

Transition Paths: EU Accession and the “ Second Agricultural Revolution ” in Central and Eastern Europe

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. “ The First Agricultural Revolution ”

The first agricultural revolution in Central and Eastern Europe was ideologically based and came together with the soviet tanks, which means that it was “ imported ” or, more exactly, imposed from outside. It was a revolution because it was meant to radically change the traditional economic and social patterns of the agriculture. First we will have a look over the Soviet origins of this revolution.

In a specific historical and geopolitical context (the WWI and the Bolshevik revolution) in the first half of the XX Century, Russia became a gigantic laboratory for experimentation of the XIX Century collectivist theories. The “ experiment ” was socially painful and took seventy years to prove its failure, although there were clear warning signals only a couple of years after its beginning.

Socialist collectivization sought to modernize agriculture consolidating the land into larger parcels that could be farmed by modern equipment. It also had an important ideological goal as it meant to annihilate the very essence of capitalism: individual private propriety.

Initially it was hoped that the goal of collectivization could be achieved voluntarily. However, the traditional closeness of the peasants to their land and the lack of incentives offered by the state determined a major reluctance towards giving up the land to collective exploitation. Therefore, the socialist collectivization has been largely achieved by force, thus being a failed project since its very beginning. In the new Soviet Union, collectivization has been encouraged since the revolution but by 1928 only 2% of the households were collectivized¹. As a consequence, in November 1929 a

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process of forced collectivization has been carried out. The soviet government abuses lead to more than six million deaths, most of them richer peasants who opposed collectivization as well as other collateral victims. Due to big government quotas, farmers got much less for their products than they did before collectivization. In many cases the farmers refused to work or hide their crop which leads to a dramatic reduction of grain production and livestock. The response from the Soviet central government was very brutal by many arrests, deportations and stopping of the food supplies, especially in Ukraine, which resulted in nearly ten million deaths due to hunger. Finally, in 1939, Soviet Union had barely reached the production of 1928².

The same history of abuses in the context of an ideologically driven agricultural policy has been repeated in Central and Eastern Europe, in the aftermath of the second World War, under the soviet domination.

The agricultural collectivization was an integral part of the so called "socialist revolution" meant to fundamentally change the economy and society of the targeted countries.

In Romania, the first round of collectivization began in 1949 and was an obvious failure by 1951. Only 17% of farmland had been collectivized and 80,000 resisting peasants had been arrested. The country had too few tractors to equip the large new farms, and production fell. The state then tried a different tactic. Peasants were allowed to keep their land, but had to sell their produce to the state at unattractively low prices. This slow squeeze gradually drove peasants off the land and into industrial jobs, while their land was transferred to cooperative farms. By 1962, 77% of arable land and 90% of farm output was in state hands; by the 1980s, 90% of land was under state control³.

In Bulgaria, the Communist regime began to collectivize agriculture in 1946 using existing state controls and the old cooperative system. By 1959, 98% of the country's farmland was involved. Collectivization increased production of crops like grain that could be handled with machinery, but didn't work well for vegetables and other labor intensive crops. Without profit incentives, peasant production of these crops fell. As a result, starting in 1957 peasants were permitted to lease land from their collective farms for private production. About 10% of available land eventually came into private use (not ownership) but produced 30% of the country's milk supply, 40% of

its vegetables, fruit and meat, and 50% of its potatoes and eggs. For obvious reasons, the government could not cut off this source of production and it endured until the end of the Communist regime⁴.

Hungary, unlike the other Balkan states, still had large private estates at the end of World War II and the first actions of the Communist regime were intended to rid the country of these feudal remnants. Once the Communists were firmly in power in 1949, a rapid collectivization program has been implemented. The result was a drop in agricultural production due to peasant dissatisfaction and insufficient investment in agriculture by the state. Collectivization had to be suspended in 1953. After the 1956 Revolution, there was a second collectivization drive. The state offered better support this time and members of collectives gained a voice in decision-making. 90% of the nation's farmland went to cooperative farms, of about 7,000 to 8,000 acres each. Under the New Economic Mechanism of 1968, residents of each farm gained real autonomy to decide what to grow and how to invest proceeds of sales, and it became legal for private individuals to lease land on which they could grow crops for sale. Most such private plots were managed on the side by farmers, but they soon produced about 30% of overall farm output, making them an essential part of the national economy⁵.

In Czechoslovakia, collectivization of agriculture began in 1948. Individual land ownership was not generally abolished, but the use rights were given to the state and cooperative farms, and under pressure many owners simply gave their agricultural land to the State. The land cadastre and registry also stopped registering individual ownership parcels and historic field boundaries were often eliminated⁶.

Poland, never collectivized the great bulk of its land during the Communist era, so it has had majority private ownership of agricultural land throughout the period since World War II. 75% of farmland remained in family farms during the Communist era. Both physical persons and legal entities in Poland have full rights to own both agricultural and non-agricultural land.

In Yugoslavia, 2 million peasants were forced into collective farms in the 1940s, but the program was cancelled in 1952 because of low output.

In sum, the socialist collectivization of the agriculture failed to provide its promises. The lack of incentives, bad management, all the failures of a state driven policy, all have concurred to the faliment of collectivization. Of course, the large areas cultivated

and the large scale use of mechanised machineries lead in several decades to increased production, especially of grain, comparing with the pre-collectivization period, but this is quite irrelevant considering that, due to the inherent technological progress, the production would have increase anyway. Furthermore, the socialist agriculture could never compete with the modern agriculture in the western countries in terms of quality and productivity. Overwhelming empirical evidence from different cultures and political regimes suggested that secure and unrestricted private property rights of land and other productive assets are essential to ensure the most efficient form of agricultural production

. Transition, EU Accession and “ The Second Agricultural Revolution ”

The 1989 revolutions in Central and Eastern Europe meant the beginning of a long transition process “ back to normality ”. This largely represented the normality of guaranteed private propriety, market economy, free initiative, independent justice, all which have been lost in the course of the previous “ socialist revolution ”. Like any structural change, the transition was due to be long and difficult. In the absence of any “ blueprint ” or precedent on how to reform a socialist system, the first years were characterized by confusion, hesitation, sometimes chaos. Correcting the obsolete structures called for creative destruction. Because destruction is rapid, whereas creation proceeds more slowly, the two processes led to a deep recession.

In agriculture observes noticed several similar characteristics among which the most common has been the economic recession and production fall. The socialist system left a badly distorted system of input, output, and trade. The reorganization of this system, and the institutional changes associated with it, caused major disruptions.

The initial decline in agriculture has been primarily caused by a combination of institutional disruptions and subsidy cuts. Agricultural production and food consumption were heavily subsidized under the communist system. Macro-economic reforms coincided with price liberalization and subsidy cuts in the early years of transition. The result was major reductions in the support to agriculture, and in food consumption subsidies. Reduced domestic demand with falling incomes and subsidy cuts was reinforced by falling foreign demand. This factor caused 40-50 % of the decline of crop output over the 1989-1995 period.

The Early Structural Reforms

Key reforms specific to agriculture were land reform and farm restructuring. First, in Central and Eastern European countries (CEECs) the process of land restitution to former owners caused major disruptions, but despite its complexity and implementation problems, it finally resulted in stronger and better defined land property rights.

In some countries a complete shift to individual farming has taken place, while in others a less radical approach has been taken. The variation reflects differences in incentives and costs of restructuring, caused by policies and structural conditions. In many countries a dual farm structure has emerged with some large-scale farms and many small-scale individual farms. In those countries which have implemented the necessary reforms, productivity increases have emerged in the second half of the 1990s.

An essential reform element for sustainable growth has been macro-economic stabilization, including the reform of fiscal and monetary institutions. Sustained macroeconomic stabilization have laid the basis for institutional change in the more advanced transition countries.

Macro-economic stabilization and general reform progress have not only improved access to foreign capital, technology and know-how, but also access to domestic credit and capital sources for the farms. The recovery in some CEECs has been at least partially due to improvements in the general economic climate which improved the working capital situation for the farms.

The inflow of foreign investment and the associated inflow of technology, know-how and capital in the agri-food chain have been most important in CEECs where the progress of the general reforms, the macro-economic situation, and especially the prospect of EU accession have created an environment more conducive to investments.

Land Reform and Farm Restructuring: De-collectivization and Re-privatization

Restitution was the central focus of land reform. Estonia, Latvia, Lithuania, Romania, and Bulgaria restituted land to former owners. In these countries, land had been formally expropriated from its existent owners during the collectivization process.

Most of the new owners who received land through restitution did not farm the land restituted to them. Each of these countries faced a unique set of problems related to their restitution process.

In Romania the restitution law passed in February 1991. The law liquidated 3,700 collective farms, and returned their lands to the households that had given them up during collectivization. Up to 10 hectares of arable land and one hectare of forest land were returned to each family⁷. However, the law did not address the 30% of Romania's agricultural land that was held in state farms⁸. The State justified this decision as necessary to ensure food security while the collectives were dismantled⁹. As of 1997 up to 50 hectares of arable land and 30 hectares of forest land could be restituted to those who had given their land over for collective farms¹⁰. Regarding state farms, in January 2000 Romania passed a law allowing for restitution of state farm land for the first time, up to 50 hectares of farmland and 10 hectares of forest land per family¹¹. The law states that claimants' original plots should be returned if possible¹². When this is not possible, financial compensation will be paid¹³.

An important component of restitution has been the timely registration and issuance of documents certifying private ownership. In Romania, the delays in this process were largely caused by factual disputes over issues such as drawing of boundaries between land parcels, and did not appear to be primarily the fault of the legal rules.

In Bulgaria, agricultural land was divided into two categories for purposes of restitution. The first category, called "real boundary land," consisted of parcels, the boundaries of which were not destroyed or could be recreated based on documentation. The goal of the restitution process with respect to "real boundary" parcels was to restore ownership of the actual parcel to the heirs of the former owner. The second category of land, called "land division land," consisted of parcels that the State amalgamated into large state and collective farms at the time of expropriation. In the amalgamation process the boundaries of the individual parcels were not preserved and could not be recreated. The goal of the restitution process with respect to "land division land" was to distribute new parcels to those with claims. The parcels resulting from this process were formed based on the number of claims that were made, along with any written evidence or oral testimony presented as to who owned what land. Approximately 75% of the agricultural land eligible for restitution was

"land division land," and 25% was "real boundary land." Currently, according to government statistics, 99.13% of the agricultural land eligible for restitution has been restituted. In general, the legislation related to the land restitution was changed repeatedly, causing confusion and difficulties with enforcement. The legislators sought fairness and to this end changed the law and re-drew boundaries causing insecure land tenure. Disputes plagued the restitution process and for every dispute, a landowner was insecure in his land rights¹⁴.

Poland, never collectivized the great bulk of its land during the Communist era, so it has had majority private ownership of agricultural land throughout the period since World War ¹⁵. 75% of farmland remained in family farms during the Communist era¹⁶. While Poland had less work to do on privatization than many of its neighbors, it still had to privatize the large state farms that occupied one-fifth of Poland's arable land (approximately 3.7 million hectares) during communism.

Like Poland, the Czech Republic, Slovakia, and Slovenia did not expropriate all agricultural land during the communist era.

Hungary's post-communist land reform process was based on compensation of former owners, rather than restitution, with landless workers on state farms and cooperatives also receiving small land grants. The compensation process was completed by 1997, and 90% of the land was physically identified¹⁷.

Some countries have been slow to privatize state land, and instead lease out that land. Many countries have formally established "land funds," the purposes of which range from consolidation of small plots to assisting family farm development to simply renting land to large former collective or state farms. An ongoing concern with leasing of state-owned land is that it is often leased at very low rent levels, thus undercutting the development of private market rents.

Farm Restructuring

Many of those who received land were urban citizens with no interest in farming, and immediately leased their land. Hungary's trend has been toward supporting large farms with subsidies. As in Hungary, the Czech Republic restitution process resulted in a farm structure dominated by large farming operations operating leased land¹⁸. Pre-transition era land tenure patterns still remain.

In Romania, roughly 15% of the privately-owned agricultural land has been joined together by its owners and is farmed in large associations averaging a little over 400 hectares in size. The remaining 85% is farmed in small and medium-sized units. When looking at the total agricultural land base, both private and state-owned, about 60% of this base is farmed in privately-owned small and medium-sized units¹⁹.

The Structuring of Land Markets

The land markets were slow to set up and in some countries are still rather non functional. Many of the emerging markets were bogged down by the slowness of the initial privatization and titling of land. Lease of agricultural land has been and still is much more common than purchase and sale.

Amongst the transition states from Central and Eastern Europe, only Poland and Lithuania have relatively functional land markets. For those countries that do not have an active land market, there are several common land market constraints among which we can mention the following:

Land Restitution

In many cases the restitution process is incomplete. Without title to land, no purchase or sale of land can occur. Land with outstanding or disputed claims is unmarketable as well. The demand for agricultural land has been weak, especially during the first decade of the transition, thus land prices were unrealistically low and owners withhold land from the market to wait for higher prices before selling. The lack of realistic real estate prices complicates the pricing of mortgage loans and mortgage bonds.

Restrictions on Foreigners

Most of the countries from Central and Eastern Europe prohibited or limited foreign ownership of agricultural land. In Romania, the Constitution explicitly prohibited foreigners and stateless persons from acquiring ownership rights to land. However, a foreign legal entity could purchase land for its activities through a Romanian legal entity.

This subject has been heavily politicized during the EU accession negotiations on

the free movement of capital. The candidate states had to modify their domestic legislation as to allow the EU citizens to purchase agricultural land and forest. At the same time, in order to avoid land market speculations, a transition period of up to seven years has been negotiated (Poland and Romania initially asked for 14 years)

The Land Leasing Issue

Leasing is easily the most prevalent type of land transaction in Central and Eastern Europe. Lessors are often urban residents or pensioners, with pensioners often holding back 0.5 to 2.0 hectares to farm for household consumption. Lease terms range from 1 to 5 years²⁰. Rents paid typically range from 10-30% of the crop, which suggests quite a vigorous and competitive lease market. Leasing is particularly important since a high percentage of rural land owners live in the towns, and thus do not cultivate most or all of their land personally.

Private land market services are beginning to develop in Central and Eastern Europe. Some real estate agencies exist, as well as surveyors, and land valuers. Often these services grow out of the urban land markets, and urban land makes up most of the business of private companies.

The Land Fragmentation Issue

Restitution of agricultural land has created small land plots and spatially dispersed land in many countries. These countries have struggled with how to encourage land consolidation without over-interfering with the market.

In Romania, the farmers themselves have dealt with land fragmentation. The average plot size is two to three hectares, sometimes divided into 3 to 5 plots²¹. 50% percent of the land is owned by people outside of the agricultural sector²². Many plots are not being cultivated at all²³. Litigation concerning parcel location and soil quality has arisen²⁴. After the difficulty of attempting to individually farm fragmented plots, it appears that a significant number of farmers are opting for some kind of larger association²⁵. The formation of family associations to some degree has helped overcome the fragmentation problem²⁶. However, these association agreements have, in effect, reintroduced some of the difficulties of cooperative ownership and have resulted in a weakened sense of security in ownership that has translated into

restricted investments in the land²⁷. Leasing agreements have been suggested as an alternative to these association relations that would likely foster a stronger sense of security and thus more investment²⁸. The active but informal leasing market has resulted in some consolidation of farms with highly fragmented land ownership²⁹.

The EU Accession Factor

EU Accession process brought fundamental structural changes to land, labor and capital markets of the CEECs candidate states. The reforms and measures introduced in order to comply with the EU conditions were supplementing the early transition reforms in agriculture. Most of these reforms would have been needed to be adopted anyway even without the EU accession perspectives. At the same time, the EU context was instrumental in terms of bringing pressure and speed as well as coordination and financial support for the modernization of the candidate states agriculture.

EU Accession Negotiations on Chapter-7 Agriculture

Agriculture has been the largest of the 29 negotiation chapters³⁰. The agricultural *acquis* accounts for 50% of EU legislation. With the exception of the field of veterinary and phytosanitary legislation it consists mostly of regulations and the legislation is therefore directly applicable at the date of accession. In the veterinary and phytosanitary fields Community legislation consists mostly of directives and thus it required the transposition into national legislation of the candidate states³¹.

Negotiations were concluded with Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia in December 2002. Negotiations on the agriculture chapter with Bulgaria and Romania were concluded in June 2004.

The accession agreement was characterized by last minute negotiations on farm subsidies (direct payments) and production quotas. The negotiations reflected demands for equal treatment and equal support for CEECs farmers within an enlarged EU.

Indeed, one of the largest controversial topics has been the direct payment issues. The Brussels experts have argued that because of the particular land tenure structure in the CEECs, these payments would benefit most to absentee landowners (large

share of agricultural land was re-distributed to the (mostly urban-descendants of the original owners). Thus, an excessive influx of cash as a result of direct payments could have resulted in low productivity and led to capital formation in the value of property, which in turn results in higher costs and so does not benefit agriculture³².

Therefore the initial Brussels proposal was to pay only 25% of aids to CEECs farmers and to increase these only gradually. A compromise only allowed CEECs governments to pay more money out of their own pocket, not get extra funds from Brussels.

Under the strong pressure from the CEECs, the European Council agreed to increase direct payments to CEECs who become member states from the moment of accession up to 55% of the EU level, increasing to 100% by 2010. As such, the transition period in direct payments is reduced to seven years. However, the funding for these increases, the so-called "national top-up", comes from the CEECs themselves. The top-ups can be financed either from the national budget, or by using part of the EU rural development funds allocated to the country³³.

Bulgaria and Romania, joining the EU in 2007, will have equivalent treatment and will phase in direct payments starting at 25% in 2007 to reach 100% in 2016.

The extension of large direct subsidies to CEECs farmers, especially compared to local income standards, will have an important impact on farm incomes. The distributional income effects of these payments depend strongly on the functioning of the land market.

The new member states are the beneficiaries of a special additional financial aid for rural development for a limited period. This includes a higher proportion of EU co-financing in rural development projects. Further special support is given for semi-subsistence farms undergoing restructuring as well as specific measures to assist farmers in meeting EU standards. This was a recognition of the specificity of the agricultural conditions of the CEECs, that semi-subsistence farming was central to their agricultural structures.

In the course of negotiations, reference quantities have been agreed for all the applicable products on the basis of recent production and taking into account country specific circumstances.

A limited number of transitional periods were agreed for the adoption and

implementation of certain parts of EU legislation. The transition periods were related especially to veterinary and phytosanitary aspects of agriculture. All 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 countries³⁴.

The SAPARD Program

For the pre-accession period a special mention deserves the SAPARD program (Special Accession Program for Agriculture and Rural Development). It served two purposes. The first was to offer rural development-type support to aid structural reform in the candidate countries prior to accession. The second was to give the accession countries experience managing EU funds. The Brussels authorities were worried about the risks involved in non-member state governments handling EU funds. There was no precedent for non-EU countries apportioning funds and selecting between projects, yet that was what SAPARD had to do if it was to give civil servants in the candidate countries the sorts of experience that was needed.

Trade Impacts of the Enlargement

To an extent, many of the trade impacts have taken place before the enlargement of 2004. Thanks to the gradually entering into force of the Association Agreements (signed in 1991-1993) much of the trade between the CEECs and the EU has been completely liberalized. These agreements eliminated tariffs on many agricultural products and created duty free quotas for others.

In world trade terms, it seems that in the short to medium run, EU enlargement will not lead to any significant trade diversion, despite the Common Agricultural Policy (CAP) expansion to east.

It has been often suggested that, since EU agricultural tariffs are very high, major trade diversion will emerge or further increase upon EU enlargement. Although EU protection has always been quite high, so there were expectations that a range of CEECs agro-products to receive higher protection after 2004, there were also products for which protection in the former candidate countries turned out to be even higher

than the highest EU tariff peaks. The Czech Republic has been a prime example, with higher tariffs in sugar, butter, skimmed milk powder, beef, pork and poultry. However, in the Doha round, EU agro-tariffs are bound to fall considerably - the question is therefore one of timing.

All the above helps to explain why the enlargement has been, for the most part, a "silent" one.

As regarding the impact of the Enlargement on the Single Market, early predictions that the EU markets would be flooded by cheap eastern imports turned out entirely wrong. While agri-food imports from CEECs doubled over the 1990s, exports from the EU to CEECs increased ten-fold. Product quality has increased strongly in CEECs. This is due to a combination of public regulations on hygiene and minimum quality standards and private sector investments throughout the agri-food chain.

The EU Enlargement impact on the Common Agricultural Policy(CAP)

Though it was designed as a "food security" mechanism, the CAP has evolved into a system for supporting inflated agricultural prices, thereby securing the centrally determined income levels of farmers³⁵. Those measures resulted in price levels that were constantly above world market prices. That, in turn, led to overproduction and the notorious mountains or lakes of agricultural produce. At the same time, European consumers were prevented from purchasing food at lower prices.

Enlargement is a formidable challenge for the CAP. Indeed, 22% of the workforce in the CEECs is still employed in farming, compared to 5% in the EU-15. By adding 60 millions hectares of arable land to the 135 millions in the EU-15, the CEECs accession to the EU increased the agricultural area by 45% and added 9.5 millions of farm workers to the 7.1. millions in the EU-15³⁶. The high average employment in agriculture in the CEECs is mainly explained by Romania, Poland, and Lithuania. In the other CEECs the share of employment in agriculture is comparable to the figures in the EU-15.

Not least, the Enlargement is likely to have an important impact on the CAP policy-making because agreeing on important reforms will be even more complicated with a Union of 25-27 member states.

A first CAP reform was introduced in 1992 which lowered the EU subsidies but

introduced a compensatory system of direct farm support. Reform implementation started in 2004. The CAP reform aims of complying with future WTO commitments likely to emerge from the Doha Round of negotiations and to induce marginal incentives driven by market forces rather than by farm programs. Sugar and dairy are the notable exceptions to this trend. It means furthering the decoupling of farm support from production decisions initiated in the 1992 reform and lowering price policy incentives linked to production decisions. Decoupling, when fully implemented, will take the form of a Single Farm Payment, must be fully in place by 2007. Member states are expected to implement CAP reform in different ways, therefore resulting in different degrees of decoupling. Savings from cuts in subsidies will be redirected into Rural Development.

Conclusion

The agricultural sectors in Central and Eastern Europe witnessed two structural revolutions in the course of XX Century. Both were included into the context of larger systemic changes. Both revolutions tried to bring change and modernization into the traditional agriculture of Central and Eastern Europe. The first revolution was socialist and ended in failure while the second one, happening in the context of European integration, has all the chances to succeed. What is the major difference between the two“ revolutions”? The socialist revolution in agriculture was ideologically driven and forcefully imposed. The“ second agricultural revolution ”is non ideological, performance based and market driven. Not least, the success of the “ model ”has been thoroughly verified in the prosperous Western Europe and therefore there are no ambiguities.

A short review of the implications of EU accession for the reform and modernization of the agricultural sector in CEECs would be relevant:

-The requirement to adopt and implement all the EU norms and standards has determined a major modernization trend especially in the food industry where the need to meet strict EU sanitary, phytosanitary, and animal welfare regulations have led to major investments and concentration. At the farm level, smaller farms that are not able to meet the new standards will not be allowed to sell their products on the market and will eventually be forced out of business. These developments will

intensify pressures for farm consolidation, and the result could be fewer, larger, and more capital intensive farms and a reduction in demand for agricultural labor.

-In the pre-accession period the candidate states were subject of considerable support from EU in the form of SAPARD financing program³⁷ and after accession these countries were included in CAP which, among other things, will provide significant funds for rural development.

-After accession, the CEECs are eligible for EU structural funds. Thus, these funds are targeted towards infrastructure improvements in regions of the EU whose average per capita GDP is less than 75% of the EU average. All the CEECs except Slovenia meet this criterion. Annual distributions from the Structural Funds can total up to 4% of the recipient country's GDP. These funds could generate employment for workers who are released from agriculture. In addition, any resulting infrastructure improvements could raise the competitiveness of CEECs agriculture by reducing the transactions costs of moving products from farm to market.

-To the extent that accession brings higher income to CEECs agriculture, land prices will rise, even before other EU citizens are allowed to buy land. Higher land prices will encourage more capital intensive production practices, and the result will be higher crop yields.

-EU accession perspective made the CEECs much more attractive for foreign investors. This too generated higher non-agricultural employment, and higher incomes.

Therefore we can conclude that, for the agriculture of Central and Eastern Europe countries, the transition paralleled by EU accession constituted the very first modernizing and non-ideological revolution. Considering their potential, these countries could regain in a short time their traditional role as the "food basket" of Europe and strengthen the overall position of EU in the world economy.

Notes:

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- 3 Berend, Ivan T, "Agriculture", *The Economic History of Eastern Europe 1919-1975*, ed. M. Kaser/E.A. Radice (Oxford, 1985)
- 4 Idem.

- 5 Idem.
- 6 Lindemans, I, ' Process and politics of agricultural privatization: The case of the Czech and Slovak Republics,' in Swinnen, J. (ed.) *Political Economy of Agrarian Reform in Central and Eastern Europe*, Avebury: Aldershot,(1997)
- 7 Stan, Lavinia, *Romanian Privatization: Assessment of the First Five Years* 28 communist & post-communist studies 427, 430 (1995)
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- 9 Idem.
- 10 Synovitz, Ron, *Romania: Land Restitution Law a Step Toward Farm Reforms*, RADIO FREE EUROPE (13 January 2000)
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- 15 Ministry of Agriculture and Rural Development-Poland, *Note on Polish Agriculture*, (visited February 15, 2006)
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- 27 Idem.
- 28 Idem.
- 29 EU Enlargement: The Challenge of Agriculture, European Report (December 11, 1999) and Summary Presentation on Rural Land Market Development in Romania by Roy Prosterman and Jennifer Duncan for World Bank, (July 7, 1999)
- 30 The negotiation chapter for agriculture covers the following main fields:
Horizontal issues: Agriculture Guarantee and guidance funds; Trade mechanisms; Quality policy; Organic farming; Farm Accountancy Data Network; State aids
Common Market Organizations: Arable crops; Cereals, oilseeds and protein crops; Non-food, processed cereals, potato starch, cereal substitutes, rice; Sugar; Fiber crops
Specialized crops: Fruit and vegetables; Wine and alcohol; Bananas; Olive oil; Tobacco
Animal products: Milk and milk products; Beef meat; Sheep meat; Pigment; 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
- 31 European Commission official web site on accession negotiations: <http://europa.eu.int/comm/enlargement/negotiations/chapters/chap7/index.htm> (visited 23 February 2006)

32 Mayhew, Alan, *Enlargement of the European Union: An Analysis of the Negotiations with the Central and Eastern European Candidate Countries*. Sussex European Institute, University of Sussex, Working paper No. 39, 2000

33 *Idem*.

34 *Idem*

35 The six main CAP support mechanisms are:

- Price support: guarantees minimum prices set by agricultural ministers
- Import taxes: to ensure external prices cannot undercut internal EU prices
- Intervention: support by selling or storing surpluses
- Stock disposal: to dispose of surpluses by other means e.g. Free Food Scheme
- Subsidised exports (that results in the " dumping " of surplus produce causing a destabilising of prices in third countries)
- Production control: quotas (e.g. on milk) and " set aside "(refers to land)

36 FAO web site: <http://www.fao.org> (visited 23 February 2006)

37 European Commission official web site: <http://europa.eu.int/comm/agriculture/external> (visited 23 February 2006)