

ENLARGEMENT NEGOTIATIONS BETWEEN POLAND
AND THE EUROPEAN UNION ON THE CHAPTER OF
AGRICULTURE

by

DIJAN ALBAYRAK

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CHAPTER OF AGRICULTURE

APPROVED BY:

Esra Çuhadar Gürkaynak

(Thesis Supervisor)

Asst Prof. Meltem Müftüler Baç

Emre Gönen

DATE OF APPROVAL:

Abstract

European Union (EU) recently went through a long and complex process of enlargement and welcomed 10 more new states. Among the 10 new comers, Poland is a crucial accession country due to its size, geographical position, and large population. In addition, it has a problematic industrial restructuring and a large agricultural sector. It is hard for the European Union to digest Poland and therefore the outcome of the negotiations with Poland had and will have a leverage effect for other countries with similar issues to tackle with the EU. Agriculture is considered as one of the most complicated issues between Poland and the EU not only due to the large and inefficient agricultural sector in Poland, but also due to the internal problems EU is facing with its policies on agriculture. This thesis will focus on the negotiations between the EU and Poland on the chapter of agriculture, which is one of the 31 chapters of the *acquis communautaire*.

Enlargement negotiations are the negotiations on the compliance of the candidate states with the *acquis communautaire* of the European Community. *Acquis communautaire* is the legislation of the European Community. It encompasses the founding treaties of the Community, subsidiary treaties, secondary legislation and decisions, opinions and general principles of European Court of Justice. *Acquis* is presented in 31 chapters to the candidates.

The thesis aims to analyse the negotiation process between EU and Poland on the chapter of agriculture, providing an insight into the context and background of the negotiations. Each negotiation issue stated by Poland as a response to the *acquis* presented by the EU has been discussed thoroughly based on primary resources from the EU and Poland.

Özet

Avrupa Birliđi yakın bir tarihte uzun ve zorlu bir müzakere süreci sonrasında 10 yeni ülkeyi daha bünyesine kattı. Bu 10 ülke arasında Polonya gerek ölçeđi ve cođrafi konumu gerekse yüksek nüfusu nedeniyle en önemli aday ülkelerdendir. Ayrıca Polonya'nın sorunlu endüstri yapısı ve büyük tarım sektörü de sürecin önemini vurgulamıştır. Avrupa Birliđi için Polonya gibi bir ülkeyi hazmetmek oldukça zor olacađından, Polonya ile yapılan müzakerelerin sonuçları, benzer sorunlara sahip diđer aday ülkeler için de önem taşımıştır. Tarımın Polonya ve Avrupa Birliđi arasında ne önemli konulardan biri olmasının tek sebebi Polonya'nın büyük ve verimsiz tarım sektörü deđil aynı zamanda AB'nin kendi içinde ortak tarım politikası ile yaşıadıđı sorunları olmuştur. Tez, AB ve Polonya arasındaki müzakerelere konu olan AB mevzuatının tarım konusuna odaklanmıştır.

Genişleme müzakereleri, aday ülkelerin AB mevzuatına uyumunu sağlamak için yapılan müzakerelerdir. Mevzuat AB hukunun temelini oluşturur ve Birliđi oluşturan antlaşmalar, ek antlaşmalar, ikincil kanunlar ve kararlar, görüşler ve Avrupa Adalet Mahkemesinin genel prensiplerinden oluşur.

Tez Polonya ve AB arasındaki tarım müzakerelerini, içlerinde buldukları bağlam ve altyapı hakkında da açıklamalarda bulunarak analiz etmektedir. AB tarafından sunulan mevzuatın ilgili maddelerine ilişkin müzakere konuları Polonya tarafından saptanmış ve bu konular birincil kaynakların yardımıyla irdelenmiştir.

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*Çalışmalarında bana olan güvenlerini hiç eksik etmeyen
hocalarım Emre Gönen, Esra Çuhadar Gürkaynak ve
Meltem Müftüler Baç'a, tez uğruna yaptığım kaprisleri
sonuna kadar tolere eden Tarih Vakfı Genel Müdürü
Bekir Ağırđır'a, sıkıntılarımı benimle paylaşan kuzenim
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sayelerinde iki yakamı bir araya getiremeyeceğim değerli
Bölüm Sekreterlerimiz Selay Biltekin ve İnci Ceydeli
teşekkürü borç bilirim.*

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CHAPTER 1

INTRODUCTION

European Union (EU) recently went through a long and complex process of enlargement and welcomed 10 more new states. From May 1st, 2004 on EU has 25 members, and four more candidates¹ are waiting at its door. However this last enlargement has been remarkable and distinct from the others since it covered the largest number of newcomers and it united Western and Central Europe within the EU with its Eastern neighbors. Besides its scope, current enlargement is marked by including eight candidate states which have a communist past. Such a drastic increase in the size of the Union brings many changes not only in the institutional system, but also in the Union's strategic role in global politics and economy.

Among the 10 new comers, Poland is a crucial accession country due to its size, geographical position, and large population. In addition, it has a problematic industrial restructuring and a large agricultural sector. It is hard for the European Union to digest Poland and therefore the outcome of the negotiations with Poland had and will have a leverage effect for other countries with similar issues to tackle with the EU. Agriculture is considered as one of the most complicated issues between Poland and the EU not only due to the large and inefficient agricultural sector in Poland, but also due to the internal problems EU is facing with its policies on agriculture. This thesis will focus on the negotiations between the EU and Poland on the chapter of agriculture, which is one of the 31 chapters of the *acquis communautaire*. This single case study will use the negotiation problems stated by Poland with regards to its harmonization with *acquis* as well as its budgetary concerns as the units of analysis.

¹ Bulgaria, Croatia, Romania and Turkey

Enlargement negotiations are the negotiations on the compliance of the candidate states with the *acquis communautaire* of the European Community. *Acquis communautaire* is the legislation of the European Community. It encompasses the founding treaties of the Community², subsidiary treaties³, secondary legislation⁴ and decisions, opinions and general principles of European Court of Justice⁵. *Acquis* is presented in 31 chapters to the candidates⁶.

Each enlargement wave forces the EU to re-shape its policies and institutions, in order to accommodate the needs of all its existing and new coming members. The EU also has to calculate its gains and losses in a global context. Therefore, enlargement negotiations are ‘system transformative’ (Friss, 1999), meaning that the entire system of EU is transformed at each enlargement wave⁷. UK’s accession and Iberian enlargement demonstrate the impact of new comers to the policies of the EU. UK’s accession triggered a set of negotiations

² European Coal and Steel Community Treaty (1951), European Economic Community Treaty (1957), Euratom Treaty (1957), Convention on Certain Institutions Common to the European Community (1957), Merger Treaty (1965), Acts of Accession (1972, UK, Ireland, Denmark; 1979, Greece; 1985, Spain and Portugal; 1994, Austria, Finland and Sweden), Budgetary Treaties of 1970 and 1975, Single European Act (1986), Treaty of the European Union (1992), Treaty of Amsterdam (1997), Treaty of Nice (2001)

³ Agreements concluded by the Community exclusively, by the Community on succession to an earlier agreement or by individual member states

⁴

Regulations, directives and decisions of the Council and the Commission

⁵

Case-law

⁶

Chapters are: free movement of goods, freedom of movement for persons, freedom to provide services, free movement of capital, company law, competition policy, agriculture, fisheries, transport policy, taxation, economic and monetary union, statistics, employment and social policy, energy, industrial policy, energy, small and medium-sized enterprises, science and research, education and training, telecom and IT, culture and audiovisual policy, regional policy and co-ordination of structural instruments, environment, consumer protection, justice and home affairs, customs union, external relations, common foreign and security policy, financial control, finance and budgetary provisions, institutions and other

⁷ This is one of the reasons why historically the EU leaders chose to manage enlargement processes in such a way that each round of enlargements were followed by episodes of deepening, so that the EU mechanisms could absorb the effects of widening.

for budget reform, since UK became a net contributor to the budget despite low per capita income level. UK received rather limited compensation from the EU budget since it has a small agricultural sector⁸. Terms of UK's contribution were renegotiated; however this problem could not be solved for almost a decade and caused a major stagnation in EU's history⁹. Iberian enlargement was blocked for a while for budgetary reasons by Greece, Italy and France since Spain and Portugal posed a threat to agricultural competition. The European Council came up with an Integrated Mediterranean Programme to solve this dispute and also doubled structural funds expenditure¹⁰, so that these countries could benefit from the structural funds to compensate their loss from agricultural competition (Baldwin, 2001).

Based on these past experiences, EU had to calculate the impact of the largest enlargement ever on its institutions and budget and devise a strategy to manage the latest enlargement. Following the application of all CEEC, Cyprus, Malta and Turkey, the European Council in Maastricht in 1991 decided to examine the implications of enlargement at Lisbon Summit. The Commission presented a report in Lisbon (1992) and stated that the European Free Trade Area (EFTA) countries¹¹, Malta, Cyprus, Turkey and CEEC are eligible for

⁸ As it will be explained, spending for the financial measures of the Common Agricultural Policy makes up a great percentage of the EU budget. Therefore countries with small agricultural sector may have less contribution from the EU budget.

⁹ A major budget reform happened after the signing of the Single European Act in 1988, named Delors-1 package according to the Head of the European Commission Jacques Delors. Following the budgetary crises caused by UK, Delors-1 package finally reinforced budgetary discipline, added the GNP percentages from member states to the revenues, expanded the structural funds and kept the UK rebate system as a compromise. The Council also decided for a ceiling for CAP expenditures, which prohibited any increase of the budget for CAP above 74 % of the Unions GDP growth.

¹⁰ Structural funds are an instrument to increase the conditions in the underdeveloped regions within the EU by allocating financial support to development projects in these regions.

¹¹ EFTA countries are Sweden, Finland, Austria and Norway. While the first three countries entered the EU, Norway decided to stay out based on the results of the national referendum in 28 November 1994 (Granell, 1995)

membership. The Commission also prepared a formula for reinforced accession, however the Council decided at the Edinburgh session (Dec 92) to postpone discussing components of this report at its next meeting due to the negative climate against accession influenced by the severe economic problems of the Community. In the next stages the European Commission played a key role by formulating objective criteria for membership, which would convince the macro-policy makers. These criteria were announced at the Copenhagen European Council (June 93). The Council decided for improved market access with the eventual goal of membership for CEEC.

The Copenhagen criteria are as follows:

- stable institutions guaranteeing democracy, rule of law, human rights and minority rights
- functioning market economy and capacity to cope with the competitive pressure of the EU
- ability to adopt the *acquis*
- capacity to absorb new members without endangering the momentum of European integration (Wallace, 2000).

However EU still had problems in agreeing upon a pre-accession strategy. Diverse opinions from member states and their constituencies towards enlargement influence the scope of pre-accession measures. Different offers were put on the table. The Commission promoted an inclusive and progressive formula for improved trade opportunities through liberalization of agriculture, limited use of commercial defense instruments and more effective use of Phare Programme¹² in line with the example of structural funds. On the other hand agriculture is one of the most sensitive sectors in the EU and its liberalization was strongly objected by some member states. UK and Italy proposed political dialogue through involving CEEC in Second pillar¹³, Common Foreign and

¹² Phare is a grant scheme ensuring finance for economic development administrative reconfiguration, social change, legislative work to enable candidate countries meet the criteria for membership of the EU (http://www.europa.eu.int/grants/grants/phare/phare_en.htm)

¹³ Following the Maastricht Summit, the European Union took its current structure in three pillar form. First pillar is the European Community, Euratom and European Coal and Steel Community, Second Pillar is Common Foreign and Security Policy and the third pillar is Justice and Home Affairs.

Security Policy and Third pillar; Justice and Home Affairs. However France and Spain were still worried about the peace and security in the Mediterranean and pushed for a programme covering the Mediterranean countries, which would integrate economic, political and security dimensions.

The outcome was a compromise over “structured dialogue” between EU institutions and the candidates, aiming to integrate the candidates to the single market through regulatory alignment. Corfu European Council (June 1994) also decided for the preparation of a White Paper¹⁴ on internal market by the Commission, which would guide the member states in establishing the necessary structures and legislation¹⁵. This White Paper is especially remarkable for the entire negotiation process, since it highlighted the importance of certain legislative areas. It stressed that some other areas are difficult to be implemented fully by the candidates since they are too costly and more suitable for developed economies; therefore should be left to post-accession period. This move of the Commission had an influence in the *acquis* negotiations¹⁶.

Madrid European Council (December 95) planned concrete steps to start with the negotiations. It asked the Commission to present its Opinion¹⁷ on the candidates, prepare a report on the impact of enlargement, which should cover the financial perspective as well and propose indicative dates for the start of negotiations with CEEC, Cyprus and Malta. (Council of the European Union 1995b:23)

EU was urged to put the institutional reform into its agenda, since it hardly had the institutional capacity to accommodate an enlarged Union. Amsterdam

¹⁴ White paper is a document on the strategy of the Union in a particular issue prepared by the Commission and adopted by the Council. Legally it is not binding for the member states; however it shows the vision and direction of the Union on the specific issue; therefore is highly important.

¹⁵ The Corfu Council also decided for a Mediterranean Programme as proposed by France and Spain, which covered all countries around the Mediterranean sea.

¹⁶ Another influence of the white paper was the change it imposed concerning the involvement of different DG's. Following the stress of the internal market alignments, DG XV responsible for single market took the lead in the enlargement process.

¹⁷ Opinion expresses Commission's assessment of the applicant states regarding their compliance with the Copenhagen criteria.

Treaty was meant to ensure efficiency in decision making, fair representation, greater accountability, transparency and legitimacy; however it failed to achieve a true reform. The institutional reform was postponed to Nice Summit and later at Laeken Summit (Dec 2001) the decision was taken to convey the “Convention for the Future of Europe”.

Following the decision of the European Council, the Commission came up with AGENDA 2000, which tackled the entire issue of enlargement in detail. The AGENDA 2000 aimed to present the main objectives to strengthen Community policies within an enlarged Europe and the new financial perspective. In its AGENDA 2000, the Commission proposed a differentiated approach towards the candidates, since each had varied distances to full compliance with the acquis. The Commission also stressed the importance of full acquisition with the acquis, since EU faced major obstacles in especially the case of UK, when the accession negotiations were completed without achieving a necessary level of convergence. AGENDA 2000 not only evaluated the impact of enlargement in different policy areas of the EU, it also gave a more concrete shape to the entire process. It even proposed a specific time-table, which foresaw 2002 as an optimistic date of accession for the first wave candidates.

AGENDA 2000 presented at the Luxembourg European Council (Dec. 1997) also covered the Opinion of the Commission on the applicant states based on long questionnaires on compliance with the acquis filled in by each one of them. The Commission presented Czech Republic, Estonia, Hungary, Poland, Slovenia and Cyprus as ready for the negotiations. However member states had other political or economic priorities, therefore the final decision about first wave candidates were made based on political reasons rather than objective criteria offered by the Commission. The compromise between the Commission position and Council preferences were somehow reflected to the final outcome, since the Council decided for a bilateral and intensive screening procedure with the first five CEEC and a multilateral and less thorough procedure for the five other candidates. The Council decided for a financial aid scheme for all candidates with a priority to more needy states, in order to avoid upsetting candidates like Turkey. Last but not least the Council decided for other channels of accession in the pre-negotiation stage, such as Accession partnerships, Regular reports and the European Conferences.

Poland followed this path of accession since its formal application to become a member state of the EU (1994). This work will summarize activities of the Polish government for this purpose; however the focus will be kept on the negotiations specifically on the chapter of agriculture as a core policy area for both the EU and Poland. The following chapter on the theoretical and historical background of enlargement will explain the theoretical framework used for the analysis of the negotiations. It will also explain the structure of the negotiation process and provide information on the specific chapter of agriculture. Third chapter will focus on the activities undertaken by both parties during the pre-negotiation phase, whereas the fourth chapter will describe the actual negotiation phase. The last chapter will present the concluding remarks on the enlargement negotiations on the chapter of agriculture.

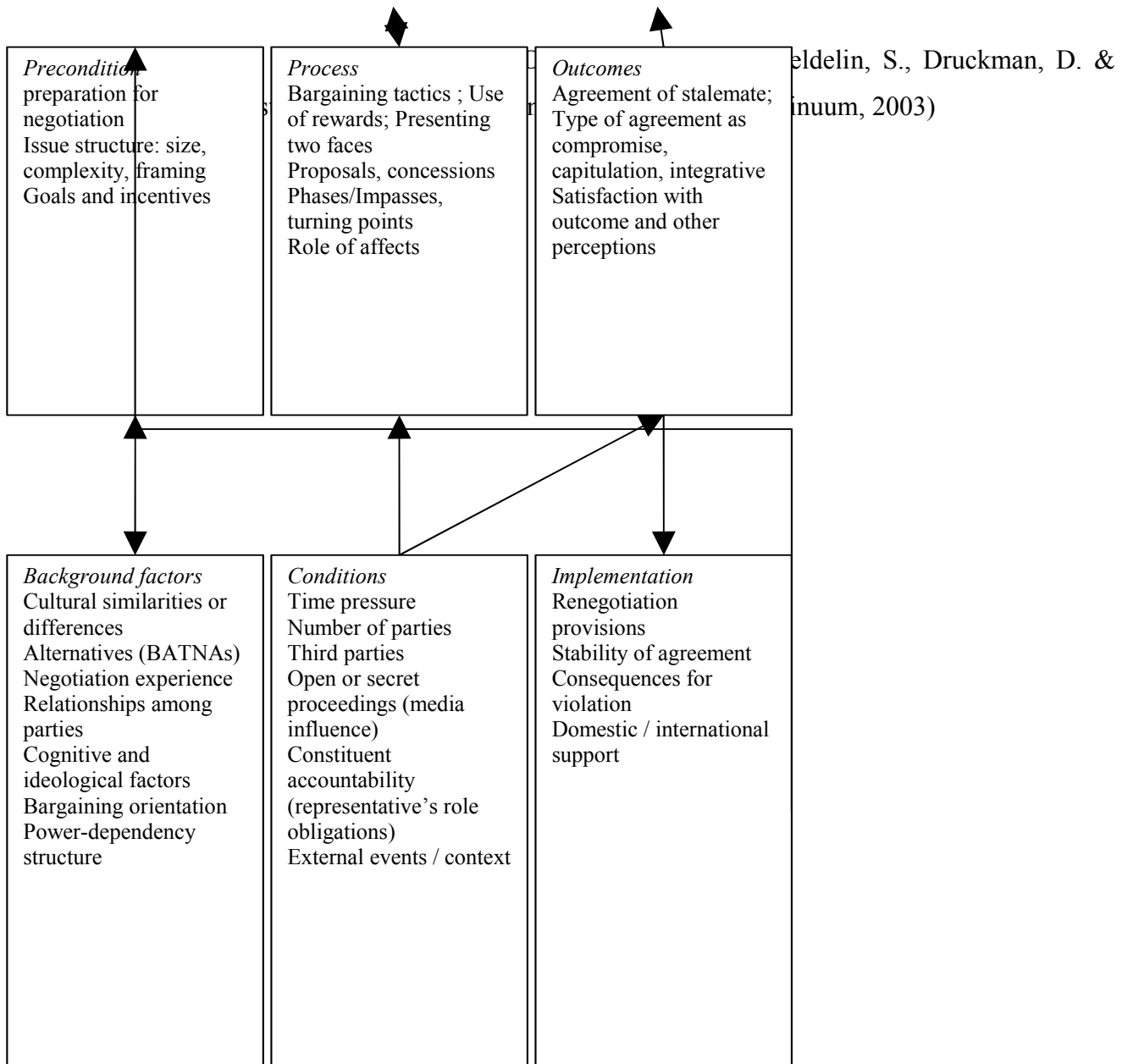
CHAPTER 2
THEORETICAL AND HISTORICAL BACKGROUND AND
CONTEXT

2.1. Theoretical Background

This work will use two frameworks for the analysis of the negotiations on agriculture. First, the overall process of negotiations on agriculture will be described according to Druckman's framework of influences and processes of negotiations (see figure I; Druckman, 2003). Secondly, the outcomes of the negotiations phase will be analysed according to the decision units framework of Hermann et al (Hermann et al, 2001). As explained above, enlargement negotiations are institutionalized due to past experiences of the EU and they shape the future of the EU in many policy areas. .

Adjusting Druckman's framework to the context of the enlargement negotiations, the introduction chapter of the thesis describes the parties involved, issues, characteristics and process of the negotiations as conditions. The third chapter will describe the pre-negotiation phase, whereas the fourth chapter will deal with the actual negotiation phase. Finally, the negotiation outcomes will be evaluated according to the process outcomes chart of the decision units framework. The thesis will not cover the implementation phase, since the negotiated agreement has just started to be implemented.

Figure I. A framework of influences and processes of negotiation



The decision making process in the enlargement negotiations is illustrated in Figure II. European Commission prepares a draft common position for the European Council. The European Council representing all member states discusses the draft common position and adopts it as the common position of the European Union on the issue it covers. However even if one member state would disagree with the draft common position, then the respective member state could block the decision, so that the European Commission will have to redraft another proposal to present to the Council of the European Union (Granell; 1995)

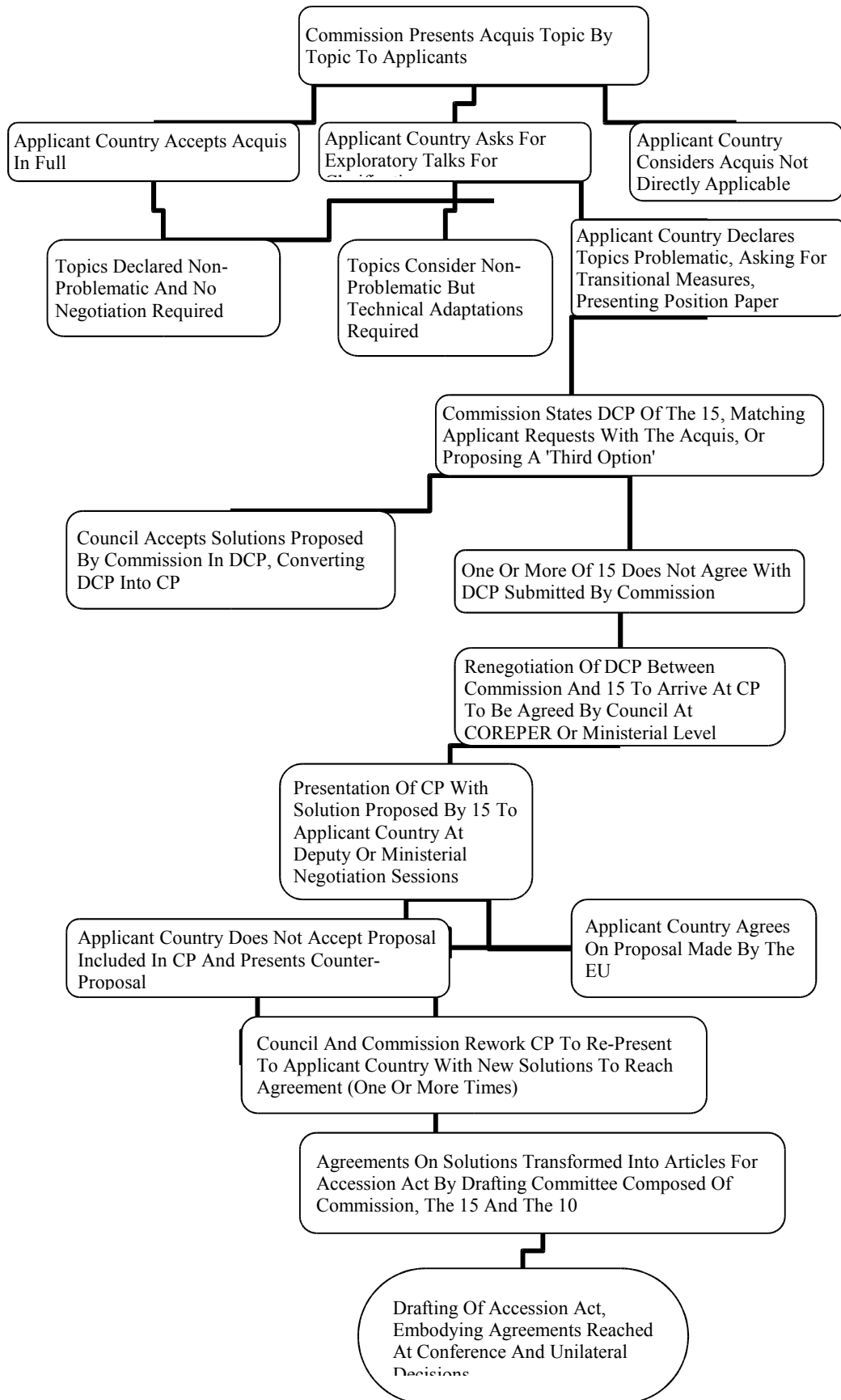
For the evaluation of the negotiation process outcomes, Hermann et al present six possible outcomes of decision making; concurrence, mutual compromise\consensus, deadlock, one party's position prevails, lopsided compromise, and fragmented symbolic action. If parties concur, it means that they reach an agreement reflecting their initial positions. If there is a mutual compromise/consensus, it means that both parties made some concessions in order to settle the negotiation. However, in lopsided compromise, one party yields up to a limited extend, just to make sure that the other party saves face towards its constituencies. In case of a deadlock, the parties cannot come to an agreement. Table I summarizes the characteristics and implications of process outcomes. The outcomes of the negotiations on enlargement will be described based on this table.

Table I Process Outcomes

Range of preferences represented in the decision	Distribution of Payoffs	
	Symmetrical	Asymmetrical
One Party's	Concurrence (all own decisions: see it as a final)	
Mixed Party's	Mutual Compromise / Concensus (Members got all possible at the moment monitor for change in political context; seek to return to decision if think can change outcome in their favor)	Lopsided compromise (Some members own position, others do not; latter monitor resulting action nad political context; agitating for reconsideration of decision)
No Party's	Deadlock (Members know no one did better than the others; seek to redefine the problem so solutions or trade-offs are feasible)	Fragmented Symbolic Action (No members own decision; seek to change the political context in order to reconstitute decision unit)

Source: Margaret Hermann, "How Decision Units Shape Foreign Policy", *International Studies Review*, Vol.3, No.2 (2001), p.72

FIGURE II Process of negotiations



It is rather difficult to assess the outcomes based solely on the Act of Accession. The Act of Accession is more the output of the negotiations rather than the outcome, since for certain negotiation issues the outcome can only be assessed after the implementation phase. This outcome will depend on the impact of the negotiation outputs. The impact is mostly difficult to assess since it is not certain how the conditions in the agreement will be applied (Undertal, 2001). The post-negotiation phase might also change some aspects of the agreed upon solutions or on the contrary the candidate states may adapt themselves to the new conditions and give more priority to Community interests rather than their national interests in the long run. Additionally it might be difficult to foresee the aggregate impact of the negotiation outcomes, since the issues negotiated upon are rather complex (Winham, 1977a). As a response to this problem, Undertal proposes the following parameters to evaluate the outcomes; efficiency, stability, distribution of resources and distance from opening position. The impact of the Act of Accession will be discussed based on the research conducted on Polish agriculture using the following parameters:

Efficiency: Efficiency of the process of negotiation relates to the level of information of both parties about the entire process and is vital to reach more integrative solutions and reduce the costs of the negotiation. Parties need to have perfect information about the process and issues at stake, in order to come up with an efficient set of negotiations. For the case of the enlargement negotiations the EU is very advanced in multi-issue, multi-party negotiations, particularly enlargement negotiations due to past experiences. EU is also the rule-setter for the process; therefore it has a strong advantage compared to the candidate countries, which are mostly introduced to the EU system in the last decade. Another constraint to efficiency is existence of multiple criteria for integrative solutions. Since member states and candidate states, as well as supranational level of EU and external factors, have diverse priorities and criteria, it is rather difficult to come up with satisfactory outcomes for all parties. There are also process-generated problems, which hamper the formation of integrative solutions. The duality of EU level negotiations, where the EU has to negotiate externally with the candidates and internally among the member states is a major complexity. Commitments and/or experiences in the pre-negotiation stage explained in previous chapters are also set backs in the process. Candidate states

can increase the efficiency by increasing their expertise in EU level negotiations and investigating past enlargement negotiations.

Stability: An outcome of a negotiation is stable if the parties are committed to implement the agreed upon terms. If the outcome of the negotiations is not stable, it would cause an extra complication in the EU setting, since EU would be letting the Trojan horses inside its castle, which are dissatisfied with what has been offered to them. The candidate states might try to change the outcome in their favor as full members once they are in the EU. In the post negotiation phase, these new comers will have the power and intention to block the digestion of enlargement by insisting on protecting their own interests. Therefore EU has a strong interest in concluding this process with stable solutions. Especially UK is a significant example in EU history since UK blocked many reforms, since UK was not fully satisfied with the terms of Act of Accession.

Distribution of resources: Distribution of the resources is calculated according to the net benefit that the parties gain from the agreement. This calculation is made according to the proportion of the share of costs, distribution of costs according to the party responsible for the cost incurred, equity and benefits according to needs. It is not possible to measure the costs and benefits only in financial terms, because some costs occurred are for measures, which would have been adopted by Poland anyway; such as higher veterinary and environmental standards. Distribution of resources will be analyzed for different negotiation issues and overall cost-benefit assumptions will be discussed.

Distance from opening position: Distance from opening position is considered as an indicator of the performance and fairness of the negotiations. However, these assumptions cannot be very accurate for enlargement negotiations, since there are many linkages among issues. EU and the candidates work out several package deals and trade-offs in order to balance the concessions made. Therefore in the analysis, distance from the opening position will be presented, however the outcome evaluation won't be based solely on it.

2.2 About the Negotiation Process

In this section, I will explain the structure and the process of the enlargement negotiations. Enlargement negotiations are organizational negotiations, which occur within the context of the European Community¹⁸. Druckman (2003) distinguishes organizational negotiations from other type of negotiations due to their structure and the organizational culture involved. By structure, he refers to the bureaucracies within an organization involved in the decision making. Organizational culture is determined by the organizational values and assumptions about proper practices or activities (Druckman, 2003). EU in general had a highly developed negotiation culture, since the entire system is a negotiated settlement among member states and/or supranational institutions. EU has a specifically institutionalized process of managing enlargement negotiations based on its previous experiences.

Enlargement negotiations are rather complex since they are multi-party and multi-issue negotiations. Although technically the negotiations take place between the EU as a primary party and the candidate state as the second primary party to the negotiation, decisions on the EU level are made among all member states. Since there are “two levels” of decision making; within the EU, and between the EU and the candidate state; enlargement negotiations are multi-party negotiations.(Putnam 1988) Additionally expectations of the constituents of EU member states, constituents of candidate states as well as the decision makers of all parties might be in conflict with each other. This state is defined as the boundary role conflict by Druckman (2003) and as “two-level” games by Putnam (1988), since the negotiators find themselves in a boundary role among all parties involved.

They are multi-issue, because the entire acquis with its 31 chapters are put on the negotiation table and the issues in these chapters are linked during the negotiation¹⁹. Additionally EU decision making system is either supranational or

¹⁸ For research on negotiations within the EU: Elgström et al, 1998; Pfetsch, F., 1998 and Friss, L., 1999.

¹⁹ Friss (1999) claims that the issues in the chapter of agriculture

intergovernmental based on the specific policy area. EU is based on an economic union among its members; however it strives to become a political union promoting democratic values and a liberal market. EU pools the sovereignty of its member states, in order to ensure a single market within its borders. Therefore there is a delicate balance between national interests and community interests within the decision making system. Areas within the scope of market economy are under the Community competence, meaning that they are decided upon at the supranational level. Issues regarding “high politics” are decided solely on intergovernmental level, whereas issues considered as “low politics” is decided according to a network model, where other stakeholders than national governments are also involved (Friis, 1998). Enlargement is one of the areas addressed at the intergovernmental level because it is considered as macro policy. On the other hand, once the political decision in favor of enlargement is reached at the intergovernmental level, negotiations on the adherence of member states to the *acquis* are mostly concerned with the internal market affairs; thus are rather technical meso policies²⁰. They touch upon many areas, which are under the community competence on the supranational level. The EU has to reach a consensus between its macro and meso policies throughout the process (Sedelmeier, 2001). As explained above, the outcomes of the negotiations have to be acceptable not only to the candidate state and to the EU as a whole but also to each member state individually. Agriculture is an area, which causes conflicts among meso and macro policies since its early introduction. At the macro level,

could have been linked to the problematic issues related to land-ownership and environmental standards.

²⁰ Sedelmeier explained the controversy between the political interest and its actual reflection in policies and agreements with the concept of ‘composite policy’. The overall framework and parameters of policies such as Eastern enlargement, single market or agriculture are decided on the macro level in an intergovernmental decision-making system. However the details and substance of these policies do also involve distinctive groups of policy makers and supranational institutions of the European Union, therefore they are set on a meso-level. This composite policy making generates obstacles in strategic planning and the results are up to the congruence of preferences of macro-policy makers and the structure of the policy coordination process. This setting however gives the European Commission a special role; the Commission often finds itself in the position of a mediator between meso policy makers and final decision making organs on the macro level (Sedelmeier, 2000).

it is a highly sensitive topic due to the great percentage the CAP measures cover in the EU budget. Additionally as the EU enlarges and evolves, its macro-economic priorities also shift from agriculture to information and new technologies. At the meso level it is a common policy requiring several technical calculations based on the overall needs and necessities of the agricultural market in the EU and towards the third parties within the framework of World Trade Organization (WTO). Therefore enlargement negotiations on this chapter are particularly complicated. Their analysis illustrates how the parties tried to merge their interests at meso and macro levels.

Parties Involved In the Negotiations:

Primary Parties: The primary parties of the enlargement negotiations are the European Union and Poland. Poland is represented by a negotiation team, which is an inter-ministerial team for the preparation and implementation of negotiations composed of 18 members at deputy minister level assisting the chief negotiator Jan Kulakowski. European Union is represented by the Council composed of the respective ministers of the member states. However the Commission with its Enlargement Task Force unit has a pivotal role throughout the entire process. The Commission is responsible for presenting the chapters to the Polish team and after receiving their response, it drafts the common position of the EU to be presented to the Council. Therefore, the Commission most of the time acts as the protector of supranational interests over the national interests of both parties as well as a mediator between them.

The constituencies of both parties do not take active and direct part during the negotiations, however they have a strong say about the outcome. In the case of agriculture internal secondary parties were farmers' organizations both in EU and in Poland. Once the negotiations are concluded, the national level parliaments have to ratify the enlargement. On the European level, the European Parliament, which is the only directly elected organ of the European Union, gives its assent²¹ to the entire process; again once the negotiations are concluded and

²¹ Assent is a decision making procedure of the EU, when the Parliament has to give its consent to the Council's decision.

an agreement has been reached. The enlargement cannot take place without the assent of the European Parliament. Concerning the candidate country, after successful closure of all chapters, Poland had to bring its membership to the European Union to a national referendum in Poland. The final word was left to the constituencies of the Polish government, namely their citizens according to simple majority.

Secondary Parties: Each chapter encompasses issues related to diverse sectors; therefore have a number of different secondary parties interested. A very important external secondary party is the World Trade Organization due to the parallel negotiations between WTO and EU as well as CEEC on agricultural trade. The WTO pushes European Union for further liberalization of its trade regime. Concerning Poland, this pressure of the WTO has a leverage effect in favor of the EU, since Poland has a more protective trade regime towards the third countries, which are party to the WTO.

Issues:

Issues concerning the chapter on agriculture could be summarized under three headings:

1. Direct payments from the EU budget to Polish farmers according to certain quotas
2. Quotas
3. Preparatory, transitory or permanent measures

Negotiations on these issues will be analyzed based on primary resources produced by the Polish government and the EU. These resources are the position paper of Poland on the chapter of agriculture issued in 1999, Regular Reports issued by the Commission from 1998 until 2003, Reports of the Commission on the negotiation process, Act of Accession between Poland and the EU as well as the *acquis communautaire*.

Formal negotiations are in the form of offers and counter offers by the involved parties. After the presentation of the relevant *acquis* chapter to Poland by the Commission, Poland issued its first position paper. The Commission worked on this position, in order to draft a counter offer in the form of a common

position of the European Union. This draft is negotiated among the member states and evaluated according to the balance of satisfaction of national interests as well as strategic interests of the EU. As a result of this internal negotiation, a 'common position' was adopted and presented to Poland. This process was repeated until an agreement is reached. In the meantime negotiation meetings took place in both ministerial and deputy levels. The rotating presidencies of the European Union determined the dates and agenda of the meetings together with the Polish representatives. These parallel meetings were reported by the Secretariat General of the Council. These negotiation meetings aim transitional periods for incorporation of the *acquis*, authorization of temporary derogations or creation of a "third option" (Granell, 1995). Third option is an alternative solution and seeks to integrate most important needs and interests of the involved parties in this alternative solution. Therefore when the existing options do not suffice to accommodate the needs of the parties at least on a minimal level, then they need to come up with innovative solutions acceptable for all, which is complicated but possible if both sides are well informed and well prepared.

After the conclusion of the negotiations, experts from member states, candidate states, Council Secretariat and the Commission prepare the Act of Accession. This Act was presented to the European Parliament, so that the Parliament could give its assent. Afterwards Polish citizens voted on the accession of Poland to the EU at the referendum in August 2003. As the last stage of the negotiations Poland and EU signed the Act of Accession (2004).

2.3. About Common Agricultural Policy of the European Union and its Effect on the EU budget

The thesis is dealing with the negotiations on the chapter of agriculture, since it is one of the most important issues on the enlargement agenda. On the one hand the share of agriculture makes up almost half of the EU budget and on the other hand the new comers still have a great percentage of their population in rural areas and/or in agricultural sector. Therefore negotiations on this chapter were especially important for both the decision makers and their constituencies.

Agriculture is an important common policy area of the European Community and is regulated according to the Common Agricultural Policy (CAP) designed in late 60s. CAP aimed to restore agricultural production to guarantee food security and ensure a decent living standard for farmers in a post-war climate. It is based on the following principles:

- Creation of a single market in agricultural raw materials and first stage processing to support free trade
- Community preference, which means giving priority to Community member states in agricultural trade
- Financial solidarity among member states, which will be ensured by pooled resources of member states to support other member states with large and problematic agricultural markets.

(EPPA, 2003)

CAP is disputed largely by liberal traders and considered as an obstacle to a competitive European trade. However before relying solely on economic arguments, a deeper insight on the rationale of CAP is required. The interwar years had a destructive impact on the agriculture sector due to the collapse of the prices. Farmers' reacted to this situation by joining right wing movements protesting against the governments. CAP has been used as a political instrument to gain the support of the farmers' society to the Europeanization process and increase their loyalty to democratic systems. CAP encompassed anti-market strategies, in order to protect small farmers and provide them with equal living standards as the workers in other progressive sectors of the economy. Additionally CAP was an instrument to tie an important interest group to supranational decision making. This supranational policy helped pooling the

power of agricultural sector of member states against external pressures in international agricultural trade; therefore have the Community a stronger saying in political economy. CAP also sought to mediate between the national macro-economic concerns and the agricultural sector. Still its rationale is social welfare rather than economic concerns. The share of agriculture in average EU GDP, which is not more than 0.6 % already proves the political importance of CAP. Despite the economic revolution and ups and downs in the European economy, CAP remained basically the same. Rieger explains the reasons behind this stability of the policy as follows:

- CAP is an income securing policy vis-à-vis a large and heterogeneous group
- It releases the individual governments of member states from deciding on the needs of different farming groups.
- It makes use that the farming sector keeps on supporting the European Unification and its supranational character
- It uses a comprehensive and product-specific pricing system in order to balance heterogeneous needs of farmer groups.
- It protects its own measures by satisfying a large segment of the population and interests of all member states with a large agrarian population (Rieger, 2000).

During the post war years, farmers were not close to the state apparatus. Here again CAP brought them closer to the process of European unification.

CAP as a common policy in the European Union has five objectives:

1. increasing the productivity in agriculture, 2. guarantee farm income, 3. stabilizing markets, 4. ensuring security of food supply, 5. guaranteeing reasonable prices to consumers (Roederer-Rynning, 2003: 135). CAP is pursuing these objectives via the European Agriculture Guidance and Guarantee Funds, as well as market regulatory instruments.

In the first two decades from late 1960's on, CAP managed to secure self-sufficiency of the European agricultural market, stable prices and decrease the number of farmers to some extent. However beginnings of 1980s were marked by increased surpluses and spending. Market organization objectives of CAP cover fixed prices for reduced risks for farmers and redistribution of incomes, so that farming society could live in decent life standards. However implementation of CAP did not suit to the objectives pre-set. Bigger farms benefited a lot more than the smaller farms, which actually needed more protection. According to the

figures presented by the Commission, 85% of the subventions were distributed to 25% of the farms existing. The CAP measures in general supported industrial production and forced small farms out of business. Due to the fixed prices guaranteeing farmers incomes, the overall level of agricultural product prices increased at the expense of the consumers. CAP subsidies also caused an overproduction not only because of improved technological standards but also due to the export subsidies encouraging the farmers to produce more. It is reported by the Commission that up to 1993, storage and export subsidies made up the highest expenditure categories. Regional measures for rural development remained ineffective. Small farmers could only survive thanks to new resources of income and welfare payments. These alternative resources play a crucial role for the last enlargement, since the objective of shrinking the agrarian population could only be achieved by providing them with different skills and welfare payments.

Other concerns came into appearance in time. Despite its status as a common policy, CAP was never truly a supranational policy. The decision making system is structured in such a way that national interests still rule. Council preserves the power to decide for substantive legislation. Meetings of Council of Agricultural Ministries are prepared by a Special Committee on Agriculture consisting of national civil servants. Council delegates its powers of implementation to the Commission; however it requests consultation with national committees. Each market, organized according to CAP has its own management committee, chaired by a Commission official. These committees host representatives of member states and take their decisions according to qualified majority voting. Same method is used for the management of guidance funds. The European Parliament had a very limited role until the BSE crisis popped up, which caused a great uprising of the EP. Parliamentary Committee of Inquiry, gathered in September 1986, threatened the Commission by censure due to mismanagement and forced the Commission to include the EP into the legislation on food quality and animal health issues within seven months. This uprising did not only change the procedure of consultation to co-decision²² for certain CAP measures, it also highlighted health and consumer protection in

²² Consultation procedure requires consultation of the EP on the respective issue to be decided upon by the Council. However co-decision procedure directly involves EP in the decision making.

agricultural policy-making.

CAP instruments managed to increase productivity in agriculture; however one of the consequences of increased production was overproduction and falling prices. CAP made up for falling prices by price support and direct income payments to farmers, which cause persistent distortions in the agricultural market. Another consequence of increase production was the environmental pollution. Environmental concerns were never brought up by the decision makers and farming societies, until strong interest groups for environmental protection put pressure on the EU.

In 1971, the fixed exchange rate system of the Community has collapsed; therefore agricultural market needed a system to compensate for the losses due to fluctuating exchange rates. Monetary Compensatory Amounts (MCA) were introduced which were payments having similar effect as customs duties. MCA's were used as side payments within the Council for the sake of CAP's sustainability.

After the single market MCA was phased out of the CAP measures. Therefore Council needed new tools to manage package deals. Berlin European Council on 9th of March 1999 approved the proposal of AGENDA 2000; namely national envelopes for beef and milk sectors. These envelopes could be used according to national interests. Therefore this measure also meant a renationalisation of CAP instruments. Additionally structural programmes introduced were also used according to national priorities. While southern countries used these programmes against part time farming, Germany preferred right the opposite and supported part-time farming. This new instrument helped to decrease tension among member states, however caused much more of diversity among agricultural policies of member states as well as decreased EU's power towards external actors in agricultural-related matters (Wieger, 2002).

Decision making on CAP caused new problems since annual decisions on prices for farm products made strategic policy planning and control over CAP expenditure impossible. Additionally the decisive organ, the Council was composed of agriculture ministries only, who were only concerned about their area and lacked an oversight of European trade. This setting brought about legitimacy concerns due to the lack of involvement of interest groups.

CAP was supposed to be self financing from import levies, however

increased exports caused by increased production turned EU into a net exporter and export subsidies became the biggest spending category. In addition to that the budget was heavily taking the burden of storage and destruction cost of surpluses. In the 80s the Community gave farmers co-responsibility for surpluses, introduced quota system to get rid of the milk lake caused by overproduction in dairy sector and imposed restrictive policies for most of the products. However these measures mostly affected small farmers, therefore the production level didn't decrease much.

In 1988, budget ceiling²³ and stabilizers were introduced to control the share of CAP in EC budget. Newly set production thresholds to cut prices automatically were another effective measure.

During the 1990s trainings to farmers, early retirement schemes for small farmers, financial assistance for younger farmers, investments for modernizing farm holdings and programmes for less-favored and mountain areas were introduced.

In 1992, the McSharry reform tried to address these problems by decoupling income payments from price policy. This way the price policy would be arranged efficiently and production control measures would be adjusted to avoid overproduction. Farmers' incomes would be secured by direct payments rather than payments coupled to production. Since the social rationale of CAP makes the policy very resistant to protests, the Community was entitled to introduce rather conservative changes step by step (Wieger, 2002).

Following these reforms, CAP tend to become partially renationalized, since renationalization is an effective device to solve problems during enlargement rounds. The changing objectives and constraints of CAP as well as the dominant national interests only justified these trends. Besides at that stage of Europeanization, CAP no longer served as a core element of integration.

Internal problems causing the evolution of CAP were shadowed by the pressure of WTO negotiations, trying to harmonize diverse regimes and bring agricultural trade under GATT rules. External pressures for a more competitive agricultural market joined with internal pressures from the consumers and environmentalist for safe goods triggered another set of reforms. On 26th of March 1999, AGENDA 2000 was presented to the Berlin European Council,

²³ Since 1988 CAP spending cannot rise faster than 74% of Union's GDP.

putting forward a set of measures for increased competitiveness, environmental considerations, fair income distribution, simplified legislation and decentralized application of legislation together with a new regulation on rural development, named the 2nd pillar of CAP (See Annex I for the Agenda 2000 proposals and the Berlin compromise on main agricultural products). 1st pillar consisting of traditional CAP measures was to be financed by Community budget, whereas the 2nd pillar required co-financement from the member states (EPPA, 2003).

Further reforms on CAP were set aside until the midterm review of the Commission, which was presented in 2003²⁴. Although this review was presented after the completion of enlargement negotiations, the objectives for future were already clear during the negotiation process. The midterm review suggested total decoupling of farm payments from production, criteria on payments based on environmental, food safety, animal safety and occupational conditions, 20% decrease in direct payments over seven years, a maximum amount of 300.000€ on annual farm payments per farmer and 5% cut in the intervention price of cereals. This set of proposals are not only radical, they also seek a compromise between France and Germany. While the proposal considers direct payments an integral part of agricultural policy as France wishes, it also introduces a long anticipated reform in CAP according to Germany's expectations. France and Germany reached a final agreement on this proposal on 24th of October 2002 and decided to freeze agricultural spending from 2007 on based on the level reached in 2006. Reform on direct payments was postponed to the next budget negotiations (Roenderer-Rynning, 2003).

In June 2003, EU farm ministries came up with a fundamental reform of CAP. Finally CAP will become a more market-oriented policy by total decoupling of subsidies from production. Member states will still be able to link subsidies to production within clearly defined limits, in order to shape their national agriculture policy. The new system of "single farm payment" will be based on environmental, food safety and animal welfare standards. Payment to large bigger farms will also be cut in order to support rural development policies.

²⁴ The reason for postponing further reforms is not only the need for a midterm review on the agricultural situation of the Union but also the bargaining power the EU has over Poland as well as member states with particular interest in CAP. Also the outcomes of the Convention negotiations, which would define the institutional reform of the EU would also have a direct effect on the future of major policy areas such as CAP.

Concerning common organization of the market, asymmetric price cuts in milk sector will be combined with reduction of the monthly increments in the cereals sector by half and reforms in rice, durum wheat, nuts, potato starches and dried fodder sectors.

EU paves the way towards reducing the social welfare functions of CAP and shifting it towards a more market friendly policy. This urge from the market as well as the pressures from WTO for a more liberal agricultural policy²⁵ provided the EU with a stronger position during the enlargement negotiations. EU did not want to allow the candidate states to enjoy the payment schemes of CAP without investing into rural restructuring. Despite the fact that the new comers have more urgent problems than reaching the EU level on environmental and health standards, they were obliged to do so. However Poland managed to convince the EU for several transition periods for these standards.

²⁵ WTO negotiations are managed by the European Commission. They are one of the few occasions where the EU is represented solely on supranational level, which enhances powers of the Commission. However it has a very difficult task, since national interests have to be protected in a very restrictive environment.

CHAPTER 3

PRE-NEGOTIATION PHASE

This chapter will first introduce basic information on Poland and its motives for enlargement. Afterwards activities undertaken by Poland and the EU before the negotiations will be explained. Pre-negotiation stage consists of activities undertaken by both parties, which prepare them to the actual negotiation stage (Zartman, 1989). In the context of EU enlargement, such activities could be divided into two phases; informal and formal activities. Informal activities by Poland and EU try to bring Poland closer to the EU. They are not informal by structure; however they are not part of the institutionalized enlargement negotiations. On the other hand, activities under the heading of formal pre-negotiation activities are the set activities, which are part of the accession process.

3.1. About Poland

Poland has been committed to becoming a part of the European Union since the end of the Cold War. The country has suffered external security threat since the times of its first King Mieszko I (940-992) and wanted to be a part of an alliance, which would not only protect its security, but also help sustaining its democratic order and contribute to a modern civic society in Poland (Friss et al., 1999). Between the 16th and 18th centuries Poland was a quasi-democratic country with the ‘one vote per one noble person’ system. Its past with democracy served as a strong argument to the EU member states to consider Poland as a part of the European family.

There are two key events in the 20th century concerning Poland. The first one is the partitions of the country by Nazi Germany and Stalin’s Soviet Union

during the World War II. During the war 6 million Poles; about one fifth of the population were killed. Second key event is the Yalta agreement among Britain, US, and the Soviet Union following the WW II, which attached Poland to the Soviet Union with the status of a satellite state (Taras, 2002). This agreement started an era of Sovietization in Poland; however at the end the desire for independence prevailed. The movement towards independence was born from the trade union movement, Solidarity, led by Lech Walesa. Solidarity became a social movement of 10 million people between the years of 1980 and 1981. Failing economy in the region helped to strengthen Solidarity, therefore it became a serious threat to the regime and was claimed as illegal (see table III for the indices of economic change in Poland). Solidarity pushed its way to the top step by step. First the movement entered a round table negotiation with the communist ruling to have itself represented at the Sejm (the Parliament). Later it entered the elections in 1989 and won. However, the third step was another set of negotiations with the communist fraction, in order to reach a balance between the old and the new to ensure stability. From then on Poland oriented itself fully towards the West and entered into trade agreements with the European Union. After the Cold War Poland turned its back to the East economically and relied on Europe for a rapid and sustainable economic development in expectation of full membership. On the other hand European Union striving for a joint action in Europe relied on a boost on the European economy with the expansion of the Single Market to Poland and other new coming countries.

Currently Poland has a great growth dynamism but suffers under poverty. 19% of its population is in agricultural sector and it has a competitive market in milk, cereals and meat. Its farming has an archaic structure composed of small farms and the agricultural sector is rather resistant to change, since it wasn't under control even during the communist period of Poland. Poland has a traditional heavy industry and a developed private sector. Banking, insurance and telecommunication sectors do not comply with the competition standards of the EU and are therefore problematic.

Poland had a high growth rate and a decreasing inflation rate between 1995 and 1997, however there was a strong regional differentiation concerning the

allocation of transformation benefits on the way to the EU. According to the family budget data, blue-collar workers, worker-farmers and farmers had the same income level, whereas white-collar workers and self-employed increased their income. Declining agricultural incomes caused greater protests in Poland in 1998. Since trade unions and farmers are very strong pressure groups in the parliament, these protests caused a great confusion in the country. The church, which was forced out of the political arena in the 1990s, re-appeared to mediate between the government and farmers' unions (Blazyca, 1999).

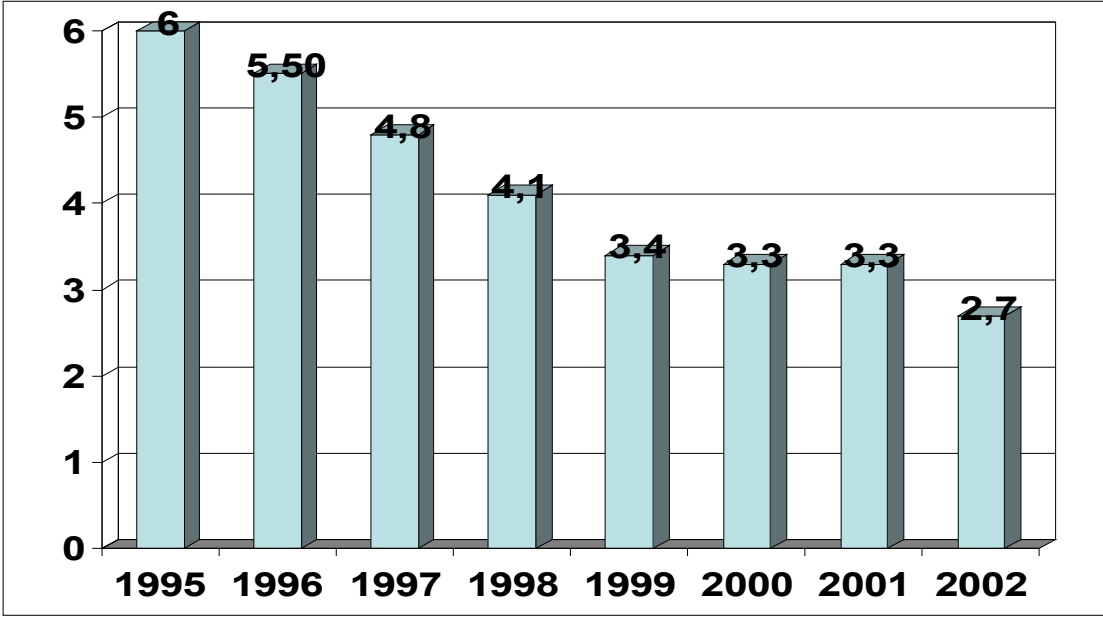
The long term effects of EU accession onto the above mentioned picture of Poland are calculated by independent Polish research institutions upon the request of the Committee of European Integration. The report proposes three theses. Firstly, Poland did not finalize its economic transition and several additional structural reforms are necessary. Therefore any calculations of costs and benefits should take the development process into account. Secondly, the opportunities provided by the EU could be reflected to the macro economy of Poland if suitable domestic economic policies are employed. Last but not least, a distinction has to be made between real costs and costs incurred for the sake of the measures for development.

The report stresses that Poland will enjoy the benefits of the Single Market as well as the financial credibility and attractiveness for foreign direct investors as an EU member. There will be a net money transfer from the EU budget as well, which adds up to 0.6-1% of the GDP between 2004-2006 and to 3.5% of the GDP in 2010. Poland will also participate at the Exchange Rate Mechanism II and join the euro zone in 2008 (The Office of Committee of European Integration, 2003).

One of the greatest obstacles for Poland on the way to the EU was its large but inefficient agricultural sector. Developed countries of the EU have less and less percentage contributions from agricultural sector to their GDP. Also the employment in this sector is decreasing. However, in Poland 38,3 % of its population; approximately 40 million are living in rural areas and 19% of the population is registered as employed in the agricultural sector. Agricultural land and forests make up 90% of the country. Land productivity is four times lower than the average EU level not only due to the average soil quality in Poland and

the climate, but also due to lower use of fertilizers and plant production products. Share of agriculture in GDP is also declining in Poland due to the lack of growth in agricultural production and expansion of other sectors (see table II).

Table II. Share of Agriculture, Forestry and Hunting to the GDP in percentages:



Source:GUS

Therefore, the Polish government is not only interested in increasing the welfare of its large agrarian population, but also shrink the number of this population and re-channel them to other economically significant sectors with a higher share in GDP.

3.2. Informal Phase of Pre-Negotiations

There are two types of activities in the informal part of the pre-negotiation phase; firstly the Europe Agreement between Poland and the EU, which brought both parties closer to each other through economic cooperation and harmonization. Secondly institutional and legal reforms in Poland based on

Polish or Polish-EU initiatives could be considered as pre-negotiation activities, since they serve as the initial steps towards harmonization of Polish legal and institutional system to the *acquis*.

3.2.1. Europe Agreement

In the aftermath of the Cold War, EU was urged to design a strategic plan and a policy towards its Eastern neighbors. Preparation of Poland to EU accession was strongly influenced by these plans and policies. First years of the post-cold war period was got by with short term actions such as technical and financial assistance for increasing trade by harmonizing the regulations and instruments between the member states and the eastern neighbors. These activities strongly protected sensitive areas such as agriculture, steel, coal and textiles in favor of the EU member states and included anti-dumping measures for eastern neighbors. However, individual member states took more active and committed role towards Eastern Europe.

Germany's close relations with Poland after 1989 in parallel with Germany's *Ostpolitik*²⁶ increased trade relations of Germany with Poland as well as Hungary and Czechoslovakia. The impact of *Ostpolitik* in strengthening the ties between Poland and Germany is still visible in the recent figures of trading between these countries. Germany is the number one trading partner of Poland within the EU and covers more than fifty percent of its trade in most sectors.

Bulletin of the European Communities in December 1989 summarized the Eastern policy as the ending of division of the continent and support for transformation in Eastern Europe. However one of the motivations for joint action from the European community was the skepticism of France and UK

²⁶ Germany always had strong historical and economic ties to Poland. Franco-German rapprochement was the founding block of the European Union and these two countries were and still are the motors of the Community. The comparison between the Franco-German axis with the Polish-German partnership stresses the importance of this country for the whole Eastern wave of new comers (Zaborowski, 2002).

towards German dominance in the East (Wallace, 2000). As a sign of joint Community action, the European Commission took a leading role and prepared the Trade and Cooperation Agreements with the CEEC. The Commission also coordinated the aids from G24, developed Western European countries according to an Action Plan set up in 1989. The priority of the Action Plan was economic transformation; however in 1992 European Parliament pushed for a social dimension and included a budget line for democracy building (Wallace, 2000).

These first steps of getting closer to CEEC were largely planned by the European Community. The asymmetry in the relationship gave the European Community the space to set the tone and measures of the relationship. However the CEEC pushed for sustainable and long term policies rather than ad hoc measures. Therefore the European Community offered a more extensive tool of cooperation and convergence; the Europe Agreements. Europe Agreements are trade agreements supported by some financial and technical assistance measures. They were only offered to Poland, Hungary and Czechoslovakia, since they were more advanced in the transformation of their economies. This move showed that the Community was more interested in deepening than widening²⁷.

Poland's accession road started with the Europe Agreement as the first institutionalized effort to bring Polish market closer to the EU market. Negotiations on the *acquis* aim to harmonize EU law with the national law in areas under the EU competence. Therefore Europe agreements²⁸, which started to

²⁷ Following the Iberian enlargement, European Community entered into a phase of adjusting its policies and institutions to a larger European Community. This way EC aimed to increase its economic and political power as a union. This phase is referred to as the deepening of the European Community whereas widening refers to the different waves of enlargement.

²⁸ Negotiations on Europe agreements were an important experience for both Poland and the European Union. The Community experienced difficulties in aligning the interests of its constituencies with the expectations of the CEEC. CEEC pushed the Community to add a close to the agreements to secure their accession once they comply with the market harmonisation as planned within the agreements. Although the negotiations for the Europe Agreements started in December 1990, they were blocked twice in 1991, when the CEEC countries refused to send high-level representatives. The Commission acted as the mediator pushing the Council for better offers to the CEEC and trying to convince CEEC to come in terms with the Councils main positions. However the final outcome was not very satisfactory for the CEEC. Europe Agreements did

transform Polish law in line with the EU legislation on common market, should be considered as an informal part of the pre-negotiation phase.

Europe Agreement is another form of association agreement based on 'stand still' principle and asymmetry in Poland's favor since within the framework of the agreement, EU would lower its custom duties faster than Poland except for the sensitive sectors, which sum up to 50% of Poland's exports to the EU. Other sectors, where Polish export figures were high; EU imposed other measures such as anti-dumping regulations, safeguard clauses, competition and state aid rules. Europe Agreement addressed the issue of movement of workers, asking for non-discrimination of Polish workers in the EU and vice versa as well as including steps to provide for mutual recognition of qualification. Priority was given to legal areas facilitating economic convergence of Poland to the EU market economy (Preston, 2000). The Europe Agreement covered an evolution clause, which allowed the extension of the agreement in certain areas from Poland's national treatment, upon Polish request at the Association Council. Therefore adjustments of Polish legislation to the EU would allow Poland to benefit more from the agreement.

Europe Agreement facilitated the opening up of Polish economy and changed its trade patterns westwards. The GDP share of trade was 34% in 1989 and it increased to 51% in 1996. However, it also stressed the fact that trade liberalization depends on domestic reforms. For example, the World Bank criticized Poland for distortions in ad hoc management of quotas and tariff exceptions, technical barriers to trade, the use of safeguards and the structure of tariffs (World Bank, 1997). On the other hand, the EU was strongly criticized for protecting sensitive sectors in favor of the EU 15, restricting rules of origin and for the complexity of the provisions on agriculture (Mizsei & Rudko, 1995). Additionally EU expected that the accession countries fully adhere to the *acquis*, however did not elaborate on how they should accomplish this aim. Poland didn't have the space to adapt to the new system imposed by the EU, develop response strategies as well as digest this development at the national level.

not provide any link with future membership and liberalisation plan for sensitive sectors was rather slow and limited. Sectors such as agriculture are the main export bulk of CEEC and their protection hindered foreign direct investments.

Europe Agreement was a strong tool to confront the national interest groups in advance and assess their reactions. On the other hand, the Europe Agreements served as a tool of EU to impose their rules and norms to Poland and other CEEC. Despite the favorable clauses in the agreements for the CEEC, the Europe Agreement tied them to the European economic sphere and pushed for massive structural changes.

Implementation of the Europe Agreement resulted in increased investment in Poland from multinationals, which put a pressure on the EU to accept Poland, so that they will have easy access to the EU market for goods produced in Poland.

The Europe Agreements are a proof of how sectoral preference and fragmented policy processes constrained a politically motivated agreement. Despite their explicit statement of no link to actual membership, the EU had to face the fact that the Eastern neighbors would not be satisfied with trade agreements. During the implementation of the Europe Agreements, the CEEC also increased its awareness about the shortcomings of these agreements. On the other hand, events in the Former Yugoslavia showed the cost of a failed transition in the East was very high for the EU. Therefore, the EU could not further keep its 'take it or leave it' position towards the CEEC (Sedelmeier & Wallace, 2000).

3.2.2. Institutional and Legal Reforms in Poland

Following the applications of the CEEC, the EU decided upon a set of criteria for candidate states at the European Council in Copenhagen²⁹ (1993), in order to manage the enlargement process in an efficient way. Poland applied formally for EU membership in April 1994. Following its applications, Poland had to go through a set of reforms both in its institutions and its legal system in order to apply the *acquis communautaire*. These reforms are mostly linked to certain programmes and strategies devised by both EU and Polish authorities. Hereby these reforms will be explained as part of the pre-negotiation phase in a

²⁹ See page 4 for the Copenhagen criteria.

chronological order.

In December 1994, at the Essen Summit, a pre-accession strategy was devised by the European Council. The strategy focused on the internal market, supported by a White Paper prepared by the Commission. Madrid Summit in 1995 set the date for the start of the negotiations as six months following the next Intergovernmental Conference. In the meantime, Poland filled in a questionnaire of 170 pages in 23 areas, in order to explain its situation with regards to the compliance with the *acquis* and the Commission prepared its *avis*; Opinion, based on this data. The questionnaire focused on macro-economic indicators, customs and tax policies, employment and welfare, state of industry and agriculture, foreign policy and security, and cooperation possibilities in Justice and home affairs. Poland responded with an intensive study of its national legislation, which summed up to 26 volumes and 2664 pages. This work was accomplished by the ministries and central institutions of Poland in three months time (April-June 1996) and was a serious exercise of cooperation and a rehearsal for negotiation for these bodies.

In 1997, Poland adopted its National Strategy for Integration (NSI). In the same year, the Commission presented its Opinion within the frame of AGENDA 2000. The AGENDA 2000 did not only present the main objectives to strengthen Community policies within an enlarged Europe and the new financial perspective, but also expressed Commission's Opinion on the candidates. According to AGENDA 2000, Poland has a strict policy towards the EU and implemented the Europe agreement successfully. It has advanced in harmonizing its laws to the EU legislation, in consolidating its democracy with stable institutions as well as a functioning economy. Poland faces problems regarding privatization of certain sectors and downsizing the agricultural sector is very large. Its justice and home affairs system is functioning properly. By stating these, the European Commission gave the green light to Poland to start the enlargement negotiations. Based on the positive Opinion of the Commission, the European Council in Luxembourg (1997) accepted Poland as a candidate country to the EU and decided to start the negotiation process.

This decision was followed by the Accession Partnership between the EU and Poland, combining all aids and the preparatory programmes according to a schedule of implementation, in order to introduce the EU policies and procedures

to Poland by involving the country to the Union programmes. Poland set up a National Programme for the adoption of the *acquis* (March 1998) in line with the short-, medium- and long-term priorities defined in the Accession Partnership. Phare funds allocated to Poland for pre-accession assistance were allocated to institution building (30%) and investment support (70%).

In line with these developments, Poland established the necessary structures to manage, implement and monitor the agreements and programmes. In 1998 The National Fund for Investment Promotion and Institution Building was established under the Ministry of Finance, in order to manage the pre-structural and agricultural funds. The Europe Agreement experience helped to revise related bodies as well. The Office of the Secretary of State for European Integration was resolved in October 1996 and the Committee for European Integration headed by the Prime Minister was established instead. The Committee was composed of the Ministry of Foreign Affairs, the Ministry of Internal Affairs and Administration, the Ministry of Economy, the Ministry of Finance, the Ministry of Environmental Protection, the Ministry of Labor and Welfare, the Ministry of Agriculture, and the Ministry of Justice. The meetings of the Committee were sometimes attended by the President of the Polish National Bank and the President of the Government Center of Strategic Studies.

In addition to these implementation and monitoring bodies, Poland established a special unit for negotiation; an inter-ministerial team³⁰, in order to prepare for the negotiations, which was composed of 18 members at the deputy minister level with the purpose of assisting the chief negotiator Jan Kulakowski³¹.

³⁰ However Poland suffered under political influences within the government, which shaded these appointments. The incompetence of some official in respective areas caused a loss of 34 million ECU from some Phare programmes. Poland had extreme difficulties on the local government level due to the lack of expertise on EU affairs in those levels despite their strong role in the implementation of the necessary reforms. Also the members of the parliament were not fully equipped with knowledge on EU and Poland's accession. They were strongly influences by national interest groups. While the euro-sceptics and Euro-hostiles such as the farmers feared competition in agricultural sector as a result of EU accession, right wing parties and Christian democrats underlines the national identity and values with the fear of degenerative effect of Westernization (Stawarska,1999).

³¹ Born on 25 August 1930 at Myszkow (Silesian Voivodeship), completed

3.3. Formal Phase:

Formal events and procedures on the European level for all candidates of the pre-negotiation phase are demonstrated in the following table:

law studies at the University of Leuven. In 1953, he attained the degree of Doctor of Law at the Catholic University of Leuven (http://www.polonya.org.tr/kulak_bio_eng.html).

TABLE III Formal Pre-negotiation Phase of Enlargement Negotiations

<i>DATE & EVENT</i>	<i>OUTCOME</i>
European Council – Maastricht; 1991	Decision to analyse the impact of enlargement as a response to the formal applications for membership of CEEC, Cyprus, Malta and Turkey
Lisbon Summit – Lisbon, 1992	Commission report stating that EFTA countries, Malta, Cyprus, Turkey and CEEC are eligible for membership
European Council – Copenhagen; June 1993	Introduction of Copenhagen Criteria

<i>DATE & EVENT</i>	<i>OUTCOME</i>
<p>Internal negotiations on different strategies of pre-accession (1993-1994)</p>	<ul style="list-style-type: none"> - Commission's offer: inclusive and progressive formula for improved trade opportunities through liberalization of agriculture, limited use of commercial defense instruments and more effective use of Phare programme in line with the example of structural funds. However agriculture is one of the most sensitive sectors in the EU and its liberalization was strongly objected by some member states. - UK and Italy's offer: political dialogue through involving CEEC in Second pillar, Common Foreign and Security Policy and Third pillar; Justice and Home Affairs. - France and Spain's offer: France and Spain were still worried about the peace and security in the Mediterranean and pushed for a programme covering the Mediterranean countries, which would integrate economic, political and security dimensions. - Final Offer: "Structured dialogue" between EU institutions and the candidates, aiming to integrate the candidates to the single market through regulatory alignment.

<i>DATE & EVENT</i>	<i>OUTCOME</i>
<p>European Council – Corfu, June 1994</p>	<ul style="list-style-type: none"> - Decision for the preparation of a White Paper on internal market by the Commission, which would guide the member states in establishing the necessary structures and legislation. - Decision for a Mediterranean Programme as proposed by France and Spain, which covered all countries around the Mediterranean sea.

<i>DATE & EVENT</i>	<i>OUTCOME</i>
<p>European Council – Madrid, Dec 1995</p>	<p>Madrid European Council planned concrete steps to start with the negotiations. It asked the Commission to present its opinion on the candidates, prepare a report on the impact of enlargement, which should cover the financial perspective as well and propose indicative dates for the start of negotiations with CEEC, Cyprus and Malta³² (Council of the European Union 1995b:23).</p>

³² The tricky step following these decisions was the choice about differentiating between member states or treating them on equal footing. Germany already favored the Visegrad countries, whereas Greece pushed for the start with negotiations with Cyprus in return of removal of her blockage against progress in Customs Union with Turkey. Spanish Presidency managed a deal supporting equal treatment of all candidates.

<i>DATE & EVENT</i>	<i>OUTCOME</i>
European Council – Luxembourg, Dec, 1997	Presentation of Commission's Opinion within AGENDA 2000 ³³ and the decision of the Council to start the negotiations with Poland

The formal pre-negotiation process starts with the Opinion of the Commission, which underlines legislative areas to deal with during the negotiation process. Opinion is followed by the formal decision of the Council in Luxembourg for the starting date of the negotiations. The formal pre-negotiation phase defined by the EU starts with the screening process and the presentation of the *acquis* to the candidate state. Candidate states prepare their initial positions to the 31 chapters already at this pre-negotiation stage. After the date is set, the Commission starts with the screening of the Polish legislation in detail, which started in 31st of March 1998 in the Polish case. Screening is the analytical examination of the convergence of Polish legislation to the EU *acquis* and it starts with the easiest chapters. While some chapters like education and statistics were finalized within months, screening of the agriculture chapter started in September 1998 and lasted until June 1999. Poland submitted its first negotiation position on agriculture in November 1998. Formal negotiations on this chapter started in June 2000, when the common position of the European Union was presented at the Luxembourg Summit.

Financial measures facilitating the convergence of the Polish agricultural legislation continued during the negotiations. On April 6th 2000, Poland and EU agreed upon the SAPARD³⁴ funding scheme, which allocated 171 mi € to Poland

³³ In its AGENDA 2000, the Commission proposed a differentiated approach towards the candidates, since each had varied distances to full compliance with the *acquis*. AGENDA 2000 not only evaluated the impact of enlargement in different policy areas of the EU, it also gave a more concrete shape to the entire process. It even proposed a specific time-table, which foresaw 2002 as an optimistic date of accession for the first wave candidates.

³⁴ SAPARD aims to provide Community support for agriculture and rural development during the pre-accession period in the applicant countries of central and eastern Europe (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia), in

on an annual basis for the improvement of its market efficiency in agri-food sector and the improvement of conditions for economic activities and job creation.

order to contribute to the implementation of the acquis communautaire concerning the common agricultural policy and related policies and to resolve priority and specific problems for the sustainable adaptation of the agricultural sector and rural areas in the applicant countries (http://www.europa.eu.int/grants/grants/sapard/sapard_en.htm).

CHAPTER 4

NEGOTIATIONS

This chapter will discuss the basic characteristics of enlargement negotiations, which will help to get a clearer picture of the negotiation process and to contribute to the assessment of the outcomes. It will start with the description of basic characteristics of enlargement negotiations. Then, the chapter will study the agriculture negotiations using the theoretical frameworks introduced in the first chapter. Finally, in the last section of the chapter the outcomes of the agriculture negotiations will be evaluated based on the stated characteristics.

4.1. Characteristics of Enlargement Negotiations

Enlargement negotiations can be characterized as follows:

Power Asymmetry: Enlargement negotiations are asymmetric negotiations, because the candidate countries, as the outsiders, have to comply with the pre-set rulers of the insiders. EU's economic power is a major reason causing this asymmetry. Secondly as far as Poland is concerned, Poland does not have a viable alternative, a satisfactory Best Alternative to a Negotiated Agreement (BATNA)³⁵ to being a member of the EU. In the post cold war era, Poland turned its face completely towards the EU and its welfare depends on its economic relations with the EU countries. On the other hand, the EU is in a position to form less beneficial alternative scenarios such as extended economic cooperation

³⁵ Best Alternative To a Negotiated Agreement is an alternative that the negotiator can choose in case all negotiated outcomes are less favorable than the BATNA. BATNA of the party is crucial to determine the power of the respective party. The stronger the alternative to a negotiated settlement the stronger is the party, since the party can leave the negotiation table with a strong alternative already existing.

with its neighbors in other forms than actual membership. In the case of EFTA enlargement, the candidate countries had a stronger hand, since they were developed countries already enjoying economic agreements with the EU.

EU has a rather complex set of institutionalized rules and regulations, which set up the *acquis*. Most new comers have to commit immense efforts to get accustomed with this giant package of information and knowhow. This knowhow is mostly required to increase the issue-specific power of the parties (Habeeb, 1988)³⁶ to create linkages between issues serving for more satisfactory solutions. So, there is an asymmetry in terms of know-how and technical skills as well while dealing with the *acquis*.

Nothing is decided until everything is decided: According to this principle, the EU enjoys the flexibility to re-open any negotiation chapter when it wishes if it observes implementation problems throughout the process. As the General Affairs Council put it: “It [the Council] recalled that the principle that agreements-even partial agreements-reached during the course of the negotiations may not be considered as final until an overall agreement has been established.” (General Affairs Council, 06.10.1998) This what do you refer to by this here? is a rather tricky issue for Poland, since EU is evolving every day. Institutional and policy changes are occurring constantly; therefore EU is called a moving target (Friss, 1999).

Post negotiation: EU negotiations are still characterized by national preferences, since the implementation of the negotiated agreements are mostly left to the member states. Many decisions taken in negotiations at the EU level concern issues in the past, the present, and the future. Therefore the demands from the negotiated agreements have increased. EU has the habit of relying on package deals to satisfy many parties at the same time; however it is becoming more and more difficult to create convincing packages in the nest of diverse interests. Therefore many important negotiations are concluded with broad statements and final decisions are postponed (Friss, 1998). Post-negotiation

³⁶ According to Habeeb aggregate structural power generates from economic and political strengths and resources of a party, where as issue-specific structural power is concerned with the actors’ capacities and resources with respect to a specific issue. Behavioral power is the competence over the process and the relevant tactics, to maneuver the negotiations towards the preferred outcome (Habeeb, 1988).

phases of different agreements could also serve as pre-negotiation stages for other related issues; such as the Europe Agreement post-negotiations, which turned out to be pre-negotiations for accession to the EU.

Due to the complexity of enlargement negotiations, it could be expected that many critical decisions would be left to the post-negotiation phase. However, this means that major problems are very likely to emerge later on. Once the candidate states become EU members, they will not only have the right to effect decisions of the EU according to their national interests; they will also face the complexity of the system more closely. For these reasons the EU had a strong motive to satisfy the candidate states as much as possible, so that they would not form coalitions among each other after accession, in order to re-open the negotiations indirectly by pushing for changes in their favor in the legislation, institutional balance, or the budget of the EU. For example, Convention negotiations were a proof of the importance of the post-negotiation phase and the value of the voting power after accession. Convention negotiations were highly dominated by disagreements on the voting power of each member state within an enlarged Europe. For example, Poland, in alliance with Spain, caused the breakdown of the Brussels Summit in December 2003, which aimed the adoption of the Draft Constitution, due to their disagreement with the Convention formula for Qualified Majority Voting. More and more decisions on the European level are taken by qualified majority voting; so the voting system determines also the power of that member state within the EU decision making system. Therefore, this is an example for an occasion in which Poland can use its post-negotiation power. Poland managed to secure its power in the Union's decision making³⁷.

Post-negotiation phase could be abused by the EU 15 as the Europe Agreement example shows. First, Poland suffered from delays in the ratification

³⁷ Nice Formula according to the Treaty of Nice (26 Feb. 2001) defines a triple majority system. For EU-27 firstly member states are allocated certain weights proportional to their population. According to this new weighting Poland has a weight of 27, whereas four biggest EU states had 29. Secondly the weight of the total votes need to reach a quota of 74% to pass a bid and thirdly two extra conditions were added, according to which the bid has to be supported by the majority of the member states and 62% of the total population of the EU. On the other hand Convention proposed to scrap the degressive weighting and asks for a double majority; majority of member states and 60% of the total EU population (Felsenthal, D and Machover, M., 2004).

of the Europe Agreement, as a result of which the agreement entered into force one year later than planned. Second, freedoms provided in favor of Poland were limited during the implementation of Europe agreement clauses by various means. Freedom of movement of workers was managed according to bilateral agreements between the member states and Poland. For example, Germany preferred to control the documents of Polish workers in Germany and arrange the quota of the Polish workers considering the ones already residing in Germany rather than increasing the quota. Germany also changed its social legislation for certain professions such as doctors, in order to prevent Polish doctors from practicing in Germany.

Nested games: EU negotiations in general are complex, since most of the time there are historical package deals, ongoing games or future prospects in sectoral or institutional issues among member states. Many issues negotiated with the candidate countries affect these deals directly or indirectly, therefore it is very time and energy consuming to come up with satisfactory outcomes. These outcomes are usually conservative and sub-optimal not only due to the historical package deals, but also due to the complex decision making system. There are always multiple interests, issues and parties involved in the negotiations; therefore they turn out to become nested games (Tsebelis, 1991) among the member states, the candidates and the secondary parties involved.

4.2. Study of the Negotiations on the Chapter of Agriculture

The chapter on agriculture, which is one of the most complex chapters among the 31 chapters of the acquis, could be divided into three major issues subject to negotiations:

1. Direct payments: As explained in the second chapter, agriculture is a major heading in the EU budget. New comers with large agrarian populations faced resistance from net contributors to the budget. Decision about the inclusion of candidate states to the direct aid schemes within the CAP was a hot agenda topic.
2. Quotas: Quotas aim to limit the production of certain agricultural products and force Poland towards a restructuring of a rather inefficient sector in line with the EU policies. Quotas also determine the number of people making their living from agriculture. Setting quotas below the existing production level means forcing farmers in that specific sector out. Therefore quotas have to be evaluated with respect to their impact on social welfare.
3. Preparatory, transitory or permanent measures: Chapter on agriculture is not only limited to farming, but also covers the whole agri-food industry, institutions serving these sectors, veterinary services, Agricultural Market Agency³⁸ and Integrated Administration and Control System³⁹. Relevant measures are categorized as follows:
 - a. General issues
 - b. Common organization of particular markets
 - c. Structural policy, rural areas development and forestry
 - d. Veterinary matters
 - e. Phytosanitary issues

In the next section, negotiations on these issues will be analyzed based on primary resources produced by the Polish government and the EU. After explanation of the program, initial positions and strategies of both parties will be

³⁸ The Agricultural Market Agency (AMA) is a state agency. Its mission is to implement the state agricultural interventionist policies and protecting economic interests of agricultural producers, organizational structure, advisory council, activities (http://www.arr.gov.pl/eng/eng_ramki.htm).

³⁹ IACS is a soft ware system member states have to establish in order to manage the introduction of CAP measures.

presented. The offers and counter-offers will be traced from regular reports and/or Council conclusions whenever possible. The outcome of the negotiations will be presented based on the Act of Accession. Last but not least, the outcome will be discussed based on its stability, distance from the opening position and distribution of resources⁴⁰.

4.2.1. Negotiations On Direct Payments:

Negotiation Problem:

CAP supports farmers through direct payments in order to secure their level of income and production. These payments are made from the European Agriculture Guidance and Guarantee Funds. Poland would like to receive full payments as the current member states. This problem is linked to the issue about production quotas, since direct cash flow is linked to quotas in certain sectors.

Negotiation Positions:

Poland: Poland would like to ensure direct aid schemes applied to its farmers at the maximum level. Poland requests full payments from the EU budget.

EU: EU would like to avoid that all developed EU countries sponsor the economic development of new comers in agricultural sector through the CAP measures due to its large expenses. Thus, EU would like to avoid full payments to Poland.

Negotiation Interests:

Poland: Poland would like to be treated as a regular EU member and considers its exclusion from direct payments schemes as discriminatory as well as harmful to its competitiveness in agricultural trade.

EU: Poland has a large agrarian population and a very inefficient farming industry. Therefore applying direct payment scheme to Poland as well as to other candidate states having similar economic structure would be too costly for EU 15 member states, especially the net contributors. Additionally current member states with large agricultural market have reservations to give the new comers

⁴⁰ Efficiency of the outcome will not be discussed since the general remarks made on chapter 4 are valid for all outcomes.

full benefits of financial assistance from EU budget, which would increase their competitive power. Therefore in its AGENDA 2000, the Commission presented a financial framework for the budgetary years 2000-2006, which did not include direct payments to the new comers.

Offers and Counter-offers:

On 30.01.2002 Commission in its Communication proposed to phase in direct payments and production quotas from 2004 on. According to this proposal, Poland would not receive full payments, however would gain access to the direct payment scheme gradually by receiving 25% in the year 2004, 35% in 2005, 40% in 2006 and from 2007 10% increase each year until the candidate states would get 100% direct payment in the year 2013. Commission's main arguments against full payment were that these payments would cause preservation of existing agricultural structure in Poland, hamper modernization of agricultural holdings and create social inequalities. Farmers would be in a state of welfare thanks to the direct aid schemes and therefore be less inclined to restructuring their system. The European Council in December 12th, 2002 at Copenhagen approved this proposal of phasing in direct payments within the period of 2004-2013.

However, on the 13th of December 2003, the Council was called by Poland, Hungary, Czech Republic and Slovenia, in order to increase the percentages of the gradual payments. Candidate states claimed that rural development measures agreed upon would create positive effects on the restructuring of the Polish agriculture. Additionally Poland would suffer from the impact of direct payments on input prices as well as changes in CAP market measures. Poland, Hungary, Czech Republic and Slovenia presented these side affects of accession on the agricultural sector to the member states.

The European Council agreed to increase the percentages, however insisted that the extra amount should be covered from funds allocated to rural development. The Council also pushed for the application of the 20% co-financement rule for these extra percentages, which meant a partial renationalisation of payments. EU also agreed to allow national top-up payments, so that the candidate states could increase their level of competition.

Outcomes:

According to the Act of Accession payment scheme for 2004-2006⁴¹ is as follows:

- For the year of 2004 Poland will receive 33,8% of the total amount for direct aid scheme from the EU budget and has to contribute at least 2,2% to the budget as co-financement. Poland is allowed to top up the direct aid scheme from other resources up to a level of 55%.
- For the year of 2005, Poland will receive 37,2% of the total amount for direct aid scheme from the EU budget and has to contribute at least 1,8% to the budget as co-financement. Poland is allowed to top up the direct aid scheme from other resources up to a level of 60%.
- For the year of 2006, Poland will receive 40,6% of the total amount for direct aid scheme from the EU budget and has to contribute at least 1,4% to the budget as co-financement. Poland is allowed to top up the direct aid scheme from other resources up to a level of 65%.

⁴¹ In 2006, Poland will have the chance to enter negotiations on the new budget for the term 2007-2013, therefore these percentages could be renegotiated for the years after 2006.

Table IV Percentages of Direct Aid Schemes from the EU Budget for New Comers

	2004	2005	2006
Funds covered by EU in %	33,8	37,2	40,6
Funds covered by Poland in %	2,2	1,8	1,4
Maximum amount of top-ups in %	55	60	65

Evaluation of the outcome:

- Efficiency: Both parties were well informed about the direct aid system, since the data regarding aids provided to member states as well as legislation concerning the allocation of these aids are open to public information.
- Stability: Third option created by the Commission, based on a gradual payment scheme is criticized not only due to its potential for conflicts raised by second class membership of the new comers, but also due to the renationalisation by moving income support payments to the national level. This outcome may encourage the new comers to show less willingness in implementing and enforcing the EU legislation. On the other hand, full payments would facilitate the survival of CAP and this policy is combated not only by the net contributors to the EU budget, but also by the parties to the WTO negotiations. This also implies high costs for tax payers, which is a difficult issue to present to the constituencies of all member states. Therefore, the third option tried to find some kind of a balance between these different interests. However, if the new comers would not adopt themselves to the priorities on the Community level and prefer to pursue their national interests further as members of the EU, then they might form a coalition among each other to change the budgetary setting and to have a strong saying on the reforms on CAP in the post-negotiation phase. In the meanwhile, radical changes in CAP could occur, such as phasing out direct payments from EU 15. Therefore the stability of this outcome is difficult to assess before the real costs and benefits are experienced by both parties.
- Distribution of resources: In the end result Poland will be receiving partial direct payments, whereas EU 15 are still entitled to full payments, therefore the resources are not equally distributed. On the other hand, it is important to note where these resources come from. Except

for Germany, Austria, Sweden and the Netherlands, all other EU member states are net beneficiaries of the EU budget. Additionally, candidate states are not expected to become net contributors of the budget until the next budget negotiations.

- Distance from the opening position: Poland was very strict with its initial position, however made a remarkable concession by agreeing to a gradual participation in direct payment schemes. EU, on the other hand, was more willing to have a compromise, but took a rather small step towards Polish position. However, considering the costs of larger scale concessions from both sides, Poland is still close to its opening position.

If we sum up the evaluation of the outcome, the EU's main interest was to allocate minimum amount of financial measures under the CAP within the EU budget to the new comers. Neither granting full access to direct aid schemes for new comers nor excluding them totally were considered as realistic options. Therefore, both parties had to make concessions. Poland accepted to have a gradual entry to CAP's financial mechanisms. This way EU made a rather small concession by allowing a very slow entry to these mechanisms for Poland and the other candidates. This outcome can be interpreted as a lopsided compromise, which means that the EU made a small concession compared to Poland due to the power asymmetry between the two parties.

4.2.2. Negotiations on Quotas of Production:

Negotiation Problem:

EU sets certain quotas for the various items of agricultural production, in order to shape the agricultural policy of the Union. They determine not only the level of agricultural production, but also the amount of agricultural income and the use of means of production used in agriculture. These quotas serve as a tool for the EU to remain within the budgetary limits as well, since direct aid is coupled with production level. If the quota is set for a lower limit than the existing production level, then some farmers are forced out of business. Poland and the EU had to agree upon these quotas of production during the acquis negotiations. However, quotas have a different level of importance in diverse sectors. For example, dairy sector is rather strictly regulated according to pre-set quotas for member states and farmers have to pay heavy charges if they exceed their individual quotas⁴². Sugar quotas have also certain constraints. There are three different quotas set for sugar production. Quota A is for sugar intended for sale in a given member state. Quota B is sugar to be exported with the help of export subsidies from EAGGF. Quota C, otherwise called as sugar outside quota is for excess production exported at very low world level prices⁴³. Concerning field crops; cereals, oilseeds, protein crops are sold in market price. Additionally, farmers receive direct payments, which are calculated based on their production area, the reference yield and the amount of direct payment for the specific product⁴⁴.

The quota system is established only to manage the direct aid mechanism. There are no charges for over-production⁴⁵, however when farmers produce higher amounts of crops than their production limit, then they can only sell their

⁴² However individual quotas may be sold. UK supported sale of individual quotas in order to support large industries (Rieger, 2000).

⁴³ In the case of excess production, extra delivery is cheaper for the producer (Rawinski, 2003).

⁴⁴ The Formula for the calculation of direct payments is as follows: Direct payment= production area * reference yield * amount of direct payment for the specific product.

⁴⁵ Production limit is calculated as follows:
Production limit=production area * reference yield.

products for bare market prices and won't receive any direct payments. Otherwise, the farmer can also apply formally for payment to produce in a greater area than national base area set for Poland. Yet, such a case is common responsibility of all farmers, since they would be receiving proportionately lower direct payments.

For products other than dairy, sugar and field crops, there are no severe limitations, but still excess production won't receive direct payments. Therefore farmers have to decide for themselves if excess production is profitable according to the market prices (Rabinski, 2003).

Negotiation Positions

EU presented its position on the quotas in its AGENDA 2000, whereas Poland presented its position in its Position Paper. Poland would like to have high quotas for well established sectors, which employ great numbers of farmers. Poland also wanted 1989-1991 as the base year for these calculations. On the other hand, the EU insisted on the second half of 1990s to be considered as the base year.

Field crops general:

Poland: Poland requests to fix 9 263 000 ha. as its national quota on field crops.

EU: EU proposes 9 217 667 ha as the national quota on field crops

Reference Area:

Poland: Poland requests to set the reference area as 3.61 tonnes/ha.

EU: EU proposes 2.96 tonnes/ha as the reference area

Potato Starch:

Poland: Poland requests a quota of 262 000 tons for potato starch.

EU: EU proposes a quota of 90 546 tons for potato starch.

Dry Fodder (tons):

Poland: Poland requests a quota of 160 000 tons for dry fodder.

EU: EU proposes a quota of 0 tons for dry fodder

Raw Tobacco (tons):

Poland: Poland requests a quota of 55 000 tons for raw tobacco.

EU: EU proposes a quota of 37 933 tons for raw tobacco.

Young bulls:

Poland: Poland requests a quota of 2 200 000 units

EU: EU proposes a quota of 857 700 units

Suckler cows:

Poland: Poland requests a quota of 1 500 000 units

EU: EU proposes a quota of 325 581 units

Slaughter cattle:

Poland: Poland requests a quota of 2 021 000 units

EU: EU proposes a quota of 1 034 300 units

Slaughter cows:

Poland: Poland requests a quota of 1 071 000 units

EU: EU proposes a quota of 1 200 600 units

Sheep:

Poland: Poland requests a quota of 720 000 units

EU: EU proposes a quota of 335 880 units

Milk:

Poland: Poland requests a quota of 11 845 000 tons from 2004 until 2008 and 13 740 000 from 2008 on.

EU: EU proposes a quota of 8 875 000 tons from 2004 until 2008 and 8 870 000 from 2008 on.

Sales to dairies:

Poland: Poland requests a quota of 11 183 000 tons from 2004 until 2008 and 13 176 000 from 2008 on.

EU: EU proposes a quota of 6 956 333 tons from 2004 until 2008 and 16 956 333 from 2008 on.

Direct Sales:

Poland: Poland requests a quota of 662 000 tons from 2004 until 2008 and 1 918 667 from 2008 on.

EU: EU proposes a quota of 1 918 667 tons from 2004 until 2008 and 1 918 667 from 2008 on.

Sugar: Poland: Poland requests a quota of 1 866 000 tons

EU: EU proposes a quota of 1 665 017 tons

A quota:

Poland: Poland requests a quota of 1 650 000 tons

EU: EU proposes a quota of 1 590 533 tons

B quota:

Poland: Poland requests a quota of 216 000 tons

EU: EU proposes a quota of 74 484 tons

Isoglucose:

Poland: Poland requests a quota of 42 000 tons

EU: EU proposes a quota of 2943 tons

A quota:

Poland: Poland requests a quota of 40 000 tons

EU: EU proposes a quota of 2943 tons

B quota: Poland: Poland requests a quota of 2200 tons

EU: EU proposes a quota of 0 tons

Negotiation Interests:

Poland: Polish interest lies in keeping as many farmers as possible in the sector, in order to receive high level of financial support from the EU budget. Otherwise, Poland will have to deal with the side effects of forcing out farmers from the sector. Different ministries and farmers have diverse opinions concerning. Farmers prefer to have highest possible quotas, so that they can benefit from the direct aids. Economists, who are more in favor of a restructuring in Polish economy and shrink the number of people employed in the agricultural sector prefer, that EU funding should be allocated to such restructuring activities. Therefore, the Polish negotiation team has to reach a balance between the farmers' interest in generating income and the government's interest in the general welfare in Poland.

EU: EU has no interest in aiding agricultural sectors, which are already in over production within the EU as a whole, such as dairy and sugar sectors. Member states individually also have specific interests on certain production quotas due to competitiveness in the agricultural markets. In such cases member states put extra pressure on blocking the entry of the new comer in the respective agricultural market.

Outcomes:

The outcome of quota negotiations is summarized in the following table:

Table V Outcome of Negotiations on Agricultural Quotas

Product Group	Polish offer	EU counter-offer	Negotiated Quantity (outcome)
Field crops general (ha)	9 263 000	9 217 667	9 291 377
Reference Area ⁴⁶	3.61	2.96	3.00
Potato Starch (tons)	262 000	90 546	144 985
Dry fodder (tons)	160 000	0	13 538
Raw tobacco (tons)	55 000	37 933	37 358
Young bulls (units)	2 200 000	857 700	926 000
Suckler Cows (units)	1 500 000	325 581	325 581
Slaughter cattle (units)	2 021 000	2 034 300	1 815 430
Slaughter calves (units)	1 017 000	1 200 600	839 518
Sheep	720 000	335 880	335 880
Milk (2004-tons)	11 845 000	8 875 000	8 964 000
Sales to dairies (tons)	11 183 000	6 956 333	8 500 000
Direct sales (tons)	662 000	1 918 667	464 000
Milk (2008 –tons)	13 740 000	8 875 000	8 964 000
Sales to dairies (tons)	13 176 000	6 956 333	8 916 000
Direct sales (tons)	564 000	1 918 667	464 000
Sugar (tons)	1 866 000	1 665 017	1 674 495
A quota (tons)	1 650 000	1 590 533	1 590 533
B quota (tons)	216 000	74 484	83 961
Isoglucose (tons)	42 200	2 943	6 232
A quota (tons)	40 000	2 943	6 232
B quota (tons)	2 200	0	0

Evaluation of the Outcome:

- **Efficiency:** Since these quotas are directly linked to the direct aid schemes, parties were well informed about their importance. However, negotiation on this topic particularly requires great flexibility of especially Poland to make issue linkages with other issues and/or chapters in order to make up for the financial losses due to low quotas set by the EU. Due to the overall complexity of enlargement negotiations, it is rather difficult to assume that Polish negotiation team did not lack any efficiency on know-how and experience compared to the EU.
- **Stability:** Poland will face the effects of entering into the Single European Market immediately.

⁴⁶ Poland requested that calculations on reference area should be based on the years 1989-1992, which were more productive compared to the end of 902. However, EU took the years 1997-2001 as base years.

However, effects created by the production quotas will be felt after a while. CAP is more of a social policy rather than an economic policy. It tries to satisfy the needs of an important sector of the society, which has a very limited contribution to the GDP. Therefore concessions made by Poland on quotas were tried to be balanced by social aid schemes. Still, it remains to be seen if these schemes will suffice to secure incomes of the agrarian population in Poland, who are forced out of business due to CAP regulations. If Poland will not be able to cover its losses by welfare funds and restructuring programmes, then it may seek to re-negotiate the quotas as a full member. Therefore the stability of these arrangements cannot be determined yet.

- Distribution of resources: According to this quota scheme, 95% of potential direct payments will be allocated to two sectors: field crops⁴⁷ up to 70% and beef cattle production up to 25%. Field crop production covers 70% of arable land in Poland. Another important criterion is the size of farms eligible for direct payments. The Commission proposed a minimum amount of 0.3 ha of arable land with a width of 20m. According to these standards almost all farms were eligible for direct payments. Poland proposed a minimum amount of 1ha, which is against the benefit of small farmers. This proposal shows the Polish strategy of focusing more on industrialization, rather than maintaining the small farms as an integral part of the rural economy.

National statistics on agriculture show that beef production was not very popular in Poland. Nevertheless, it received a surprisingly high amount of support in the agreements, which again reflects Polish and EU policies concerning common organization of the market. Tobacco and potato starch, which are important products in Polish agriculture received a rather small support, in spite of the fact that these sectors will still benefit from the direct payments.

Apparently, Poland had to make a lot of concessions on the production quotas. Poland and EU agreed upon a set of social programmes, in order to compensate for the losses of Poland and distribute the resources of the EU budget more fairly. These programmes do not only aim to restructure rural areas, but secure income of less advantaged farmers. These structural funds will be managed as a follow up to the SAPARD Programme until the end of 2006. There are two programmes designed for this purpose. Sectoral Operational Programme (SOP) focused on changes in agriculture and agri-food industry, whereas Rural Development Plan (RDP) has more of a social character. RDP has a bigger

⁴⁷ In the case of excess production, extra delivery is cheaper for the producer (Rawinski, 2003)

budget and 51% of this budget will be spent for farmers in Less Favored Areas (LFA). 55% of this budget line is pensions automatically provided for farmers in LFA's. Farmers living in mountain zones receive twice more aid than farmers in lowland zones. 21% of RDP is allocated to semi-subsistence farming with low level of production. This program has a very low eligibility criterion. Funds for LFA's will even be distributed automatically. According to the EU bureaucracy low eligibility criteria, easy access to funds mean that social purpose of the funds overweigh their importance concerning restructuring policies. On the other hand, SOP funds require formal application by farmers, which include a good business plan, investment activities, eligible funding, and a financial plan with co-financement perspectives. These application requirements are rather difficult for small and medium sized farms. Even large and industrialized farms will have hard time in adjusting their work to EU bureaucracy.

- Distance from the opening position: At the end of the negotiations, it seems that Poland reached a higher quota limit in field crops. On the other hand, , the limits in delicate sectors such as milk and potato starch are rather low. This can be observed considering that Poland agreed to a selling arrangement for milk within the country below the EU standards, for a limited period. Still, milk and potato starch sectors will lose from their production potential and percentage of farmers from these sectors will be forced to decrease. Consequently, Poland had to make concession in almost all quotas, which were tried to be compensated by other funding instruments as explained above. This outcome again points to a power asymmetry.

Based solely on the quotas in numeric sense, the outcome appears as a lopsided compromise since EU made rather small concessions on the initially proposed figures. On the other hand, both parties revised their positions and came up with completely new quotas for certain areas such as the field crops in general, potato starch, slaughter cattle and direct sales quotas. These new quotas could be based on arguments related to the current agricultural sector in the EU as well as trade-offs between Poland and the EU with regards to the respective sectors. However, this outcome is rather difficult to evaluate since many measures to convert agricultural sector of Poland as well as social welfare funds to increase employability of agrarian population in other sectors will have an indirect effect on the gains and losses of Poland from this deal.

4.2.3. Negotiations on Preparatory, Transitory or Permanent Measures

The issues under this heading are mainly about the harmonization of the Polish legislation with that of the EU requirements. This harmonization not only requires law to be passed in Poland, but also in certain cases the establishment of new governmental bodies and systems. EU within itself faces many difficulties concerning the harmonization of national legislations to the *acquis*. Therefore mostly critical issues linked to direct aid schemes were concluded whereas all other are left to the post negotiation phase.

In this section, EU and Poland's general negotiation interests will be stated for the entire set of issues. After that all negotiation problems, offers, counter offers and outcomes will be explained within the following five categories: general issues, common organization of the market, structural policy, rural areas development and forestry, veterinary matters and phytosanitary issues. An overall evaluation of the outcomes will follow this section.

4.2.3.1. General issues

Negotiation Problem:

Council Regulation No 3508/92 of 27 November 1992 requires the establishment of the Integrated Administration and Control System.

Negotiation Position:

Poland asks for support from the EU budget to establish the time-consuming and costly system. The respective regulation permits assistance from the EU budget to EU member states. Moreover, in previous enlargements candidate states benefited from such financial recourses of the EU. EU does not specify a position towards such assistance in advance.

Negotiation Interest:

Poland would like to share the costs of some expensive infrastructure needed for the management of EU agricultural systems with the EU. EU already assisted certain members in this during the previous accession. So, Poland would

like to receive funding from EU for the establishment of relevant infrastructure.

Offers and Counter-offers:

Poland requests financial support from the EU budget at the level of 50% of the costs for three years following the accession. As a response, the European Union adopted the budget of PHARE 2000 Programme, according to which Poland was provided for a financial support of 5.500.000 €, which makes up 50% of the costs for establishment of Integrated Administration and Control System (IACS). For the year 2001, PHARE covered 2.000.000 € out of a total of 2.200.000 € for trainings and external experts designed to assist the implementation of ARMA-IACS and Animal Identification and Registration System (I&R). However, in its regular report in 2001 for Poland, the Commission stressed problems encountered in the implementation of the established IACS. Following this report, Poland and EU agreed upon a new strategy for the functioning of IACS, according to which Poland would outsource the building of informatics part of IACS⁴⁸. Still the Regular Report of 2003 stated that there is a risk of malfunctioning of the system on time for the distribution of direct aids.

Outcome:

Poland received 50% of the establishment costs of IACS for one year only. For the second year, it received a substantial amount for the implementation costs. Furthermore, both parties decided to outsource some part of the establishment.

4.2.3.2. Common Organization of Particular Markets⁴⁹

Negotiation problem:

One of the negotiation problems under the heading of Common Organization of Particular Markets is the amendments to existing regulations of

⁴⁸ Polish government outsourced building of informatics part of IACS to Hewlett-Packard Poland.

⁴⁹ Quota issues are also categorized under this heading. However due to the importance of both quota and direct aid issues in the entire negotiation process, they are analyzed separately as single headings of negotiation issues.

the EU concerning addition of certain plants into lists of products eligible for direct aid.

Negotiation Positions:

- EU's position: The Council Regulation No 1251/99 of 17 May 1999 lays down the system of direct payments for producers of arable crops listed in its Annex I. Poland's position: Poland requests to have beans for 'dry gain' included in this list and justifies this position based on its capacity in planting beans, its potential to improve plant production as well as tens of thousands of Polish farmers and their families working in bean planting.
- EU's position: The Commission Regulation No 658/96 of 9 April 1996 lays down the conditions of granting compensatory payments under a support system for producers of certain arable crops. Poland's position: Poland requests to have double low – '00' winter and spring rapeseed on this list. Poland justifies its position based on the requirements of rapeseed grown in EU, which are fulfilled by Polish farmers.
- EU's position: Commission Regulation No 1164/89 of 28 April 1989 lays down the general rules concerning the aid for fibre flax and hemp. Poland's position: Poland requests the expansion of a list of varieties eligible for aid to include Polish varieties 'ARTEMIDA', 'ALBA', 'WIKO'.

Negotiation Interests:

First of all, Poland aims to maximize its gain from the negotiations by adding its specific products to the lists of products in different sub-sectors of agriculture, which are eligible for direct aid. Secondly, Poland tries to avoid implementing costly legislation particularly for sub-sectors that are not developed.

On the other hand, EU tries to balance the interests among its member states on the common organization of markets, which are already strongly established within the EU15. Being aware of the complications regarding the harmonization with the *acquis*, EU wants to set reasonable transition periods for Poland.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

Beans and double low – '00' winter and spring and Polish varieties of fibre flax rapeseed were not included in the respective regulations. However, these

issues could be put on the agenda by Poland once again as a member state during the post-negotiation phase⁵⁰.

On the other hand, revised CAP is renationalized by the EU and allows the member states to stabilize the employment situation in agriculture to a limited extent. Member states are allowed to reduce the amounts of payments to the farmers, who are producing the arable crops listed in Annex I with respect to the calendar year. Member states could re-channel it into agri-environmental measures, early retirement schemes, less favored areas, and areas with environmental restrictions and forestry as additional Community support to Poland in cases where:

- The labor force on their holdings falls short of limits (to be determined by Member States).
- The overall prosperity of their holdings rises above limits (to be decided by Member States).
- The total amount of payments granted under support schemes exceed limits (to be decided by Member States).

It was agreed that the reduction of support to a farmer resulting from the application of the above measures will not exceed 20% of the total amount of payments granted to the farmers (European Commission fact sheets, 2004).

Negotiation Problem:

Commission Regulation No 1524/71 of 16 July 1971 lays down detailed rules concerning private storage aid for flax and fibres. This regulation also sets minimum quantities of flax and hemp fibre covered in a private storage contract eligible for aid⁵¹.

Negotiation Position:

EU position: EU does not state any position regarding the transitional measures in advance. Polish position: Poland requests an adjustment period of three years, when the minimum fibre quantities would be those specified below:

- 5000 kg in the first year after the accession

⁵⁰ ARTEMIDA and ALBA are added to the list of varieties eligible for direct aid by Commission Regulation 206/2004 on 5 February 2004.

⁵¹ CAP measures include financial support for stocking of certain goods, which are overproduced.

- 6000 kg in the second year after the accession
- 7000 kg in the third year after the accession

Negotiation Interests:

Poland aims to maximize its gain from the negotiations by adding its specific products to the lists of products in different sub-sectors of agriculture, which are eligible for direct aid. Poland also tries to avoid implementing the costly legislation particularly for sub-sectors which are not developed.

EU tries to balance the interests among member states on the common organization of markets, which are already strongly established within the EU15. Being aware of the complications regarding the harmonization with the *acquis*, EU will try to set reasonable transition periods for Poland.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

Primary documents related to the negotiation process do not contain any reference to this issue. However, this issue could be put on the agenda by Poland once again as a member state during the post-negotiation phase.

Negotiation Problem:

One of the regulation of the fruit and vegetable markets in EU is as follows:

- Council Regulation no 2201/96 of 28 October 1996 on the common organization of the market in processed fruit and vegetables products and Commission Regulation No 504/97 of 19 March 1997 regulate main problems concerning the organization of the market in processed fruit and vegetables and lay down rules of financial aid for these products.

Negotiation Position:

Poland requests to expand the financial aid for processing sector by the means of including fruit that are important for Poland. Poland justifies its position by the number of farmers working in this market. Poland also stresses the importance of this sector for the EU.

Negotiation Interests:

Poland aims to maximize its gain from the negotiations by adding its specific products to the lists of products in different sub-sectors of agriculture,

which are eligible for direct aid. Poland also tries to avoid implementing costly legislation particularly for sub-sectors which are not developed.

EU tries to balance the interests among member states on the common organization of markets, which are already strongly established within the EU15. Being aware of the complications regarding the harmonization with the *acquis*, EU will try to set reasonable transition periods for Poland.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

Primary documents related to the negotiation process do not contain any reference to this issue. However this issue could be put on the agenda by Poland once again as a member state during the post-negotiation phase.

Negotiation Problem:

Another regulation of the fruit and vegetable markets in EU is as follows:

- Council Regulation no 2201/96 of 28 October 1996 on the common organization of the market in processed fruit and vegetables products and Commission Regulation No 412/97 of 3 March 1997 lay down rules on the establishment and operations of producer organizations. The Commission Regulation No: 412/97 provides for the minimum requirements concerning the recognition of producer organizations in particular countries.

Negotiation Position:

EU position: EU asks for alignment with the *acquis*. Polish position: Poland would like to set adequate requirements for the recognition of producer organizations in Poland.

Negotiation Interests:

Poland aims to maximize its gain from the negotiations by adding its specific products to the lists of products in different sub-sectors of agriculture, which are eligible for direct aid. Poland also wants to avoid implementing costly legislation particularly for sub-sectors which are not developed.

EU tries to balance the interests among member states on the common organization of markets, which are already strongly established within the EU15. Being aware of the complications regarding the harmonization with the *acquis*, EU will try to set reasonable transition periods for Poland.

Offers, Counter-offers:

Poland requests that the minimum requirements for the recognition of producer organizations are set as follows:

Minimum number of members: 5

Minimum value of marketable production provided by the members of one producer organization: 100.000 €

Outcome:

EU accepts this offer and Polish position prevails, which is a rare outcome.

Negotiation problem:

Another regulation of the fruit and vegetable markets in EU is as follows:

- Council Regulation no 2201/96 of 28 October 1996 on the common organization of the market in processed fruit and vegetables products, Commission Regulation No 478/97 of 14 March 1997 and Commission Regulation 20/98 of 7 January 1998 set up rules for the preliminary recognition of producer organizations in the EU and the financial support scheme thereof.

Negotiation Position:

EU position: EU asks for alignment with the acquis. Polish position: Poland requests to have the possibility of granting preliminary recognition to producer organizations active in horticultural sector in line with the existing ones in other member states after its accession.

Negotiation Interests:

Poland aims to maximize its gain from the negotiations by adding its specific products to the lists of products in different sub-sectors of agriculture, which are eligible for direct aid. Secondly Poland tries to avoid implementing costly legislation particularly for sub-sectors which are not developed.

EU tries to balance the interests among member states on the common organization of markets, which are already strongly established within the EU15. Being aware of the complications regarding the harmonization with the acquis, EU will try to set reasonable transition periods for Poland.

Offers; Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome: EU grants Poland a transition period of three years to set criteria for preliminary recognition of producer organizations.

Negotiation Problem:

Another regulation of the fruit and vegetable markets in EU is as follows:

- Article 10 of Council Regulation no 2201/96 of 28 October 1996 on the common organization of the market in processed fruit and vegetables products provides for the rules of granting special aid- subsidies to improve the quality of some selected fruit and vegetable species.

Negotiation Position:

EU position: EU asks for alignment with the acquis. Polish position: Poland requests to ensure that this special aid scheme is applied for the production of soft fruit, sour cherries, Brussels sprouts and green beans.

Negotiation Interests:

Poland aims to maximize its gain from the negotiations by adding its specific products to the lists of products in different sub-sectors of agriculture, which are eligible for direct aid. Secondly Poland tries to avoid implementing costly legislation particularly for sub-sectors which are not developed.

EU tries to balance the interests among member states on the common organization of markets, which are already strongly established within the EU15. Being aware of the complications regarding the harmonization with the acquis, EU will try to set reasonable transition periods for Poland.

Offers, counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

Primary documents related to the negotiation process do not contain any reference to this issue. However this issue could be put on the agenda by Poland once again as a member state during the post-negotiation phase.

Negotiation Problem:

One of the regulations on the quality standards of vegetables is as follows:

- Council Regulation no 2201/96 of 28 October 1996 on the common organization of the market in processed fruit and vegetables products and Commission Regulation No 1677/88 of 15 June 1988 lay down quality standards for cucumbers.

Negotiation Position:

EU position: EU asks for alignment with the acquis. Polish position: Poland requests that cucumbers grown in the open air and weighing less than 180 g are admitted for marketing.

Negotiation Interests:

Poland aims to maximize its gain from the negotiations by adding its specific products to the lists of products in different sub-sectors of agriculture, which are eligible for direct aid. Secondly Poland tries to avoid implementing costly legislation particularly for sub-sectors which are not developed.

EU tries to balance the interests among member states on the common organization of markets, which are already strongly established within the EU15. Being aware of the complications regarding the harmonization with the *acquis*, EU will try to set reasonable transition periods for Poland.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

Primary documents related to the negotiation process do not contain any reference to this issue. However, this issue could be put on the agenda by Poland once again as a member state during the post-negotiation phase.

Negotiation Problem:

Regulations related to the common organization of the market in wine are as follows:

- Commission Regulation No 3800/91 of 16 December 1981 determines the classification of vine varieties.
- Commission Regulation No 2314/72 of 30 October 1972 sets up the procedures related to the assessment of vine variety suitability for cultivation.
- Council Regulation no 2389/89 of 24 July 1989 sets up general rules for classification of vine varieties and provides definitions for the terms used. Poland would like to be released from applying this regulation on the same grounds.
- Commission Regulation No 940/81 of 7 April 1981 lays down the principles of declaring areas used for producing vegetative propagation material for vines.

Negotiation Position:

EU position: EU asks for alignment with the *acquis*. Polish position: Poland requests to be released from the obligation of applying the Commission Regulation, since it lacks commercially valuable vine varieties. Poland also would like to keep its own registration system and not apply the regulation based on the argument that grapes are rather less important plants and therefore their

registration system is also less complex. Additionally Poland requests to be released from the obligation of applying the provisions of the regulation since there are no vine varieties existing and therefore no marketing of certified propagation material for vine, no fixed cultivation areas and commercial production of this plant.

Negotiation Interests:

Poland aims to maximize its gain from the negotiations by adding its specific products to the lists of products in different sub-sectors of agriculture, which are eligible for direct aid. Secondly Poland tries to avoid implementing costly legislation particularly for sub-sectors which are not developed.

EU tries to balance the interests among member states on the common organization of markets, which are already strongly established within the EU15. Being aware of the complications regarding the harmonization with the acquis, EU will try to set reasonable transition periods for Poland.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

Parties agreed to postpone these decisions until the accession.

Negotiation Problem:

Regulations related to the common organization of the market in spirits are as follows:

- Commission Regulation 1222/94 of 20 May 1994 lays down common detailed rules for the application of the system of granting export refunds on certain agricultural products exported in the form of goods not covered by the Annex II of the Treaty and the criteria for fixing the amount of such refunds. Council Regulation No 2825/93 of 15 October 1993 lays down certain detailed rules for the application of Council Regulation No 1766/92 as regards the fixing and granting adjusted refunds in respect of cereals exported in the form of certain spirit drinks.

Negotiation Position:

EU position: EU asks for alignment with the acquis. Polish position: Poland requests export refunds to be granted on the Polish cereal vodkas exported to the third countries based on the grounds of equal treatment among member states.

Negotiation Interests:

Poland aims to maximize its gain from the negotiations by adding its specific products to the lists of products in different sub-sectors of agriculture, which are eligible for direct aid. Secondly Poland tries to avoid implementing costly legislation particularly for sub-sectors which are not developed.

EU tries to balance the interests among member states on the common organization of markets, which are already strongly established within the EU15. Being aware of the complications regarding the harmonization with the *acquis*, EU will try to set reasonable transition periods for Poland.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

Primary documents related to the negotiation process do not contain any reference to this issue. However this issue could be put on the agenda by Poland once again as a member state during the post-negotiation phase.

Negotiation Problem:

Another regulation related to the common organization of the market in wine is as follows:

- Article 24 of Commission Regulation NO 3201/90 lays down detailed rules for the description and presentation of wines and grape musts.

Negotiation Position:

EU position: EU asks for alignment with the *acquis*. Polish position: Poland requests to ensure the possibility for Polish producers to place the inscription 'Polish wine/Polskie wino owocowe' on the fruit wine labels.

Negotiation Interests:

Poland aims to maximize its gain from the negotiations by adding its specific products to the lists of products in different sub-sectors of agriculture, which are eligible for direct aid. Secondly Poland tries to avoid implementing costly legislation particularly for sub-sectors which are not developed.

EU tries to balance the interests among member states on the common organization of markets, which are already strongly established within the EU15. Being aware of the complications regarding the harmonization with the *acquis*, EU will try to set reasonable transition periods for Poland.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

EU accepted this offer, however limited the marketing of such wines inside Poland only.

Negotiation Problem:

Another regulation related to the common organization of the market in spirits is as follows:

- Council Regulation NO 1576/89 of 29 May 1989 and Commission Regulation No 1014/90 of 24 April 1990 determine the rules on placing spirit drinks on the market.

Negotiation Position:

EU position: EU asks for alignment with the *acquis*. Polish position:

Poland requests:

1. Extension of the list of spirit drinks subject to the protection in respect of their geographical origin
2. Supplementing the Article one of the Council regulation No 1576/89 with two new categories of spirit drinks 'Starka' and 'Winiak'
3. Providing protection for certain designations in accordance with the Annex to the Article 7A of the Commission Regulation No 1014/90

Negotiation Interests:

Poland aims to maximize its gain from the negotiations by adding its specific products to the lists of products in different sub-sectors of agriculture, which are eligible for direct aid. Secondly Poland tries to avoid implementing costly legislation particularly for sub-sectors which are not developed.

EU tries to balance the interests among member states on the common organization of markets, which are already strongly established within the EU15. Being aware of the complications regarding the harmonization with the *acquis*, EU will try to set reasonable transition periods for Poland.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

Primary documents related to the negotiation process do not contain any reference to this issue. However this issue could be put on the agenda by Poland once again as a member state during the post-negotiation phase.

Negotiation Problem:

One of the regulations related to the use of raw materials for the production of wine and spirits are as follows:

- The Council Regulation No 1576 and Commission Regulation No 1014:1/90 determine the rules for spirit marketing. The Council Regulation No 1576/89 also lays down quality requirement for the farm produced spirit and specified products with registered geographical trade names. These regulations are not only legislative acts in this respect. As far as raw materials are concerned EU legislation only provides for that spirit intended for food products manufacture must originate from the farm products defined in the Annex II to the Rome Treaty.

Negotiation Position:

EU position: EU asks for alignment with the acquis. Polish position: Poland requests to work out the arrangements that would allow maintaining the present structure in respect of the raw materials used for production of spirit in Poland after its accession to the EU.

Negotiation Interests:

Poland aims to maximize its gain from the negotiations by adding its specific products to the lists of products in different sub-sectors of agriculture, which are eligible for direct aid. Secondly Poland tries to avoid implementing costly legislation particularly for sub-sectors which are not developed.

EU tries to balance the interests among member states on the common organization of markets, which are already strongly established within the EU15. Being aware of the complications regarding the harmonization with the acquis, EU will try to set reasonable transition periods for Poland.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

Primary documents related to the negotiation process do not contain any reference to this issue. However this issue could be put on the agenda by Poland once again as a member state during the post-negotiation phase.

Negotiation Problem:

One of the regulations related to banana import into the Community is as follows:

- Commission Regulation No 2362/98 of 28 October 1998 lays down detailed rules concerning tariff quotas for banana imports into the European Community.

Negotiation Position:

EU position: EU asks for alignment with the acquis. Polish position:

Poland requests to refrain from adopting the currently effective regimes due to the pending WTO negotiations on this issue.

Negotiation Interests:

Poland would like to preserve its protective regimes towards third countries until the WTO negotiations are concluded. EU has to make sure that Poland adopts the necessary regimes in line with WTO rules once an agreement is reached, since otherwise EU would be obliged to pay for the extra protection costs towards third countries.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome: Primary documents related to the negotiation process do not contain any reference to this issue. However this issue could be put on the agenda by Poland once again as a member state during the post-negotiation phase⁵².

Negotiation Problem

One of the regulations related to the common organization of the market in tobacco sector is as follows:

- Council Regulation No 2075/92 of 20 June 1992 on common organization of the market in raw tobacco, Commission regulation NO 2848/98 of 22 December 1998 laying down detailed rules of the application of the latter, Council Regulation No 2077/92 of 30 June 1992 concerning inter-branch organizations and agreements in the tobacco sector and Council Regulation No 86/93 of 19 January 1993 concerning detailed rules to implement the latter set up premium system for raw tobacco producers as well as lay down detailed rules for the establishment, recognition and aid scheme for producer groups.

Negotiation Position:

EU position: EU asks for alignment with the *acquis*. Polish position: Concerning the establishment of the volume of raw tobacco production (expressed as percentage rate of total output in a given production area) required

⁵² Commission Regulation No 1892/04 of 29 October 2004 lays down the transitional measures for 2005 for imports of bananas into the Community by reason of the accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia
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for the recognition of a producer group, Poland requests that 0.4 % is the minimum for a producer group to become recognized. Poland determined this figure based on the capacity of tobacco producers.

Negotiation Interests:

Poland would like to keep its small farmers in the sector, whereas EU wants Poland to restructure its agricultural sector in line with the EU priorities.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

EU did not accept this minimum percentage favoring small farmers but granted Poland a transition period of 5 years to set the threshold for the recognition of a producer group at 1% of the guarantee threshold for all production regions in Poland.

Negotiation Problem:

One of the regulations related to the common organization of the market in tobacco sector is as follows:

- Council Regulation No 2075/902 of 30 June on common organization of the market in raw tobacco and Commission Regulation No 2848/98 of 22 December 1998 laying down detailed rules for the application of the latter on the aid scheme comprise regulations implementing the obligation of delimiting production areas and the groups of varieties grown in a given production areas as well as the obligation of registering cultivation contracts.

Negotiation Position:

EU position: EU asks for alignment with the acquis. Polish position: Poland wants to put certain tobacco varieties onto the list of varieties grown in the EU.

Negotiation Interests:

Poland aims to maximize its gain from the negotiations by adding its specific products to the lists of products in different sub-sectors of agriculture, which are eligible for direct aid. Secondly Poland tries to avoid implementing costly legislation particularly for sub-sectors which are not developed.

EU tries to balance the interests among member states on the common organization of markets, which are already strongly established within the EU15.

Being aware of the complications regarding the harmonization with the acquis, EU will try to set reasonable transition periods for Poland.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

Polish varieties are amended to be listed in the Annex of Council regulation No 2075/92, however there isn't any entry in the Commission Regulation No 2848/98 according to the primary documents. This issue could be put on the agenda by Poland once again as a member state during the post-negotiation phase.

Negotiation Problem:

One of the regulations related to the common organization of the market in oil seeds and fibre plants sector is as follows:

- Art. 2 of the Commission Directive 66/401/EEC of 14 June 1966 on the marketing of fodder plant seeds, Art 2 of the Commission Directive 66/402/EEC of 14 June 1966 on the marketing of cereal seed and Art 2 of the Commission Directive 69/208/EEC of 30 June 1969 on the marketing of seeds of oil and fibre plants specify the species covered by the quality requirements.

Negotiation Position:

EU position: EU asks for alignment with the acquis. Polish position: Poland requests the exemption from obligatory application of those provisions of these directives that refer to a set of products listed by the Polish government, which are not grown in Poland.

Negotiation Interests:

Poland would like to refrain from any legislative measure imposed by the acquis whenever they are not relevant to the Polish agricultural sector

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

Primary documents related to the negotiation process do not contain any reference to this issue. However this issue could be put on the agenda by Poland once again as a member state during the post-negotiation phase

Negotiation Problem:

One of the regulations related to the common organization of the market in vine sector is as follows:

- Council Directive 68/193/EEC regulates the marketing of material for vegetative propagation of the vine and Commission Directive 72/169/EEC determines the characteristics and minimum conditions for inspecting vine varieties.

Negotiation Position:

EU position: EU asks for alignment with the acquis. Polish position: Poland requests to maintain its qualification system of field inspection of vine since vine production has a very low capacity in Poland.

Negotiation Interests:

Poland would like to refrain from any legislative measure imposed by the acquis whenever they are not relevant to the Polish agricultural sector

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

This decision has been postponed until the accession.

Negotiation Problem:

One of the regulations related to the common organization of the market in hops sector is as follows:

- Commission Regulation No 890/78 of 28 April 1978 is on detailed rules of hops certification and Commission Regulation No 3077/78 of 21 December 1978 is on equivalence with the Community certificates of attestations accompanying hops imported from outside the Community.

Negotiation Position:

EU position: EU asks for alignment with the acquis. Polish position: Poland requests a period of four months after the accession to provide the Commission with a list of authorized certification bodies and a specification of hops production areas.

Negotiation Interests:

Poland aims to maximize its gain from the negotiations by adding its specific products to the lists of products in different sub-sectors of agriculture, which are eligible for direct aid. Secondly Poland tries to avoid implementing costly legislation particularly for sub-sectors which are not developed.

EU tries to balance the interests among member states on the common

organization of markets, which are already strongly established within the EU15. Being aware of the complications regarding the harmonization with the acquis, EU will try to set reasonable transition periods for Poland.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

EU granted the requested four months.

Negotiation Problem:

One of the regulations related to the common organization of the market in hops sector is as follows:

- Commission Regulation No 1517/77 of 6 July 1977 specifies all the hops varieties cultivated in the EU.

Negotiation Position:

EU position: EU asks for alignment with the acquis. Polish position: Poland requests to add 10 hops varieties to this list.

Negotiation Interests:

Poland aims to maximize its gain from the negotiations by adding its specific products to the lists of products in different sub-sectors of agriculture, which are eligible for direct aid. Secondly Poland tries to avoid implementing costly legislation particularly for sub-sectors which are not developed.

EU tries to balance the interests among member states on the common organization of markets, which are already strongly established within the EU15. Being aware of the complications regarding the harmonization with the acquis, EU will try to set reasonable transition periods for Poland.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

Primary documents related to the negotiation process do not contain any reference to this issue. However this issue could be put on the agenda by Poland once again as a member state during the post-negotiation phase.

Negotiation Problem:

At present there is no legislation for the common organization of the EU

market for potatoes.

Negotiation Position:

EU position: EU asks for alignment with the acquis. Polish position: Poland requests such a regulation entering into force.

Negotiation Interests:

Poland would like to introduce direct aid schemes for an important sector of its agricultural production. EU does not have an interest to expand the lists of products subject to direct aid.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

Primary documents related to the negotiation process do not contain any reference to this issue. However this issue could be put on the agenda by Poland once again as a member state during the post-negotiation phase.

Negotiation Problem:

There is no support for producers of herbs, medicinal and aromatic plants.

Negotiation Position:

EU position: EU asks for alignment with the acquis. Polish position: Poland requests support for herb producers.

Negotiation Interests:

Poland would like to introduce direct aid schemes for an important sector of its agricultural production. EU does not have an interest to expand the lists of products subject to direct aid.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

Primary documents related to the negotiation process do not contain any reference to this issue. However this issue could be put on the agenda by Poland once again as a member state during the post-negotiation phase.

Negotiation Problem:

One of the regulations related to the common organization of the market in

dairy sector is as follows:

- Council Regulation No 1255/99 and Council regulation No 785/98 provide opportunities for subsidizing private storage of chosen brands of long-keeping cheese produced in the Union and define detailed rules on such subsidizing.

Negotiation Position:

EU position: EU asks for alignment with the acquis. Polish position: Poland requests inclusion of Polish made Ementalski and Parmezan cheese brands into the private storage aid scheme.

Negotiation Interests:

Poland aims to maximize its gain from the negotiations by adding its specific products to the lists of products in different sub-sectors of agriculture, which are eligible for direct aid. Secondly Poland tries to avoid implementing costly legislation particularly for sub-sectors which are not developed.

EU tries to balance the interests among member states on the common organization of markets, which are already strongly established within the EU15. Being aware of the complications regarding the harmonization with the acquis, EU will try to set reasonable transition periods for Poland.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

Primary documents related to the negotiation process do not contain any reference to this issue. However this issue could be put on the agenda by Poland once again as a member state during the post-negotiation phase.

Negotiation Problem:

One of the regulations related to the common organization of the market in dairy sector is as follows:

- Council Regulation 2597/97 lay down the additional rules on the common organization of market in milk and milk products for drinking milk, which lists definitions and standards for drinking milk, classifying it by butterfat content. Council Regulation no 98/280 laying down additional rules on the common organization of market in milk and milk products for drinking milk produced in Finland and Sweden.

Negotiation Position:

EU position: EU asks for alignment with the acquis. Polish position:

Poland requests the admission of a 2 years post accession period of production of drinking milk with butterfat content other than defined in EU regulations for the domestic market and export to third countries. Poland refers to a similar conduct for Sweden and Finland as stated in the Council Regulation no 98/280, which allowed these countries to sell such milk on local market and to third countries.

Negotiation Interests:

Poland aims to maximize its gain from the negotiations by adding its specific products to the lists of products in different sub-sectors of agriculture, which are eligible for direct aid. Secondly Poland tries to avoid implementing costly legislation particularly for sub-sectors which are not developed.

EU tries to balance the interests among member states on the common organization of markets, which are already strongly established within the EU15. Being aware of the complications regarding the harmonization with the acquis, EU will try to set reasonable transition periods for Poland.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

EU accepts this transition phase, however limits the marketing of such milk produced within the domestic market of Poland only.

Negotiation Problem:

One of the regulations related to the common organization of the market in beef and veal sector is as follows:

- Council Regulation No 1254/99 of 17 May 1999 defines the amount of premiums for beef and veal.

Negotiation Position:

EU position: EU asks for alignment with the acquis. Polish position: Poland requests granting a national ceiling for slaughter premiums under the Art 11 of the respective regulation at a level equivalent to the number of animals slaughtered or exported in 1995 in each eligible category:

Bulls, steers, cows and heifers: 2.021.000 units

Calves: 1.017.000 units.

Negotiation Interests:

Poland aims to maximize its gain from the negotiations by adding its specific products to the lists of products in different sub-sectors of agriculture, which are eligible for direct aid. Secondly Poland tries to avoid implementing costly legislation particularly for sub-sectors which are not developed.

EU tries to balance the interests among member states on the common organization of markets, which are already strongly established within the EU15. Being aware of the complications regarding the harmonization with the *acquis*, EU will try to set reasonable transition periods for Poland.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

EU fixed the following ceilings:

Bulls, steers, cows and heifers: 1.815.430 units

Calves: 839.518 units.

Negotiation Problem:

Other regulations related to the common organization of the market in beef and veal sector are as follows:

- Council Regulation No 1254/99 of 17 May 1999 lays down the basic regulation for the organization of the common market for beef and defines the amount of premiums.
- A second negotiation problem based on this regulation is the regional ceiling for special beef premiums; both the level of ceiling and the method of defining.

Negotiation Position:

EU position: EU asks for alignment with the *acquis*. Polish position: Poland states the level of limit as well as the method of definition as a negotiation problem. Poland requests to limit of individual premiums for suckler cows at a level of 1.5 millions and asks for abandoning the principles applied generally and application of derogation to the regulation in force. Poland justifies its position by the reduced number of milk producers due to the quota system, who will shift to the production of milk solely to feed calves and therefore cattle production. It also refers to the similar agreement made with Austria, Finland and Sweden during their accession negotiations. Again based on the previous agreements made with Austria, Finland and Sweden during their accession negotiations, Poland requests a limit of 2.2 million units of special beef

premium. Poland justifies its position by stating that the small cattle production by the time is below capacity due to the transformation of the market and very low prices in beef livestock.

Negotiation Interests:

Poland aims to maximize its gain from the negotiations by adding its specific products to the lists of products in different sub-sectors of agriculture, which are eligible for direct aid. Secondly Poland tries to avoid implementing costly legislation particularly for sub-sectors which are not developed.

EU tries to balance the interests among member states on the common organization of markets, which are already strongly established within the EU15. Being aware of the complications regarding the harmonization with the *acquis*, EU will try to set reasonable transition periods for Poland.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

EU agrees that Poland should decide the national, regional and individual limits; however gives a three years transition phase for Poland to list all the additional breeds⁵³.

Negotiation Problem:

One of the regulations related to the common organization of the market in beef and veal sector is as follows:

- Commission Regulation No 2456/93 of 1 September 1993 lays down detailed rules for the application of Council Regulation No 805/68 as regards general and special intervention measures for beef. It defines classes of cattle eligible for intervention.

Negotiation Position:

EU position: EU asks for alignment with the *acquis*. Polish position: Poland requests to have the right for intervention purchase of beef in R2, R3, O2 and O3 classes. Poland justifies its argument based on the practice in other EU countries.

⁵³ Council Regulation (EC) No 1782/2003 of 29 September 2003 established common rules for direct support schemes under the common agricultural policy and established certain support schemes for farmers and amended Regulation No 1254/1999 among others

Negotiation Interests:

Poland aims to maximize its gain from the negotiations by adding its specific products to the lists of products in different sub-sectors of agriculture, which are eligible for direct aid. Secondly Poland tries to avoid implementing costly legislation particularly for sub-sectors which are not developed.

EU tries to balance the interests among member states on the common organization of markets, which are already strongly established within the EU15. Being aware of the complications regarding the harmonization with the acquis, EU will try to set reasonable transition periods for Poland.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

EU asks Poland to approach the Commission on this matter one year after the accession.

Negotiation Problem:

One of the regulations related to the common organization of the market in beef and veal sector is as follows:

- Commission Regulation No 3886/92 of 23 December 1992 lays down detailed rules for the application of the premium schemes provided for in the Council Regulation No 805/68 on the common organization of the market in beef and repeals Regulations 1244/82 and 714/89.

Negotiation Position:

EU position: EU asks for alignment with the acquis. Polish position: Poland requests the adoption of suckler cow premium scheme under the same principles as had been adopted for Austria, Sweden and Finland.

Negotiation Interests:

Poland aims to maximize its gain from the negotiations by adding its specific products to the lists of products in different sub-sectors of agriculture, which are eligible for direct aid. Secondly Poland tries to avoid implementing costly legislation particularly for sub-sectors which are not developed.

EU tries to balance the interests among member states on the common organization of markets, which are already strongly established within the EU15. Being aware of the complications regarding the harmonization with the acquis, EU will try to set reasonable transition periods for Poland.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

EU gives Poland a transition phase of three years for the adoption of the suckler cow premium scheme.

Negotiation Problem:

One of the regulations related to the common organization of the market in sheep and goat sector is as follows:

- Council Regulation No 3091/89 of 25 September 1989 on the common organization of the market in sheep meat and goat meat is a basic market regulation on sheep meat and goat meat.

Negotiation Position:

EU position: EU asks for alignment with the acquis. Polish position: Poland would like to apply its own national ewe premium scheme based on the implementation of the 'Programme for improvement of sheep population in Poland up to 2010'. Therefore Poland does not want to have this special product line managed according to a unified aid scheme.

Negotiation Interests:

Poland aims to maximize its gain from the negotiations by adding its specific products to the lists of products in different sub-sectors of agriculture, which are eligible for direct aid. Secondly Poland tries to avoid implementing costly legislation particularly for sub-sectors which are not developed.

EU tries to balance the interests among member states on the common organization of markets, which are already strongly established within the EU15. Being aware of the complications regarding the harmonization with the acquis, EU will try to set reasonable transition periods for Poland.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

Primary documents related to the negotiation process do not contain any reference to this issue. However this issue could be put on the agenda by Poland once again as a member state during the post-negotiation phase.

Negotiation Problem:

One of the regulations related to the common organization of the market in beef and veal sector is as follows:

- Council Regulation No 3013/89 of 25 September 1989 also defines premium right ceilings and disbursement principles.

Negotiation Position:

EU position: EU asks for alignment with the acquis. Polish position: Poland would like to have the ceilings defined for each state separately as it was the case during EFTA enlargement.

Negotiation Interests:

Poland would like to have high ceilings for premium schemes in order to receive more funding from the EU budget. EU needs Polish contribution to the EU market in this sector, however would like to keep the ceiling low until Poland reaches certain veterinary standards.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

Poland requests a ceiling of 600 000 ewes for premium rights. EU accepts to define the ceilings for each state separately, however sets a national ceiling of 335 880 ewes. Individual ceilings for producers are left to Poland's decision.

Negotiation Problem:

One of the regulations related to the common organization of the market in sheep and goat sector is as follows:

- Commission Regulation No 2385/91 of 6 August 1991 lays down detailed rules for certain special cases regarding definition of sheep meat and goat meat producers and producer groups.

Negotiation Position:

EU position: EU asks for alignment with the acquis. Polish position: Poland requests that certain producers, who have to transfer their animals into other areas due to the deficiency of green fodder should also be considered as farmers working in less favored area.

Negotiation Interests:

Poland would like to expand the definition of less favored area in relation to its animal producers, in order to receive more funding. EU does not have interest in expanding the regions eligible for funding yet.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

Primary documents related to the negotiation process do not contain any reference to this issue. However this issue could be put on the agenda by Poland once again as a member state during the post-negotiation phase.

4.2.3.3. Structural policy, rural areas development and forestry

Negotiation Problem:

One of the regulations related to the forestry is as follows:

- Related to the forestry in the EU; Council Directive 66/404/EEC of 14 June 1966 and Council Directive 71/161/EEC of 30 March 1971 oblige the Member States to identify reproductive material with a certificate of origin from the moment the seeds are collected till they are supplied to a recipient.

Negotiation Position:

EU position: EU asks for alignment with the acquis. Polish position: Poland requests a transition period of 8 years until 31 December 2010 to come up with a similar control system.

Negotiation Interests:

Poland wants long transition periods for costly infrastructure necessary for the implementation of the EU control systems, in order to reduce the costs of accession. EU on the other hand wants the new comers ready for the implementation of CAP measures.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

EU grants Poland the requested transition period, so the Polish position prevails.

4.2.3.4. Veterinary matters

Negotiation Problem:

One of the regulations related to the veterinary issues with regards to the dairy sector is as follows:

- Council Directive 92/46/EEC of 16 June 1992 lays down the health rules for the production and placing on the market of raw milk, heat-treated milk and milk-based products.

Negotiation Position:

EU position: EU asks for alignment with the *acquis*. Polish position: Poland has to adjust farm holdings producing milk and dairy processing plants in line with the EU requirements. Poland requests that raw-milk in Polish veterinary standards should be allowed to be sold in domestic market, and a transition period of two-three years after the accession should be given to all establishments, which do not fit the EU criteria. Additionally Poland requests derogations from these criteria certain products produced in a traditional way.

Negotiation Interests:

Poland wants to avoid spending too much national resources on the costly veterinary measures during the first years of accession. EU tries to keep the veterinary standards within its market.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome: EU grants Poland a transition period of 12 months after the accession to bring a total number of 113 establishments in line with the respective legislation⁵⁴. However EU allows Poland to sell milk below the EU criteria to domestic market and third countries during this period.

Negotiation Problem:

One of the regulations related to the veterinary issues with regards to the meat products is as follows:

- Council Directives 77/99/EEC of 21 December 1976, 94/65/EC of 14 December 1994, 64/443/EEC of 26 June 1964, 71/118/EEC of 15 February 1971, 92/45/EEC of 16 June 1992 and

⁵⁴ Details issued in Commission Regulation 2004/458/EC of 29 April 2004

91/495/EEC of 27 November 1990 lay down the veterinary requirements for the production and placing on the market of meat products.

Negotiation Position:

EU position: EU asks for alignment with the *acquis*. Polish position: Poland requests that small capacity establishments are temporarily allowed to produce for the domestic market and third countries for a period of 4 years.

Negotiation Interests:

Poland wants to avoid spending too much national resources on the costly veterinary measures during the first years of accession. EU tries to keep the veterinary standards within its market.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

EU grants Poland a transition period of three years after the accession to bring a total number of 332 meat establishments in line with the respective legislation⁵⁵. However EU allows Poland to sell meat products below the EU criteria on domestic market during this period.

4.2.3.5. Phytosanitary issues

Negotiation Problem:

The following Council Directives lay down detailed rules for phytosanitary issues in member states, which deal with the healthy production in European agricultural sector:

- Council Directive No 91/414/EEC and Council Regulation No 79/117/EEC lay down the rules for marketing and application of plant protection products. The marketing of pesticides containing biologically active agents, which are banned on the EU market is prohibited.
- Council Directive No 77/93/EEC lays down phytosanitary measures to prevent transmission onto the Community territory of organisms harmful to plants or plant products.
- Council Directive No 77/93/EEC Annex V contains the list of goods subject to phytosanitary check.

⁵⁵ Details issued in Commission Regulation 2004/458/EC of 29 April 2004

- Council Directive No 77/93/EEC establishes protected zones throughout the Community free from certain harmful organisms.

Negotiation Positions:

EU position: EU asks for alignment with the acquis. Polish position: Poland requests to make new entries in the list of products banned and to expand the list of products in the respective directive. Also, Poland wants to add new products to the list of goods subject to phytosanitary check and requests that these zones are controlled if they have a list of harmful organisms presented by Poland.

Negotiation Interests:

Poland is more advanced in plant protection and wants new measures in this field introduced to the agricultural legislation of the EU. EU does not have an interest to revise acquis imposing new conditions to the EU 15 during the negotiations with new comers, since EU already has difficulties to balance interests of the existing members and new comers.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

Primary documents related to the negotiation process do not contain any reference to this issue. However this issue could be put on the agenda by Poland once again as a member state during the post-negotiation phase. However Poland is given a transition agreement until 31 December 2006 for the market placement of certain plant protection products.

Negotiation Problem:

One of the regulations related to the phytosanitary issues is as follows:

- Council Directive No 69/464/EEC lays down measures to be taken by member states to control potato wart disease.

Negotiation Position:

EU position: EU asks for alignment with the acquis. Polish position: Poland requests a 10-years transition period upon accession during which only potato varieties resistant to potato wart disease could be planted.

Negotiation Interest:

Poland has a large capacity in potato production and would like to avoid

EU measures, which could hamper its production rates.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

EU agreed on a transition phase for the implementation of this directive.

Negotiation Problem:

Another regulation related to the phytosanitary issues is as follows:

- Council Regulation No 2100/94 of 4 April 1994 lays down plant variety rights.

Negotiation Position:

EU position: EU asks for alignment with the *acquis*. Polish position: Poland requests from the Community to cover plant variety rights those Polish varieties that have been granted protection in Poland not earlier than four years before Poland's accession to the EU or -in the case of trees and vine – not earlier than six years before accession.

Negotiation Interest:

Poland would like to avoid costly measures for the definition of plant varieties.

Offers, Counter-offers:

Primary documents related to the negotiation process do not contain any reference to this issue.

Outcome:

Primary documents related to the negotiation process do not contain any reference to this issue. However this issue could be put on the agenda by Poland once again as a member state during the post-negotiation phase.

Evaluation of the Outcome:

Table VI summarizes the outcomes of negotiations on all issues about agricultural legislation and its implementation except for quotas and direct aid schemes. The issues, which were left unresolved, are considered as potential negotiation issues after the accession, therefore are referred to as “no outcome – post negotiation” in the table. According to this table, out of 46 problem issues, 23 (50 %) were left unresolved; therefore could be considered as issues to be settled during the post negotiation phase. 6 issues (13%) are postponed, whereas 8 (17%) ended up with mutual compromise, since both parties made some

concessions in order to reach an agreement. Polish position prevailed in 4 issues (9%) and EU position prevailed in 2 issues (4%). However, for 2 other issues (4%) EU makes very little concession in order to reach an agreement, so that these two outcomes could be considered as lopsided compromises.

TABLE VI Summary of the Outcomes of the Negotiations on Preparatory, Transitory or Permanent Measures

<i>Negotiation Problem</i>	<i>Outcome</i>
A. General Issues	Mutual compromise
B. Common Organization of the Market	
B.1.1. arable crops / dry gain varieties	No outcome - Post negotiation
B.1.2. arable crops / rapeseed varieties	No outcome - Post negotiation
B.1.3. arable crops / fibre flax and hemp	No outcome - Post negotiation
B.2. storage aid for flax and fibres	No outcome - Post negotiation
B.3.1. processed fruit and vegetables	No outcome - Post negotiation
B.3.2. processed fruit and vegetables	Polish position prevails
B.3.3. processed fruit and vegetables	Lopsided compromise
B.3.4. processed fruit and vegetables	No outcome - Post negotiation
B.3.5. processed fruit and vegetables	No outcome - Post negotiation
B.4.1. vine varieties	Decision postponed
B.4.2. vine varieties	Decision postponed
B.4.3. vine varieties	Decision postponed
B.4.4. vine varieties	Decision postponed
B.4.5. vine varieties	No outcome - Post negotiation
B.4.6. vine varieties	Mutual compromise
B.4.7. vine varieties	No outcome - Post negotiation
B.4.8. vine varieties	No outcome - Post negotiation
B.5.1. tariff quotas for banana imports	No outcome - Post negotiation
B.5.2. premium system for raw tobacco producers	Lopsided compromise
B.5.3. Polish tobacco varieties	No outcome - Post negotiation
B.5.4. marketing of seeds	No outcome - Post negotiation
B.5.5. marketing of material for vegetative propagation of vine	Decision postponed

<i>Negotiation Problem</i>	<i>Outcome</i>
B.5.6. hops certification	Polish position prevails
B.5.7. hops varieties	No outcome - Post negotiation
B.5.8. common organization of the potato market	No outcome - Post negotiation
B.5.9. support for her producers	No outcome - Post negotiation
B.6.1. dairy product varieties	No outcome - Post negotiation
B.6.2. dairy product varieties	Mutual compromise
B.7.1. slaughter premiums	Mutual compromise
B.7.2. suckler cow premiums	Mutual compromise
B.7.3. regional ceiling for special beef premiums	Mutual compromise
B.7.4. general and specific intervention measures for beef	Decision postponed
B.7.5. premium schemes	EU position prevails
B.7.6. sheep&goat meat market	No outcome - Post negotiation
B.7.7. premium right ceilings and disbursement principles	EU position prevails
B.7.8. sheep&goat meet producer groups	No outcome - Post negotiation
C. Structural policy, rural areas development and forestry	Polish position prevails
D. Veterinary matters	
D.1. dairy products	Mutual compromise
D.2. meat products	Mutual compromise
E. Phytosanitary measures	
E.1. plant production products	No outcome - Post negotiation
E.2. transmission of harmful organisms	No outcome - Post negotiation
E.3. goods subject to phytosanitary check	No outcome - Post negotiation
E.4. protected zones	No outcome - Post negotiation
E.5. potato wart disease	Polish position prevails
E.6. plant variety rights	No outcome - Post negotiation

- Efficiency: These legislative arrangements are difficult to settle for both parties. They are not only complex, but also involve parties with different interests such as agricultural, economy and

environmental authorities. Even if Poland manages to bring all issues on the agenda in an efficient way, EU still has to harmonize all acts with existing legislation, interests of the member states as well as macroeconomic interests of the EU as a whole. On the other hand, both parties have diverse options for solutions, such as trade-offs among product listings, transition periods and subventions.

- **Stability:** Most of the decisions have been directly or indirectly postponed. The remaining outcomes very much depend on the state after the transition periods granted. Therefore the outcomes of these sets of negotiations cannot be considered as stable.
- **Distribution of resources:** Most salient issues under this heading deal with the integration of certain Polish products into the EU listings, so that Poland could benefit from direct aid schemes for these specified products. However, these negotiations are either postponed or transition periods are agreed upon. Therefore several producer groups will not be able to benefit from the EU budget yet.
- **Distance from the opening position:** In cases of agreement, mostly both parties made concessions from their initial positions. However, considering the effect of the postponed decisions on Polish farmers, Poland is much further away from its opening position.

4.3. Overall Evaluation of the Outcomes Based on the Characteristics of Enlargement Negotiations

Hermann's framework suggests that in situations of power asymmetry, processes of negotiation tend to lead to a lopsided compromise, if the negotiators have to satisfy the interests of diverse parties. In the case of agricultural negotiations, the output is mostly lopsided compromise especially for issues of high importance such as direct aids. However, when it comes to legislative harmonization, many decisions crucial for the Polish farmers were moved to the post-negotiation phase, which in the end result could be interpreted as a deadlock or papering over differences, since neither party made major concessions and none of the parties positions prevailed. The parties will most likely bring these issues back to the agenda in the future once they find a ripe moment to do so. This outcome could be explained by using the other characteristics of the negotiations.

Firstly, in the enlargement negotiations nothing is decided until everything is decided. The key issue, which prolonged the negotiation phase, was the financial measures of CAP and access of the new comers to these measures. As it can be read from the regular reports, the focus was more on the establishment of necessary structures to implement CAP measures until the decision on budget allocations was reached. Negotiations could be concluded only after the decision of the European Council on the phased access to financial measures. Therefore Polish and EU negotiation teams might have made a trade-off by letting Poland benefit partially from the EU budget and keeping some farming sectors out of these mechanisms until agreed upon transition phases are completed.

Secondly, enlargement negotiations are nested games, since negotiation teams have to represent the interest of diverse parties. While agreements on direct aid schemes and quotas could be easily followed by the constituents of both parties, legislative arrangements are far more technical. It is rather difficult for the farming groups to assess the consequences of leaving these issues to the post-negotiation phase. So, it is not so clear why the Polish team might have resisted less in this set of issues.

In the post negotiation phase, Poland will have the opportunity to negotiate on the reforms related to CAP as well as their reflection to the EU budget as a full member state with strong voting power. However, as the Polish farming organizations also stress, the unequal treatment regarding the budget allocation will have a negative effect on the competitiveness as well as the restructuring of the Polish agriculture. This fact will remain even if the Polish authorities use the post-negotiation phase in the most effective way. Concerning the legislative harmonization, postponed decisions are mostly brought to the EU agenda right after the full accession of new comers in 2004. The issues, which were not stated in the Act of Accession and therefore automatically left to the post-negotiation phase could either be brought up to the EU agenda by Poland once again as a full member or left to the case law. For the latter to happen, individual farming organizations left out from aid schemes or the European Commission could open law suits so that the European Court of Justice could take decisions for their specific situations. This way these decisions are part of the entire EU legislation. Other farming organizations affected by the same legislation could base their actions on the respective decisions of the European Court of Justice. Therefore

the acts of Polish authorities as well as their constituents will be highly important, so that in the long term after the accession negative consequences of the enlargement negotiations for Poland could be dealt with.

CHAPTER 5

CONCLUSION

This thesis aimed to analyze the enlargement negotiations between Poland and the EU on the chapter of agriculture, which is one of the most complicated chapters among the 31 chapters of the *acquis communautaire* of the EU. The complexity of this chapter does not only lie in the numerous legislation it encompasses on the common organization of the market, veterinary and phytosanitary issues, but also the financial measures of the common agricultural policy of the EU. These measures make up to almost half of the EU budget. Therefore candidate states with a large agricultural population, such as Poland, had a strong interest in benefiting from the financial measures of CAP as the EU15 states. On the other hand, net contributors to the EU budget showed no interest for compensating the poor Eastern neighbors. Neither were the EU 15 states with large agricultural population interested in sharing the EU resources with the new comers. Therefore EU and Poland aimed to come up with permanent and transitory measures for Poland's alignment with the *acquis*, which would balance these diverse interests at best.

The road to the negotiations was however long and difficult for both parties. Poland had to liberalize its market and adjust its economic structures to the norms of the single market within the EU. Poland also had to undergo several institutional reforms in order to harmonize its market instruments. It established political bodies dealing with the accession to the EU, which were revised and restructured again and again along the process. On the other hand, EU had to prepare itself to its largest enlargement. This enlargement was significant not only because of its scope, but also because of the low level of development and welfare in most of the candidate states. Therefore, EU needed precautions to prevent the side affects of the enlargement as much as possible. For this purpose heads of the member states adopted the Copenhagen criteria, which have to be

fulfilled by all candidate states. According to the Copenhagen criteria, candidates should have stable institutions guaranteeing democracy, rule of law, human rights and minority rights; a functioning market economy and capacity to cope with the competitive pressure of the EU, and ability to adopt the *acquis*. Additionally, the EU should have the capacity to absorb new members without endangering the momentum of European integration. Candidate states performance towards the fulfillment of the Copenhagen criteria was assessed by the European Commission through its regular annual reports issued for each candidate state.

At the Luxembourg Summit of the European Council (1997), the Commission presented its Opinion towards the candidates, based on which the Council took the decision on their accession process. At this Summit, Poland was declared as ready to enter the enlargement negotiations already within the first wave of candidates. Poland adopted a National Strategy for Integration (1997) and signed the Accession Partnership with the EU (1998). The negotiations on the *acquis* between Poland and the EU started in 1998 and lasted until 2002. While simple and politically insignificant chapters such as education, culture, and statistics were completed within the first months, more problematic chapters such as agriculture, the four freedoms⁵⁶ and environment took years.

Screening of the agriculture chapter started in September 1998 and lasted until June 1999. Poland submitted its first negotiation position on agriculture in November 1998. Formal negotiations on this chapter started in June 2000, when the common position of the European Union was presented to Poland. They were finalized in 2002 and following the assent of the European Parliament and the approval of the national parliaments by simple majority Poland and EU signed the Act of Accession in 2004.

Negotiations took place between the negotiation team of Poland and the Council of the European Union. However Commission served as a kind of broker between these two parties, since it presented the *acquis* to the candidates, drafted common positions for the Council as a response to the positions of Poland and also tried to come up with a ‘third option’ to satisfy the needs of both parties as much as possible in cases of disagreement. This process is repeated

⁵⁶ The four freedoms are freedom of movement of capital, persons, services and goods

until both parties reach an agreement. On the one hand, this system prolonged the process and made it more complicated to balance the interests of all parties involved. On the other hand, it encouraged the parties to make concessions in order to be able to finalize the negotiation process.

The chapter on agriculture covered three important sets of issues. Firstly, Poland and EU had to agree upon the access of Poland into the direct aid schemes of CAP from the EU budget. This was a highly critical issue for all candidate states with large agricultural population. The EU had to come up with a single formula for all candidates. While the net contributors to the EU budget were strongly against paying for the poor agricultural population of the new comers, the candidates rejected strongly to being kept out of the CAP measures. They claimed that this would not only create a second class membership, but also strongly harm new comers, which do not have the capacity to compete with the member states with access to CAP financing. As an end result both parties compromised in having direct aids phased in from 2006 on until 2007, which could be topped up from financial resources available in national envelopes of by co-financement.

Second major set of issues were the quotas of products eligible for direct aid. Poland had to make great concession in its dairy and beef products sector, whereas its position concerning the arable crops and sugar was more or less accepted by the EU due to the priorities of the agricultural market on the European level favoring Polish production of arable crops and sugar. Third set of issues dealt with the legislative alignment of Poland to the *acquis* on agriculture. Mostly Poland requested to have its specific products listed in the relevant regulations or directives, which define products eligible for direct aid. Poland and EU left more than half of the issues defined in Poland's position paper to the post-negotiation phase. The outcomes of these two sets of issues will have a clear effect on the farmers particularly in the dairy and beef products sector. However, the exact impact on Poland could not be assessed without having a clear picture of the results of the negotiations on other important chapters. Farmers who are excluded from the direct aid schemes could benefit from rural development or structural funds in order to restructure and improve their agricultural holdings, change their production lines or learn new jobs. This outcome stresses the importance of issue-linkages in enlargement negotiations.

Additionally it shows the importance of the preparation for the negotiations by thorough analysis of the *acquis* and the situation of the country concerning the respective *acquis* chapter. A candidate state could manage beneficial outcomes if and only if its negotiation team is well informed to be flexible enough to link different issues with each other and maximize its benefit from the entire process.

Overall Poland in alliance with the other candidate states with large agricultural population struggled hard to gain access to the financial mechanisms of CAP and considering the strong opposition from many member states they were successful. Poland could hardly reach its aim with regards to the quotas in important agricultural sectors, however in the long run its success will depend on its performance during the post-negotiation phase as well. Most of the legislation related to the common organization of the market, veterinary and phytosanitary issues will be re-negotiated while Poland is already an insider. Poland will also vote for the new financial framework, CAP reforms as well as new quotas as a member state. Poland already prepared the optimum grounds for this phase by blocking the convention negotiation due to the less favorable voting system the Convention had proposed and together with Spain managed to convince the EU leaders to accept the Nice formula for qualified majority voting. According to the Nice formula Poland will have its weight very close to the weights of the big four of the EU; Germany, France, UK and Italy and therefore a considerable power in policy areas, which are decided upon by Qualified Majority Voting.

On the larger scale, Poland's accession along with other CEEC had a clear impact on the policy making of the EU in the field of agriculture. The EU is divided into two different groups, one supporting a protectionist policy such as CAP to ensure the welfare of large agricultural sector whereas the other group pushes for a more progressive financial framework for EU, which would shift the funding from agriculture to research and development (Sapir et al, 2003) for creating an EU of knowledge. Poland found its allies in the former from among the candidates as well as member states to push for the preservation of the CAP measures. This way accession of the CEEC delayed the plans of the supporters of an EU dedicating its resources to research and development and education.

This thesis presents the negotiation process on the chapter of agriculture between Poland and EU and also discusses main arguments underlying

negotiation moves of both parties on this chapter with respect to the specific context of eastern enlargement. However, as stated above, the actual impact of the outcomes of the negotiation highly depends on Poland's moves under the umbrella of the EU as a full member state.

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