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DI POLITICA INTERNAZIONALE

QUADERNI



OSSERVATORIO ISPI-BOCCONI SULLE OPPORTUNITÀ GLOBALI

Allargamento ad est dell'Unione Europea: il quadro degli scambi agricoli con i peco

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Settembre 2001
N. 14

Executive Summary

In the negotiation process leading to the enlargement of the European Union (EU) to the Central and Eastern European countries (CEECs), agriculture plays a crucial role. The Common Agricultural Policy (CAP) of the EU has been very important in shaping the internal relations between member countries and it is one of the largest voices in the EU budget. Trade in agricultural commodities is also a key issue in the international trade agenda of the WTO, and the EU is subject to pressures to liberalize its domestic market in this sector. Also, agriculture is still an important sector in many CEECs, employing a large share of the labor force, and a relevant amount of this sector's output is directed to the EU market. Therefore the CEECs do not want their agricultural production to be discriminated with respect to old EU members and aim at receiving full-membership treatment as soon as possible, even if they raised much criticism against the CAP. For all these reasons, the chapter on agriculture represents a key step in the process which is defining the conditions for the enlargement of the Union. Being such a delicate issue, the negotiations on agriculture have been postponed many times. But if the proposed date for the first group of countries to join remains 2004, negotiations on this issue should start soon, because they will need time to be concluded.

A point often raised is that it is impossible to extend the CAP as it currently is to the new members, because the burden on the EU budget would become excessive, and the CAP must be reformed before extending it to the CEECs. Therefore, reforming the CAP is increasingly urgent both for internal and external reasons, even if many EU members are concerned by the effects of the liberalization of the agricultural markets and most farmers in the EU oppose it.

In this work we want to assess which issues are at stake, and which risks and opportunities may arise for the Italian agricultural sector. In the first section we examine the status of the negotiations for the enlargement and the main problems on the floor, focusing on the agricultural markets and on the CAP. In the second section we discuss the role of agriculture in the CEECs and their current agricultural policies. In the third section we compare the Italian agricultural trade flows to the ones of the CEECs, looking for complementarities and overlaps, in order to assess which competitive pressures may arise following the enlargement.

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On the basis of the current trade flows it is very difficult to understand which are the underlying comparative advantages of the member countries and their partners. Data on agricultural trade flows of the EU members should be interpreted very cautiously, because agricultural production and trade have been distorted by the CAP for many years. With the reform of the CAP, narrowing the scope of its complex system of production incentives and trade barriers, agricultural trade within the EU and between the EU and other countries should take place more freely, giving rise to a better allocation of resources, and this may imply some substantial change in the pattern of trade flows in the future. Even if such a reform implies some adjustment costs, large benefits for consumers are expected and these benefits will be even more widespread in a larger Union that includes up to 27 countries.

Some tentative analysis can still be undertaken examining the recent trade flows. Current data indicate that the extent of the adjustment costs following the enlargement should not be very large, and this is true especially for Italy. The share of agricultural goods over the total of trade flows with the candidate countries is small, and the share is especially modest for Italy. Also, in the short run, in spite of the free access to the EU market, CEECs' exports of agricultural commodities are unlikely to increase rapidly, because of the many difficulties of their agricultural sector, which is expected to shrink quite dramatically in some countries. The current advantage of the EU in agricultural production is particularly evident by looking at the large agricultural trade surplus toward the CEECs. In the Italian case, agricultural production is concentrated in sectors which are quite different from the most important ones in the CEECs. Trade patterns between Italy and the CEECs appear to be differentiated and complementary and so far there are little signs of convergence taking place in this respect. A large shares of Italian exports takes place in sectors where consumption is increasing in the CEECs. Therefore, Italian agriculture may benefit from the increase of trade with the CEECs.