



EUROPEAN PARLIAMENT

DIRECTORATE-GENERAL FOR RESEARCH
DIRECTORATE A
DIVISION FOR INTERNATIONAL AND CONSTITUTIONAL AFFAIRS

FACTSHEET

LATVIA

Chapter 7 - Agriculture

1. The acquis ¹

With the exception of veterinary and phytosanitary legislation, mainly in the form of directives, most of the regulations and legislation covered by this chapter will be directly applicable at the date of accession and do not therefore call for transposition on the part of the candidate countries. The emphasis in the preparations for accession will therefore be on a country's ability to implement and enforce the acquis.

The following main fields are covered:

- Horizontal issues: Agricultural Guarantee and Guidance Funds; trade mechanisms; quality policy; organic farming; Farm Accountancy Data Network; State Aids.
- Common Market Organisations: arable crops; cereals, oilseeds and protein crops; non-food, processed cereals, potato starch, cereal substitutes and rice; sugar; fibre crops.
- Specialised crops: fruit and vegetables; wine and alcohol; bananas; olive oil; tobacco.
- Animal products: milk and milk products; beefmeat; sheepmeat; pigmeat; rural development.
- Veterinary legislation: control system in the internal market; identification and registration of animals; control at the external borders; animal disease control measures; animal health - trade in live animals and animal products; public health protection; animal welfare; zootechnical legislation.
- Phytosanitary legislation: harmful organisms; quality of seeds and propagating material; plant variety rights; plant protection products/pesticides; animal nutrition.

¹ Information largely drawn from the European Commission, DG Enlargement
<http://www.europa.eu.int/comm/enlargement/negotiations/chapters/index.htm>

2. The negotiations

The chapter has been closed with ten countries, including Latvia, and remains open with Bulgaria and Romania.

Chapter opened: June 2001

Status: Closed December 2002.

Transitional arrangements:

The key agreements reached in the negotiations with the ten countries which closed the chapter in December 2002 are:

Financial and market related aspects of agriculture

- The new member states will gradually phase in EU agricultural **direct payments** between 2004 and 2013. Direct payments will start at 25% in 2004, 30% in 2005 and 35% in 2006 of the present system and increase by 10 percentage steps to reach 100% of the then applicable EU level in 2013.
- Within carefully defined limits, the new member states will have the option to "**top-up**" these EU direct payments with national subsidies.

In 2004-2006, a new member state has the possibility to top up EU direct payments to

- either 55% of EU level in the years 2004, 60% in 2005 and 65% in 2006. From 2007 the new member state may top-up EU direct payments by 30 percentage points above the applicable phasing-in level in the relevant year;
- or to the total level of direct support the farmer would have been entitled to receive, on a product by product basis, in the new member state prior to accession under a like national scheme increased by 10 percentage points;

In no case should the payment be higher than 100% of EU-15 level of direct payments.

- Rather than applying the standard **direct payment scheme** applicable in the current EU, the new member states have the option, during a limited period, of granting their farmers CAP direct payments in the form of a decoupled area payment (a simplified payment scheme). An annual financial envelope will be calculated for the new member state according to agreed criteria and then divided between the utilised agricultural area.
- The new member states will have special additional financial aid **for rural development** for a limited period. This includes a higher proportion of EU co-financing in rural development projects.
- Certain **rural development measures** have been adapted or created in order to reflect better the requirements of the new member states in the first years of accession. This means that for a limited period, new member states will be able to use rural development funds for schemes specifically designed to help restructuring of the rural sector. For example, there is support for semi-subsistence farms undergoing restructuring as well as specific measures to assist farmers in meeting EU standards.
- **Reference quantities (e.g. quotas, base areas)** have been agreed for all the applicable products on the basis of recent production and taking into account country specific circumstances (e.g. drought).
- In a few specific instances, **transitional periods** were agreed for the adoption and implementation of certain parts of EU legislation. These transitional periods are exceptional and limited in time and in scope.

Veterinary and phytosanitary aspects of agriculture

- Certain **food establishments** have been granted a transitional period in order to upgrade to fully meet EU requirements. These include 52 premises in the Czech Republic, 44 in Hungary, 117 in Latvia, 20 in Lithuania, 485 in Poland and 2 in Slovakia. Such transitional periods are limited in time and scope and do not involve any exemption from food hygiene legislation. During the transitional period, products which come from these establishments must be specially marked and cannot be marketed in any form in other EU countries.
- All establishments not subject to a transitional period will have to comply with the *acquis* on accession and their products will be able to be freely marketed within the EU.
- Certain establishments have been granted a transitional period in order to upgrade to fully meet **structural requirements for hen cages** (only the slope and height of the cages). Such transitional periods are limited in time and scope and are applicable in the Czech Republic, Hungary, Malta, Poland and Slovenia.
- There are also transitional periods in the field of **phytosanitary** legislation for Lithuania and Poland (potato ring rot and potato wart disease respectively) as well as transitional periods on certain parts of seed quality legislation for Malta, Cyprus, Latvia and Slovenia. Again, these transitional periods are limited in time and scope.

3. Position of the European Parliament¹

In its resolution of 4 October 2000², Parliament:

- Underlines the fact that support for agriculture and rural development must focus on the multiple functions of rural economies and the appropriate use of human and natural potential in each region, thus integrating aspects of employment, social services, environment protection, biodiversity and food quality; rural development programmes should focus on added value through processing and marketing on a local and regional level instead of giving priority to export of agricultural raw materials;
- Emphasises that integrated rural development measures in the framework of SAPARD should cover the rural areas in their entirety so as to avoid further marginalisation of disadvantaged rural areas; considers that pilot projects such as the Latgale development region should be used to mobilise cooperation between all rural actors and to enhance a participatory process of rural development.

In its resolution of 5 September 2001³, Parliament:

- Regrets the delay in the launch of the SAPARD programme for aid to agriculture and rural development; asks the Commission to speed up the process; agrees with the Commission that the deadline for spending the SAPARD funds allocated in the 2000 budget should be extended to the end of 2003;
- Underlines that SAPARD should be implemented in a way that enables all members of the rural population to benefit from it and to exploit the big opportunities for integrated rural development and environmentally friendly production; points to the importance of supporting and cooperating with farmers' organisations, not least with a view to reaching farmers with small resources and low access to information;

¹ For Parliament's position on enlargement and agriculture, see the resolution of 13 June 2002: [A5-0200/2002](#)

² Resolution on the state of negotiations with Latvia, § 10 & 11: [A5-0239/2000](#)

³ Resolution on the state of negotiations with Latvia, § 12 & 18: [A5-0252/2001](#)

- Calls on Latvia to put into place mechanisms necessary to link effectively to the Community's Rapid Alert System, both in terms of alerting the European Food Safety Authority of any serious perceived or identified risk and in terms of action to be taken by the RAS as a result of an EFSA warning;
- Believes it to be of central importance that the implementation of the new proposals in the Commission's White Paper on Food Safety (COM(1999) 719) is carefully monitored by Latvia, and taken full account of before the negotiations are finally completed;
- Emphasises that EU animal welfare legislation must be properly supported by adequate controls at national and EU level if enlargement to include Latvia is not to result in a deterioration in the EU's animal welfare record.

In its resolution of 13 June 2002¹, Parliament welcomes the accreditation of the SAPARD paying agency; considers that when evaluating proposals for SAPARD projects, the competent Latvian authorities would be well advised to pay particular attention to rural development, agri-environmental measures and income diversification for small farmers; draws attention to the considerable potential of Latvian agriculture in the area of environmentally friendly production methods.

In its resolution of 20 November 2002², Parliament reiterates its support for the objective of gradually phasing in direct payments for farmers in the new Member States; recalls that the estimated agricultural expenditure related to enlargement can be accommodated within the Berlin agreement, consisting of commitments in 2005 of some EUR 1.1 billion in total direct payments, some EUR 750 million for market expenditure and some EUR 1.6 billion for rural development.

4. Latest Assessment by the European Commission ³

In its 1997 Opinion, the Commission concluded that substantial efforts to align with the *acquis* were still necessary, although progress had been made in adopting the measures mentioned in the Commission's White Paper of 1995 on the Internal Market. The Commission added that particular efforts were needed on: the implementation and enforcement of veterinary and phytosanitary requirements and upgrading establishments to meet EC standards (an aspect of particular importance with regard to the inspection and control arrangements that protect the EU's external borders); strengthening administrative structures to ensure the necessary capacity to implement and enforce CAP policy instruments, including the import arrangements; and further restructuring of the agri-food sector to improve its competitive capacity. The Commission further pointed out that since only a limited number of the mechanisms of the Common Agricultural Policy existed at that point in time, fundamental reform of policy would be needed, and a substantial effort would be necessary to prepare for accession in the medium term.

Since the Opinion, Latvia has made considerable progress towards alignment with the EC agricultural *acquis*, in particular over the past two years and, more recently, has progressed with developing the necessary administrative capacity to implement the *acquis* in this area. As regards preparations to apply the Common Agricultural Policy, some preparatory steps have

¹ Resolution on the state of the enlargement negotiations, § 90: [A5-0190/2002](#)

² Resolution on the progress of the candidate countries towards accession, § 30: [A5-0371/2002](#)

³ European Commission, Regular Report on Latvia 2002: pp. 71 & 72:

http://www.europa.eu.int/comm/enlargement/report2002/lv_en.pdf

been taken in terms of administrative structures for the necessary legislative alignment, but considerable legislative work lies ahead and only limited progress has been made with the actual implementation of the CAP. Transposition of legislation is proceeding well. Administrative structures are partly in place and further efforts are needed to strengthen administrative capacity.

Negotiations on this chapter continue, although all negotiation issues in the veterinary and phytosanitary fields have been clarified. Latvia has been granted a transitional arrangement for public health in 11 milk processing establishments, 29 fish processing establishments and 77 meat establishments (until three years after the date of accession). Latvia is generally meeting the commitments it has made in the accession negotiations in this field.

In order to complete preparations for membership, Latvia's efforts now need to focus on finalising alignment; further reinforcing the administrative capacity to implement and enforce the *acquis* of the Common Agricultural Policy in particular for the paying agency, the Integrated Administration and Control System and the Common Market Organisation mechanisms, and especially in the veterinary field and that of food safety; ensuring that establishments are duly upgraded to meet Community Standards; and concluding the process of agricultural land reform.

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