



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 11/1/2002

GAIN Report #EZ2016

Czech Republic

Trade Policy Monitoring

Farmers Protest EU Enlargement Offer

2002

Approved by:

Paul Spencer-MacGregor

U.S. Embassy Vienna

Prepared by:

Petra Choteborska

Report Highlights: On Wednesday (10/30) 3,000 farmers demonstrated in Prague against the proposed phase-in of agricultural payments after the Czech Republic's EU accession. Their biggest concern is the level of direct subsidies, which, under the EU's proposal, will only be 25% of what is now paid to farmers in the EU. The second issue of concern is production quotas. It could well be that Czech farmers will receive much lower levels of government support than neighboring German or Austrian farmers after EU-enlargement.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Vienna [AU1], EZ

On Wednesday (10/30) 3,000 farmers demonstrated in Prague in front of the government building, the Parliament and the Senate. Their biggest complaint is that the proposed level of direct subsidies for farmers is only be 25% of the EU-wide level. The farmer's second issue of concern is production quotas.

The demonstrators delivered a petition with 117,000 signatures to the Minister of Agriculture, Jaroslav Palas, in which they warn of an impending financial crisis in the agricultural sector due to the drop of agricultural prices and the August flooding. They are request payments of \$ 40 per hectare. They also came to Prague to demand that the Czech government to be tougher in the negotiations with the EU. Farmer groups are threatening not to support the EU accession if their demands are not met.

The Ministry of Agriculture points out that the negotiations are not yet complete and that Czech farmers will benefit from the EU membership and will receive about three times more in subsidies than they do now. Czech farmers receive about \$ 220 mil. in subsidies per year while neighboring Austrian farmers will get about \$ 1 billion (of which \$ 430 mil. will be in direct subsidies). In 2004, the expected year of the accession, Czech farmers would get additional \$ 100 mil. in direct payments and \$ 570 mil. of subsidies for non production forms of agriculture (such as environmental improvement measures). The EU also argues that the increased market for Czech agricultural products will contribute to higher incomes for Czech farmers - up to 60% higher by 2007. According to the European Commission, full direct payments after the accession would distort the local economy since farmers' income would be more than double of the national average wage and that would cause social problems.

Czech farmers also view the low production quotas proposed by the EU as discriminatory. The European Commission is basing the quotas on production in 1997/1998, which was a historical low point relative to earlier years. If these quotas are not changed, the size of Czech agriculture would shrink.