and common measures (Unknown Author XVI).

In spite of all the positive achievements in the preparation for EU membership, a considerable task of restructuring of the agricultural and food industries, most notably in animal production, remains to be pursued in the new Member States in order to increase competitiveness on the Single Market. The medium-term outlook suggests that the production potential will be gradually exploited and only fully used in the longer term. The medium-term perspectives for the agricultural sector in the new Member States appear very positive with higher efficiency and a 35 % rise in income against 2002. (Unknown Author XVII)

The main challenge of the Common Agricultural Policy at last is to meet the needs of both farmers and society as a whole. As we already mentioned, the 25 countries that constitute the European Union have the challenge of breaking with the division that war and ideological conflicts have created. “In taking this decision, the European Union was not simply increasing its surface area and its population. It was putting an end to the split in our continent - the rift that, from 1945 onwards, separated the free world from the Communist world. So this fifth enlargement of the European Union has a political and moral dimension” (Unknown Author II). They have accomplished a lot but there is still more to do about that. “The eight countries of Eastern and Central Europe members will face the challenge of the future alongside their EU-15 counterparts. They will do this on equal terms, but after a gradual process of alignment with the EU-15” (Unknown Author IV). The citizens of these new Member States are expecting many benefits, especially in agriculture because they want to improve their prosperity and their rural communities as a whole, and break with the long history of oppression and instability.

At last, I am going to take the professor and specialist in European Agriculture Wyn Grant's questions about the uncertainties of the enlargement as a guideline so that we can see that, besides the good things that enlargement means for the countries of Eastern and Central Europe, there are a few things that we are not going to be able to answer because time will be the only thing that will let us learn more about how these eight countries confronted the incorporation into the European Union. The questions reflect the uncertainties that we, with the information given up until now, can try to answer.

The first one has to do with time. How quickly, if at all, will the productivity gap between the new and existing member states be closed? As it has been stated in this work, it will take at least 10 years for these countries to be able to close that gap. We have shown the conditions in which they have started their incorporation to the European Union and we have also talked about the aid and support that the European Union is giving them in order to reach the goal of competitiveness. After all, they are on the road now and if their own governments keep improving their conditions, by opening their markets and putting fewer obstacles to the market, they are going to be able to do it after a transition period. The history of these eight countries has shown them that they are capable of doing anything they want. Once they did it under oppression, but now they have the option and the tools to do it freely.

Will farmers in the accession states use their new subsidies for investment in the enterprise or to fund increased personal consumption? This second question refers to what could happen if farmers do not use the help they are receiving in a good way, and in the case they distort the purpose of it. That could really happen, especially because it is shown that their economic conditions are less favorable than their counterparts,

meaning that they have more needs that sometimes need to be solved in that moment and that could led to spend what they receive in other things rather than to invest in their land to have better profits in a medium to long term. The farmers of these eight countries are hungry to improve their quality of life, to be free and to prosper; however, if the money given is not used to invest in their farming, there will be many obstacles in the goals of the transition.

How quickly can the deficiencies in rural infrastructure in many of the new member states be overcome? The only way to answer this is by analyzing the current conditions of the infrastructure in the eight countries, the portion of help required and given from the European Union to that purpose, and the way in which each country is helping. We know that they lack a lot in this matter and that, actually, in the communist years the exploitation was so big with the collectivization phase that a big damage was done, and that there is a lot to do. Also, the geographical conditions of these countries are different from the rest of the European Union and they have to reach places that are not as easy to reach with the purpose of being sure about the quality of products they are letting in the European Union market.

Will their better off consumers continue to prefer food products from Western Europe seen to be of high quality? We do not think this could be a big problem, the only way it could become a problem is if the Eastern and Central European Members do not pay as much attention as it is required to the food quality standards. Actually, we think that the Western Members will seek the products of the new members. First of all, because of the curiosity of having new products in the market, and also because of their prices, that at the beginning will be cheaper because of the transition period.

Although production will never return to the levels of the Communist regimes when policy was driven by considerations of autarky, how far will it increase in

response to improving domestic markets and more access to external ones? That is the one thing that the European Union as well as these eight countries wish to accomplish, but by taking really good care about how they do it. They want to show the farmers what can they accomplish with the help they are receiving, but also they are giving them the freedom to choose what to farm in accordance with the demands on the market. They are encouraging them and not forcing them, that is good thing, but it is also a challenge, to break with the phantoms of the past to improve their future.

How will the new member states use their influence in the Farm Council? Will countries such as Poland help to resist further reform? If the laws and the political bodies of the European Union are real and well established, it will be easier for these new European Union countries to contribute with further reforms, to give proposals that have to be heard at least at the European Union Parliament were they have their respective seats (Wyn Grant's Common Agricultural Policy Web Page).

After all, we are watching that the countries of Eastern and Central Europe continue to make history, and it is impressive how they have moved from a Communist regime that lasted for over 45 years, to transitional democracies and then to democracies ready to join the European Union and the free market. It is true that they were able to join the European Union, not with the help of the Member States, which started since the fall of communism. It is also true that these countries represent a challenge, but also a big opportunity both for the European Union and for themselves.

We conclude then, that the conditions are given for these countries to compete gradually. The time of transition will give these eight countries the opportunity to improve and align themselves with the rest of the members of the European Union, only if the aid they are receiving continues and the will of both the governments and the

farmers of these countries improves and is reinforced. There is still much to do and in many different areas, from the economic institutions up to animal health and wages. Each country must put special attention to their own weak points and work on them in order to be able to be competitive. This is a big opportunity and the challenge is to prove that history has not damaged their future, and that they can keep moving ahead. That is what we suggest; however it must be recognized that it will not be easy. It is important for the peasants of these countries to know that if they wait and improve the way of farming they can accomplish more than if they leave their land to try to find better opportunities somewhere else. The Agricultural Sector has a lot of potential, especially nowadays.