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**The Agrarian Economies of
Central-Eastern Europe and the
Commonwealth of Independent States**

An Update on Status and Progress in 2000

Csaba Csaki and Holger Kray

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DRAFT REPORT

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Csaba Csaki
Holger Kray

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Foreword

The agrarian economies of Central and Eastern Europe and the Commonwealth of Independent States continue to undergo systemic change and transformation. The World Bank has been supporting this process with both policy advice and financial assistance since the beginning of 1990s. The Bank involvement in the region's agricultural transition has been supported by the continuous monitoring of the transition process in the individual countries and in the region as a whole.

The Bank monitoring process provides unique benchmark information for studying problems of this difficult transition in Central and Eastern Europe and for the development of specific agricultural projects in the individual countries of the region. This year marks the sixth time that the Bank reviewed the situation of agriculture and agricultural policy reforms in the ECA region. Our assessment is based on country-specific analysis prepared by the World Bank staff members most intimately involved in agricultural reforms in these countries. To evaluate the status of reforms, a special methodology was developed at the World Bank to compare agricultural reform performance across all the countries in Eastern Europe and Central Asia. The general overview and the country-specific assessment presented in the form of policy matrices is supplemented with an aggregated statistical database derived from the FAO agricultural database.

April 27, 2001

Kevin Cleaver
Director, ECSSD

Preface

This volume is a compilation of a year's work analyzing the problems of the rural sector at the regional level. The study is focused on agricultural outputs, trade, and related policies. Although we recognize the importance of the social and natural resource management aspects of the agricultural transition, these issues are not addressed in this report. The work presented in this paper was managed and coordinated by Csaba Csaki, who is the author of the overview as well as the creator of the methodology used to compare agricultural reform performance in the individual countries. He was assisted by Holger Kray in compiling the country-specific policy matrices into a consistent framework. Country-specific matrices were prepared for all the countries of the region except Cyprus, Malta, and Turkey. This is the first time that we are presenting an agricultural policy matrix for the Federal Republic of Yugoslavia.

The individual country policy matrices were prepared by the following Task Managers: Albania (T. Konishi), Armenia (M.Lundell), Azerbaijan (R. Southworth), Belarus (C. Csaki), Bosnia and Herzegovina (S. Jaisaard), Bulgaria (J. Nash), Croatia (A. Nacev), Czech Republic (C. Csaki, T. Doucha), Estonia (G. Schreiber), Georgia (I.Shuker), Hungary (C.Csaki, I. Feher), Kazakhstan (R. Southworth), Kyrgyz Republic (G. Schreiber) Latvia (H. Kim), Lithuania (I. Kiskis), FYR Macedonia (S. Jaisaard), Moldova (H. Kim), Poland (M. Safin), Romania (H. Gordon), Russia (J. Nash), Slovak Republic (C. Csaki, H.Kray), Slovenia (S. Rogl), Tajikistan (T. Sampath), Turkmenistan (M. Lundell), Ukraine (I. Shuker, A. Kaliberda), and Uzbekistan (M. Lundell), Yugoslavia (S. Jaisaard). Kevin Cleaver and Laura Tuck provided valuable comments and suggestions throughout the study. Alan Zuschlag provided editorial assistance. The Statistical Database used for this study was compiled by Holger Kray.

Executive Summary

This report seeks to provide a brief overview of agricultural economies in the region in 1999-00. It updates the information presented in the World Bank Discussion Paper no. 387¹, ECSSD Working Paper no. 13,² and ECSSD Working Paper no.24³, and identifies where the agrarian economies of Eastern Europe and Central Asia stand today. Although we recognize the importance of the social and natural resource management aspects of the agricultural transition, these issues are not addressed in this report.

The agrarian economy of the region has been characterized in the 1990s by a considerable fall in production. The decline in agricultural output did not stop until the second half of the 1990s in the CIS countries and production levels stabilized at roughly 60% of the pre-reform levels for most of the CIS countries. In contrast to the CIS, output declines in the CEE were halted by the mid 1990s. In most cases this stabilization occurred at 70% to 100% of the pre-reform levels, while in Estonia, Latvia, and Croatia, current production appears to have stabilized at 40% of pre-reform output. There was no significant change in sectoral performance in 2000 from the previous few years.

In the CIS countries, the Kyrgyz Republic, Kazakhstan, Turkmenistan, and Azerbaijan, showed a sizeable increase in agricultural output in 2000. The Kyrgyz Republic is the first country in the CIS which where agricultural output exceeded the 1989-91 levels. In the CEE countries, Albania remains the only country where agricultural output continues to grow significantly. There was modest growth in agricultural output in Romania and Estonia, while in the rest of the CEE countries, the agricultural output remained below 1999 levels.

Our analysis for 2000 indicates a further differentiation among CEE and CIS countries in the pace of agricultural reform:

- In the leading CEE countries, the reform process is close to completion. The possibility of EU membership has accelerated reforms in those countries that were lagging somewhat behind the leading EU accession candidates, most notably in Bulgaria, Lithuania, Latvia, and Romania. The agriculture policy agenda in the CEE is characterized by efforts to complete the transition, to cope with the increased social problems in rural areas, and to adjust to the evolving CAP. Unfortunately the task of facilitating increased competitiveness has often been stymied by farm lobby demands to provide immediate protection in the agricultural sector and to provide income transfers to farming populations;
- There has only slight progress in agricultural reform in the core countries of the CIS (Russia, Ukraine, Kazakhstan). Some of the smaller countries in the CIS such as Moldova, and Armenia, however, have taken further steps in 2000 to continue reforms in the agricultural sector. At the lower end of the reform scale, Uzbekistan and Tajikistan have also made

¹ Csaki, C. and Nash, J. *The Agrarian Economies of Central and Eastern Europe and the Commonwealth of Independent States: Situations and Perspectives 1997*, June 1998, the World Bank.

² Csaki, C. and Fock, A. *The Agrarian Economies of Central and Eastern Europe and the Commonwealth of Independent States: An Update on Status and Progress – 1998*, April 1999, the World Bank

³ Csaki, C. and Fock, A. *The Agrarian Economies of Central and Eastern Europe and the Commonwealth of Independent States: An Update on Status and Progress – 1999*, April 2000, the World Bank

measurable progress. On the other hand, nearly a decade after the beginning of the transition, Turkmenistan and Belarus had still not started any significant reforms.

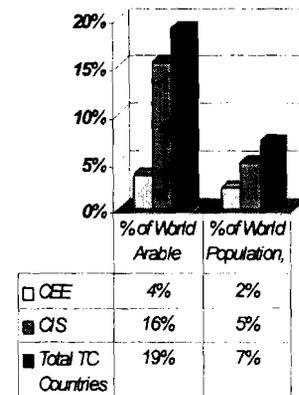
A. OVERALL ANALYSIS

Agriculture and the rural sector, in general, play a more important role in the economy of the region than they do in more developed market economies. The rural sector in Central and Eastern Europe and Central Asia is undergoing a systemic change and a transformation. In retrospect, it can be seen that the countries concerned made the right choice when they set their objective to transform their socialized agriculture into a private-ownership and market-based system. Given the developments of the past decade, it is clear, however, that the initial expectations for the transformation were overly optimistic and the transition process in agriculture is far more complex than originally envisaged. Increased social problems and alarming signs of poverty have added a new, unexpected, dimension to the transition process. The region's rural economy is still struggling to adjust to the new economic reality. In the early 1990's ECA developed an initial strategy to assist the transformation of the rural sector. Developments since then, the urgent need for sectoral recovery, and the implementation of effective policies to reduce rural poverty, require adjustment and revision of our initial strategies and support programs.

I. Agricultural Resource Base And Overall Features of The Rural Sector

While the bulk of the population lives in urban areas, the rural areas in the region cover the largest area, and include a significant portion of the population as well. Of the 404 million citizens in the 26 ECA countries (excluding Turkey), 142 million, or 35% are classified as living in rural areas. Six countries have particularly large rural populations, accounting for slightly more than two-thirds of the total rural population within ECA. These are: Russia (the largest contributor, at 25%), Ukraine (contributing 15%), Poland (9%), Uzbekistan (8%), Romania (6%) and Kazakhstan (5%). In the lesser developed countries of Central Asia, the majority of the population live in rural areas. Tajikistan with 67% rural population, represents the extreme in this regard.

Figure 1: Percentages of Arable Land and World Population



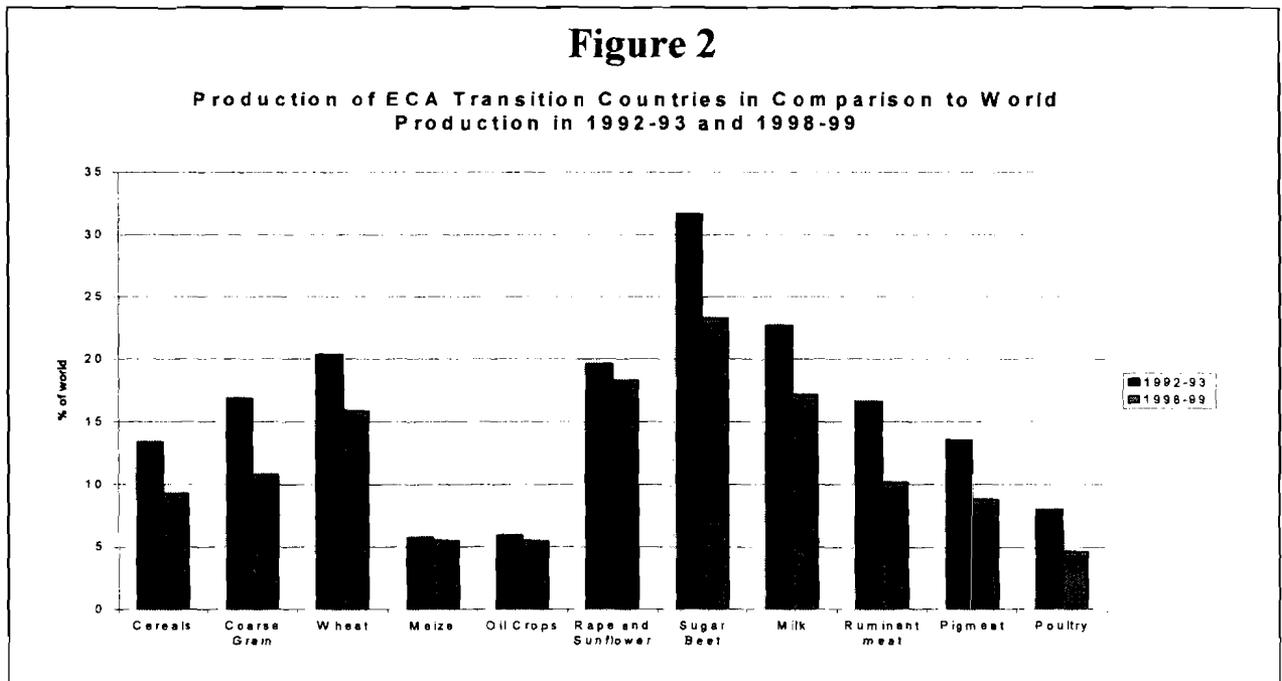
The share of agriculture in employment and national income in ECA countries is far greater than the average for western developed countries. In 1997-98 the agrarian sector contributed about 9% of the GDP for the transition region as a whole⁴, while the proportion of the agricultural population was 16%⁵. However there are very substantial deviations from

⁴ WDI, 1999

⁵ FAO

country to country in regard to this larger sectoral role than is generally found in developed countries. The share of agriculture in GDP is only 5% in the EU accession candidate countries, compared to 31% in the Caucasus, and 24% in Central Asia.⁶ The contribution of agriculture to GDP is much lower than the role it plays in employment. This is an indication of the low productivity of agriculture and efficiency below the developed country average.

The transition region has a substantial part of the world's agricultural resources (**Figure 1**). In the mid 1990s the countries concerned (transition region) comprised 13% of the world's area suitable for agricultural production⁷ and 19% of arable land⁸. The region makes a substantial contribution to world output in practically all of the main agricultural products. On average, this contribution is around 10% (**Figure 2**).

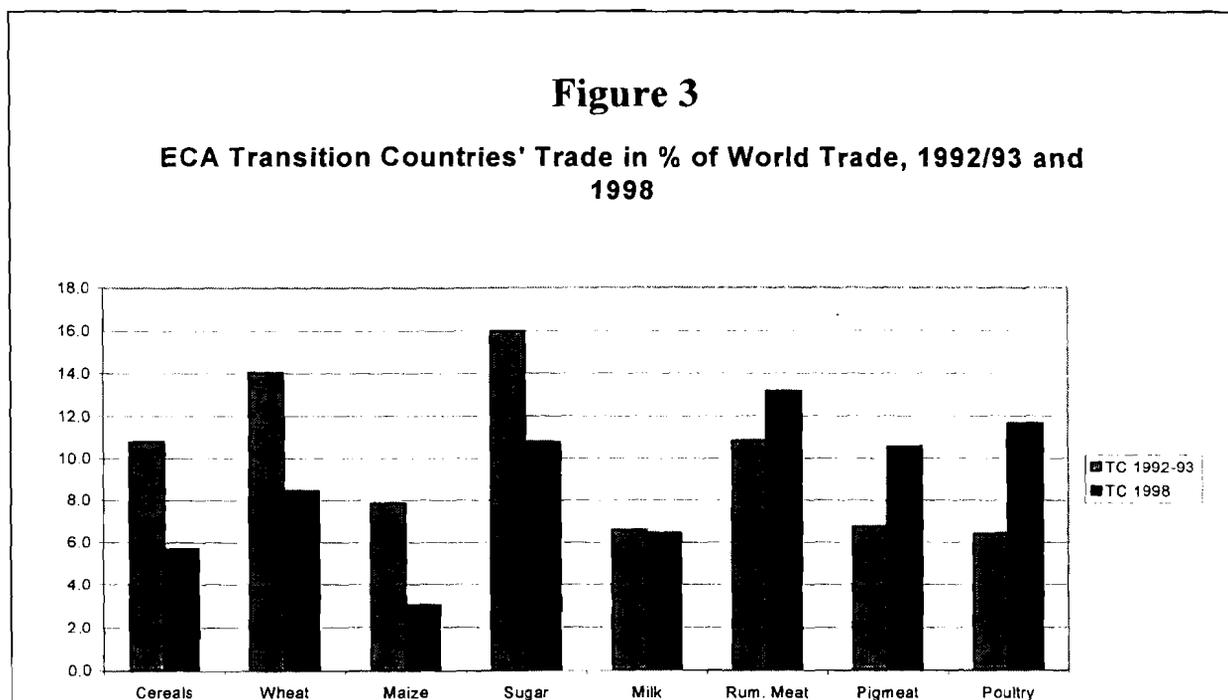


Compared to its natural resources, the region plays a small, but important role in the world food trade (**Figure 3**). However, it is quite clear that, examining the possibility for increasing food production from the global angle, the East European and Central Asian region, where around 20% of the potential resources are located (but only 7% of the world's population), is perhaps the one area in which a good deal of the substantial new food demand forecast for the first half of this century can be met without the risk of causing serious harm to the natural environment.

⁶ WDI

⁷ 1994 number

⁸ 1996

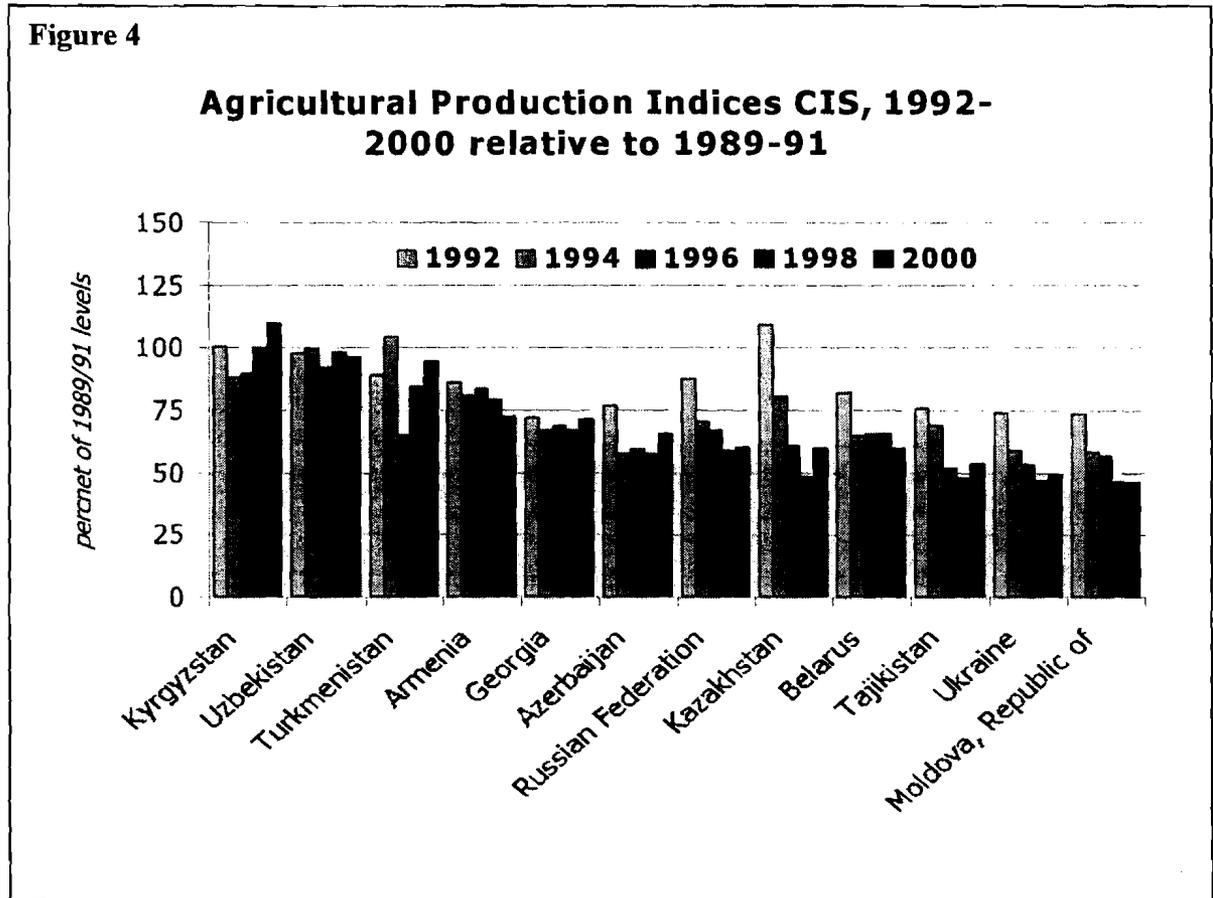


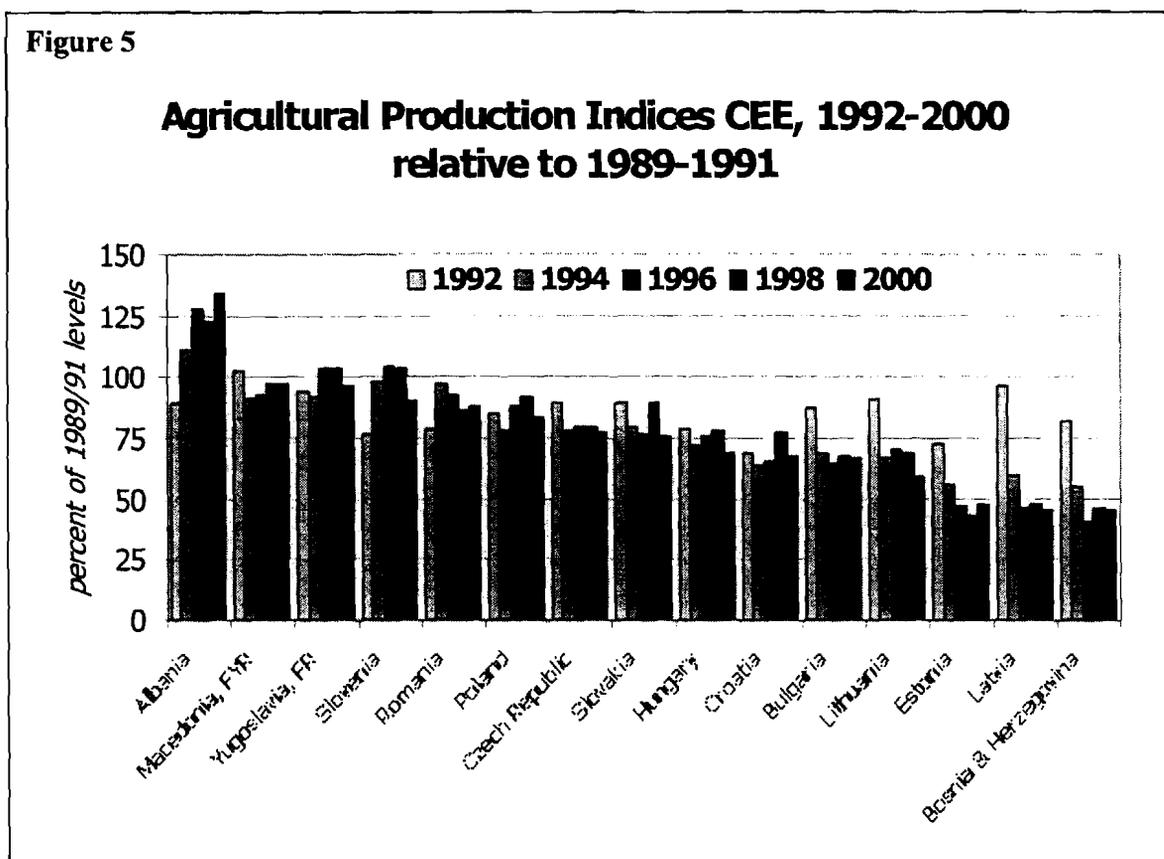
II. The State Of Agriculture

The agrarian economy of the region in the 1990s was characterized by a considerable fall in production. This decline reflects the impact of a wide variety of changes, including drops in demand and degree of subsidization, the collapse in traditional export markets and the internal “Eastern Bloc” trading system, and declining input use and deteriorating machinery stock. The decline in agricultural output did not stop until the second half of the 1990s in the CIS countries and production levels stabilized at roughly 60% of the pre-reform levels for most of the CIS countries (**Figure 4**). In contrast to the CIS, output declines in the CEE were halted by the mid 1990s. In most cases this stabilization occurred at 70% to 100% of the pre-reform levels, while in Estonia, Latvia, and Croatia, current production appears to have stabilized at 40% of pre-reform output (**Figure 5**).

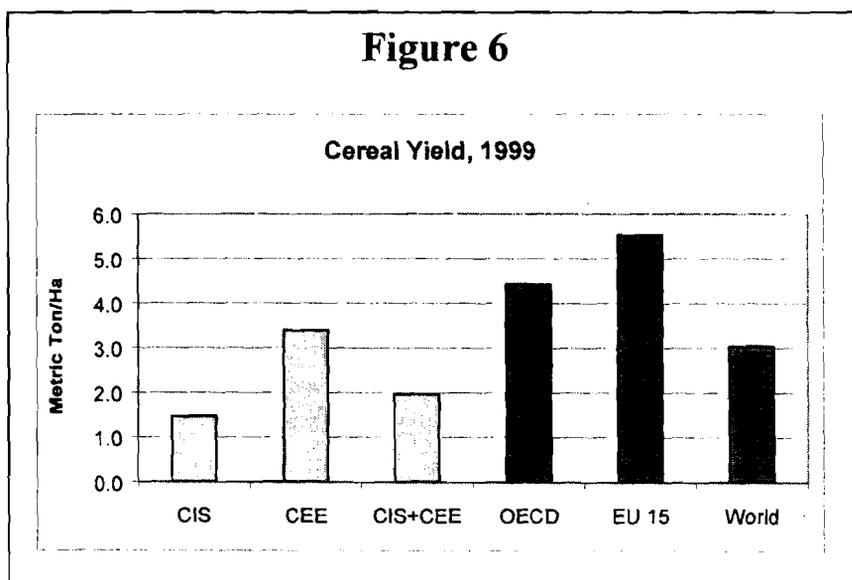
There was no significant change in sectoral performance in 2000 from the previous few years (**Figures 4 and 5**). In the CIS countries, the Kyrgyz Republic, Kazakhstan, Turkmenistan, and Azerbaijan, showed a sizeable increase in agricultural output in 2000. The Kyrgyz Republic is the first country in the CIS where agricultural output exceeded the 1989-91 levels. In the CEE countries, Albania remains the only country where agricultural output continues to grow significantly. There was modest growth in agricultural output in Romania and Estonia, while in the rest of the CEE countries, the agricultural output remained below 1999 levels.

During the 1990s there was a further decline in the contribution of the region and the two main subregions to world output in its main agricultural products. The sharply declining shares of CIS countries in the global output of major agricultural products during the last two years reflect the increasing gap between global agricultural development and the performance of these countries. The decline in the contribution shares can be observed even in the CEE countries, which indicates that the overall performance of the CEE countries has also remained below world averages.





An international comparison of cereal yields confirms the assessment provided above (Figure 6). In the CIS countries, there is a declining trend in major grain yields. The decline is especially significant in those countries which lag behind in agricultural reforms, namely, Russia, Ukraine, and Belarus, (Figure 7). In CEE countries, grain yields have shown a stagnating trend in the last five years with much less annual variation than the CIS countries.



Agricultural technology levels did not improve in 1997-99 in any measurable way. For the region as a whole, the use of agricultural inputs remained, more or less, at the level of previous

years, which is only about 15% to 20% of pre-reform levels. An upward trend can only be observed in CEE countries.

The regional participation in international trade of agricultural products has undergone a significant change during the transition:

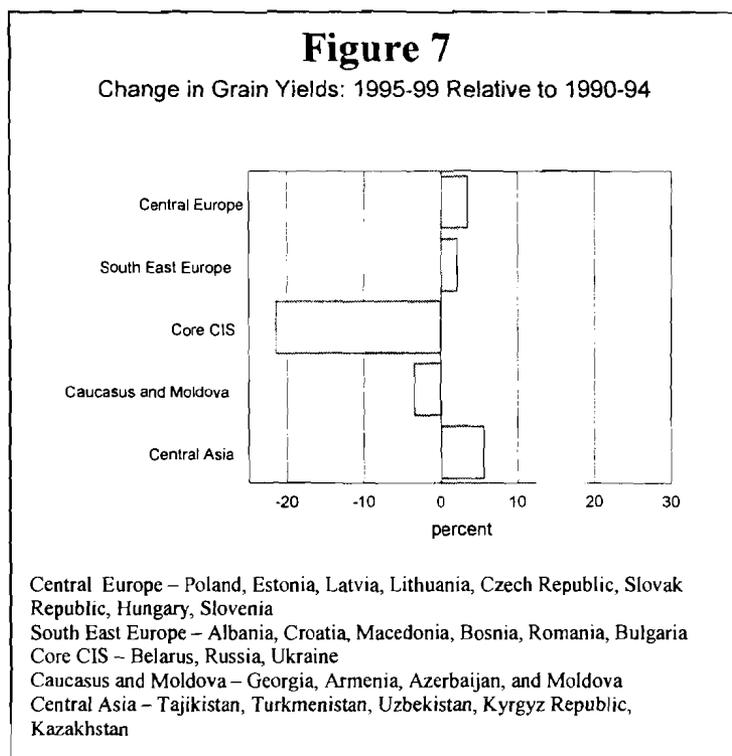
- Despite the decline in production, the region's share of world trade did not shrink substantially, and, in the case of some products, there was even an increase. This was made possible (or required) by the fall in domestic consumption and by the disintegration of the Soviet Union.

- In some countries there has been considerable change in the composition of agricultural trading partners. The region's agrarian trade was historically determined by the CMEA and basically built on internal relations. It has now given way to a wide opening towards other parts of the world. Conversely, growth in most CIS countries is seriously constrained by the collapse of traditional markets and failure to develop alternatives.

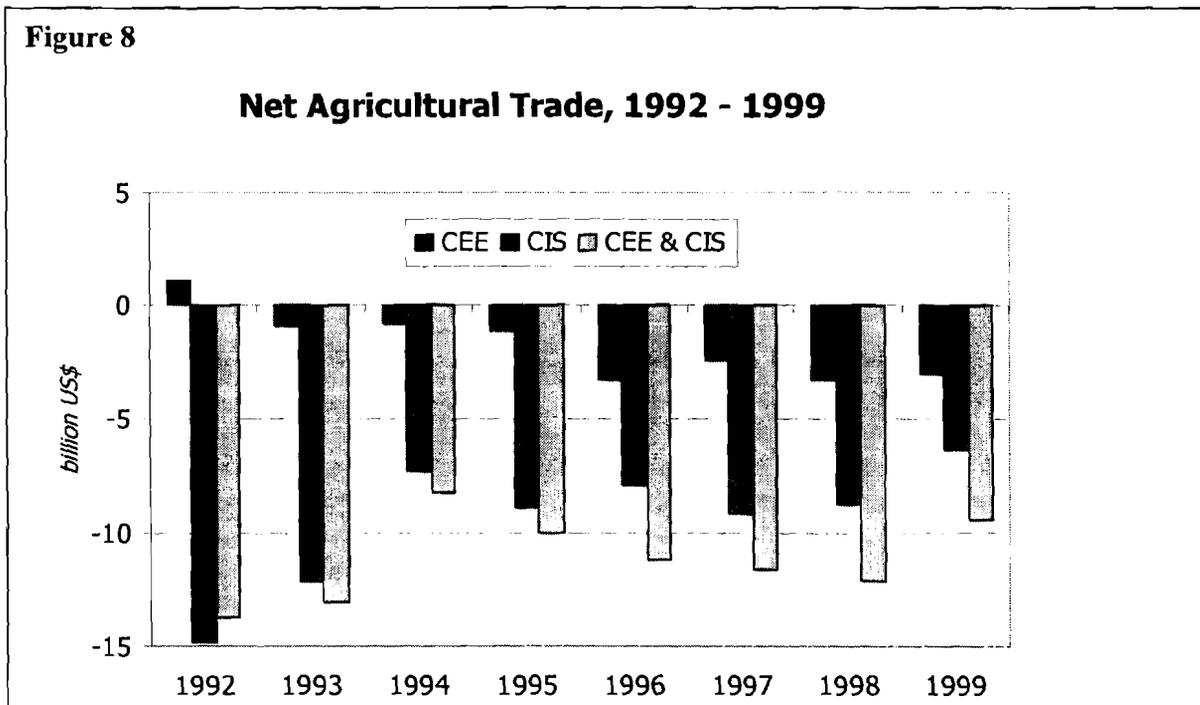
- However, while the structure of the region's agricultural exports and imports has changed considerably as a result of declining consumption, the balance of agricultural trade for the region as a whole did not deteriorate. Overall the region continues to be a net importer of agricultural products, although the deficit is declining. On regional level, the impact of the significant decline in the negative balance of the CIS countries has been partially offset by the increased deficit in the CEE (**Figure 8**).

- The source of imports and destination of exports have also changed. Perhaps the most significant structural change is that the CIS countries, and Russia in particular, have become one of the world's biggest meat importing regions. In place of the massive grain imports characteristic of the Soviet period, Russia now mainly buys meat. This is quite clearly a more favorable solution from an economic viewpoint since the large quantity of grain purchased in earlier decades by the Soviet Union was used in animal husbandry with very low efficiency. At the same time the CIS countries are increasingly appearing on world markets as grain exporters.

- The role of Central-Eastern Europe in the world ruminant meat trade has diminished, while the region strengthened its position in trade in dairy products and its pork exports have



recovered to pre-reform levels in 1996-98. Additionally, in recent years the CEE region's significance on grain markets has increased somewhat.



- Another important change is the growth in the importance of quality processed products in the region's agrarian trade, and together with this, in the share of the developed countries, especially the European Union and the USA in the region's food imports.
- Sales within the region continue to be of great importance for practically all countries. However, the competition from outside is making it increasingly difficult to sell products at Council of Mutual Economic Assistance (CMEA) level standards within the region. Some of the countries of Central-Eastern Europe are having increasing success on the markets of the developed countries, but for the majority of countries in the region, selling within the region remains practically the only possible direction for the export of their agricultural produce, often in the form of special barter deals.

On the whole, the region's agrarian trade is becoming steadily integrated into the agrarian trade of the world and the European region. This process is most advanced in the case of the countries of Central-Eastern Europe where the CEFTA offers further, but not problem-free, possibilities for regional co-operation. In the great majority of the countries concerned, a liberal agrarian trade policy is also assisting in the integration of the countries of the region into world agrarian markets. Most of the countries in the Central-East European region are members of the WTO, or their admission is pending. The obligations accompanying the anticipated EU membership for most of these countries are also having a growing influence on their trade policy.

III. The Reform Process in the Rural Sector

The relative inefficiency of agriculture is one of the most important challenges facing the countries of the former Soviet Union and Central and Eastern Europe. During the socialist era, agriculture and food production were determined by government planning, without regard to efficiencies or comparative advantages. The large-scale livestock and crop cooperatives were unsuited to market-based private agriculture. Creating viable private farming based on private ownership of land, and allowing market signals to determine levels and types of production have been some of the most difficult tasks of the transition period.

Current Status of Agricultural Reform in the Region: Remarkable Progress in Central and Eastern Europe - Reform Fatigue in CIS

In 1990-91 the region set out on the path of creating market economies based on private property. In all countries the most important basic elements of the reform process have been:

- the liberalization of prices and markets, the creation of a market-compatible system of conditions in the macro agrarian economy;
- the privatization of land and transformation of the inherited economic structure;
- the de-monopolization and privatization of food processing and the trade in agricultural produce and capital goods; and
- the creation of a functioning rural bank system and establishment of the institutional structure and system of state administration required by market economies.

There has been little difference between one country and another in terms of what needs to be done. However, there are quite big differences when it comes to the pace of realization and the manner of implementation. Our analysis intentionally emphasized "on the ground" results as opposed to pure policy reforms (which are often legislated but not implemented). The results of the analysis are summarized in **Table 1**⁹.

⁹ The description of the status of reforms for each country matrix was compiled by the World Bank staff most familiar with that country's agricultural policies. Numerical ratings were then assigned to each of the five reform categories in accordance with the criteria listed in **Table 2**. These ratings were then revised in several review sessions to improve consistency of rankings. An earlier version of this analysis was presented in Csaki and Lerman, 1997.

Table 1: Status of Agricultural Reforms in CEE and CIS Countries at end of 1999
1 = Centrally Planned Economy 10 = Completed Market Reforms*

Country	Price & Market				Land Reform				Agro-processing				Rural Finance				Institutional				Total Score			
	00	99	98	97	00	99	98	97	00	99	98	97	00	99	98	97	00	99	98	97	00	99	98	97
Czech Rep	8	9	9	9	9	8	8	8	10	9	9	8	9	9	9	8	9	8	8	8	9.0	8.6	8.6	8.2
Estonia	9	9	9	10	9	8	6	6	9	8	8	7	9	8	8	7	9	9	9	9	9.0	8.4	8.0	7.8
Hungary	8	8	9	9	9	9	9	9	10	10	10	9	9	9	9	8	9	8	8	8	9.0	8.8	9.0	8.6
Latvia	9	9	8	7	9	9	9	9	9	8	8	7	9	8	8	7	9	8	8	8	9.0	8.4	8.2	7.6
Slovenia	9	9	9	8	9	9	9	9	10	8	8	8	8	7	7	8	8	8	8	9	8.8	8.2	8.2	8.4
Poland	8	7	8	9	9	8	8	8	9	9	8	7	7	7	7	6	8	8	8	8	8.2	7.8	7.8	7.6
Bulgaria	9	9	8	6	8	8	8	7	8	8	7	5	7	6	5	4	8	7	6	5	8.0	7.6	6.8	5.4
Lithuania	8	8	8	7	9	8	8	8	8	8	8	7	7	6	6	6	8	8	8	7	8.0	7.6	7.6	7.0
Slovak Rep	8	7	7	7	8	8	8	7	9	8	8	8	8	8	8	8	7	7	7	7	8.0	7.6	7.6	7.4
Armenia	8	7	7	7	8	8	8	8	8	7	7	7	7	7	7	6	7	8	8	7.4	7.2	7.4	7.4	
Albania	8	8	8	8	8	8	8	8	8	8	8	8	6	5	3	3	6	5	5	5	7.2	6.8	6.4	6.4
Croatia	7	6	6	6	7	6	6	5	7	7	7	6	6	6	6	6	8	8	8	6	7.0	6.6	6.6	5.8
Romania	7	7	6	7	8	8	7	7	8	7	6	6	6	6	5	6	6	5	5	4	7.0	6.6	5.8	6.0
Macedonia	8	8	8	7	7	7	7	7	6	7	7	8	5	4	4	4	7	7	7	6	6.6	6.6	6.6	6.4
Azerbaijan	8	7	7	6	8	8	8	6	6	6	5	5	5	5	5	4	5	5	5	4	6.4	6.2	6.0	5.0
Moldova	7	7	8	7	8	7	7	6	6	6	7	7	6	5	5	5	5	5	5	4	6.4	6.0	6.4	5.8
Georgia	8	8	7	7	7	6	6	7	5	5	5	5	6	6	6	6	5	5	5	6	6.2	6.0	5.8	6.2
Kyrgyz Rep	7	7	7	6	7	7	7	6	6	6	6	6	6	6	7	6	5	6	6	5	6.2	6.4	6.6	5.8
Bosnia HG	6	6	6	-	6	6	6	-	6	6	6	-	6	6	6	-	5	5	5	-	5.8	5.8	5.8	-
Ukraine	6	6	6	7	6	6	5	5	7	6	6	7	6	5	5	5	4	4	4	3	5.8	5.4	5.2	5.4
Kazakhstan	6	6	5	7	5	5	5	5	6	6	6	7	6	6	6	5	5	5	5	5	5.6	5.6	5.4	5.8
Russia	6	6	6	7	5	5	5	5	7	7	7	7	5	5	5	6	5	5	5	5	5.6	5.6	5.6	6.0
Tajikistan	6	5	5	4	6	5	5	2	5	5	4	5	2	2	2	3	4	4	4	5	4.6	4.2	4.0	3.8
Yugoslavia	3	-	-	-	5	-	-	-	3	-	-	-	3	-	-	-	4	-	-	-	3.6	-	-	-
Uzbekistan	3	3	3	4	4	2	2	1	3	1	1	1	2	1	1	1	3	3	3	4	3.0	2.0	2.0	2.2
Belarus	2	2	2	3	2	2	1	1	2	2	2	2	2	2	2	2	1	1	1	1	1.8	1.8	1.6	1.8
Turkmenistan	2	2	2	2	3	3	3	2	1	1	1	1	1	1	1	1	2	3	3	3	1.8	2.0	2.0	1.8

* An explanation of the numerical ratings is given in Table 2

Source: World Bank Estimates

Table 2: Key to Numerical Ratings Used in Table 1

Market Conforming Policy Environment	Land Reform	Privatization of Agroprocessing and Input Supply	Rural Financial Systems	Institutional Framework
1-2. Direct state control of prices and markets.	1-2. System dominated by large-scale farms.	1-2. Monopolistic state owned industries.	1-2. Soviet type system, with "Agrobank" as the sole financing channel.	1-2. Institutions of command economy.
3-4. Deregulation with indicative prices, and price controls; significant NTB on imports or exports.	3-4. Legal framework for land privatization and farm restructuring in place, implementation launched only recently	3-4. Spontaneous privatization and mass privatization in design of early implementation stage.	3-4. New banking regulations are introduced; little or no commercial banking.	3-4. Modest restructuring of government and public institutions.
5-6. Mainly liberalized markets constrained by the absence of competition and some remaining controls on trade policy.	5-6. Advanced stage of land privatization, but large-scale farm restructuring is not fully complete.	5-6. Implementation of privatization programs in progress.	5-6. Restructuring of existing banking system, emergence of commercial banks.	5-6. Partly restructured governmental and local institutions.
7-8. All command economic type interventions are removed. Market and trade policies are in compliance with WTO, however, domestic markets are not fully developed.	7-8. Most land privatized, but titling is not finished and land market not fully functioning.	7-8. Majority of industries privatized with a framework conducive for foreign direct investment.	7-8. Emergence of financial institutions serving agriculture.	7-8. Government structure has been refocused while research, extensions, and education is being reorganized.
9-10. Competitive markets with market conforming trade and agricultural policies, and no more than modest protection.	9-10. Farming structure based on private ownership and active land markets.	9-10. Privatized agro-industries and input supply, with improved international competitiveness.	9-10. Efficient financial system for agriculture, agro-industries, and services.	9-10. Efficient public institutions focused on the needs of private agriculture.

Source: World Bank Estimates

Our analysis of the reform performance for individual countries in 1997-2000 indicates a further differentiation among CEE and CIS countries in the pace of agricultural reform:

- In the leading CEE countries, the reform process is close to completion. (**Figure 9**) The possibility of EU membership has accelerated reforms in those countries that were lagging somewhat behind the leading EU accession candidates, most notably in Bulgaria, Lithuania, Latvia, and Romania. The agriculture policy agenda in the CEE is characterized by efforts to

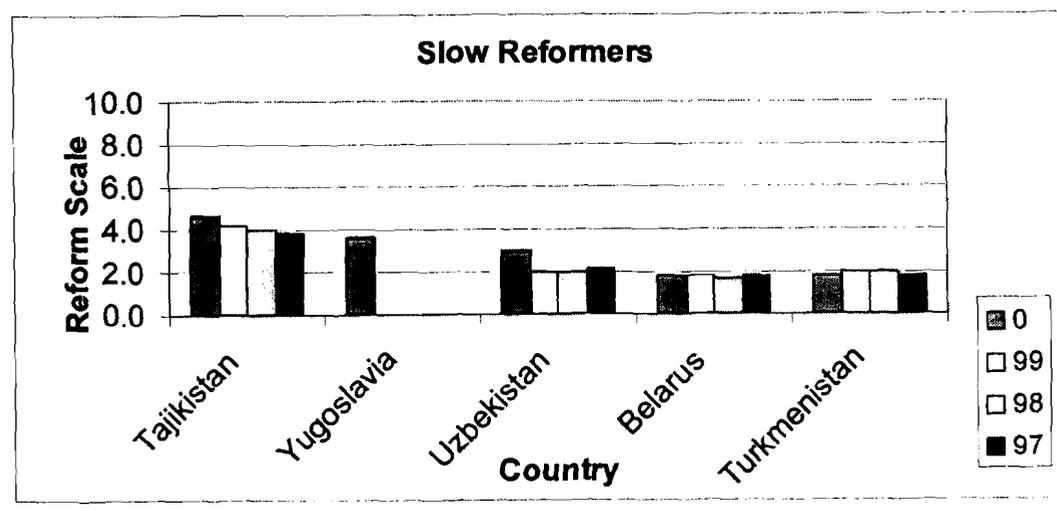
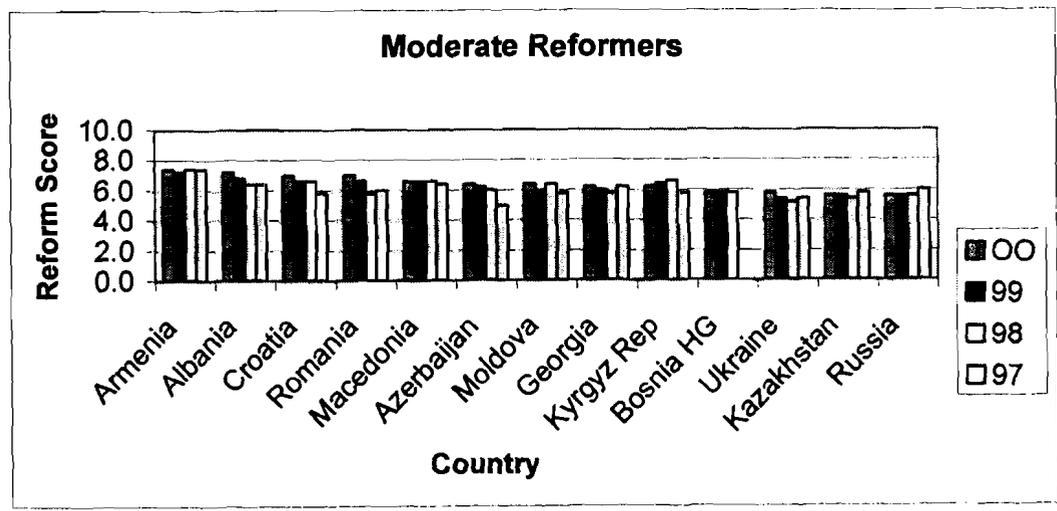
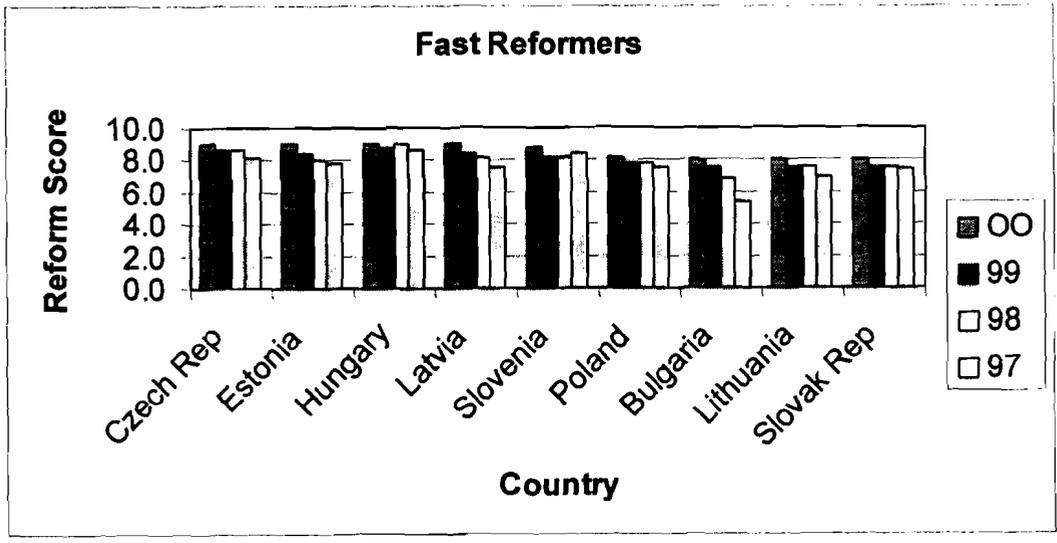
complete the transition, to cope with the increased social problems in rural areas, and to adjust to the evolving CAP. As in western countries, the task of facilitating increased competitiveness has often been stymied by farm lobby demands to provide immediate protection in the agricultural sector and to provide income transfers to farming populations.

- There has only slight progress in agricultural reform in the core countries of the CIS (Russia, Ukraine, Kazakhstan). Some of the smaller countries in the CIS such as Moldova, and Armenia, however, have taken further steps in 2000 to continue reforms in the agricultural sector. At the lower end of the reform scale, Uzbekistan and Tajikistan have also made measurable progress. On the other hand, nearly a decade after the beginning of the transition, Turkmenistan and Belarus had still not started any significant reforms (**Figure 9**).

The major conclusions of the overall review presented a year ago remain valid for 2000 as well:

- The results of the reforms have not yet met original expectations. The relatively rapid growth of production that characterized the Chinese reforms has not occurred. Transformation of the economic structure has proved to be a highly complex task. This is due, largely, to the incomplete creation of the basic element of farming, the private farm. In the CIS, to a large extent, the inherited large-unit structure has survived the changes.
- The pace of transformation of the agrarian sector and the rural economy is lagging behind the rate of changes in the economy as a whole.
- Surprisingly, the biggest transformation has taken place in the price and market environment, while there is a substantial lag in solving the financing problems of agriculture and in the area of institutional reforms.
- Due to the adoption of more comprehensive transition policies, the transformation of agriculture is most advanced in Central Europe and, in particular, in the EU candidate countries. Even here, reform of the agrarian sector has not yet been fully accomplished. The results of our analyses agree with the EU evaluation in finding that further reforms are needed, principally in the area of the institutional system and in the financing of agriculture, but land reform and also the transformation of the inherited economic structure is still unfinished in practically all of the countries.
- The transformation of agriculture in the CIS countries is still in its early stages. Distortions continue in the production, pricing, and marketing of “strategic” products, and the system of institutions and instruments of the planned economy has not yet been fully dismantled.

Figure 9: Reform Trends



Many valuable conclusions can be drawn from the analysis of the experiences of the countries leading the transformation. The following can be stated:

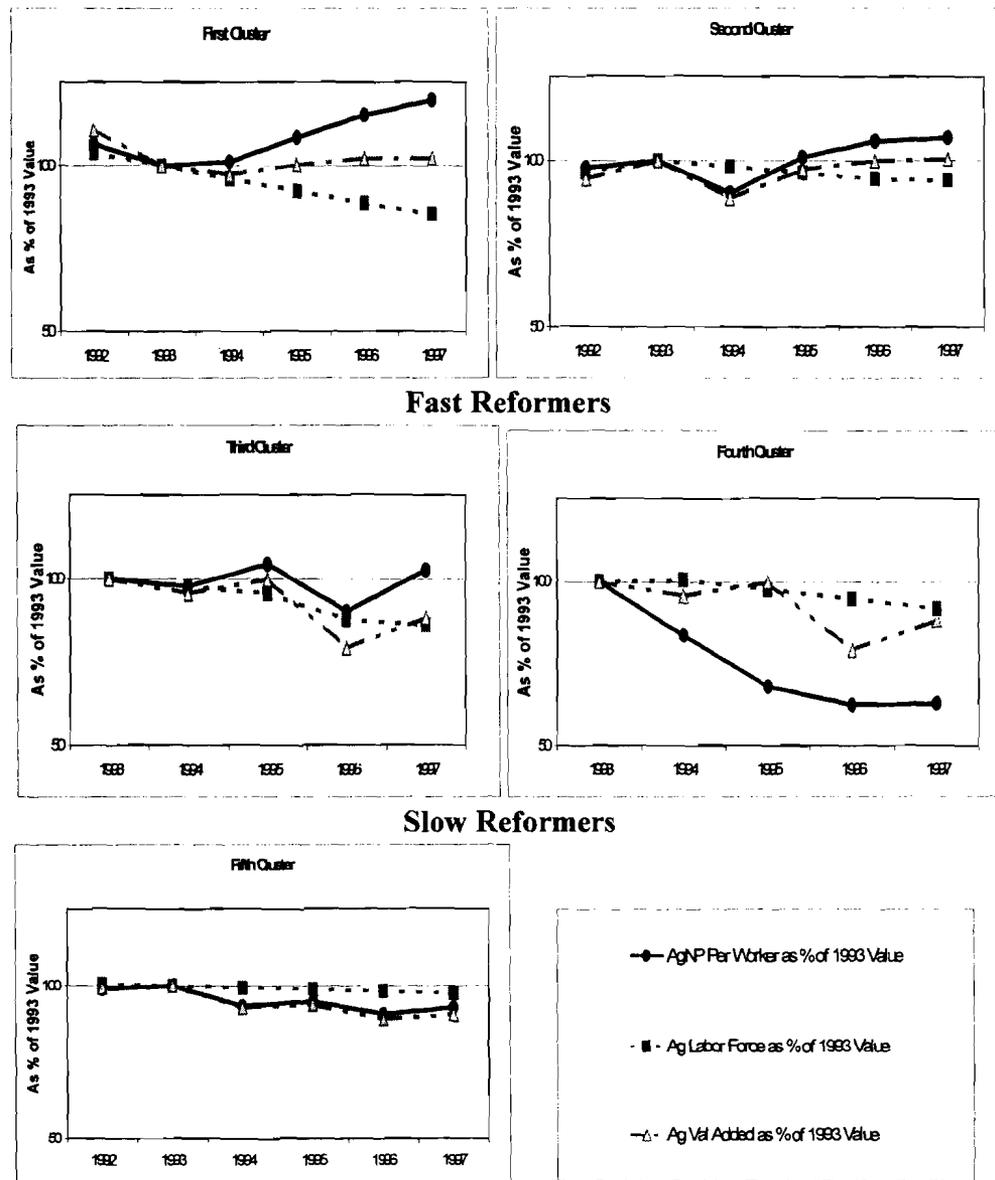
- The general economic upswing will likely assist governments to undertake agricultural reforms. The greatest progress has been made in transformation of the sector by those countries where the general economic recovery has also begun.
- Development in the non-agricultural segment of the rural economy is of key importance to the recovery of agriculture. In the great majority of the countries most advanced in reform, it has been the upswing of the rural economy surrounding agriculture that has made possible a substantial reduction in the numbers of people employed in agriculture, and at the same time, an improvement in the efficiency and competitiveness of agriculture itself.
- An important factor in the successes achieved in reforms is consistency, and the combined implementation of parallel steps in areas related to reforms.
- The greatest reform progress has been made by those countries that are reforming in very large steps, despite the great difficulties that these efforts are causing in the short-term. In most cases, the appeals for a gradual approach appear to be a sign of the lack of will; this is especially the case in the CIS countries.

In all countries the process of agricultural reforms has been strongly influenced by day-to-day politics. Very often, politics have been and still are determining the pace and extent of reforms, at the expense of economic rationality. In general, there is a lack of a carefully considered, long-term strategies, and an objective and realistic evaluation of the economic consequences of the different possible solutions. As a result, the negative economic consequences of the transformation are greater than the unavoidable minimum, even in the most advanced countries.

The diverging progress in reforms is clearly manifested in the agricultural performance of the various country clusters. The dynamics of change in agricultural productivity, value added, and the agricultural labor force in the various country groups show three very interesting patterns of reform.

In the fast reforming countries there has been a significant increase in agricultural labor productivity, which has allowed the labor force to shrink while maintaining relatively stable outputs. In the middle group, which stalled agricultural reforms, all three parameters show declines or stagnation. While in the third group, which is comprised of the non-reforming countries, there has been overall stagnation – neither significant increases or declines took place in any of the indicators (**Figure 10**).

Figure 10: The Three Paths of Reform



- 1st Cluster – Hungary, Czech Republic, Slovenia, Latvia, Estonia
 - 2nd Cluster – Poland, Lithuania, Slovak Republic, Armenia
 - 3rd Cluster – Bulgaria, Macedonia, Croatia, Kyrgyz Republic, Albania, Moldova, Azerbaijan
 - 4th Cluster – Romania, Bosnia, Georgia, Russia, Kazakhstan, Ukraine
 - 5th Cluster – Tajikistan, Turkmenistan, Uzbekistan, Belarus
- Note: Clusters refer to rankings in Table 1 (1998 rankings)

IV. Increased Differentiation Between Central Eastern Europe and the CIS

Progress in the main areas of transformation has been uneven throughout the region. The most visible phenomenon, however, is the rapidly increasing differentiation in the progress of reforms between Central Eastern Europe and the CIS.

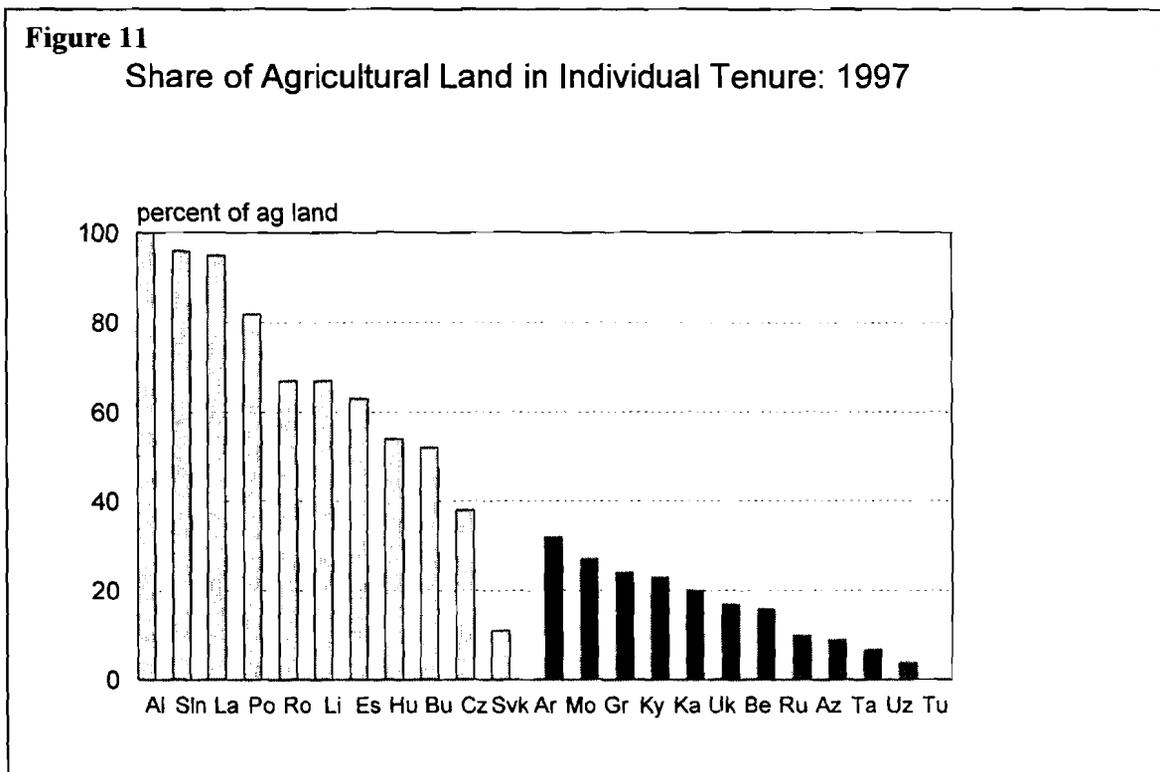
a) *Liberalization of prices and markets: Most countries (with the exception of a few CIS countries) have taken major steps in this direction.*

- In Central-Eastern Europe, the macro-economic environment for agriculture that is characteristic of market economies has been developed. The prices and the system of regulations are open, more or less, to world market influences. Support for agriculture and protection of internal markets has become stronger than in the first half of the 1990s. However, the level of indirect and direct supports for agriculture remains below the average for the European Union. Frequent changes made in the system of regulations represents a problem. It remains to be seen what strategy the countries preparing for EU membership will select in introducing the EU's Common Agricultural Policy. It is a positive trend that methods directly serving efficiency and competitiveness are increasingly coming to the fore in the system of agricultural supports.
- State intervention remains strong in the CIS countries, in both price formation and trade policy. In these countries, despite the frequently proclaimed direct support for agriculture, the agrarian sector suffers serious losses due to the price policy and trade restrictions (especially export controls and taxes) separating it from world markets. Calculations show that the balance of the different interventions is negative for agriculture in a number of countries. It would appear that governments are trying to make agriculture continue to bear the burden of providing cheap food for the urban population. The growing intervention of regional authorities in the functioning of the agricultural sector is a relatively new phenomenon. This can be observed particularly in Russia and Ukraine.

b) *Privatization of land, reorganization of the large farm units. Land reform and land ownership continues to be the subject of heated debates in practically all countries of the region, but no progress in the core of the CIS.*

- In the countries of Central-Eastern Europe the privatization of land based on some form of restitution is largely approaching completion. The new farm structure is characterized by a varied mix of small and large units. Almost all agricultural land is privatized and a significant portion is used by individually managed smaller farms (**Figure 11**). The remaining pieces of the state owned units from the socialist period are also increasingly undergoing change and adapting to market economy conditions. The legal settlement of land ownership relations is not yet completed, and the establishment of land registries and the emergence of a market for land are still in the initial stages. In a few countries a heated debate is being conducted on the ownership of land by companies and foreign nationals.
- While land has formally passed into private ownership in the decisive part of the CIS countries (Russia, Ukraine, Belarus), the large-unit sector remains practically untouched. The

co-operatives and state farms have been transformed into share companies (Brooks and Lerman, 1994 and Csaki and Lerman, 1997). However, in practice there has been no change in the real questions of substance. These large units continue to be controlled by a central management structure and operate with low efficiency and face increasing financial problems. The role of independent private farming is marginal, not least of all because of the deterrent effect of the undeveloped market relations (**Figure 11**). Radical land reforms have been carried out in only a few countries of the former Soviet Union, as a consequence of their special political and economic situations. This is the case for Armenia and Georgia where independent private farming now dominates. Here, the distribution of land carried out on the basis of family size resulted in very small farm sizes and this has gone together with a steep decline in agricultural production for the market. There was remarkable progress in Moldova and Azerbaijan in 1998 in the transformation of the Kolkhoz system. Conversely, in some CIS countries (Uzbekistan and Tajikistan) private ownership of land is prohibited by the constitution and the current lease hold arrangements are an added uncertainty.

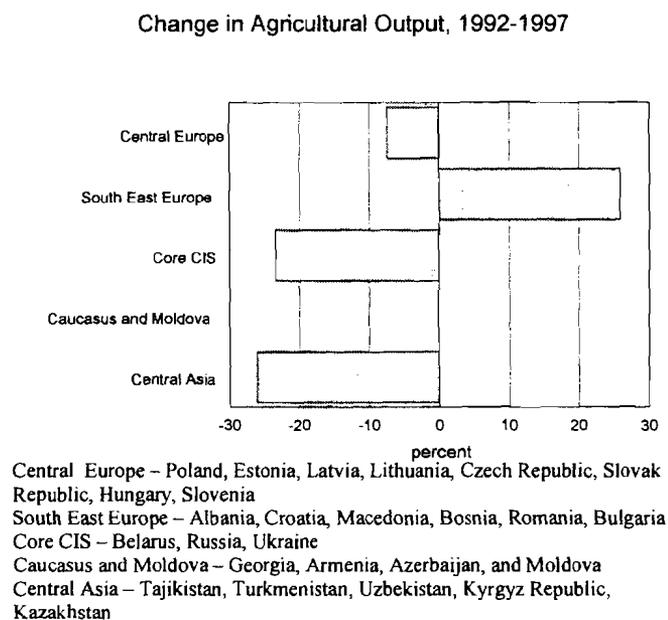


At this stage, it is very difficult to draw general conclusions as to the impact of land reform in the region. However, it seems that the impact of reform on agricultural labor productivity is much sharper and clearer than the impact on land productivity represented by yields: labor productivity increased markedly since 1992 in the CEE countries (the first two groups) and declined in the "small" CIS countries (the third group) to a much smaller extent than in the rest of the CIS (**Figure 12**). The improvement in agricultural labor productivity has been largely due to sharp reductions of agricultural employment in the CEE countries rather than any significant growth in agricultural output. Labor migrated out of agriculture in these countries as a result of

creation of alternative job opportunities in economies that were characterized by higher GDP growth rates than in Russia, Ukraine, Belarus, and Central Asia.

At present it is difficult to find empirical evidence to judge the depth of reform or transformation at the farm level in different groups of countries. To draw some general conclusions, however, we can look at the two most visible and significantly striking manifestations of differences in approach to agrarian reform across the region: one is the policy of distributing physical plots to individuals as opposed to the policy of distributing land shares in the form of paper certificates of entitlement; the other is the policy of establishing family farms versus the policy of maintaining collectives or cooperatives. The evidence is somewhat anecdotal at this stage, but it reinforces the previous conclusions from more general observations.

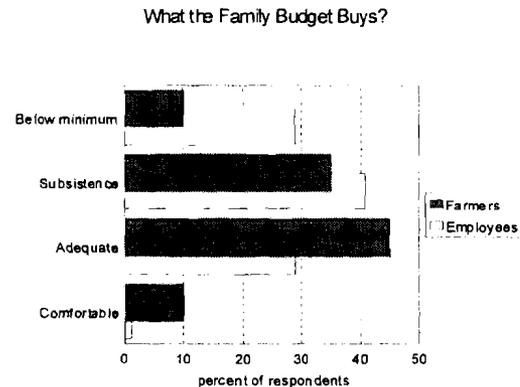
Figure 12



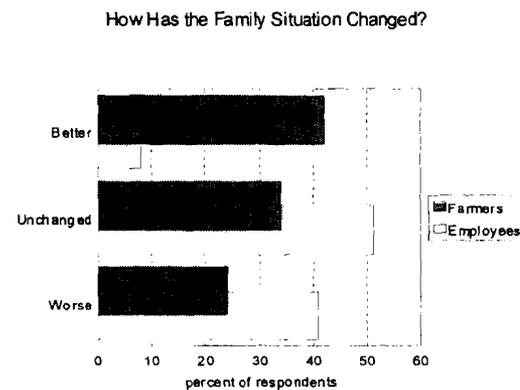
Ukraine is a typical country where land is privatized by means of shares, not through distribution of plots. Armenia and Moldova, on the other hand, are countries where land is privatized through distribution of physical plots. The agricultural sector in Ukraine has stagnated throughout the entire decade, despite the country's fertile land resources. Armenia has shown respectable growth since 1992, whereas Moldova palpably switched from stagnation to recovery after 1996, when the authorities finally agreed on a coherent land reform policy that included distribution of physical plots. Another interesting comparison is that between individual private farmers, who left the collectivist framework to establish an independent farming operation on their own plot of land, and the rural residents who remain workers of collectives. Collective workers, despite their entitlement to dividend payments and rent on their shares, report much lower family incomes, a much lower degree of satisfaction with their well-being, and a much lower degree of optimism regarding the future than independent private farmers. This finding is consistent in several surveys across Russia, Ukraine, and Moldova. There is something in individual initiative that appears to be much more satisfying and rewarding than in collective life.

Work on comparisons of efficiency or total factor productivity between family farms and collectives in transition countries is just beginning, both at the World Bank and in other research institutions. There is still no conclusive evidence that family farms in CIS or CEE are significantly more efficient than large collectives, cooperatives, or corporate farms. Yet the available results in the CIS clearly show that the large collectives or cooperatives certainly do not outperform the newly created individual farms anywhere in the region (**Figure 16**). This in itself is a finding of tremendous importance in that it contradicts the inherited socialist belief in the superiority of large-scale agriculture, a belief which to this day has very many supporters in Russia, Ukraine, and other countries in the region. Recent surveys (which covered only relatively small samples and are therefore statistically insignificant) in Hungary and the Czech Republic indicate a clearly higher efficiency in the individual farming sector. In Hungary the estimated technical efficiency of individual farms in 1998 was 16% above the technical efficiency of private corporate farms and 32% higher than technical efficiency in the cooperatives. In the Czech Republic, the technical efficiency of individual farms exceeded the level of technical efficiency of the combined cooperative and corporate farming sector by 9%.¹⁰

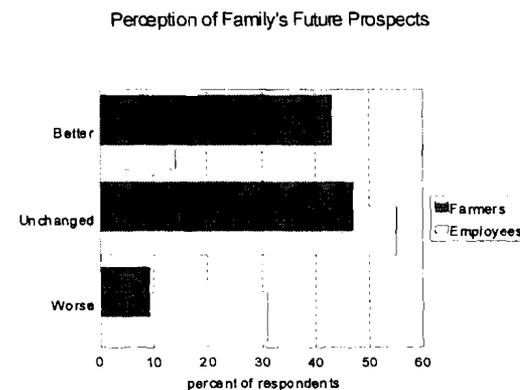
Figure 13: Family Farm Survey



Source: World Bank surveys for Russia, Ukraine, and Moldova



Source: World Bank surveys for Russia and Moldova



Source: World Bank surveys for Russia, Ukraine, and Moldova

¹⁰ Source: Joe Swinnen

c) Privatization of the food industry and of trade in agricultural produce and capital goods for agriculture. Although formal privatization has been accomplished, the technological modernization of agroprocessing has yet to be implemented in most of the countries.

- In Central-Eastern Europe, with the exception of the Baltic states, privatization of the agricultural environment has been carried out in keeping with the principles of the privatization in general, and for the most part is nearing completion. A lag can be observed in Romania, Bulgaria and the countries of ex-Yugoslavia. Investments of modernization are also missing. A special case is Hungary, which, as a result of the liberal privatization process, now has perhaps the most developed food industry of the region, due also in considerable part to substantial foreign investment.
- The CIS countries opted for what, on the whole, is a less effective solution for privatization of the food industry and agricultural capital goods and commodity purchasing. In the course of privatization, unlike the other areas of the economy, priority was given to agricultural producers, giving them majority ownership of these branches, on special terms or entirely free of charge. Contrary to expectations, this solution did not result in new, well capitalized owners and more favorable conditions for agricultural producers. In fact, the technological decline of the food industry accelerated and because of the complicated ownership structure it became extremely difficult to involve foreign capital.

d) Agrarian financing. Still one of the biggest bottlenecks

- In the CEE countries, after intensive preparations and a lengthy transitional period, the financing of agriculture has improved considerably since 1994, although the new private institutions are managerially weak and financially vulnerable. This is the result, partly of the reforms implemented in the banking system, and partly of the credits extended by the gradually recovering food industry and the agrarian trade and capital goods supply. Finally, the creation of an agriculture-oriented rural banking system has also been progressing, resulting in the establishment and increasingly active operation of agricultural credit co-operatives and financial institutes specialising in rural areas.
- In the great majority of CIS countries there is practically no functioning rural financial system similar to that in developed countries. The inherited banking system continues to provide financing for large plants using the accustomed methods of the earlier period (state credit, financing the supply of produce for state stocks), but there are practically no provisions at all for the financing of the private sector. The beginnings of a system of agricultural credit co-operatives have appeared in the countries most advanced in the transformation of agriculture, namely Armenia, Georgia and recently also Moldova, and the credits extended by the processing industry are also growing.

e) Institutional reforms - proceeding more slowly than practically all other areas of reform throughout the region.

- Institutional reforms have accelerated in Central-East Europe since 1995, stimulated by the challenges of EU accession. Despite these tangible developments, the institutional system of agriculture requires substantial further transformation in these countries. In addition to the modernization and reform of state administration, further qualitative development is required in practically all areas of the institutional systems for market agriculture, including consulting, training, and research.
 - Apart from minor changes, the institutional system of the former centrally planned economy continues to operate in the CIS countries and continues to act as a serious curb on the transformation of the sector. Due to the general economic recession, there are fundamental disorders in the operation of the institutional system and the underpaid and unmotivated state bureaucrats strive to supplement their incomes through corruption. Training and research centers are suffering from severe financial problems and in some countries they receive no financial support from the government budget.
-

B. Policy Matrices

Fast Reformers

(countries with a ranking score 8.0 or above)

CZECH REPUBLIC

<u>Total Population</u>	10.28 mil. ¹⁾	Food and agriculture GDP	(8%)	Agricultural output in 2000 as percentage of 1989-91 average level	71%
Rural Population	29 % ²⁾	((1998), 1999 ⁴⁾)	7%	Livestock production in 2000 as percentage of 1989-1991 level	66%
<u>Total Area</u>	7.9 mil ha	Food and agriculture in active labor ((1998),1999 ⁴⁾)	(7%)	Share of livestock in agriculture (1999)	53%
Agriculture area:		Food and agriculture	7%	Agricultural area privately owned (2000)	80%
Arable land	4.3 mil ha	in exports (2000)	2%	Share of individual private farms in total arable area (2000)	25%
Orchards	72%	in imports (2000)	5%	Share of private sector in total agricultural output (2000)	99%
Forested	1 %	Traditionally net importer of agricultural products: animal feed, various food preparations, fruits and vegetables.			
	33%				

1) 2000.

2) 1999 – 2000, according to the density of regions and localities up to 150 habitants.

4) Agriculture + food industry according to the System of National Accounts of the Czech Statistical Office, all figures preliminary!

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>1. <u>Macro-economic Framework for Agriculture</u></p> <p>A. Prices/Subsidies</p>	<p>After initial success, the highly industrialized Czech economy ran into recession: real GDP – 2.6 (-0,2; 2,6) % , inflation 10.7 (2,1; 3,5) % , unemployment 7.5 (9,4; 8,7) % - 1998 (1999;2000 estimations) figures; support to agriculture rose to ‘average central European’ level³⁾.</p> <ul style="list-style-type: none"> • Prices have been liberalized in 1990/91, but some distortions persist through government support. • Budgetary expenses on agriculture increased considerably in 1998, reaching 437 million ECU (446 mil. ECU in 1999; 501 mil. ECU in 2000 – preliminary). • Price support measures with “guaranteed” prices for the main commodities. • Financial support for the establishment of new private farms and for investments in the agro-food sector (since 1999 reduced due to lack of finance). • Direct (per hectare and headage) payments or compensation to farmers in less favored areas, and areas with special features. <i>Since</i> 1999 income support has been extended also to all farmers. • Support for socially desirable farming practices, such as the transfer of arable land into meadows and pastures and other production extending practices is developing. <p>During 1999 – 2000 supports which could be linked with positive effects on environment have increased significantly (CZK 2,1 bio in 1998; CZK 4,5 in 1999 and CZK 4,0 bio in 2000).</p>	<p>Distortion free market and incentive system.</p> <ul style="list-style-type: none"> • Revision of support programs to focus on efficiency enhancement rather than price and export subsidies. • The various instruments of government intervention in the sector, especially the various support programs, need to be integrated into a more consistent and predictable framework. • Changes in the Czech agricultural policy framework need to take into account the evolving nature of the instruments and requirements of the CAP as a “moving target”. • The full adjustment of support to EU levels should be postponed until the actual accession. • Social measures in the rural areas need to be separated from the major instruments of agricultural policy aimed at improving efficiency and competitiveness.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
B. Trade Policies	<ul style="list-style-type: none"> • Relatively liberal trading regime, governed by a number of multilateral and bilateral agreements. • Border measures are, to a large extent, conditions imposed by WTO commitments (Czech Republic became a founding member of the WTO on January 1, 1995) and also by agreements with the EU and under CEFTA. • Most tariffs are considerably below EU equivalents (2.5 times lower on average for all tariffs), except for poultry, pork, potatoes, and oilseeds. • Export subsidies were at low level in 1995-97, as well in 1998 - 2000; new indirect export subsidies in effect since 1997 (interest subsidies of credits for trade firms and for selected commodities, e.g. sugar). • Automatic export and import licensing for registration purposes; non-automatic export licensing is occasionally applied when world market prices are significantly higher than domestic prices (cereals, rape seeds 1996 – 1997). Since July 2000 only two items, pharmaceutically important, have remained under automatic export license regime. 	<ul style="list-style-type: none"> • Maintain the generally liberal trading regime and fully comply to all WTO commitments. • Avoid early adoption of EU protection levels. • Export subsidies and non-automatic licensing should be phased out.
C. Taxation	<ul style="list-style-type: none"> • Farmers are subject to land and property tax, as well as personal income or corporate tax. • Tax preferences (concessions, including excise tax for biofuel, etc) provided for agro-food sector (estimated 680 million CZK in 1998, about CZK 1,4 bio in 1999 and 2000). • Low tax payments especially due to low profitability of farming. 	<ul style="list-style-type: none"> • Limit tax exemptions for agriculture for a more efficient allocation of resources (I suppose, this action is already true). • The taxation system and the provided tax concessions need to be harmonized with EU practices and requirements.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>2. <u>Land Reform and Farm Restructuring</u></p>	<p>First phase of transformation has been completed to a large extent. However, the state land remains to be privatized, debts are hampering the sectoral performance and it still takes time for the emergence of efficient and competitive enterprises.</p> <ul style="list-style-type: none"> • By 1998, 80% of agricultural land was in full private ownership (81,4 % in 1999), more than 90 % of restitution cases had been resolved (93,3 % in 1999), land use was almost fully in private hands. • 800,000 ha of agricultural land still remains state-owned. • Dominance of large-sized farms. • Following their legal transformation, most cooperatives have barely restructured operations. • Large-scale farms, in particular cooperatives, carry large debt overhang; total indebtedness of agricultural sector is estimated to be about 1.7 bn Euro. • Relatively solid system of cadastre and land titling; still, roughly two million parcels are not fully registered (titled). • Land market is partially operating: active and quickly developing land lease and rental market (lease is major tenure), but land purchases/sales are hardly existing. 	<p>Efficient, internationally competitive private farms and an active land market.</p> <ul style="list-style-type: none"> • Further “second” transformation of collective farms, involving the restructuring of ownership, management, entrepreneurial activities, and labor. • Quick settlement of farm debts and strict enforcement of bankruptcy laws. • Sale of remaining state owned land. • Enhance the evolution of land market and the acceptance of land as collateral.
<p>3. <u>Competitive Agroprocessing and Services for Agriculture.</u></p>	<p>Privatization of agroprocessing and services has been completed, but new owners will have to reduce costs and improve efficiency to become internationally competitive.</p> <ul style="list-style-type: none"> • Structure of agro-food processors is dominated by medium-scale firms (100 – 299 employees) with 32% share in sales of food industry in 1998 - 1999. • Most agro-industries and services struggle with weak management and low labor productivity, which is slowly increasing (a better situation exists in firms with a foreign participation). • Agro-food and agro-service enterprises attracted some direct foreign investments (especially sugar refineries, dairies, breweries, confectioners). • “Passive shareholder” syndrome due to ownership by banking sector (has been weakening during the last years). • Competitive wholesale market for agricultural commodities and food are yet to develop; food distribution systems are inefficient. However, in retail market there is a rapid growing share of international food chains leaving no Czech firm among the top 10 retailers in 1999 and 2000. 	<p>Internationally competitive and privately owned agroprocessing and agroservices.</p> <ul style="list-style-type: none"> • Review the legal framework of cooperatives to assess the impediments it creates in the formation of marketing and processing cooperatives and to their effective management. • Strengthen a network of private regional exchanges with or without the support of local municipality. • Develop an analysis of price related risks taken by entrepreneurs in the agricultural and food marketing chain, their costs, and launch training programs on agricultural marketing and price/risk management in agriculture. • Adjust general institutional framework to attract strategic foreign direct investments.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
4. <u>Rural Finance</u>	<p>High financial risk stemming from undercapitalization, high debt, and poor credit history; elaborated but financially weak system of credit subsidies and guarantees.</p> <ul style="list-style-type: none"> • Large number of commercial banks, dominated by 'Commercial Bank' involved in the financing of farming sector • Credit subsidies and guarantees are provided through the Support and Guarantee Fund for Farmers and Forestry (SGFFF). • High indebtedness and non acceptance of land as collateral reduces private involvement in financing of farms without state guarantees. <p>. A part of the debts (for interest free loans from 1992 – 1993) was written off by the government in 2000. In the same time, the privatized non-land assets were re-evaluated, to adjust their value to real conditions.</p> <p>. Since 2001, new support schemes – grants for young farmers have been established.</p>	<p>Sustainable private rural financial services.</p> <ul style="list-style-type: none"> • The current credit guarantee scheme needs to be fully de-linked from government, and credit subsidies need to be discontinued in their present format. • Credit subsidies might temporarily be replaced by investment grants for a transitory period to improve competitiveness. • Review legal and institutional obstacle for the use of land as collateral. • Activate the legal process for bankruptcy and liquidation. • Reduce the level of the state guarantee on bank credits through SGFFF, to increase a risk component for private sector. • Phase out interest rate subsidies.
5. <u>Institutional Framework</u>	<p>Consolidation and adjustment of main agricultural institutions has been largely completed.</p> <ul style="list-style-type: none"> • Relatively sophisticated agricultural research and education system, but insufficient information and extension services. • Institutions to monitor and enforce quality and health standards have been made more efficient but more needs to be done to meet strict EU requirements. <p>. In 1999 – 2000 the process of the harmonization of the Czech legislation with the EU one has continued.</p> <ul style="list-style-type: none"> • The present institutions for the implementation and administration of agricultural policy are not still in full compliance with the EU requirements. However, quite new institutions have been established in 2000 - 2001: State Agricultural Intervention Fund, quota systems for milk and sugar sectors (with legal problems), Payment Agency for SAPARD, etc. 	<p>Improve efficiency in the provision of “public goods” to agriculture and strengthen effort of EU harmonization.</p> <ul style="list-style-type: none"> • Strengthen private and public information systems, and launch a program of collaboration between the private sector and state agencies. • Complete the restructuring of state agencies involved in consumer protection, animal and plant protection, agricultural research and extension, border control, farm registration, market information, market organization by sub-sector, and market intervention. • Adjust agricultural support system to CAP; accelerate institutional harmonization with EU standards. • A more integrated regional and rural policy and related support programs have to be developed to be able to utilize the EU’s structural fund instruments.

3) Support to agriculture was quite stable (measured by PSE 20 %) and with exception of Slovak Republic (24 %) reached the Central European level (Poland 21 %; Hungary 20 %).

ESTONIA

<u>Total Population</u>	1.38 mill	Agriculture in GDP 1999	3.8%	1999 agricultural output as percentage of 1990 levels	47%
Rural Population	32.5 %	Food and agriculture in active labor (2000)	5.5%	1999 livestock sector as percentage of 1990 levels	43%
<u>Total Area</u>		Food and agriculture in export (2000)	5.9%	Share of livestock in GAO (1999)	56%
Agriculture area:	4.52 mill ha.	Forestry share in exports (2000)	13.4%	Share of private farms in total cultivated land (1998)	65%
Arable land	143 mill ha.	Food and agriculture in imports (1998)	10.4%	Share of private farms in total agricultural output (1999)	53%
Drained	78.2%	Traditionally net exporter of processed foods: eggs, butter, cheese and flax, in 1995 Estonia became a net importer. (Agricultural Trade balance in 2000: -3.0 bill EEK)			
Orchards	66%				
Natural	1.0%				
Grassland	20.9%				
Forested	46.2%				

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<u>1. Macro-economic Framework for Agriculture</u>	Completed price and market liberalization with almost no policy distortion.	Maintenance of an open market-oriented agriculture sector.
A. Prices/Subsidies	<ul style="list-style-type: none"> • All prices are freely determined. • No government procurement.(except state grain reserve that might, however, be liquidated) • No government price supports. • Currency has been successfully stabilized. • Income support scheme on per ha of crop and per dairy cow basis was introduced in 1998. • Competitive markets are being created based on minimal barriers to entry. • A 25% grant (in case of SAPARD the public sector support could amount to 75%) is provided for investments on a competitive basis as of February 1998. • Budget is financing rural credit funds which provide credit guarantees and interest subsidies to agriculture and the rural area. 	<ul style="list-style-type: none"> • Continue commitment to liberalized prices and markets. • Avoid government intervention. • Phase-out interest rate subsidies for rural lending. • Continue to harmonize policies with the EU in anticipation of planned accession.
B. Trade Policies	<ul style="list-style-type: none"> • No export restrictions on agricultural trade. Import tariffs for agricultural products from countries with which Estonia has no free trade agreements. • Trade agreements with a number of countries, including EU, EFTA countries, some CEFTA countries, Ukraine. • Since January 1997, the Baltic Free Trade Area (BFTA) includes agricultural products. • Member of WTO. 	<ul style="list-style-type: none"> • Avoid introduction of new protectionist measures.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
C. Taxation	<ul style="list-style-type: none"> • Principle of equality prevails in tax policy. • Exemption from income tax for small private farmers. No income tax for profits invested in enterprises registered outside Tallinn and Harju counties. • Reduced land tax for agricultural land. However, as land tax is a local tax, local governments are not interested in reducing land tax rates. 	<ul style="list-style-type: none"> • Resist pressures to introduce distortionary taxation favorable to certain groups.
2. <u>Land Reform and Farm Restructuring</u>	<p>Land is being restituted and privatized (37% of total area) but the speed of reforms has been curbed by financial, technical and legal impediments.</p> <ul style="list-style-type: none"> • Nearly all assets of state and collective farms have been privatized. Land ownership and use patterns are approaching those of the 1920s. • Large share (ca 30%) of the agricultural land is still held in various larger incorporated farms which descend from the former collective and state farms. • The private farming structure has been developing towards family farms with an average size of 20.8 ha. • Actual process of formal transfer of land titles to the newly established private farms has been slower than desirable. • 78,500 ha of state land has been sold through auctions. • The low price of agricultural land and small size of agriculture farms resulting in insufficient collateral is a major impediment to the access of financial markets by farmers. • Large proportion of the necessary farm drainage infrastructure is in poor condition. • No restrictions on maximum land rental. 	<p>Viable system of independently operated, privately owned farms.</p> <ul style="list-style-type: none"> • Accelerate land reform by increasing budgetary resources and coordinating activities like cadastre registration and restitution among institutions involved. • Introduce incentives to register land as soon as possible. Currently there is a disincentive because land tax is imposed once land has been registered. • Develop framework for a functioning land market, especially by clarifying leasehold rights and obligations, establishing market-based rental rates for leasehold properties, and facilitating the transferability of leasehold rights. Improve transparency of land ownership. Establish long-term lease contracts system of state-owned land with pre-emptive right for privatization as a next step. • Include state land in the land market and resolve the issue of how it will be disposed (either sale or long-term leases). • Upgrade and increase efficiency of farm drainage infrastructure. • Review present restrictions on foreign ownership of land and allow for more foreign participation. Under consideration by government are proposals to place more emphasis on legal residence and tax-paying status of owners, rather than nationality. • Remove controls on land rents.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>3. <u>Competitive Agroprocessing and Services for Agriculture.</u></p>	<p>Privatization of agro-processing has nearly been completed.</p> <ul style="list-style-type: none"> • Companies are in the process of adapting to the market economy, but need significant levels of investment and are highly indebted. • Over-capacities in many processing industries, e.g. dairy industry. • In some cases, excellent commercial institutions, often with the participation of foreign firms, have emerged. 	<p>Internationally competitive agro-processing and efficient services for agriculture.</p> <ul style="list-style-type: none"> • Remove preferential treatments and open agro-industry to foreign investments. • Foster the establishment of farmers' machine cooperatives. • Facilitate the upgrading of agro-processing to meet European Union standards in all sectors still lagging behind.
<p>4. <u>Rural Finance</u></p>	<p>Banking system has been fully privatized.</p> <ul style="list-style-type: none"> • Rural financial markets need to be further developed. • Modern banking system is developing. • Rural lending has originated almost entirely from budget financed credit fund at subsidized interest rates. • Lending to agriculture and rural sector has been low, but emphasis has been placed on increasing it. • Lack of an independent lending tradition based on risk assessment and risk taking by banks. 	<p>Sustainable rural financial services.</p> <ul style="list-style-type: none"> • Train staff in financial sector to address the banking and financial requirements of the agriculture sector. • Train farmers in preparation of business plans and credit proposals. • Support the emergence of private banking structure. • Phase-out interest rate subsidies for rural lending.
<p>5. <u>Institutional Framework</u></p>	<p>Adjustment of the institutional framework is at a fairly advanced stage.</p> <ul style="list-style-type: none"> • Ministry of Agriculture has mainly regulatory functions. • Agricultural extension services are evolving towards market-based approach. • Reorganized agricultural research and education are constrained by shortage of funds and lack market responsiveness. • Food Quality Control operations do not yet meet international requirements except in a few subsectors. 	<p>Strategic framework for assistance to the rural sector.</p> <ul style="list-style-type: none"> • Accelerate technological transformation according to the needs of the private sector. • Place greater emphasis on rural poverty and regional development. • Establish monitoring and testing capacities for food quality to meet EU standards.

HUNGARY

Total Population	10.04 mil	Food and agriculture in GDP 1998	8.0 %	Agricultural output in 2000 as percentage of 1990 average level	70.0%
Rural Population	36,4 %	Food and agriculture in active labor (1999)ILO labor force survey	11.2 %	Livestock production in 2000 as percentage of 1990 level	71%
Total Area	9.3 mil ha	Food and agriculture		Share of livestock in agriculture (2000)	44.7%
Agriculture area:	5.9 mil ha	in exports (2000)	6.9 %	Arable area in private use (2000)	52,4%
Arable land	77%	in imports (2000)	2.7 %	Share of independent full and part-time family farms in total land area (2000)	51%
Orchards	3.4%	Traditionally net exporter: grain, meat, vegetable oil, processed and unprocessed fruits and vegetables, wine, livestock products and poultry.		Land ownership 2000: coop 2%, state 10%, private 88%.	
Irrigated	5%				
Forested	19%				

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>1. <u>Macro-economic Framework for Agriculture</u></p> <p>A. Prices/Subsidies</p>	<p>Food and agriculture operates in a macroeconomic and trade environment with direct links to the world market; support programs and import tariffs, however, represent distortions.</p> <ul style="list-style-type: none"> • Agricultural producer and consumer prices were liberalized already in 1990-1991: producer prices are considerably below EU level; 1997 wheat 78%, corn 55%, sugarbeet 54%, pork 83%, beef 54%, consumer prices are close to US domestic price level, but below EU levels 75%. • Subsidization of agriculture increased in 1998, agricultural budget was about US \$540 million, 1.1% of GDP in 1998. • Subsidy schemes 'simplified' terminating a number of titles including subsidies of agrarian employment, animal breeding, investment, land utilization and protection, forest and fishery . • Market support programs (42% of total subsidies in 1999), mainly export subsidies, represent the most problematic component of support program. • Minimum price program was effective for grain in 1998, state purchased wheat and pork at guaranteed prices mainly from small-scale producers in 1999. • Structure of support programs is now changing in favor of direct support to producers in the form of area payments with preference to small crop farmers and orchards. 	<p>Liberal incentive and market system with minimal Government intervention.</p> <ul style="list-style-type: none"> • Create predictable and consistent system of various Government's policy instruments used in agriculture. • Revise existing support programs and reduce budgetary support in real terms. • Focus support programs on efficiency enhancement. • Avoid the use of minimal price programs and state grain purchases, and relate programs, if any, to world market prices rather than average cost of production.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
B. Trade Policies	<ul style="list-style-type: none"> • Tariffs for food and agriculture products are rather high (30-40%). • Export licenses are a piecemeal and non-transparent system of allocation that need to be reduced under the WTO agreement. • So called "Product Councils" incorporating producers, processors and traders work with the Government in implementing market intervention and trade policies. • Hungary became a founding member of the WTO on January 1, 1995, and a full member of OECD in March 1996. • CEFTA is providing a framework for increased sub-regional agriculture trade with some trade conflicts • Foreign trade is fully privatized and demonopolized. 	<ul style="list-style-type: none"> • Implement WTO agreements on subsidies and tariff reduction. • Phase out or thoroughly revise the system of export subsidies. • Remove remaining export licensing and quotas. • Fully implement anti-monopoly legislation. • Continue to pursue active trade policy to improve market access for Hungarian food and agriculture products.
C. Taxation	<ul style="list-style-type: none"> • Agriculture enjoys significant tax privileges including income tax exception for small farmers, reduced corporate tax, no land tax, and full tax refund on fuel. • Tax exemptions increased over time: land tax was eliminated in 1995, refunds of the fuel excise tax were increased to 100 percent in 1998. • Reduced VAT rate (12% instead of 25%) for most agricultural products. • By 1997 all producers marketing any agricultural products were to be registered at the tax authorities. • Government support, like the reduced VAT, could contribute to the reduction of the "gray" area of unregistered farming sector, since non registered agricultural producers do not receive any support. 	<ul style="list-style-type: none"> • Review the exact impact of tax advantages for agriculture and evaluate against the costs of these policies. • Shift tax exemptions towards tax incentives for investment from properly reported corporate and personal incomes. • Improve tax administration and tax collection in general. • Increase taxation of informal segments of agriculture while continuing to decrease taxation of formal sector as well as reported personal incomes.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>2. <u>Land Reform and Farm Restructuring</u></p>	<p>The major initial tasks of land reform are close to completion.</p> <ul style="list-style-type: none"> • Land privatization included compensation of former owners and distribution of rest of collective land for members. • The compensation was completed by 1997, and 90% of land of new owners was physically identified. • Physical distribution of land for collective members is lagging somewhat behind. • First phase of collective farm reorganization was completed in 1995. Active members received 41.5%, previous owners 38.7%, former members 14.4% of assets. • The restructuring of new collective structures is continuing, the share of cooperative sector in arable land use was less than 20% in 1998. • Initial phase of state farm privatization was completed in 1996. 28 farms remained in majority state ownership (10% of land) out of the initial 121. • About 50,000 full-time family farms and about 1.0 million part-time farms cultivate 51% of arable land in 1998. • 43,9% of arable land is used by about 4000 incorporated private larger farms and by the 28 remaining state farms. • Titling of privatized land is lagging behind. In mid-1996, 55% of the beneficiaries of compensation and only 10% of land share owners received titles. On the whole about 20-25% of agriculture area still requires titling. • Foreigners and legal persons can not own agriculture land there is a 300 ha upper limit set for individual land ownership. 	<p>Privately owned smaller and larger viable farms as the dominant component of farming system with service and transferable ownership rights.</p> <ul style="list-style-type: none"> • Accelerate the processing of titling new privatized land. • Amend land ownership and land market regulations by: (a) allowing land ownership for legal persons (companies and corporations); (b) removal of upper limits for land ownership; and (c) allowing agricultural land ownership for foreign citizens. • Refine the legal framework for cooperatives in agriculture providing more transparency of ownership and framework for easy further restructuring and division of cooperative farms. • Introduce measures to facilitate a speedy consolidation of land ownership and changes in farm sizes. • Develop a strategy for further privatization of remaining state farms.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
3. <u>Competitive Agroprocessing and Services for Agriculture</u>	<p>Privatization of agroprocessing/input supply marketing and services is almost fully completed.</p> <ul style="list-style-type: none"> • Upstream and downstream sectors were privatized using tenders with entrepreneur to management and workers to obtain a limited percentage of share. • Foreign investors obtained 55% of ownership and made significant investments the specialization yet started . • The upstream and downstream sectors are demonopolized and competitive. Input supply is integrated into the West European input supply system. A full selection of modern equipment and inputs are easily obtainable all over the country. • Food processing industry is prospering, GDP is about to reach the same share of agriculture. 	<p>Competitive, privately owned agroprocessing and input supply.</p> <ul style="list-style-type: none"> • Fully implement anti-monopoly regulations. • Implement EU conform quality and safety standards for agricultural imports and exports. • Support vertical integration of farmers, e.g. through marketing and processing cooperatives. • Improve contract agreements and market transparency. • Promote research and development of new products and markets.
4. <u>Rural Financing</u>	<p>An appropriate financial system for privatized agriculture is not fully in place.</p> <ul style="list-style-type: none"> • Public support to agriculture and bank financing are intricately linked: large majority of financing of agriculture is done in connection with investment or interest rate subsidies. • Several types of guarantee funds including the agricultural guarantee fund mostly to small and medium holders and the credit guarantee fund to large enterprises. • Diversified private banking system: a new mortgage bank has started to operate the participation of the State without success due to the missing land market. • Financing in agriculture is improving. But still below the needs of a market based privatized agriculture. • Interest rates after subsidization are negative. • 30-50% interest rate subsidy is provided both for short term and investment credits in form of tax refund • Restructuring and privatization of banks with major portfolio in food and agriculture is completed. • National system of rural credit cooperatives with umbrella bank was created with EU. • Mortgage Bank was created in 1997 together with appropriate mortgage laws. • The use of warehouse receipts as collateral was introduced in 1997. 	<p>Viable financial institutions serving the agricultural sector efficiently.</p> <ul style="list-style-type: none"> • Decrease interest rate and credit guarantee schemes, and eventually phase out credit subsidies. • Promote the emergence of competitive insurance services for agriculture. • Create a framework for use of warehouse receipts. • Account for compatibility of support schemes with EU requirements.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
5. <u>Institutional Framework</u>	<p>Institutional structure was reformed, quality public services, however, is not yet fully in place.</p> <ul style="list-style-type: none"> • Ministry of Agriculture and Rural development was created in 1998 • Education system has been mainly adjusted to emerging new conditions. • Reorganization of the research system is nearly completed. • Information system required by a market based agriculture is only partially in place. • Public activities (government research-education) in agriculture are seriously hampered by budgetary difficulties. • Agricultural extension system was created, including a system of township advisors and private advisory services (subsidy is provided). • Advanced legislation, also with respect to EU harmonization, but enforcement still needs to be strengthened for example paying agency. 	<p>Promote the use of and support for commercial and private agriculture.</p> <ul style="list-style-type: none"> • Complete the reorganization and improve quality of public agricultural administration to the needs of a market economy and forthcoming EU accession. • Complete the reform of agricultural education and research. • Enforce the implementation of the EU conforming legislation.

LATVIA

Total Population	2.42 mil	Food and agriculture in GDP (1996)	9%	Agricultural production in 1998 as a percentage of 1989-91 level	47%
Rural Population (2000)	31.1 %	Food and agriculture in active labor (1996)	18%	Livestock production in 1998 as a percentage of 1989-91 levels	37%
Total Area	6.5 mil ha	Food and agriculture in export (1997)	5%	Share of livestock (1996)	45%
Ag. area:	2.4 mil ha	in import (1997)	8%	Agriculture area in private individual use (2000)	95%
Arable land	71%	Traditionally net exporter of livestock products: meat, milk, and eggs		Share of private sector in total agricultural output (1999)	72%
Pastures	14%				
Drained	62%				
Forested	44%				

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>1. <u>Macro-economic Framework for Agriculture</u></p> <p>A. Prices/Subsidies</p>	<p>Almost fully completed liberalization.</p> <ul style="list-style-type: none"> • Prices are freely determined, but Market Intervention System as safety network in grain sector applied since 1998. • No Government procurement quotas. • No deficiency payment systems. • Direct payment supports for high grade breeds and seeds, flax and potatoes since 1996 of approx. 4 mil. Lats per year. (2000 - 0,48 million) <p>In 2001 the area-based payments are implemented.</p> <ul style="list-style-type: none"> • Law on Agriculture has been passed by the Ministers' Cabinet on 24 October 1996, setting the institutional framework for agricultural policy development in Latvia. • Long term agricultural support program for the years 1998 to 2002 has been approved by the Government and annual detailed regulations for farmers' support are based on this program and issued by the Government at the beginning of each year. • As EU candidate, Latvia orients its agricultural policy to adopt CAP at time of accession. 	<p>Distortion free, efficient internationally competitive agricultural sector.</p> <ul style="list-style-type: none"> • Keep commitment to liberalized prices. • Foster the development of price information systems for transparent and timely access to cost changes by all concerned. • Do not introduce high price guarantees. • Phase out implicit price subsidies.
<p>B. Trade Policies</p>	<ul style="list-style-type: none"> • Export of agricultural products is deregulated. • Import regime has become relatively liberal. • In February 1999, Latvia has become full WTO member. • The legal basis to apply anti-dumping and anti-subsidy measures is prepared • An extended set of agricultural free trade agreements has been implemented, EU and Baltic Free Trade Agreements play the major role. • Grain and sugar trade license system has been transferred into automatic licensing (trade deal has to be announced and is automatically registered). • Temporary export promotion for dairy products. 	<ul style="list-style-type: none"> • Maintain an open economy policy to stay competitive. • Rationalize tariffs on low uniform ad valorem levels and avoid frequent changes to reduce uncertainty and corruption. • Uphold WTO tariff, export restriction and import quota agreements.

<p>C. Taxation</p>	<ul style="list-style-type: none"> • Tax burden on farmers is relatively low; several tax exemptions are phased out. • The reduction of income tax for farmers is still valid. Tax has to be paid but less than by other types of enterprises. 	<ul style="list-style-type: none"> • Reduce differentiation in tax rates to minimize distortive effects on resource allocation through unequal burden. • Introduce a social security system tailored for the conditions of private farmers.
<p>2. <u>Land Reform and Farm Restructuring</u></p>	<p>Agri-food sector has been fully privatized, but further adjustments are needed what concerns farm restructuring.</p> <ul style="list-style-type: none"> • Process of privatization of agricultural land still in process. • More than 101.000 private family farms and 147.000 subsidiary farms have emerged as a result of land reform. • Only the most sustainable privatized agricultural joint stock companies are continuing their operation. • Primary registration of real estate with the cadastre has been completed by the end of 1999 • By the end of 2000 2,8 million ha as the property registered with the Land Book. • Land market has started to develop (60,000 rural transactions in 2000). • Drainage systems do not meet the needs of smaller privatized farms and require rehabilitation or comprehensive repair and maintenance, also to curb negative environmental impact. 	<p>Efficient and internationally competitive farm structure.</p> <ul style="list-style-type: none"> • Finalize registration and titling of land to develop a functioning land market. • Help to organize local and regional farmers' cooperatives. • Rehabilitate and modernize key rural infrastructure, including access roads, electricity, and water to new private farms. • Repair and redesign drainage systems to meet needs of new farming structure. • Support economic diversification in rural areas to promote farm restructuring.
<p>3. <u>Competitive Agro-processing and Services for Agriculture.</u></p>	<p>Agri-food sector has been fully privatized, but adjustments are needed, in particular further restructuring of agri-food enterprises.</p> <ul style="list-style-type: none"> • Small-scale businesses continue to emerge and existing enterprises have started to restructure already. • Significant success has been reached in modernization of agro-industries, in particular dairies. • Development of the quality of both existing and new products through innovation is remarkable. • Quality control and measuring systems have developed, but have not reached sufficient level, limiting export opportunities, in particular for the meat sector. • Development of marketing infrastructure in the food chain stays behind the needs of the large number of smaller farms and enterprises. 	<p>Efficient agri-business firms subject to market forces, and agro-processing industries with high quality products which can compete in world markets.</p> <ul style="list-style-type: none"> • Support the further modernization process of agro-industries. • Continue a policy that effectively stimulates competition. • Design and implement a program to encourage rural SME development. • Support for restructuring and capitalization of enterprises based on their competitive merits. • Create an environment favorable for foreign investment. • Support development of a commercial network of private input and output markets. • Support the introduction of product quality control and inspection systems that meet EU or US standards as soon as possible to gain access to these markets. • Facilitate farmer/processor/consumer market information systems.

<p>4. Rural Financing</p>	<p>A private banking system is serving farms and agro-food business.</p> <ul style="list-style-type: none"> • Credit, though limited, is available for the agricultural sector, particularly for the newly emerging private farmers. • The agricultural sector is considered as a high risk branch, leading to only little engagement of commercial banks in rural credit. • For agricultural and rural development, special governmental credit programs are set up. 	<p>Viable financial institutions serving the agricultural and rural sector efficiently.</p> <ul style="list-style-type: none"> • Assist new private farmers in start-up period with provision of credit, training, and services.
<p>5. Institutional Framework</p>	<p>The institutional framework for reformed agricultural sector is in place. However, EU integration requires further adjustments of the Government structure.</p> <ul style="list-style-type: none"> • Ministry of Agriculture: Basic tasks of the Ministry of Agriculture are to draw up and jointly with the State management institutions to implement the State policy in agriculture, forestry and fisheries as well as to co-ordinate activities of these sectors. • The Ministry of Agriculture has delegated the implementation of the SAPARD Programme to the Rural Support Service (RSS). • It is planned that the RSS will take over the functions of the Paying Agency in respect of basic elements of the EU CAP and EAGGF Guarantee payments upon accession to the European Union. • Phyto-sanitary and Veterinary Border Inspection is functioning. • Newly created private farms have only little farming and farm management skills; technical assistance is needed to develop institutional and human capacity to support emerging private entrepreneurs. • Latvian Agricultural Advisory Service (LAAS), which was established in 1992, shows more involvement of farmers in the management and is offering a broad range of different services and products. • Agricultural research and education lacks funding due to limited financial and human resources. Some improvements in coordination and problem orientation are still needed. • Work on curricula updating has started at the Latvian Agricultural University and at agricultural schools. • The capacity of market-oriented policy analysis has been increased through targeted training of local experts and the establishment of several analysis tools at the MoA and Research Institutions. 	<p>Efficient and effective public sector administration and support for private agriculture.</p> <ul style="list-style-type: none"> • Reorganize the Ministry of Agriculture and regional agriculture administration according to the needs of a market economy and EU. • Encourage and strengthen research system to focus on applied research, transfer and adoption of foreign technology, and the design of cost effective extension activities. • Continue to develop independent effective and far reaching sector farm management and technical advisory services as well as agricultural extension services suitable to all possible sizes of private farms. • Reorganize and strengthen linkages between research, teaching, and extension to increase effectiveness and efficiency.

SLOVENIA

Total Population	1.98 mil	Agriculture in GDP 1999	3.6 %	Agricultural output in 1999 as percentage of 1990 level	107 %
% Rural (2000)	49.6 %	Food processing in GDP 1998	4.0 %	Livestock production in 1999 as percentage of 1990 level	99 %
Total Area	2.03 mil ha.	Agriculture in total employment (1999)	5.3 %	Share of livestock in agriculture (1999)	55 %
Agriculture area:	0.52 mil ha.	Food processing in total employment (1998)	2.8 %	Arable area used by agricultural enterprises or holdings (2000)	20381ha
Forest:	1.12 mil ha.	Share of trade of food and agriculture in total manufactured goods (2000)		Share of independent full and part-time family farms in agricultural area in use (1997)	92 %
Arable land:	0.17 mil ha.	- export	3.7 %		
Permanent crops:	0.03 mil ha.	- imports	6.4 %		
Permanent pasture:	0.31 mil ha.	Traditionally net exporter of hops, wine, fruits, milk, eggs, and poultry.			
Irrigated:	0.003 mil ha				
Share of Agricultural Area	25.5 %				
Arable land	8.5 %				
Permanent crops	1.5 %				
Permanent pasture	15.5 %				
Irrigated	0.6 %				

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
I. <u>Macro-economic Framework for Agriculture</u>	The macroeconomic environment in Slovenia is stable. Import protection still the main cause of distortions for agriculture and food industry.	Focus on preparation for EU Accession on institutional agricultural policy.
A. Prices/Subsidies	<ul style="list-style-type: none"> • The system of financial interventions in agriculture was changed in 2000 according to the "Program of Agricultural Policy Reform 1999 – 2002" ("the reform of agricultural policy") accepted in 1998. The reform of agriculture policy covers systematic, economic, organizational and institutional field. • In 2000 the Agriculture Act was adopted. It sets the objectives of the agricultural policy and lays down the planning of development in agriculture and rural development, agricultural policy measures, quality and labelling of agricultural products and foodstuffs, the marketing of agricultural products and foodstuffs, public services, databases in the agricultural sector, procedures and authorities for the implementation of the Act, research, training and development, technical tasks and supervision and control. • New EU comparable uniform information system with central data base (IACS – Integrated Administration and Control System) administered by MAFF was established. • Internal market is liberalized. At the beginning of the 2001, new EU comparable legislation for milk and milk products was adopted which abolished fixing administrative prices. Recently new EU comparable common market organizations for different agricultural products (beef and veal, sheep and goat meat, sugar, cereals, seeds of agricultural plants, wine, fresh fruit and vegetables) were introduced. Instead of price support direct payments for all respective products were introduced. Other key mechanisms such as intervention mechanisms together with private storage aids and quality standards were also adopted. 	<ul style="list-style-type: none"> • Improve market structure and foster the development of market functioning • Continue liberalization of domestic agricultural and food markets. • Create conditions for the implementation of a private marketing infrastructure, including the provision of detailed marketing information. • Support product marketing and establishing of regional and national trademarks. • Create additional employment and income possibilities on family farms.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
	<ul style="list-style-type: none"> • Agricultural products fall into three price categories: a) lower than the EU prices, e.g. maize, barley; b) close to EU prices, e.g., wheat, milk, sugar beet, beef and veal; and c) higher than EU prices, e.g., pig meat, poultry meat, eggs. • New-Agriculture Act clearly defined Ministry for Agriculture, Forestry and Food (MAFF) as an institution responsible for agriculture market-price policy, structural and rural development policy. Ministry for Economics (ME) stays responsible authority for general foreign trade issues. 	
B. Direct Support and Structural Policy	<ul style="list-style-type: none"> • Program of Agricultural Policy Reform and new Agriculture Act introduced a new system of financing agricultural policy: direct payments, decreasing of prices, structural policy all comparable with EU. • In 2001 different direct payments were introduced: direct payments for main agricultural crops, LFA direct payments and agri-environmental direct payments. On the basis of agriculture reform, the following structural policy and rural development objectives are implemented: the restructuring measures with supports for investments for agricultural holdings, producers organizations, food producers and food and processing industry, as well as land operations with the view to improve the farm structure. Reform also includes spatial planning measures and the renovation of village, supports for the economic diversification in the countryside and development of agriculture related infrastructure. Type, scope and conditions for carrying out off-farm activities on agricultural holdings are defined. • Implementation of the EU pre-accession programme for agriculture and rural development (SAPARD) is in progress. 	<ul style="list-style-type: none"> • No more no input subsidies. New aid schemes should ensure more de-coupled payments in order to minimize domestic market and trade distortions. • Clear cap on the budget concerning direct payments schemes. • In its negotiation position Slovenia called for direct aids to be paid in full by the accession. • Program for Agriculture and Rural Development Modernisation 2002-2006 is in preparation as an operational program for priority – restructuring of agriculture and rural development from the National Development Program for the period 2001-2006. Measures within sub-programs are agriculture and rural development, including structural policy, land operations, rural development vertical measures, restructuring and adjustment of agro-industrial establishments and development of forestry and fisheries.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
C. Trade Policies	<ul style="list-style-type: none"> • Protectionist trade policy; subsidies to agriculture higher than other CEECs. • Border protection is still important instrument for certain most sensible agricultural products. • Slovenia's trade balance is negative. Agro-food trade in 2000 is about 23% of the global trade deficit. • Main trading partners on the export side are former Yugoslavia and EU, with respectively 61% and 22%. On the import side, the EU is the major trading partner (54%) with CEFTA countries (17%) and former Yugoslav Republics (13%). • Since October 1994, Slovenia is member of GATT and became a founding-member of WTO. Among the CEECs, Slovenia has a very specific position within the GATT Agreement, in particular, it made its commitments in euro. The initial AMS value amounted to 159 Mio ECU in 1995 and the final AMS to 131 Mio ECU in 2000. So far, the AMS does not appear to represent a particular policy constraint. Furthermore, Slovenia uses ad valorem (%) and fixed specific import duties (tariff equivalent) according to Schedule XCVI to the Protocol for the accession of the R Slovenia to the GATT. • Minimum tariff quotas have to be opened for wheat (80,000 t), barley (70,000t) and maize (120,000 t), which more or less covers imports of these products. • Trade agreement with EFTA countries; CEFTA member since 1995; EU Association Agreement (signed 1997). Recently within AA significant range of products were liberalized. • Free Trade Agreements with Macedonia, Lithuania, Latvia, Estonia, Croatia , Israel and Turkey. Introduction of FTAs has already significantly reduced border protection. 	<ul style="list-style-type: none"> • Implement WTO agreements in a view of further liberalization of agricultural market. • Preparation for EU accession, and increase public awareness. • Further liberalize agricultural trade policy and reduce border protection together with reform of domestic market organisations.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>II. Land Reform and Restructuring</p> <p>(1) Land Consolidation</p> <p>(2) Land Cadastre and Land Register</p> <p>(3) Land Market</p> <p>(3) Agriculture and Environment</p>	<p>Small farm sizes (4.8 hectare in 2000) and dispersed structure of plots.</p> <ul style="list-style-type: none"> • Average farm size is 9.4 ha of total land, with 4.8 ha used for cultivation. Around 60% of farms occupying about one third of agricultural land, cultivate only 1 to 5 ha. • Low land tax provides no incentive for allocation of land use to most efficient farmer. • Process of restitution of nationalised land and privatisation of socially owned farms is still sensitive issue but after 1999 the process is again speed-up. <ul style="list-style-type: none"> • Current register is inaccurate hindering land mobility and causing additional costs. • The functioning of the land market will be improved by the new Land Register Law, which regulates the updating and computerization of the cadastre for urban and rural areas. • In 2000 project for modernisation of Land cadaster (data on parcels) and Land register (data on ownership) started. And will enable computer-based data exchange. • Graphic base of Land cadaster is in the process of digitalisation. <ul style="list-style-type: none"> • Land leasing is more and more accepted as important means for developing a competitive farm structure • Land prices still approach the highest levels in Europe. • In 2000 system of direct payments for environment protection and landscape and LFA, in compliance with EU guidelines, were introduced. In 2001 Slovenian agri-environmental programme was adopted. 	<p>Develop land market in order to improve efficiency; define and implement targeted programs.</p> <ul style="list-style-type: none"> • Use land taxation to encourage land consolidation. Policies should stimulate land market creation and facilitation mechanisms. • Restructure state Fund for Agricultural Land and Forests to actively support land consolidation by buying, holding and reselling land to improve farm structure (like SAFER in France). <ul style="list-style-type: none"> • Land cadaster was completed in 2000. <ul style="list-style-type: none"> • Support long term lease. • Introduce retirement scheme, and ease transfer of land. <ul style="list-style-type: none"> • Full implementation of agri-environmental measures and LFA schemes.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>III. Agro-processing and Services for Agriculture</p> <p>(1) Farm Profitability</p>	<p>Enterprises are partly efficient and internationally competitive, but vestiges of old system hinder progress.</p> <ul style="list-style-type: none"> • Farm income is mostly below the defined "parity income level". • Widespread over-mechanization. • Lacking knowledge of modern marketing and business practices. • Lack of co-operation in product marketing and input purchase. • In 2001 market information system for pigmeat, milk and milk products and beef and veal was established. 	<p>Improved farm efficiency; transformation of co-ops and preparation for EU accession.</p> <ul style="list-style-type: none"> • Promote joint use of machinery (machinery circle, contracting). • Start information campaign on cost reduction and productivity improvements in the different production areas. • Further development of market information system for other agricultural products (sheepmeat, eggs and poultry meat) is in progress. • Support production of high quality instead of mass production. • Put strong emphasis on creation or improvement of alternative sources of farm income (tourism, forestry etc.).
<p>(2) Agricultural Co-operatives</p>	<ul style="list-style-type: none"> • Agricultural co-operatives still play an important role in providing supply, marketing and credit services to agricultural producers. • The co-operative sector in Slovenia is currently experiencing a serious recession. Many organisations have adapted poorly to the changed economic conditions. • Overstaffing, excessively diversified operations, and lack of managing initiative lead to high costs and weaken the position of co-operatives. 	<ul style="list-style-type: none"> • Revise the legal and organizational framework under which co-operatives operate to let them become genuine. • Transform existing co-operatives to market oriented organizations. • Transform existing co-operatives to market orientated organizations . • Support specialization and market activities of agricultural co-operatives. • Financial business consolidation in the co-operative system should be considered as an important element of the institutional improvement needed in Slovenia'a agro-food sector.
<p>(3) Agro-industries</p>	<ul style="list-style-type: none"> • The food industry contributes to overall economic output almost as much as agriculture, but employs half the people. • High fragmentation, unfinished corporate reform and policy interventions are the main impediments to competitiveness. • In 2000 spatial program for restructuring and adaptation of food processing industry was implementing; supports were given for adjustment of agro-processing enterprises to the EU veterinary and biological standards and improvement of their competitiveness. 	<ul style="list-style-type: none"> • Inform agro-processing enterprises about business opportunities and market mechanisms • Modernisation and adaptation of food processing industry in compliance with EU standards. • Improvement of economic efficiency and competitiveness of food processing enterprises. • Improvement of industrial structure. Remove all monopoly and oligopoly support but support vertical and horizontal integration. • Application of contemporary marketing and management strategy.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
(4) Quality policy and Food safety	<ul style="list-style-type: none"> In 2001 Food safety strategy was adopted which focused to whole food chain "from stable to table" including phytosanitary and veterinary issues, feed and general issues for consumer protection. 	<ul style="list-style-type: none"> National policy is oriented toward improving product quality, promotion of trademarks together with food safety and protection of the environment. Process of introduction of EU quality agro-food standards is in progress.
IV. Rural Financing	<p>General banking system is active in rural lending but the general problem of high interest rates is affecting rural economy.</p> <ul style="list-style-type: none"> Lacking investment possibilities in agriculture is less a phenomenon caused by missing credit resources than economic situation of farming and small structure of production. 	<p>Fully functioning and viable rural financial system.</p> <ul style="list-style-type: none"> Analyze the real bottlenecks of the rural financial system. Assist farmers and other rural entrepreneurs in defining viable investment projects. Support the change of approach from an asset based to a concept (business plan) based lending approach.
V. Institutional Framework	<p>Institutional Framework is intensively adjusting to full market-based conditions.</p> <ul style="list-style-type: none"> Internal and external communication and co-ordination is weak in governmental work.. According to new Agriculture Act clear responsibilities and division of tasks between MAFF and ME was achieved. Independent NGOs are not covering the full spectrum of agriculture and food activities. New legislation sets the clear tasks among different bodies involved. MAFF is main responsible policy-making body. In 2000 the institutional-building of the Agency for Agricultural Markets and Rural Development (AAMRD- paying agency) started. AAMRD took over the implementation of agriculture policy. For the implementation of the EU pre-accession programme for agriculture and rural development (SAPARD), AAMRD is under a process of accreditation under the EU criteria. In 2000 Chamber of Agriculture and Forestry of Slovenia was established and its main objectives were set. Agricultural extension service, which has long tradition, associated to the Chamber. 	<p>Efficient and effective public sector administration and support for commercial and private agriculture.</p> <ul style="list-style-type: none"> Complete the reorganization in agriculture sector in a meaning of institutional building and improving administration efficiency, all with a view of forthcoming EU accession. Involve professional organizations, universities, NGOs in consultation, organization and implementation of public activities in the field of agriculture and rural development. Take care that public administration is in balance with the size of the sector. Establish a multi-institutional but independent agricultural policy analysis and rural development center, with high degree of flexibility.

POLAND

<u>Total Population</u>	38.67 mil	Food and agriculture in GDP 1999	8.0%	Output Ratios 1999 / 1990:	
<u>Rural Population</u>	38.4%	agriculture alone	3.4%	total agriculture	93%
		agriculture alone in 1989	13%	crops	88%
<u>Total Area</u>	31.3 mil ha	Food and agriculture in active labor (1999)	28%	livestock	97%
<u>Agriculture area:</u>	18.4 mil ha	agriculture alone	25%	Share of livestock in	
Arable land	77%	Food and agriculture in exports (1999)	9.7%	agriculture (1999)	45%
Orchards	1.4%	of which to EU	48%		
Meadows &		of which to FSU	18%	Real agricultural	
Pastures	22%	Food and agriculture in imports (1999)	7.4%	income 1998 (1991=100)	81%
<u>Forested area:</u>	28%	of which from EU	48%	Inter-sectoral terms of trade	
		of which from FSU	2%	(output/input prices) 1998	79%
		Sales food proc./all retail sales (1999)	31%	[1990 = 100]	

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p><u>1. Macroeconomic Framework for Agriculture</u></p> <p>A. Prices/Subsidies</p>	<p>Market liberalization is advanced, although ad-hoc protection and support are provided periodically to selected products, companies and sub-sectors.</p> <ul style="list-style-type: none"> • Support for agriculture is in 4 categories: (i) direct subsidies to the farmers' social security system, (ii) price support, and intervention purchasing, (iii) input subsidies and (iv) subsidies for farm modernization and rural infrastructure. In addition, state agencies provide preferential credit and credit guarantees on commercial loans. So called "direct payments" were introduced for cereal producers in 1999 but actually this is additional price support measure as the payment is linked to the amount of cereals delivered and not produced in the past. Excluding the off-budget support by the state agencies total budget transfers during 1999-2000 have been increasing annually by about 3% in real terms which is mainly attributed to introduction of direct payments and considerable increase of cereals purchase by state. The total budget for agriculture (including farmer pensions) represents about 3% of GDP. • Support prices are implemented through the state marketing agency (ARR – Polish acronym) for: bread wheat, rye, butter, skim milk powder, beef and pork carcasses, sugar, bee honey and potato starch. In 1999 the ARR bought about 30% of domestic production of wheat, 10% of rye and 14% of pork. • PSEs, in 1999, were 25%, almost totally attributable to price support (CSEs were -22%). • There is a functional and institutional overlap between market intervention and government purchases of national food reserves, decreasing the transparency of support. 	<p>Limited intervention; a rule based safety net for catastrophic occurrences only; reform of farmers' social security and the tax regime</p> <ul style="list-style-type: none"> • Make price support rule based, linking it to an objective measure, such as border prices and with sufficient average difference between intervention and market prices to allow the market to operate. Limit price support to key commodities. • Reform farmers' pension system which now costs over 70% of the total budget of the Ministry of Agriculture and Food Economy (MAFE), while contributions cover less than 10% of costs. • Discontinue distortionary and opaque support given by state agencies. Diminish share of ARR in agricultural markets. • Restructure the Agricultural Marketing Agency (ARR - Polish acronym) into an implementation office for CAP directives; and separate the national food security stocking program from the ARR market activity.

ISSUE	STATUS OF REFORM	OBJECTIVES PROPOSED ACTIONS
B. Trade Policies	<ul style="list-style-type: none"> • As signatory to the WTO agreements, Poland has abandoned quantitative import restrictions and variable levies, but is allowed tariff protections similar to EU levels. The average weighted tariff on agricultural and food products is almost 25%, up from almost 20% prior to the WTO agreements. In 1999 autonomous tariff rates were increased to the level of conventional (bound) tariffs for pigmeat, starch products, wheat excluding durum wheat rapeseed, butter and sugar. • Weighted average tariff for agricultural products was 8.5% in 1997 (taking into account all temporarily tariff suspensions) and has risen to 21% in 1998 and further to about 25% in 1999 mainly due to withdrawal of trade preferences granted earlier to CEFTA. During the same period weighted average tariff for non-agricultural products fell from 11% to 10%. • The sugar support regime is copied from the EU, with WTO allowed subsidized export quotas. In 1998 sugar exports totaled about 347,000 tons out of which only 24% were shipped to WTO member countries. Export subsidy is paid from domestic consumer levy. 	<ul style="list-style-type: none"> • Resist demands for protection; interpret what is allowed under WTO conservatively and insist on quantified economic justification for all tariffs proposed; incorporate estimates of real exchange rate in evaluations. • Do not raise protection to EU levels, in spite of expected imminent accession, since (i) it is a (downward) moving target, (ii) it would slow down needed structural changes and (iii) the fiscal cost would be prohibitive. • Evaluate the long-term prospects for the sugar sector, assuming EU accession; make a plan for its rationalization based on full privatization and phasing out of export subsidies.
C. Taxation	<ul style="list-style-type: none"> • No income tax on revenue from most agricultural operations. • A land tax is levied on agricultural holdings as a function of soil type; selected investments can create a tax deduction • Rural cooperatives are taxed as corporations, this perceived as double taxation [corporate income tax plus personal income tax on dividend or profit distribution] by members. • Tariffs on agricultural product imports were considerably increased from 8.5% in 1997 to more than 25% in 1999 • No VAT on farm inputs and equipment; but a proposal to commence VAT introduction from 2000 with a target rate of 7% for feed, seed and fertilizer and 22% for machinery and equipment. • No VAT on agricultural products but the draft of Agricultural VAT Act is in parliament. Under the new law, farmers would be able to choose between two methods of paying VAT: general VAT for farmers who claim more than zł 80,000 in annual turnover in 1999; and a lump sum VAT which would require farmers to add 3 percent in tax to all products they sell. A 3% VAT on agricultural unprocessed products is expected to be introduced from July 2000 and 7 percent VAT in 2002. 	<ul style="list-style-type: none"> • Agriculture derived income above a threshold should be taxed. • Corporate tax on cooperatives should be abolished; profit distribution should be obligatory, with limited retained earnings allowed with distributed profit taxable at level of cooperative member [US sub-chapter S corporate structure could be a guide] • Introduce VAT on inputs and products so as to comply with EU tax rules. • Levy agricultural tax only on land actually under production, so as to create incentive for voluntary set aside. • Introduce a pollution tax based on mineral book keeping to discourage misuse of fertilizers

ISSUE	STATUS OF REFORM	OBJECTIVES PROPOSED ACTIONS
<p>2. <u>Land Reform and Farm Restructuring</u></p>	<p>Production on the 18% of arable land that used to be in State farms has been privatized, but ownership of that land is less than 10% private. The average size of private farms, on the remaining 82% of arable land, is only 6 ha, in an average of more than 5 parcels.</p> <ul style="list-style-type: none"> • All assets and liabilities of former state farms were transferred, in Jan. 1992, into a state owned, off-budget, holding company, APA. Privatization of land and other assets, principally about 1,000 agro-processing enterprises, has been slow; debts are not being serviced. • In addition to the assets of the former state farms, APA also received custody of the Land Fund, consisting of a large number of, usually small, parcels of land, handed over to the state as a condition of eligibility for a full state pension. This system of "a pension for land" remains in existence. [retirees are allowed 1 ha.] • About 70% of arable land in APA's holdings is leased, often to small associations of individuals that used to manage the state farm; most of the rest is fallow (about 1.1 million ha) • Privatization of land is hindered by: reluctance to break-up large farms, pre-nationalization claims, political opposition against privatization and associated land sales to foreigners, and by vested interests of APA staff. • Land holding, and production, structure on the 80% of agricultural area in private hands is archaic, reminiscent of the situation in most of Western Europe immediately after the second world war. Land consolidation is less than 20,000 ha annually. 	<p>Complete privatization of former state farms; accelerated land consolidation and development of land market.</p> <ul style="list-style-type: none"> • Speed up and complete the privatization of ownership of former state farm land; consider auctioning off the rights to privatization, within prescribed guidelines, to private land development companies operating in the local land market. Develop a sunset policy for APA and amend its by-laws accordingly. • Improve the operation of the land market by (i) fomenting the creation of a real estate brokers association, (ii) assist with the development of information on land transactions and on offers and requests for land and (iii) improve the efficiency of registration of land transactions. • Separate all aspects of land taxation from those pertaining to the land market. • Integrate the lands obtained from aspiring retirees into the land market, directly and through the consolidation programs.

ISSUE	STATUS OF REFORM	OBJECTIVES PROPOSED ACTIONS
<p>3. <u>Competitive Agribusiness System.</u></p>	<p>Delays in privatizing agroprocessing (in particular in the cereal processing sector); emergence of new private sector processing; large border trading companies have emerged from the human and goodwill assets of former state trading monopolies; agriculture service sector, notably marketing, remains weak.</p> <ul style="list-style-type: none"> • Privatization remains to be completed in the cereals, sugar, fruit and vegetables and meat processing subsectors. • Delays in privatization have maintained high cost enterprises, creating opportunities for new private entrants to exploit attractive margins. This, though, puts a question mark on the industry's competitiveness. • Standards and quality control remain to be adjusted to the requirements of a competitive market, with emphasis on the EU's "acquis communautaire." Industry interest associations that should undertake some of that work and lobby government for the rest are still embryonic. • Apparently large and well endowed and connected trading companies may pose a risk of monopolization of certain trades. The same companies are increasing their holdings of agribusiness assets, often as successors to state ownership. 	<p>Complete privatization and harmonization of rules, regulations, standards and controls with the EU and support the development of interest associations and market instruments</p> <ul style="list-style-type: none"> • Develop a divestiture plan, with target deadlines, for all remaining state owned agro-industry enterprises, including privatization, bankruptcy and sales of assets. • Develop a timebound implementation plan for the part of the EU's "acquis communautaire" that pertains to the food processing industry, including the creation and adaptation of institutions and associated training and staff development. • Assist with the creation of wholesale markets, warehouse receipts and commodity futures contracts. • Support the development of interest associations in agribusiness activities. • Study the likely competitiveness of Poland's agro-processing sector within an enlarged EU.
<p>4. <u>Rural Finance</u></p>	<p>The dominant institution in rural finance, the Bank for Food Economy (BGZ) remains in state hands; interest rate subsidies are still used; private banking for rural finance remains highly selective.</p> <ul style="list-style-type: none"> • The former rural finance monopoly, BGZ, still has a large portfolio of non-performing assets belonging to former or current state owned enterprises. Repeated recapitalizations have absorbed the equivalent of \$1.2 billion in budgetary resources. • Cooperative banking law, introduced in June of 1994, effectively cemented BGZ's position as the apex of a three tier cooperative banking system, with about 1,200 rural cooperative banks. A rival system based on about 300 rural cooperative banks struggles in the absence of official support. • The limited rural financial intermediation leads to a dominance of cash transactions and savings that are held in cash or in physical assets. 	<p>Viable rural finance system, served by agile financial institutions, incorporating the traditional rural cooperative banks.</p> <ul style="list-style-type: none"> • Resolve the core structural weaknesses of BGZ, both operationally and in its portfolio; privatize the bank. • Create ways and means to give rural municipalities access to the capital market. <ul style="list-style-type: none"> • Develop a system that will allow disbursements of expected future EU structural funds through rural financial institutions. • Discontinue the credit guarantee operations of ARR, ARMA and APA, in favor of one transparent program operated by an accredited financial institution.

ISSUE	STATUS OF REFORM	OBJECTIVES PROPOSED ACTIONS
5. <u>Institutions</u>	<p>Institutional restructuring has been substantial and meaningful; responsibility of the Ministry Agriculture has been recently broaden to rural development and functioning of the ministry has to be adjusted; selected adaptations to EU requirements are still needed.</p> <ul style="list-style-type: none"> • The Ministry of Agriculture and Food Economy (MAFE) was restructured in 1998 under the MAFE and further streamlined as part of overall restructuring of government. According to the amendments introduced by the Law of 24 July 1999 amending the law on state administration divisions, the MARD is responsible for the following sectors: agriculture, rural development and agricultural markets. Based on this Law, the Veterinary Department at MARD was dissolved and the new independent unit was established, namely the General Veterinary Inspectorate, whose head is appointed by the Prime Minister. Pursuant to the Law, the Fishery Department was established at MARD. • The extension service was essentially recreated with a dual emphasis, on technical matters and on business matters. • Important institutions remain dependent on, often foreign, off-budget resources for their existence. This keeps them sometimes de-facto out of the mainstream of agriculture policy making and development. • The MARD completed initiative undertaken in 1996, to restructure the curricula of the agricultural high schools so as to make it more relevant to contemporary conditions. • The budget squeeze on institutes of higher learning has forced its management into entrepreneurial activities, bringing more "real world" focus into that part of academe. • The agricultural research establishment, notably government's 42 breeding farms, maintains institutions and practices that appear archaic but that may still be appropriate given the archaic nature of production and landholding of the vast majority of Polish farms. • In 1999, according to the new administrative division of Poland, 16 chambers of agriculture replaced the formerly existing 49 voivodship chambers of agriculture. The supreme organisation is the National Council of Chambers of Agriculture. 	<p>Creation of administrative capacities dealing with rural development. Modification of institutions dealing with the EU and changes in practices and methods of operation in step with structural changes in production and landholding.</p> <ul style="list-style-type: none"> • Create structures within the MARD responsible for rural development. • Continue and strengthen the on-going program of institutional adaptation to the requirements of the "acquis communautaire." • Bring all institutions under the purview of government by making them "on-budget" and have foreign support for them flow through the budget. • Make personnel remuneration in selected institutions market based, rather than being determined by general civil servant rules, so as to attract and keep "the best and the brightest." This is of particular importance in view of the going-on negotiations for EU membership. • Complete the reform of agricultural education and associated research. • Study the expected future direction of agricultural research in Poland, both private and public, in support of the development of a research strategy.

BULGARIA

Total Population	8.336 mil.	Food and agriculture in GDP (1999)	17.3%	Agricultural output in 1999 in percent of 1989-91 level	62%
Rural Population	31 %	Food and agriculture in active labor (1999)	26%	Livestock production in 1998 in percent of 1989-91 level	59%
Total Area	11.1 m. ha	Food and agriculture in exports (1999)	16%	Share of livestock in agriculture (1998)	43%
Agriculture area:	6.2 m. ha	in imports (1999)	6%	Share of independent private farms in total arable area (1999)	96%
Arable land	44%	Traditionally net exporter: tobacco, sunflower seed, dairy products, wine, fruits and vegetables.			
Orchards	3.2%				
Irrigated	28%				
Forested	30%				

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
1. Macro-economic Framework for Agriculture	Most prices are liberalized; relatively free trade policy; currency board has controlled inflation since 1997.	Continue policy of stabilization and liberal markets.
A. Prices/Subsidies	<ul style="list-style-type: none"> • Previous systems of price and profit margin control and of “negotiated prices” were ended and most prices were fully liberalized in 1998. • Price and trade restrictions and impediments, especially export taxes and licensing have been largely eliminated. • Most farm gate prices show relatively low rates of markets or policy distortions. 	<ul style="list-style-type: none"> • Continue policy of low price distortions, extend liberal policy to tobacco, and focus on other means of supporting agriculture.
B. Trade Policies	<ul style="list-style-type: none"> • Taxes on all agricultural exports and discretionary import duty exemptions have been eliminated; non-automatic and automatic licensing for agricultural exports largely eliminated. • Import tariff regime provides fairly high and non-uniform protection, especially for processing industries. Some tariffs, including fertilizer, are high. • Member of WTO since Dec 1, 1996 • Member of CEFTA since Jan 1., 1999 	<ul style="list-style-type: none"> • Continue liberal trade regime, at least until date of EU accession is defined. • Continue compliance with WTO principles. • Reduce tariffs on fertilizer imports and other agricultural inputs. • Adopt a lower and more uniform tariff structure. • Fully eliminate non-automatic and automatic licensing for all agricultural exports. • Extend trade liberalization to all products including tobacco.
C. Taxation	<ul style="list-style-type: none"> • Single 20% VAT applies to all products and services. 	<ul style="list-style-type: none"> • Lower VAT level in the medium term to stimulate food consumption and production

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p><u>2. Land Reform and Farm Restructuring</u></p>	<p>While privatization of state and collective farms is close to completion, restructuring of private farming remains largely unfinished.</p> <ul style="list-style-type: none"> • Initiated in 1991, the protracted process of land restitution and liquidation of collective farms has devastated most farm assets and led to excessive land fragmentation. • Almost all farmland has been restituted (99%), and most land formally titled (90%) , • The land sales market is still weak , although it is improving, and land leases are widespread. <p>Forest land restitution is near completion.</p> <ul style="list-style-type: none"> • Good Land Registration and Cadastre Law in place. 	<p>Accelerate liquidation of collective farms.</p> <ul style="list-style-type: none"> • Complete land registration, information and cadastre to guarantee security of tenure and information on land transactions. • Promote an active land market and the use of land as collateral to improve access to long-term credit. <p>Promote land consolidation</p> <p>Permit land purchases by foreigners.</p> <ul style="list-style-type: none"> • Maintain neutral policy toward all legal forms of business association.
<p><u>3. Competitive Agroprocessing and Services for Agriculture.</u></p>	<p>Most agroindustry still not competitive, but situation improving</p> <ul style="list-style-type: none"> • The trend to loss of export markets continues due to the crisis in the primary sector • Privatization is almost completed. • Some progress in establishment of warehouse receipts system. • Operations of the State Reserves de facto stabilize the market, and discourage development of private sector traders and storage facilities • A number of start-up companies in the food processing industry went bankrupt and some foreign investors have threatened to back out, mainly due to unstable and insecure business environment. • Law on Water Users' Organizations is in Parliament; state-owned irrigation company needs to be restructured • Beginning to transfer operation and maintenance responsibility for small-scale irrigation infrastructure to water users' associations. • Implementation of SAPARD about to begin, which could help restructure agroindustry (Bulgaria is the first CEEs to qualify) 	<p>Competitive, private agro-processing and input supply in a stable macroeconomic environment.</p> <ul style="list-style-type: none"> • Finalize privatization and or liquidation of state-owned enterprises. • Pass legislation supporting formation of participatory service cooperatives. • Reduce size of State Reserve activities and make them more predictable and transparent. • Improve market information systems and external trade infrastructure. • Further develop warehouse receipts system. • Expedite formation of water users' associations, and transfer irrigation assets to them. • Pass Water Users' Organizations Law Restructure Irrigation Systems Company • Continue to promote improved utilization of irrigation systems by transferring ownership of larger infrastructure to users

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
4. <u>Rural Finance</u>	<ul style="list-style-type: none"> • The banking system virtually collapsed as hyperinflation and dollarization of the economy spread in 1997. • High risk stemming from uncertain property rights, low profitability and poor credit history greatly limit access to credit. • Most working capital needs are met from farmers' own-sources as banks are reluctant to credit the sector. • Donor supported credit co-op network is small, but successful. 	<ul style="list-style-type: none"> • Restoration of profitable conditions to farming through improved access to rural credit; integration of the rural financial system within the overall financial system • Restructure SFA to focus on role as counterpart agency for EU SAPARD funds; eliminate short-term direct credit, followed by long-term direct credit, and interest subsidies not connected to SAPARD-funded projects.
5. <u>Institutional Framework</u>	<p>Agricultural institutions including research and education have drifted into irrelevance, destroyed by policy drift, brain drain and inflation.</p> <ul style="list-style-type: none"> • Instead of guiding agriculture to a market-based system, MAFAR has in the past focused only on ad hoc actions often motivated by a crisis or pressure from a special interest lobby. • Statistical information is unreliable <p>Research establishment has been decimated. Financial resources barely cover salaries and are spread too thinly over rapidly declining number of centers, staff and projects. Little innovative research is underway, both technology and equipment are outdated.</p> <ul style="list-style-type: none"> • Adjustment in agricultural education has been limited and public extension service does not exist. 	<p>Start with a narrow focus on essential priorities in public sector administration to ensure success.</p> <ul style="list-style-type: none"> • Develop a solid information database for agricultural policy decision-making. • Rationalize agricultural services by salvaging remaining valuable assets in research and education. • Transfer assets to users, such as irrigation infrastructure, buildings, and equipment. • Establish and maintain reliable statistics in the sector • Provide for access to statistical and general agricultural information to the public

LITHUANIA

Total Population	3.69 mil	Agriculture, services for	Change in agricultural production in all farms 1999 compared to 1995	-2.7%
Rural Population	31.8 %	agriculture, hunting share in gross value added (1999)	Structure of total agricultural production (1999):	
			Crop production	63.3
Total Area	6.5 mil ha	Share of employees engaged in agriculture in total number of employees (1999)	Animal production	36.7
Agricultural area of which:	3.4 mil ha	Share of agricultural and food products (2000):	Share of livestock and poultry breeding in total agricultural production (1999)	16.7
Arable land	85.5%	in total export	Share of agricultural production in farmer and household farms in total production (1999)	80.4%
Meadows and natural pastures	13.2%	in total import		
Orchards and berry plantations	1.3%			
Land of forestry	2.0 mil ha			

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
1. <u>Macro-economic Framework for Agriculture</u>	Significant liberalization of agricultural markets slowed by Russian crisis:	Distortion free, efficient and internationally competitive agricultural sector:
A. Prices/Subsidies	<ul style="list-style-type: none"> • Major reform of price support systems was done in 1997 and early 1998, reducing the number of products covered by minimum prices, shifting to direct payments, and focusing on support of higher quality products. • Government co-financing of priority investment projects was a growing component of support for agriculture under the Rural Support Fund established in 1997. However, in 1999 and 2000 it was crowded out by rapidly growing expenditures for market regulation and income support. • Expenditures for agricultural subsidies were reduced by 12% in real terms from 1995 to 1997 but increased rapidly in late 1998 and 1999. Government austerity measures in 2000 is forcing drastic reductions in these subsidies. • The highly distorted sugar regime was replaced by a less distorted one that relies on farm income compensation payments funded with revenues from an excise tax on processed sugar and sugar containing products. • The Agricultural and Food Market Regulation Agency (AFMRA) was established in mid 1998 as a market regulation mechanism initially for grain and later was extended to meat and dairy products. • Due to the Russian financial crisis, loss of exports created pressures that slowed the implementation of policy reforms and increased market intervention, especially by the use of the AFMRA for increased purchases and subsidization of exports for meat and dairy products as well as grains. • New agriculture strategy and related legislation initiated in early 2000 introduces new market regulation and income support policies for the short and medium terms, including such mechanisms as intervention and direct payments to farmers. 	<ul style="list-style-type: none"> • Continue deregulation of prices and rely for income support, if necessary, on decoupled direct payments that are based on reference area and animal numbers and targeted to promote quality and efficiency improvements • Develop a consistent policy strategy for agriculture that provides a stable and long term planning environment for private and public decision makers and shifts agricultural support toward a focus on quality and efficiency enhancement and structural adjustment. • Increase support for improved market institutions including market information systems.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
B. Trade Policies	<ul style="list-style-type: none"> • The WTO accession negotiations are nearing completion, and steps are still in progress to further liberalize trade with CEFTA countries. A new trade agreement with the EU is under preparation. • The legal and institutional framework as well as the trade regime are in compliance with WTO requirements. • Tariffs on major agricultural commodities range from 10%-40%. In November 1998 these were increased in response to the Russian crisis but are still below the peak tariff levels of 1994. The tariffs are scheduled to revert to the previous level in November 2000 under the new agreement with the IMF. • Export subsidy expenditures for meat, dairy, and grain were increased in 1998 in response to the Russian crisis and went up significantly more in 1999. Budget constraints in 2000 mean little if any export subsidies can be used. • The Baltic Free Trade Agreement (BFTA) was extended to all agricultural and food products as of January 1, 1997, and an agreement restricting non-tariff barriers was implemented January 1, 1998. • Free trade provisions of the Baltic Free Trade Agreement (BFTA) limit the national policy design and implementation options by individual countries and adds competitive pressures that are healthy for the industry. 	<ul style="list-style-type: none"> • Complete the WTO accession process, which will expand trade opportunities, rationalize and bind tariff rates, and implement other WTO disciplines on trade distorting policies. • Undertake new WTO liberalization commitments that emerge from the Millennium Round of trade negotiations. • Improve foreign trade information systems.
C. Taxation	<ul style="list-style-type: none"> • Waiver of profits tax for agricultural partnerships ended on January 1, 1997, but tax rates remain lower than for the non-farm sector. Farmers with 50% or more income from farming and turnover below specified level are exempted from income tax. • The 1999 increase in fuel excise tax was partially refunded to agriculture and fisheries. • Excise tax on sugar and sugar containing products was introduced in 1998 as part of the new sugar market regime. 	<ul style="list-style-type: none"> • Increase transparency and enforcement of agricultural taxation and reduce tax preferences, which distort resource allocation between agriculture and other sectors.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>2. <u>Land Reform and Farm Restructuring</u></p>	<p>Government committed to transforming agriculture into an efficient and dynamic sector by encouraging the development of a market-based, predominantly privately owned production system.</p> <ul style="list-style-type: none"> • Substantial progress in the privatization of agricultural land and developing conditions for a functioning land market. • The process of land restitution has returned about 70% of the land to former owners and their heirs, while the remaining claimants have taken other forms of compensation or are waiting for disputed claims to be resolved. • The introduction of agricultural land ownership by local legal entities is under discussion in the Government and the Parliament. • In 1999, private family farms operated about 66% of available agricultural land, household plots accounted for about 23%, and most of the remaining land was operated by agricultural companies and partnerships. • The State Land Cadastre and Register was established at the beginning of 1998 and has combined real estate, land, and mortgage data systems to improve the efficiency of processing claims as well as the many other land related transactions. 	<p>A farming system based on private ownership of land and a working land market for efficient and fair asset transfer.</p> <ul style="list-style-type: none"> • Give legal entities the right to own agricultural land and remove remaining constraints on the use of agricultural land for other purposes. • Establish a framework for consistent land valuation and for the dissemination of land market information. • Improve design of the legal and institutional framework that provides for financially sound mortgage operations.
<p>3. <u>Competitive Agroprocessing and Services for Agriculture</u></p>	<p>Considerable progress in privatization of agro-industries, but additional domestic and foreign investment is needed.</p> <ul style="list-style-type: none"> • Privatizing of agro-processing is essentially complete. By mid-1998, the "farmer privatization" was completed and all remaining privatization was turned over to the State Property Fund. • Foreign participation in marketing and agro-processing is still relatively limited. • The Government has submitted a draft amendment to eliminate the special status of farmers shares in agro-processing companies. • New plants and consolidation of private enterprises is bringing about an increased level of competitiveness. • Bankruptcy laws now allow bankruptcy to be initiated not only by banks, but also by local authorities and farm organizations representing creditors that have suffered from payment delays. • The financial situation in the agro-food sector was worsened by payment arrears within the marketing chain and sharply increased government indebtedness to the sector in 1999. • The Agro-Information system is being developed in line with EU requirements. 	<p>Efficient, privately owned agrobusiness firms subject to market forces, and agroprocessing industries with high quality products that can compete in world markets.</p> <ul style="list-style-type: none"> • Develop a policy that effectively stimulates competition and restricts government intervention in the marketing chain. • Foster a policy and market environment that attracts new investment, especially foreign investment that brings new agricultural and agro-processing technology. • Strengthen farmer/processor market information systems. • Support modernization of transport, storage, and communications facilities.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
4. <u>Rural Financing</u>	<p>Creation and development of a sound financial system is under way, but rural financial markets still need focused attention.</p> <ul style="list-style-type: none"> • Commercial banks, using the World Bank PADP credit line and the Rural Loan Guarantee Fund, have increased availability and improved access to medium/long-term rural credit for the agricultural sector. • Significant progress has occurred in the privatization of banking institutions, and their involvement in rural finance has increased.?? • Rural Loan Guarantee Fund was created in 1997, and \$37 million of loans were guaranteed by January 2000 for upgrades to machinery and technology as well as rural business development. 	<p>Viable financial institutions serving the agricultural and rural sector efficiently.</p> <ul style="list-style-type: none"> • Complete the privatization of the Agricultural Bank (scheduled for 2000) and the Savings Bank, which have significant potential to serve rural areas. • Facilitate the development of financial services and retail banking services in rural areas. • Provide training to farmers on preparation of business plans needed for loan applications.
5. <u>Institutional Framework</u>	<p>Institutional development is primarily driven by EU integration requirements.</p> <ul style="list-style-type: none"> • National Paying Agency was established in late 1999 and is preparing to be able to implement SAPARD programs by second part 2001. • Milk quality control system and standards came into effect January 1, 2000, which is the first step in converging to EU milk standards. • Although the Lithuanian Agricultural Advisory Service is developing well, some aspects of the farm extension system remain underdeveloped, and there is a need to revise and expand its functions and increase the flow of information both ways between research and education organizations to the advisory service and farmers. 	<p>Efficient and effective public sector administration and support for private agriculture.</p> <ul style="list-style-type: none"> • Reorganize and strengthen the research system and increase focus on competitiveness of products, quality control and management of standards. • Reform the national and regional agricultural administration, including the subordination of the regional agricultural officers to the Ministry of Agriculture and adoption of EU-required planning, accounting, and control procedures for national programs as well as for SAPARD. • Implement the National Acquis Adoption Program for the development and implementation of quality requirements and the restructuring of the food quality control system.

SLOVAK REPUBLIC

<u>Total Population</u>	5.38 mil	Food and agriculture GDP (1999)	7%	Agricultural output in 1999 as percentage of 1989-91 average level	65%
<u>Rural Population</u>	40 %	Agriculture in active labor (1999)		Livestock production in 1999 as percentage of 1989-1991 average level	65%
<u>Total Area</u>	4.9 mil ha	Food and agriculture in exports (1999)	4%	Share of livestock in agriculture (1999)	53%
Agriculture area:		in imports (1998)		Agricultural area in private use (1999)	99%
Arable land	2.5 mil ha	Traditionally net exporter: grain,	4%	<i>o/w Cooperatives, JSC (1999)</i>	50%
	1.5 mil ha	vegetable oil and livestock products.	7%	Family farms, gardens and small-holders	6%
Orchards	20,000 ha			Share of private sector in ag. output (1999)	99%
Forested	39%				
ISSUE	STATUS OF REFORMS			OBJECTIVES PROPOSED ACTIONS	
1. <u>Macro-economic Framework for Agriculture</u>	Slowdown in the macroeconomic growth, fairly progressing economic and structural reforms (GDP growth 1.9%, unemployment 18.3% (increasing), inflation 12%; 2000 figures.			Distortion free market and incentive system.	
A. Prices/Subsidies	<ul style="list-style-type: none"> • Prices were liberalized in 1990/91 but distortions persist through border measures, government subsidies, and support prices. • Subsidies declined by 55% since 1990. Total subsidies in 1990 17.5 mld. Sk, 7.6 bill. Sk in 1999 = 43,4%; and 8.3 bill in 2000 + 3.1bill related to severe drought = 65.1% Measured by the Producer Subsidy Equivalent, aggregate support to agriculture declined from 60% in 1990 to 28% in 1995 and further to less than 20% in 1999 and 22% in 2000. State Fund for Market Regulation (SFMR) in the year 2000 intervened in markets of sensitive commodities such as wheat, cattle, pork, sugar, milk and milk products malt, ewe milk products, wool and malt. SFMR tries to stabilize domestic prices but due to insufficient financial resources its role as an intervention agency is rather limited. • Minimum prices for main agricultural products (wheat, sugar, potatoes, cattle, pigs) set at the beginning of the planting season for specific quantities and quality standards (cover 90% of estimated average production cost). • Milk is regulated by a system of fixed administrative prices combined with a premium to producers on dairy cow (quota/yield per cow = number of cows and minimum yield is 4000 l per cow and year) and an annual production quota of 930 million liters. Annual surplus of about 20 % is exported as dry milk and cheeses with subsidies. • About 30 % of agricultural subsidies is in direct payments to marginal areas. Other subsidies are scattered in a number of commodity specific programs (mainly suckler cows, dairy cows, suckler cows, sheep and goats, vegetable, irrigation water, ecological programs, investments to improve quality standards). 			<ul style="list-style-type: none"> • SFMR is an obstacle to market development and ways to make its interventions less frequent and more predictable should be considered. SFMR is being transformed to Intervention agency. They use more transparent measures to operate on the market not to distort prices. However its role will not be diminishing. • Gradual expansion of private sector trade activity is needed to improve efficiency. With greater reliance on private trade, modern market-based risk management techniques (e.g., hedging of price risk) would soon develop. Private business is in place but there is high level of corruption causing lack of real cash flow. • Minimum prices should be de-linked from production cost and either eliminated or their level should be reduced and linked to world price levels. • Dairy quota should be phased out. • Income support payments to marginal areas should be gradually modified from a per hectare basis to targeted support programs. 	

<p>B. Trade Policies</p>	<ul style="list-style-type: none"> • Import protection is limited and gradually phased out following WTO commitments. • Most export and import licenses are automatic and for registration purposes only, but can still be used to protect domestic market. • Export licenses are non-automatic only for a few sensitive products (though the list has been decreased)..Number of automatic licences increased significantly (cattle, beef, oats, SMP, rapeseed, sunflower, lamb, barley, corn, flour, • Average weighted import tariff for agricultural products was 4,3 % (1998) 	<ul style="list-style-type: none"> • Export taxes, subsidies, and licenses should be phased out.
<p>C. Taxation</p>	<ul style="list-style-type: none"> • 10% VAT for agricultural and food products and restaurants, 23% for other products. • Agriculture benefits from several exceptions to the Slovak tax code and tax reductions (e.g., consumption fuel tax rebate for tractors and road tax) There are income tax reductions (50%) for agriculture. 	
<p>2. <u>Land Reform and Farm Restructuring</u></p>	<p>Transformation of collective farms and the privatization of state farms and most services have been completed. However, it will take more time for the new owners to turn obsolete production facilities into efficient enterprises.</p> <ul style="list-style-type: none"> • Following their legal transformation in January 1993, many cooperatives have remained much the same as before. Cooperatives cultivate 50,2% of farmland. Some cooperatives have taken over bankrupted ones. Their average size is about 1537 ha. • Land market is dormant because of excessive fragmentation of ownership and high transaction cost. However, land use has not been affected by restitution as most land is leased and remains in large contiguous plots. • Administration of land registration has improved. • Restructuring and ownership consolidation of cooperatives is forced by poor financial performance either through voluntary reorganization or bankruptcy. • Privatization of state farms almost completed. 	<p>Efficient, internationally competitive private farms and an active land market.</p> <ul style="list-style-type: none"> • Land ownership in cooperatives is highly fragmented and ways to facilitate consolidation should be considered. One option is to enable active members to swap entitlements for subsidies for payments to buy out land owners. Since the “market” price of land is much lower than administrative price very limited number of people sell their land. • Ownership consolidation is essential for reducing land transaction cost, activation of the land market, and acceptance of land as collateral.

<p>3. <u>Competitive Agroprocessing and Services for Agriculture.</u></p>	<p>Privatization of agro-processing and services has been completed. New owners will have to reduce cost and improve efficiency to maintain their market share against foreign competition.</p> <ul style="list-style-type: none"> • Most agro-industries and services struggle with low cash-flow, poor contract enforcement, weak management, growing debt, and declining labor productivity. • Organized wholesale and retail markets for agricultural commodities and food are yet to develop. Food distribution systems are inefficient, transaction cost are high. For example, gross margins for basic commodities such as wheat are at least twice as high as in developed market economies • However, several international food chains have come or are coming to Slovakia soon. • Foreign participation in agro-processing privatization has been modest, but should increase. Foreign investors are in sugar industry, isoglucose, beer and malt industry, one in dairy processing, one in meat processing 	<p>Competitive and privately owned agro-processing and input supply.</p> <ul style="list-style-type: none"> • Continue to resist pressure by special interest for protection against foreign competition. • Continue to improve the enabling environment for business activity.
<p>4. <u>Rural Finance</u></p>	<p>High risk stemming from undercapitalization, ongoing consolidation of ownership, high debt, and poor credit history, all mitigate against better access and more favorable credit terms in agriculture.</p> <ul style="list-style-type: none"> • About 70% of financial needs in agriculture is covered from own-resources 10% is from subsidies and 20% by commercial credit. • State Support Fund for Agriculture and Agro-industries (SSFAA) supports medium- and long-term investment in agriculture and agro-industries by interest rate subsidies (5% annual rate) and credit guarantees. • Working capital financing is offered against pledges on future crops guaranteed by commercial banks through forward supply contracts with processors. • Preparation of legal amendments and new laws is underway to improve collateral law including land mortgage law. • Some commercial banks are beginning to lend on the basis of warehouse receipts, and system is on the good way and is improving 	<p>Access to credit should be improved using market-based instruments and techniques, and an efficient universal banking system.</p> <ul style="list-style-type: none"> • Use of land as collateral is vital for agriculture to obtain better access to long-term investment financed by bank credit. • Speed up bankruptcy procedures and improve protection of creditors in cases of credit default. • Phase out interest rate subsidies. • Promote the emergence of competitive insurance services for agriculture. • Promote development of warehouse receipts system by appropriate institutional reforms.

<p>5. <u>Institutional Framework</u></p>	<p>Consolidation and adjustment of main agricultural institutions has been largely completed.</p> <ul style="list-style-type: none"> • Number of staff in agricultural and food industry research establishment declined by 56% between 1990 and 1999. • Excessive but inefficient research facilities have been either closed or transformed into consulting services on a commercial basis. Research institutions will be during the year 2001 reduced into few concentrated research institutes, non profit organizations. Rest will transformed into the commercial entities. • Academy of Agricultural Sciences has taken over a coordinating role in research. • Institutions to monitor and enforce quality and health standards have been made more efficient but more needs to be done to meet strict EU requirements. 	<p>Best practices in other countries should be applied, where appropriate, to improve efficiency in the provision of “public goods” to agriculture.</p> <ul style="list-style-type: none"> • No specific recommendations have been made.
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Moderate Reformers

(Those countries with rankings between 5.0 and 7.9)

ARMENIA

Total Population	3.8 mil.	Food and agriculture in NMP* 2000	27%	Agricultural output in 2000 as percentage of 1988 level	84%
Rural Population	31 %	Food and agriculture in active labor (2000)	31.8%	Livestock production in 2000 as percentage of 1988 level	79%
Total Area	3.0 mil ha	Food and agriculture in exports (2000)	10.0%	Share of livestock in agriculture (2000)	39%
Agriculture area:	1.4 mil ha	Traditionally net importer: grain, sugar, vegetable oil and livestock products.	24.7%	Agricultural area in private ownership (2000)	35%
Arable land	35%			Share of independent private farms in total arable area (2000)	71%
Orchards	4.5%			Share of private sector in total agricultural output (2000)	99%
Irrigated	20.1%				
Forested	12.8%				

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
1. <u>Macro-economic Framework for Agriculture</u>	Market liberalization is advanced, although some delays in full completion.	Distortion free marketing and incentive system.
A. Prices/ Subsidies	<ul style="list-style-type: none"> • Agricultural producer and consumer prices were deregulated in 1992 and state orders for all products eliminated in 1995. • There is no direct subsidization of agriculture and food prices, but subsidization of irrigation water exists as cost recovery in the water tariff is set at 48% for the 2001 irrigation season. All water charges are now paid in cash. • Profit and marketing margin control in the food processing industry were removed in the mid-1990's and restructuring of agro-industry has improved producer prices for raw materials for traditionally exported processed products. 	<ul style="list-style-type: none"> • Phase-out subsidies to irrigation by targeting the conversion away from pumped water to gravity-fed schemes and by increasing the cost recovery in the water tariff to 55% by 2002 and to 100% by 2006. • Increase water charge collection rates from the current level of 55% to 80-90% by 2006. • Increase information activities to promote foreign investment in agro-processing and input supply through the Armenian Development Agency (ADA) and the Agribusiness Development Center (ADC). • Strengthen the social safety net of income subsidies targeted to low income and other vulnerable groups.
B. Trade Policies	<ul style="list-style-type: none"> • Grain and other commodities for state reserves are procured by commercial methods. • Food exports no longer require licenses. • Tariffs reduced to low and uniform rates. 	<ul style="list-style-type: none"> • Pursue active trade policy to improve market access for Armenian food and agricultural products, especially in republics of the FSU and Central and Eastern Europe. • Develop a legal framework (along with adoption of quality standards and regulations) to promote export of agricultural and agro-processed products.
C. Taxation	<ul style="list-style-type: none"> • 20% VAT (farms are exempt). 	<ul style="list-style-type: none"> • Larger private farms should be incorporated into the regular business tax system. • Simplify and reduce taxation in agro-processing and promote investments via tax incentives.

* Net Material Product

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>2. <u>Land Reform and Farm Restructuring</u></p>	<p>The most comprehensive land reform in FSU transferring most of arable and perennial crop areas to private farmers.</p> <ul style="list-style-type: none"> • Agriculture was de-collectivized in 1991. • About 15% of arable land is kept in state reserve. • Reserve land is utilized by leasing and is to be sold by auctions to private farmers. • Pastures and meadows remained largely state and municipality owned, with some being sold while most are leased. • Land sales are allowed; however, market for land and leasing is developing slowly. • Law creating legal conditions for a land market was adopted in December 1995. • A revised Land Code draft was adopted by the first reading in the National Assembly. The Code may be passed very soon after finalization of all the comments. 	<p>Individual private farming is the predominant structure in the farming system, with secure and transferable ownership rights.</p> <ul style="list-style-type: none"> • Implement the property registration system which has been designed to provide security of tenure, full information on property transactions, and a basis for real estate taxation. • Continue to strengthen the rural credit system and land mortgage procedures. • Lengthen lease periods for state lands. • Prepare and implement a program to support land consolidation and the move towards a more efficient holding structure.
<p>3. <u>Competitive Agro-processing and Services for Agriculture.</u></p>	<p>Delays in privatizing agro-processing and services for agriculture.</p> <ul style="list-style-type: none"> • Agro-processing privatization was not part of the original agricultural reform package of 1991. • The privatization of agro-processing and input supply was part of the privatization program that was executed in 1995-98. • The grain industry was covered by the privatization programs. Most bakeries were privatized by 1997. • Foreign participation in the agro-processing privatization is modest, but investment began to increase substantially in 1998. 	<p>Competitive, privately owned agro-processing and input supply.</p> <ul style="list-style-type: none"> • Establish feasible and reasonable quality and safety standards for agricultural imports and exports. • Improve the ADC's delivery of technical assistance and training in enterprise management and investment analysis. • Promote joint ventures to tap foreign expertise, technology, capital, and provide access to foreign markets. • Promote research and development of new markets and products, especially those which can be produced by medium-sized firms with low capital-intensive technologies.
<p>4. <u>Rural Financing</u></p>	<p>Lack of an appropriate financial system for privatized agriculture.</p> <ul style="list-style-type: none"> • Financing in agriculture adjusting slowly to the needs of a market based privatized agriculture. • The underdevelopment of the registration system restricts the use of land as collateral and seriously limits lending to agriculture. • Establishment of the Agricultural Cooperative Bank of Armenia (ACBA) is complete and rural lending has been initiated. 	<p>Viable financial institutions serving the agricultural sector efficiently.</p> <ul style="list-style-type: none"> • Do not use fiscal means involving financial institutions to support agricultural production or food security. • Promote growth of ACBA and other rural savings and credit societies. • Promote the emergence of competitive insurance services for agriculture.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>5. <u>Institutional Framework</u></p>	<p>Adjustment of institutional structure is slow and constrained by budgetary difficulties.</p> <ul style="list-style-type: none"> • Ministry of Agriculture has been significantly restructured. • Education system has been partially adjusted to emerging new conditions. • Reorganization of the research system is currently taking place. • Public activities (government research-education) in agriculture are seriously hampered by budgetary difficulties. • Armenian agricultural extension system was created but mobility of agents has been a constraint on service provision. • 490 WUAs were established. However, many of them are weak and require strengthening both in terms of TA and investments. 	<p>Efficient and effective public sector administration and support for commercial and private agriculture.</p> <ul style="list-style-type: none"> • Complete the reorganization of public agricultural administration to conform to the needs of a market economy. • Complete the reform of agricultural education and research and the integration of research and extension into the agricultural education system. • Promote the establishment of a system to provide for technical assistance for enterprise restructuring and investment analysis. • Develop and implement measures for strengthening WUAs.

ALBANIA

Total Population	3.2 million	Agriculture in GDP (1998)	53%	Agricultural output in 1998 as percentage of 1989-91 level	124%
Rural Population	59.4%	Food and agriculture in Active labor force (1998)	62%	Livestock production 1998 as percentage of 1989-91 level	166%
Total Area	2.8 mil. ha	Food and agriculture in exports (1998)	21%	Share of livestock in agriculture (1997)	45%
Agricultural Area	1.13 million ha	in imports (1998)	24%	Agricultural area in private Use (1998)	100%
Arable Land	25%	Currently a net exporter of: medicinal plants, fish and fish products and tobacco		Share of family farms in total agricultural land (1998)	100%
Irrigated	7%			Share of private sector in total Agricultural output (1998)	100%
Orchards	17%				
Natural Grassland	37%				
Forested	37%				

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p><u>1. Macro-Economic Framework for Agriculture</u></p> <p>A. Prices/Subsidies</p>	<p>Markets and prices are fully liberalized with minimal price distortion, but market structures are weak and poorly integrated.</p> <p>All agricultural producer and consumer prices deregulated (bread price controls removed mid 1996).</p> <ul style="list-style-type: none"> • Government has retained small subsidies for irrigation. • Private sector took over cereal imports from GDSR in late 1996 • General State Directorate for State Reserves reduced wheat inventories to around 13,000 tons. • The High State Control is finishing the Audit of the GDSR for the activity of 1998 –1999. • Markets remain weak due to poor infrastructure and a very low marketed surplus. • Public transfer system for low income groups in rural areas has limited resources. 	<p>Distortion free marketing and incentive system and a more open trade policy.</p> <ul style="list-style-type: none"> • Refrain from introducing agricultural price interventions. • Phase out GDSR. • Support development of infrastructure and market centres. • Improve means to target transfer payments to rural poor. • The HSC will publish the results of the GDSR Audit of 1998 –99. • The GDSR will prepare an action plan on the implementation of the audit recommendations.
B. Trade Policies	<ul style="list-style-type: none"> • WTO Accession in progress. • Recent import tariffs decrease: ad valorem tariffs of 0-18%. 	<ul style="list-style-type: none"> • Complete accession to WTO. • The target on import tariffs is to reach the levels 0 – 15 % by mid 2001. • Additional multilateral and bilateral trade agreements.
C. Taxation	<ul style="list-style-type: none"> • Land tax suspended prior to elections in 1996. 	
<p><u>2. Land Reform and Farm Restructuring</u></p>	<p>Comprehensive re-distribution of all public agricultural land completed, but most of this land still lacks secure, unambiguous property rights.</p> <ul style="list-style-type: none"> • 85% of agricultural land re-distributed in 1991-92. • Ownership certificates (tapi) issued for 85% of agricultural land, but full registration and titling for only 37% of agricultural land. • Forest and pasture land still under public ownership. • Inadequate legal and administrative procedures for resolving ownership disputes. • Land transactions facilitated and the land market is moving ahead. During 1999, 7000 agriculture land transactions happened against 2050 in 1998. 	<p>Full ownership rights and a working land market for efficient land transfer.</p> <ul style="list-style-type: none"> • Complete issue of tapis and land titles. • Transfer forest and pasture land to commune/village control. • Resolve claims of former land owners.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p><u>3. Competitive Agro-Processing and Services for Agriculture</u></p>	<p>Privatization nearly completed; overregulated seed sector.</p> <ul style="list-style-type: none"> • 90% of agro-processors now privatised, recent government commitment to accelerate and complete privatization of the remaining (mostly larger) State-Owned Enterprises. • Limited foreign investment in privatization process. • Newly privatized agro-processors hampered by outdated equipment, lack of credit and a weak understanding of competitive markets. • Product quality is low and new systems for setting and monitoring quality standards are not yet in place. • Seed sector overregulated and still dominated by public agencies which are now virtually inoperative, with severe consequent seed shortages. • Growing dynamic system of private sector input dealers has evolved but they are constrained by poor access to credit. 	<p>Competitive, privately owned agroprocessing, input supply and service subsectors operating with minimal government protection.</p> <ul style="list-style-type: none"> • Complete privatization of remaining State-Owned Enterprises. • Facilitate access to private commercial credit for private sector enterprises, and continue support for improving management techniques. • Complete establishment of new systems for defining and monitoring product quality. • Liberalize legislation and institutional structures for seed certification and testing; and promote private sector import and multiplication of seeds.
<p><u>4. Rural Financing</u></p>	<p>Lack of an appropriate financial system for agriculture</p> <ul style="list-style-type: none"> • Rural credit is available outside micro-credit-type schemes. Rural Commercial Banks merged with National Commercial Bank, currently in privatization process. • There are 10 private commercial banks and their interest in agriculture is increasing. • Following the decrease of deposit rates by the BoA to 7 %, the interest rate of credits is decreasing. • Ongoing progress with privatization, rehabilitation and re-structuring of State-Owned Banks. • Donor funded Agricultural Development Fund (ADF) provides credit for rural infrastructure and small enterprises in poorer mountain areas. • Establishment of savings and credit associations is in going on. 	<p>Viable financial institutions serving the agricultural sector efficiently</p> <ul style="list-style-type: none"> • Develop legal framework for loan enforcement. • Expand ADF and other micro-credit-type organizations where appropriate. • Develop legal framework for small-scale rural banking and set up Pilot projects. • Establishment of prudential rules and regulations for credit saving associations.
<p><u>5. Institutional Framework</u></p>	<p>Public institutions not yet adjusted to the needs of small-scale private farmers; lack resources and trained personnel.</p> <ul style="list-style-type: none"> • MAF now has mainly regulatory functions, but has yet to re-organize and train personnel to implement these functions effectively. • Agricultural extension services are weak and reform of the agricultural research system has yet to begin • Limited MAF capacity for policy analysis. • Veterinary services privatized except for regulation and border control. 	<p>Efficient and effective public sector administration and support for commercial private agriculture.</p> <ul style="list-style-type: none"> • Continued support for re-organization and staff training. • Continued support for reform of extension and research programs (technology generated transfers). • Continued efforts to improve the capacity for policy analysis.

CROATIA

Total Population	4.48 m	Agriculture in GDP (1998)	7.0%	Agricultural Output in 1998 as percentage of 1995 level	115%
Rural Population	43 %	Food and Agriculture in Active Labor Force (1995)	8.7%	Livestock Production 1998 as Percentage of 1995 level	119%
Total Area	5.65 mil ha	Food and Agriculture in Exports (1999)	9.9%	Share of livestock in agriculture (est)	40%
Agricultural Area	3.21 mil ha	in Imports (1999)	9.3%	Agricultural Area in Private Use (1999)	75%
Arable Land	63%	Traditionally net exporter of live animals, fish and fish products and cereals		Share of Independent Family Farms in total agricultural Land (1999)	75%
Orchards	4.4%			Share of private sector in total agricultural output (1999 est.)	80%
Natural Grassland	36%				
Forested	35%				

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
1. Macro-Economic Framework for Agriculture A. Prices/Subsidies	Significant but incomplete liberalization of markets prior to independence, limited further progress since independence. <ul style="list-style-type: none"> • All controls on producer and consumer prices removed prior to independence. • Direct price subsidies for crops and all input subsidies have been terminated • Price policy reform initiated in 1998. Area payments have been introduced for most major crops in order to compensate farmers for the reduction of import protection. • Livestock production subsidized with producer payments for milk and headege payments. 	Distortions free marketing and incentive system and a more open trade policy. <ul style="list-style-type: none"> • Progressively reduce the aggregate support to the agriculture sector by reducing the number of crops eligible for area payments and phase out the system of support for livestock production. According the WTO rules the current system is not "blue box" compliant.
B. Trade Policies	<ul style="list-style-type: none"> • Membership agreement with WTO became effective in November 2000. • The system of variable levies has been replaced with specific seasonal tariffs. • Numerous bilateral and multilateral agreements with major trading partners have been, or are being negotiated. The agreement with the EU will probably be the most important of these agreements. 	<ul style="list-style-type: none"> • Implement the WTO agreement, which establishes a more rational and transparent basis for trade and price policy. Under the agreement the country has committed itself to reduce the level of protection on agricultural products and to remove export subsidies • Accelerate preparation and adoption of the trade agreements.
C. Taxation	<ul style="list-style-type: none"> • Land tax abolished in 1996 	
2. Land Reform and Farm Restructuring	Small-scale private farms predominated before independence, slow progress with privatization and re-structuring of the remaining ex-Social Sector Enterprises <ul style="list-style-type: none"> • Small-scale private farms account for 63% of agricultural land but are very small (average 2.9 ha) and highly fragmented. • Ex-Social Sector Enterprise land transferred to the State in 1991. Government not legally bound to privatize this land and has made little progress with leasing or sale to the private sector. • Conditions for an active land market not yet in place: property rights remain unclear due to delays in approving new land laws; and there are major inconsistencies between the land registry and the cadastre. 	Private ownership of all land; secure, transferable property rights; and an active land market <ul style="list-style-type: none"> • Enact laws on land consolidation and enforce existing inheritance laws to prevent further land fragmentation. • Lease state land subject to ownership claims; sell all other state owned land. • Passage of new law on Land Ownership and Property Rights. • Passage of amendments to Cadastre and Land Registration Laws to make them compatible; update and reconcile Cadastre and Land Registry.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>3. <u>Competitive Agro-Processing and Services for Agriculture</u></p>	<p>Limited progress with privatization and demonopolization relative to pre-independence situation.</p> <ul style="list-style-type: none"> • Approximately 50% of the equity in agricultural and agro-industrial enterprises is now in private hands. • Slow progress with the privatization and restructuring (unbundling) of the larger remaining Kombinats and AgroKombinats due to their complexity and size, their overvaluation, and the operating procedures of the Croatian Privatization Fund. • Emergence of private sector input and output marketing structures and agencies to replace Kombinats and AgroKombinats. • Agro-processing sector continues to receive very high levels of protection so raising consumer prices. 	<p>Competitive, privately owned agroprocessing, input supply and service subsectors operating with minimal government protection.</p> <ul style="list-style-type: none"> • Privatize and unbundle the remaining Kombinats and AgroKombinats. • Register these companies and develop a secondary market for their shares. • Encourage competition among domestic suppliers and from external sources. • Reduce protection for agro-processors and encourage competition among domestic suppliers and from external suppliers.
<p>4. <u>Rural Financing</u></p>	<p>Slow emergence of a viable private banking system, which is active in the agriculture sector.</p> <ul style="list-style-type: none"> • Massive program of subsidized credit financed by treasury was terminated in 1992. • Most rural credit comes from public sector institutions, the Ministry of Agriculture operates two rural credit programs. The credit is distributed and administrated by commercial banks, however the decision to allocate available credit is not based on purely commercial criteria and therefore repayment rates are rather low. • Private sector banks show little interest in servicing the credit needs of the great majority of farmers. 	<p>Viable financial institutions serving the agricultural sector and rural areas efficiently.</p> <ul style="list-style-type: none"> • Support the development of collateral instruments suited to agriculture and support training of agricultural lending officers. • Guide interim publicly funded rural credit schemes and transform them into Rural Credit Guarantee Fund.
<p>5. <u>Institutional Framework</u></p>	<p>Gradual adjustment of institutional structure to a role suited to a market-oriented economy.</p> <ul style="list-style-type: none"> • Bulk of MAF budget is still allocated to direct payment for production and processing. • Significant progress with the development of a public extension system but the institutional framework and links with the private sector are still weak. • Efforts to establish an Agricultural Research Council as the basis for focusing research and linking it with extension has made significant progress. • Limited MAF response to donor efforts to increase capacity for policy analysis. 	<p>Efficient and effective public sector administration and support for commercial private agriculture.</p> <ul style="list-style-type: none"> • Reform existing system of incentives and the use of MAF budgetary resources. • Continued support for reform of extension program. • Continued efforts to reform research system. • Continued efforts to increase the institutional capacity for policy analysis. • Complete reform of legislation on seeds and animal breeding and develop new institutional structures.

ROMANIA

<u>Total Population</u>	22.7 mil	Agriculture in GDP (2000)	11 %	Gross Agricultural Output (GAO) in 1998 as percentage of 1989-91 level	95 %
<u>Rural Population</u>	45.1%	Food and agriculture in active labor (1995)	34.0 %	Livestock production in 1998 as Percentage of 1989-91 level	89 %
<u>Total Area</u>	23.8 mil ha	Food and agriculture in exports (1997)	7.4 %	Share of livestock in agriculture as % of GAO (1998)	42 %
<u>Agriculture area:</u>	14.8 mil ha	Food and agriculture in imports (1997)	7.5 %	Agricultural land in private use (1998)	782%
Arable land	63.1%	Traditionally net exporter: live cattle and sheep, meat (pork, beef, poultry), grains, sunflower oil, wine		Share of independent full and part-time family farms in total agricultural area (2000)	82%
Orchards, vineyards with Irrigation Facilities	3.9 %				
w/o Irrigation	1.8%				
Forested	28.1 %				

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<u>1. Macro-economic Framework for Agriculture</u>	Food and agriculture operates in a price and trade environment with direct links to the world market. Lack of private market institutions, lack of price transparency, high transport costs and poor logistics inhibit market development.	Maintain relatively liberal incentive and market system initiated under ASAL, with minimal Government intervention. Support the development of private market organizations, market information systems and better infrastructure and logistics.
A. Prices/Subsidies	<ul style="list-style-type: none"> • Gradual price liberalization started in Oct-90 but substantial reform did not occur until February 1997, when agricultural producer and consumer prices were liberalized. No uniform minimum price schemes exist, but “premia” subsidies are sometimes delivered on a per-ton basis, for selected commodities such as wheat and milk. • Producer prices are below EU levels. A large share of production is not marketed. Consumer prices are at export parity levels, or slightly above import parity levels, but below EU levels. • Regional price variation is significant, due to high transport costs, poor logistics and weak arbitrage. Absence of market information system combined with high transactions costs contribute to regionalization of domestic trade in food products; lack of off-storage security combined with high interest costs of storage and poor grading reduce incentives for off-farm storage. • Subsidies and directed credit has reduced from a level of about \$ 570 million at the beginning of reforms in 1997, to \$ 316 million in 2000 (this is an increase from 1999 due to election year pressures; allocations for 2001 have fallen to \$259 million). A system of general input vouchers, was put in place in 1997 and comprised over one-half of the total value of direct (commodity plus input) subsidies. These were channeled to the private sector, whereas previously most direct subsidies went to state enterprises. In 2000, the vouchers scheme was modified from a landholder-targeted approach to a producer-targeted one. This went against the advice of the Bank, which favored a slower introduction of the producer-targeted scheme to allow more accurate targeting, and to design it so that the subsidy is de-linked from production. In 2001 additional modifications were made to the 2000 scheme, including a change from distribution of vouchers to distribution of cash; expanded eligibility to include state farms among beneficiaries, and measures that effectively excluded smaller farmers (e.g. proof that beneficiary uses “improved practices) 	<ul style="list-style-type: none"> • Create predictable and consistent system of Government policy instruments for agriculture. • Revise existing support programs and continue the reduction of budgetary support in real terms while improving targeting and reducing inefficient allocation. • Avoid the use of minimal price programs and relate programs, if any, to world market prices rather than average cost of production. • Develop and support initiatives for market information system (price and output) and improved physical market infrastructure (roads, communications, marketplaces) as well as “soft” infrastructure (warehouse receipts, grain grading systems, marketing groups, contract enforcement mechanisms, etc).

<p>B. Trade Policies</p>	<ul style="list-style-type: none"> • Worldwide tariffs for food and agriculture products reduced from a trade-weighted average of 80% to 27% in 1997, and to 22% in 1999: maximum tariffs reduced to 40-45% in 1997/98 for milk and dairy products and some non-sensitive commodities. By mid-1999 this was the maximum for all commodities. This regime has been successfully maintained. • Licensing and quantitative restrictions for exports and imports removed starting Jun-97, and temporary import duty exemptions ended. Some backsliding on these measures has occurred, for instance the use of phytosanitary controls to restrict grain exports during 1999, and the temporary removal of pork import duties in late 1998. Tariff-rate quotas (TRQs) are maintained in the framework of bi-and multilateral trade agreements. • Romania joined CEFTA in 1997 and regional tariffs have declined and are well below worldwide tariffs; regional agreements with the EU, CEFTA, Moldova are providing a framework for increased sub-regional agriculture trade. • Agricultural foreign trade is privatized. 	<ul style="list-style-type: none"> • Maintain trade policy framework implemented from 1997-99. Refrain from backsliding on quantitative controls or temporary import duty exemptions. • Pursue active policy to improve market access for Romania food and agriculture products, including improvement of food safety standards to conform with EU standards.
<p>C. Taxation</p>	<ul style="list-style-type: none"> • Agricultural taxes are generally lower than other sectors. Profit taxes on primary production 25% (this is also the regular rate) In 1997-1999, some agricultural products were either tax exempt, or benefited from a lower rate of VAT, but these exemptions have been eliminated, and a uniform rate of 19% now applies.. • An “agricultural revenue tax” was legislated in 1995, and suspended in 1997. The tax is based on the land owned. The tax remains suspended and plans exist to make it effective in early 2002. • The informal sector, which accounts for most agricultural production, but a much smaller portion of the marketable surplus, generally escapes direct taxation. 	<ul style="list-style-type: none"> • Improve tax administration and tax collection in general. • Increase taxation of informal segments of agriculture while continuing to decrease taxation of formal sector as well as reported personal incomes. • Provide increased tax incentives for investment from properly reported corporate and personal incomes. • Reduce tax disincentives to investment in capital goods. This inhibits agricultural machinery investment and limits development of a leasing market.

<p>2. <u>Land Reform and Farm Restructuring</u></p>	<p>A land reform was legislated in 1991, and its implementation is close to completion. Amendments to the land reform, to increase the scope of the 1991 restitution to cover land under former State farms, were expected in March 1998, and issued in January, 2000. These have not as yet been implemented.</p> <ul style="list-style-type: none"> • Land under former collective farms was restituted to the former owners and their heirs, or given to the workers of the collective farms, under the 1991 land law. About 9.3 mil. ha were restituted to about 4.7 mil. Persons. In 2000 about 80% of the claimants had definitive titles. • Another 2.2 mil. ha, mainly in the mountain and hilly areas, was not collectivized during central planning. The owners now have full ownership rights over the land, and it is operated as small-scale family farms. • In Oct. 97, the Parliament adopted a Law on the legal circulation of the land that removed the moratorium on the land sales. Amendments to the Leasing Law eased restrictions on leasing. • The privately-owned land is organized in small-scale farms and formal and informal associations). In 2000, about out of the total 12.29 agricultural land, 1.6 mil. Ha are organized into formal associations (aver. 427 ha each), about 0.65 mil. ha into informal associations (about 95 ha each) and 10.1 mil. ha are owned by smallholders (2.36 ha each), some of whom rent out their land. • The private sector accounts for 95% of the value of agricultural output, however its share of the marketed surplus is less. • The state-owned farms administer about 1.7 mil. ha of arable land. At the beginning of 1997, there were about 499 crop producing state farms (with arable land) and 112 animal farms (mainly in pig and poultry production, without arable land). Privatization has been blocked in the crop production sector due to unclear ownership of state land, but this changed with ratification of the second restitution law in 1999, which paves the way for privatization of state farms. This law remains to be fully implemented, and although state farms privatization has begun after a long delay (with privatization of 250,000 ha by end 2000,) completion of state farm privatization remains a key unfinished task on the policy agenda. 	<p>Privately owned smaller and larger viable farms are the dominant components of farming system with transferable ownership rights.</p> <ul style="list-style-type: none"> • Accelerate the titling of newly privatized land. • Introduce market based measures to facilitate a speedy consolidation of land ownership and changes in farm sizes (e.g. internet based land information service, as in Bulgaria). <p>This could involve support for dissemination of land market information, legal advice on land transactions for those entering or exiting farming, or more direct incentives to support exit of nonviable farmers and entrance of potentially viable ones.</p>
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<p>3. <u>Competitive Agroprocessing and Services for Agriculture.</u></p>	<p>Privatization of agroprocessing, input suppliers, storage and services was slow until 1996. An impetus to the privatization process occurred in 1997, and major progress was made by the end of 1999.</p> <ul style="list-style-type: none"> • As of mid-1999, most out of a total number of 534 agro-industrial companies, have been privatized or placed under liquidation, including about two-thirds of cereals storage companies and most pig/poultry enterprises. The sugar and tobacco industries still lag in the process. • The certified seed business was organized within two commercial companies, producing grain and oilseed varieties, and vegetable seed varieties. These were privatized. • All Agricultural Service Companies (including machinery service companies, or Agromecs), have been privatized or placed under liquidation. • The upstream and downstream sectors are demonopolized. However, the slow privatization pace and the dominance of the MEBO privatization method, has blocked the infusion of capital in these companies, and maintains obsolete production methods, high costs and significant marketing margins. Competition is at the very beginning in the sectors where price controls were removed only in Feb-97 (bread, meat, milk and dairy products). • In 1996, gross output of agroprocessing (except tobacco) in 1996 was around 65 % of the 1991 level. 	<p>Competitive, privately owned agroprocessing and input supply.</p> <ul style="list-style-type: none"> • Complete the privatization of grain storage companies, animal farms, fertilizer companies, food industry companies, and state farms. • Implement EU conforming quality and safety standards for agricultural imports and exports. • Improve contract discipline and market transparency. • Promote research and development of new products and markets. • Reform the land reclamation agency (SNIF) transferring assets to voluntary water users associations.
<p>4. <u>Rural Finance</u></p>	<p>An appropriate financial system for privatized agriculture is not in place.</p> <ul style="list-style-type: none"> • Up to 1996, most of the agricultural lending was provided through directed credit lines from National Bank of Romania, intermediated mainly through Banca Agricola and backed-up with state guarantees. In 1996, laws and regulations instructed banks to lend to clients that had not repaid previous loans. Despite the preferential interest rates (often with negative real rates), the collection rate for agriculture was worse than in other sectors (60-70%). NBR-supplied credit contributed significantly to inflation. • In 1997, 1,050 bn Lei (150 mil. US\$) of directed credit was placed on the budget and lent for grain planting (550 bn Lei) and for purchase of domestic bread-making wheat (500 bn Lei). The Government continued this mechanism in 1998, but substantially reduced total credit to \$ 7 mil. In 2000, In early 2001, the GOR ended all directed, subsidized credit to agriculture, as a Board condition of the Rural Finance Project. • Credit cooperatives serve rural households mainly with household credit. A draft law to reform cooperatives has long been discussed but never agreed upon, however, the regulatory framework improved in 2000 when the NBR assumed responsibility for regulation of credit cooperatives.. • High interest rates, typically over 40% in real terms, and the lack of collateral seriously limit lending to agriculture. Passage in 1999 of a secured transactions law prepared by the Rural Finance Project team and passed as a condition of PSAL, has significantly improved the legal environment for lending against movables. • Banca Agricola's privatized contract was ratified by the GOR in early 2001 	<p>Viable financial institutions serving the agricultural sector efficiently.</p> <ul style="list-style-type: none"> • • Develop bank network serving rural areas. • Promote the emergence of competitive collateral services for agriculture (accept land as collateral; develop the warehouse receipts system; start collateral registration; develop grain grading and commodity exchanges) • Develop credit cooperatives and other low-cost financial intermediaries in rural areas capable of serving smaller clients. • Promote leasing industry by reducing tax disincentives for capital goods investments.

<p>5. <u>Institutional Framework</u></p>	<p>Institutional structure was recently reformed, but the MOA has been slow to quality of public services, however, is not in place.</p> <ul style="list-style-type: none"> • Ministry of Agriculture renounced its former role in price control or supervision and direct distribution of subsidies, in favor of market-oriented functions such policy formulation, extension, research, market information, rural development. Only tentative steps have been taken in this direction, however. For example, there has been little reallocation of the MOA's \$300 million in discretionary funds away from subsidies and toward public sector functions such as extension and market information. • Information system required by a market based agriculture is only partially in place. Price information and input use data for different types of farm units is virtually nonexistent. • Public investment in agricultural infrastructure is not prioritized on the basis of economic analysis. 	<p>Promote the use of and support for commercial and private agriculture.</p> <ul style="list-style-type: none"> • Complete the reorganization and improve quality of public agricultural administration to the needs of a market economy. MOA should spend less discretionary funds on subsidies and more on public goods. • Complete the reform of agricultural extension and research. Establish a sustainable research framework. • Provide assistance in the development of the producer associations, stimulation of farmer marketing and input purchase groups. • Support productive investment in public infrastructure for grain marketing and irrigation, roads, etc..
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MACEDONIA, FYR

Total Population	2.0 million	Food and agriculture as percentage of 1999 GDP	12%	Agricultural output in 1999 as percentage of 1990 level	110%
Rural Population	39 %	Agriculture and forestry in active labor (1999)	18%	Livestock production in 1999 as percentage of 1989 level (est.)	95%
Total Area	2.57 million ha.	Food and agriculture in exports (1999)	19%	Share of livestock in agriculture (1999 – est.)	30%
Agriculture area:	1.29 million ha.	in imports (1999)	15%	Private agricultural area (1999)	80%
Forests	0.95 million ha	Traditionally net importer of grain, sugar, vegetable oil and livestock products. Traditional exports are tobacco, wine and lamb.		Share of independent private farms in total arable area (1999)	80%
Arable land	42%			Share of private sector in total agricultural output (1999 – est.)	80%
Orchards/Vineyards	4%				
Meadows	4%				
Pastures	49%				
Irrigated	37,000 ha				

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
1. <u>Macro-economic Framework for Agriculture</u> A. Prices/Subsidies	A standing agreement with the Fund and Bank exists on a viable, medium-term macroeconomic framework <ul style="list-style-type: none"> • All direct subsidies have been removed but the Government is still obliged to set floor price and purchase wheat and tobacco when commercial firms do not. 	Complete implementation of agreed adjustments to macroeconomic framework <ul style="list-style-type: none"> • Remove Government's obligation to purchase wheat and tobacco, with interim formula linking the guaranteed base prices for wheat and tobacco at maximum of 70 percent of world market levels.
B. Trade Policies	<ul style="list-style-type: none"> • Customs harmonized tariff in place, except those established by international treaty or for goods for humanitarian purposes. 	<ul style="list-style-type: none"> • Remove remaining import quotas except those justified on security grounds. • Implement improvements in duty draw back scheme. • Remove variable levies for locally produced agricultural commodities.
C. Taxation	<ul style="list-style-type: none"> • Implicit taxation of primary products is being eliminated through fixed prices. • Farmers are exempt from income tax and there is no land tax. 	<ul style="list-style-type: none"> • Eliminate all indirect taxes on agricultural production.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>2. <u>Land Reform and Farm Restructuring</u></p>	<p>Land is mostly under private ownership, but markets are not functioning.</p> <ul style="list-style-type: none"> • 80 percent of the arable land is under secure ownership by private farmers. • The new Land Use Law provides for security of tenure • Land markets are “sticky,” i.e.; there are high friction costs involved with the sale, rent or lease of land. • Private farmers on the average are small and in order to take advantage of economies of scale they need to consolidate land into more efficient units. • Privatization of the agri-combinats is underway; however, to date, only 15% of each unit have been transferred to private operators. • Out of the 481 agri-combinat units eligible for privatization under the Law on Privatization of Agriculture Enterprises, 381 (81%) were privatized. Most of the privatization was done through management or employee buyouts and the newly privatized enterprises have very dispersed ownership resulting with lack of corporate governance. 	<p>Make provisions for functioning land market and complete privatization of agrokombinats.</p> <ul style="list-style-type: none"> • Designing land policy that will promote long term investments. • Improve the operations of the land registration system to facilitate land sales and update cadastar records and tradable titles. • Introduce land lease registry. • Develop system of land and chattel mortgage as security for credit. • Create strategy for encouraging land consolidation and expand operations of farmers associations. • Give priority to completing the privatization of agro-kombinats and promote private farms. • Create adequate exit policy for the newly privatized farming units that experience liquidity problems in order to accelerate post-privatization restructuring.
<p>3. <u>Competitive Agroprocessing and Services for Agriculture.</u></p>	<p>Agricultural chemicals and vegetable seed largely supplied by the private sector.</p> <ul style="list-style-type: none"> • Fairly strong competition among private agricultural input suppliers and machinery dealers • Divestiture of agri-kombinats agroprocessing units is underway. 	<p>Encourage development of private sector input supplies.</p> <ul style="list-style-type: none"> • Pass enabling legislation that encourages a broadening private sector responsibility for seed and planting material industry. • Simplify pesticide registration procedures. • Foster entry of strategic investors in processing, storage and marketing agri-kombinats spin-offs and define strategy for regulating newly privatized monopolies.
<p>4. <u>Rural Financing</u></p>	<p>No formal rural financial intermediation services exist and rural populations have little access to bank credit due to lack of collateral. Rural populations distrust the existing formal banking system; however, there is evidence of informal rural savings.</p> <ul style="list-style-type: none"> • Given the level of uncertainty, rural residents prefer to keep debt levels low and will self-finance new investments, with help from family and friends. • The main requirement for investment and working capital for the agricultural sector relates to upstream operations (input distribution and machinery procurement and operation), and the downstream (marketing and processing organization). • Lack of export markets for farm produce is a major constraint, especially since the traditional markets (FRY) have been dislocated and due to difficulties of access to EU markets. 	<p>Development of financial intermediation services and legislative safeguards, regulation and enforcement.</p> <ul style="list-style-type: none"> • Define and urgently develop legislative and institutional strategies for encouraging the development of farmer’s associations, credit unions or savings cooperatives. • Capitalize and replicate the existing successful micro-finance schemes. • Accelerate the development of procedures for issuing title deeds and other forms of security as collateral for credit. • Expand pilot Market Information Service to create an independent organization for assessing opportunities and promoting marketing and exportation of agricultural products.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
5. <u>Institutional Framework</u>	<p>Ministry of Agriculture retains a semblance of ministry of production from the centralized system.</p> <ul style="list-style-type: none"> • Pilot developments in agricultural research involve the introduction of demand-driven and competitive systems. • The extension system is adapting to demand driven system with enactment extension law 6/98. • The agricultural university system is largely out of date and is out of touch with the requirements for a market economy. • New Veterinary Law (7/98) encourages development of private practices; strong interest being shown in most areas. • Privatization of the veterinary services. 	<p>Reorient the Ministry of Agriculture from interventionist to a support strategy for private, market driven agricultural production.</p> <ul style="list-style-type: none"> • Restructure the agricultural research system by rationalizing the number of institutions and reorganizing the financing system to focus on the needs of the market economy, appropriate technological innovations, and the needs of emerging markets. • Accelerate the development of demand-driven agricultural extension services based on six agro-ecological regions, with the objective of making them commercial enterprises by 2010. • Modernize the content of all courses in the Agricultural Faculty, so that they are relevant and responsive to the needs of a market economy. • Reorient operations of Veterinary Department away from operations and to regulation and enforcement, supported by efficient inspection services.

AZERBAIJAN

<u>Total Population</u>	8 mil	Food and agriculture in GDP (2000)	24 %	Agricultural production in 2000 as % of 1990 level (VA)	68%
Rural Population	43 %	Food and agriculture in active labor force (1999)	42 %	Agricultural production in 2000 as % of 1992 level	89%
<u>Total Area</u>	8.6 mil ha	Food and agriculture in export (1999)	7.6 %	Individual agricultural area in total agricultural area (2000)	33%
Agriculture area:	4.4 mil ha	Food and agriculture in import (1999)	14.6%	Share of private sector in total agricultural output (1999)	96%
Arable land and Permanent crops, incl.	40%	Traditionally net exporter of cotton, fruits and vegetables to former Soviet Union Countries			
Irrigable land	16%				
Permanent pasture	56%				
Forested	13%				

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p><u>1. Macro-economic Framework for Agriculture</u></p> <p>A. Prices/Subsidies</p>	<p>After several years of delay a rapid process of agricultural reforms has been followed since 1996.</p> <ul style="list-style-type: none"> • Abolition of the state order system. • Break-up of most state and collective farms and distribution of arable land to households. • Distribution of most livestock to households. • Removal of quantitative controls on external trade in agricultural products. • Domestic price liberalization and the privatization of most agro-industrial enterprises through direct, voucher and auction sales. • State companies, dealing with poultry, food and bread have been liquidated 	<p>A distortion-free, efficient and internationally competitive agricultural sector</p> <ul style="list-style-type: none"> • Agricultural sector policies within macroeconomic policy framework aimed at limiting the upward movement of the exchange rate (Dutch disease) to maintain agricultural sector competitiveness. • Define extent and mechanisms for subsidization of the irrigation system within context of establishment of a cost-recovery system.
B. Trade Policies	<ul style="list-style-type: none"> • The foreign trade regime and the associated payments systems has been largely liberalized, leading to the development of world-market related domestic price structures for most commodities. • Cotton exports channeled through private companies since 1997, but problems with the privatization of the ginneries, low prices paid to farmers and the late payments as well as lack of competition have lead to a dramatic reduction in production and area planted to cotton. Production in year 2000 was further hampered by drought. 	<ul style="list-style-type: none"> • Adopt a consistent trade regime based on international competition with tariffs limited to anti-dumping (genuine cases only) and a low uniform revenue generating tariff to be eliminated as oil revenues supplement the government budget. • Undertake immediate independent assessment of the issues related to apparent lack of competition in cotton marketing. • Appoint independent external inspectors to verify external trade quantities and prices • Pursue longer term aim of joining WTO
C. Taxation	<ul style="list-style-type: none"> • In response to ongoing concerns about the import of the tax rate on producer incentives, the Government approved on March 1999 a five year tax holiday for all primary producers including both juridical entities (VAT, profit tax exemptions) and physical entities (income tax). The only tax primary produces will continue to pay is the land tax. • Land tax is based on the region, quality of land, and use (arable, fallow, perennial crops). 	<ul style="list-style-type: none"> • Government to develop a medium and longer term fiscal strategy for the agricultural sector defining the planned change in the net resource flow to the sector as oil revenues come on stream.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>2. <u>Land Reform and Farm Restructuring</u></p>	<p>Government committed to transforming agriculture into an efficient and dynamic sector by encouraging the development of a market-based, predominantly privately owned production system, with rapid progress in land distribution since 1997.</p> <ul style="list-style-type: none"> • Significant progress in the privatization of agricultural land. State Land Committee and Land Institute have made substantial progress in issuing legal land titles. • Effective Distribution began after Land Reform Law was passed (July 1996) with accelerated speed from January 1997 onwards. By March 1, 2001, 819,000 farm families (97% of total number) with an average of 4 family members representing 1,335,000 ha had gained legal title. • Apart from a 5% "land reserve" all arable land is being distributed to private farmers. All other lands including pastures are allocated to the state and the municipalities. An efficient system of future pasture management is yet to be established. • Individual farm sizes are very small and farmers often look for opportunities to associate and establish farmer's association, such as marketing associations. • New law on mortgages and a revised land code which codifies rights to land were passed. • The process of registering land titles and transactions is in place. Efforts to strengthen land registration system are underway in the newly established regional land registration offices. Proper record of land transactions will ensure use of land as collateral. • A fee structure for land registration system has been adopted. This fee structure balances the objective of cost recovery with the need to assure that the fees do not serve as a deterrent to registration of land transactions. • Land market is beginning to develop and 330 land transactions (buying and selling) have been registered since 1999. Lease market is also developing. 	<p>A working land market for efficient and fair asset transfer and a socially acceptable land consolidation process.</p> <ul style="list-style-type: none"> • Further acceleration of land registration and titling services as a priority to developing a fully functional land market. • Strengthen the legal and institutional basis for the leasing of land. • Improve the design of the legal and institutional framework that provides for financially sound mortgage operations. • Establish efficient arrangements for the sustainable management of state and municipal lands i.e. pastures and forests. • Establish a unified cadastre and registration system for all immovable property

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>3. <u>Competitive Agroprocessing and Services for Agriculture</u></p>	<p>Privatization of agro-industry is proceeding rapidly, with major industries such as the State Bread Concern and the cotton processing sector almost fully privatized.</p> <ul style="list-style-type: none"> • Slower privatization progress in some remaining sub-sectors, including tobacco, fruit canning, wine and spirits. • Permissive approach to foreign investment, actual investment mainly in cotton ginning, but some other investment in oilseed and fruit processing is beginning to emerge. • Little progress yet in recovering market share in FSU markets lost since 1992. • Basic legal framework for private sector agro-industries still inadequate, inhibiting access to bank credit. However, the recent law on mortgages, once implementation rules are developed, should help. • Inadequate or non-existent market information and support services for producers and the marketing chain. • State Wheat Reserve Agency is abolished given private sector supply capacity. 	<p>Reestablish an export led diversified product base in agriculture. This will require rapid productivity growth in the agro-processing sector to regain markets and to offset the expected upward movement of the manat as oil revenues increase.</p> <ul style="list-style-type: none"> • Complete privatization agro-industry to include productive capacities currently retained in public sector (cattle breeding, seed multiplication). • Adopt a permissive attitude to post-privatization rationalization in key over-sized industries such as grain processing. • Create a favorable climate for attracting foreign investment in agro-processing. • Sell remaining state shares in agro-processing. • Create a support service to accelerate private sector investment in agro-processing. • Review cotton industry after its full year of privatization to determine if there is a need for regulatory framework to control a cotton processors oligopsony.
<p>4. <u>Rural Financing</u></p>	<p>The former rural credit system has collapsed, with the main institution, Agro-Prom Bank, under Central Bank led restructuring. There are no local providers of longer term credit for the sector</p> <ul style="list-style-type: none"> • Emerging privatized farms have neither the experience nor the asset base for borrowing from financial institutions. • Some signs of processors providing crop input credit, especially in the cotton sector. • The commercial banking sector is itself going through a rapid process of restructuring with the number of operating banks reducing sharply. Few banks lend to the agricultural sector, preferring the higher and less risky returns in trade and oil industry financing. • Grass-roots savings and credit institutions are beginning to emerge in the form of credit unions on the basis of a legal framework developed by the Government in cooperation with Azerbaijan National Bank. Further actions on elaboration of prudential norms and supervision mechanism for grass-roots savings and credit unions were completed by the National Bank. • Three state commercial banks including Agroprombank have been merged. 	<p>A private sector-based rural financing system, based on indirect channels of credit to producers via processors and input and service suppliers rather than on direct credit channels to household farms.</p> <ul style="list-style-type: none"> • Complete the process of Agroprombank banking license revocation and creation of Loan Recovery Agency on the basis of Agroprombank operating with a license of a Non-Bank Financial Institution. • Improved supervision and regulation of the commercial banking sector and measures to ensure compliance by participating commercial banks in on-lending schemes for the agricultural sector. • Government to avoid a top-down approach to directed development of the credit union sector and to allow gradual development based on active grass-roots participation.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>5. Institutional Framework</p>	<p>Re-organization of MOA under preparation; however, other state organs with a role in agriculture (irrigation committee in particular) not reformed yet.</p> <ul style="list-style-type: none"> • New institutions needed to manage irrigation and drainage networks (grass roots efforts to develop water user associations is showing some progress). • Sector still lacks a capacity for policy making for the rural sector. A Rural strategy unit is established in the Ministry of Economy to assist the Government to develop a long-term appropriate policy responses to the impact of the anticipated oil revenues on the competitiveness of the rural sector. • Most production and commercial functions in agriculture have been removed from government. However, this has not occurred in seed multiplication, livestock breeding. At the same time, private veterinary services in the form of veterinary field units are beginning to emerge. • State veterinary committee and plant quarantine inspection were abolished and their functions transferred to the Ministry of Agriculture. • Farmers face insufficient support services, particularly regarding technical & management advice as well as market information. Ministry of Agriculture has proposed radical changes in its extensive research network with consolidating the system to form a few key priorities and at the farm level. • Establishment of essential private farm advisory services are initiated both in the form of Regional Advisory Centers and through contacting out of extension and training services to a service provider (such as local NGO or institute) on a pilot basis. Both models will be being tested to identify the most appropriate one. • Actions are being taken to develop a strategy for the development of farmer-oriented adaptive research and the restructuring of the national agriculture research system. Competitive Grant Scheme Board was established for identifying priority problem areas, soliciting research project proposal for these areas. • Institutions responsible for monitoring/regulating natural resource management, plant/animal diseases and trade/use of related drugs have not adjusted to the context of private farming. However, new laws have been passed on seeds, plant/animal property rights, and plant protection. 	<p>Review the role of government, notably in key subsectors such as seed production, livestock development and irrigation. For seed and livestock, this could be part of the preparation of development strategies.</p> <ul style="list-style-type: none"> • A subsector review is long overdue for irrigation. • Undertake review of rural infrastructure to identify problems and difficulties faced by new private farmers and rural enterprises. • Establish a strong capacity in MOA or Cabinet of Ministers for policy making; develop new statistical instruments. • Strengthen and develop Regional Advisory centers as a private providers of farm advisory services and market information. • Further reorganization of veterinary services balancing public and private responsibilities for delivery of veterinary services. • Review the legal/regulatory framework on pest/pesticide control, property rights, veterinary medicine, etc. Review existing strategies for controlling quarantine pests & diseases.

MOLDOVA

<u>Total Population</u>	4.4 mil	Food and agriculture in GDP (1999)	44%	Agricultural output in 1999 as percentage of 1989-1990 level	46%
Rural Population	47 %	Food and agriculture in active labor (1998)	43%	Livestock production in 1999 as percentage of 1989-1990 level	36%
<u>Total Area</u>	3.4 mil ha	Food and agriculture in exports (1999)	64%	Share of livestock in agriculture. (1995)	32%
Agriculture area:	2.3 mil ha	in imports (1999)	9%	Agricultural area in private use (1999)	84%
Arable land	76%	Traditionally net exporter: wine, processed and unprocessed fruits and vegetables, and pork.		Share of private sector in total agricultural output (1998)	61%
Orchards	14%				
Irrigated	10%				
Forested	12%				

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>1. Macro-economic Framework for Agriculture</p> <p>A. Prices/Subsidies</p>	<p>Significant progress in price and market liberalization.</p> <ul style="list-style-type: none"> • Most producer and consumer prices have been liberalized. • Indirect producer subsidies have also been virtually phased out. • Bread prices were liberalized in late 1996, but the Government occasionally uses its reserves to control both consumer and producer prices. • A direct subsidy scheme (cash payment) for new private land owners was introduced for the year 2000, but with additional elements of tax holiday for input suppliers. For 2001, the Government intends to use around \$3 million for a direct subsidy to the sector but the type of subsidy is yet to be determined – by will probably take to form of interest rate subsidies. 	<p>Minimal Government intervention in agricultural markets.</p> <ul style="list-style-type: none"> • Maintain the liberal course of market and price policies. • Maintain a no intervention policy for agricultural markets. • Deregulate the remaining processing and trade margins. • Re-monetization of the sector by proper treatment of inter-enterprise arrears, accumulated debt and revision of tax and social security payment policies.
<p>B. Trade Policies</p>	<ul style="list-style-type: none"> • Domestic trade is liberalized, but a competitive market structure is yet to fully emerge. • Government procurement is restricted to grain, purchased for state reserves. • Export of agricultural products was liberalized in 1997; but many non-tariff intra- and foreign trade barriers exist. Excessive licensing requirement and regulatory control exist and incurs additional cost to producers. • Government imposes ad-hoc export bans (e.g. wheat) or export licensing (e.g. walnuts) which discourages trade. 	<ul style="list-style-type: none"> • Establish a commodity exchange or promotion of the use of commodity exchanges in other countries. • Introduce market methods in procuring grain for government purposes and for marketing of grain and input deliveries based on inter-governmental agreements. • Maintain low import tariffs and abstain from quantitative export restrictions; drastically reduce non-tariff barriers. • Develop a strategic policy, including: <ul style="list-style-type: none"> • Rationalize licensing for exports. • Ensure VAT reimbursements for exports • Eliminate ad-hoc export bans and licensing requirements on selected commodities

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
C. Taxation	<ul style="list-style-type: none"> • Land tax is maintained as the primary form of taxing agriculture. • In kind tax collection is being replaced by cash payments. • Private farms almost fully fulfill their tax obligations. • Government proposed introduction of 20% VAT for agriculture to harmonize VAT levels across sectors. 	<ul style="list-style-type: none"> • Fully implement the non-discriminatory system of agriculture taxation. • Improve tax collection rates. • Gradually increase VAT to the proposed 20 %.
2. <u>Land Reform and Farm Restructuring</u>	<p>Process of farm restructuring and privatization has accelerated since mid 1998.</p> <ul style="list-style-type: none"> • February 1995 Amendment of Land Code allowing only group exits from large farm was eliminated by the Constitutional Court in early 1996. • Revised and improved exit and registration procedures were adopted for the establishment of private farms. • Legislation on bankruptcy procedures was adopted to expedite the process of land privatization. • A uniform cadastre system has been established. • Of the more than 1000 state and collective farms all but 46 have been privatized and 2.2 million titles have been issued by Spring 2001. • Debt restructuring and liquidation of old farm enterprises started in 1999, liquidation was completed in 2000 – with the creation of new corporate farms. • In early 2001, about 440,000 private farms had been registered with over 80 percent currently operating through some type of leasing arrangement. • Procedures for administering transactions of agricultural land were introduced and the transfer fee was reduced to 2% of the sales value. • Legal disputes between lessors and lessees is emerging. 	<p>Farming structure based on secure transferable land use rights.</p> <ul style="list-style-type: none"> • Make the establishment of new private farms, and farming enterprises based on partnership or cooperation as easy as possible. • Use reserve land whenever possible for providing land for new beneficiaries or offer financial compensation instead of decreasing already allocated land shares. • Market mechanism for rent, leasing and the establishment of collateral should be developed as soon as possible with the aim of facilitating land consolidation and financing efficient farming. • Provide effective legal aid support to new, private land owners and lease holders.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>3. <u>Competitive Agroprocessing and Services for Agriculture</u></p>	<p>Privatization and demonopolization is in progress.</p> <ul style="list-style-type: none"> • Agroprocessing and input supply industries have been privatized as part of the overall privatization process. However, as a result of the mass privatization through vouchers, ownership at these companies is extremely segmented, and the Privatization Investment Funds have failed to bring about effective enterprise restructuring as a result of problems with ownership, management and control. • Producers of agricultural raw materials received 50% of ownership of agroprocessing. • The initial privatization of agro-processing was completed by the end of 1995. The majority of enterprises, however, are unconsolidated and lack transparent ownership. • Significant portions of shares in agroprocessing (mainly wine making and tobacco processing) industries have not been sold and still belong to the state, although several attempts were made by the Government . • Most agroprocessing sector enterprises are still operating the old fashioned way (without any significant restructuring) and are in effect bankrupt. • Anti-monopoly regulations are not fully in place. • Still limited new entry of the private sector into the processing sector. • Limited foreign participation/investment in the privatized agro-processing enterprises. 	<p>Private competitive processing and input supply industries.</p> <ul style="list-style-type: none"> • Market discipline (hard budget constraint) needs to be imposed on existing enterprises to provide incentives to restructure or liquidate. • Promote the participation of foreign investors in privatization auctions. • Encourage emergence of new entry into the agro-processing sector • Develop and implement effective anti-monopoly legislation. • Strictly enforce bankruptcy legislation in order to consolidate the newly established private sector. • Re-evaluate the effectiveness of the Privatization Investment Funds.
<p>4. <u>Rural Financing</u></p>	<p>Lack of an appropriate financial system for food and agriculture.</p> <ul style="list-style-type: none"> • Financing in agriculture is not adjusted to the needs of a market based privatized agriculture. • High interest rates, lack of collateral, lack of clients with sound business practices seriously limits lending to agriculture. • Development of a rural credit system based on rural credit cooperatives. • Underdeveloped judicial system significantly hinders the process of collateral acquisition by banks. • Government will pilot a matching grant support scheme to agricultural producers in lieu of interest subsidies. 	<p>Viable financial institutions efficiently serving the food and agriculture sector.</p> <ul style="list-style-type: none"> • Improve the overall business environment to encourage processors or suppliers' credit schemes to finance farming inputs. • Revitalize financial services. • Approval of new Law on Collateral. • Simplify legal systems to protect lenders and borrower's rights in case of defaults. • Government to implement a matching grant scheme acceptable to IDA/IMF.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
5. <u>Institutional Framework</u>	<p>Adjustment of the institutional framework is at a rather early stage.</p> <ul style="list-style-type: none"> • Government administration still reflects Soviet-type structures. • Research/education system has not been adjusted to emerging new conditions, mostly non-functioning and seriously hampered by budgetary difficulties. • Western type of agricultural extension system does not exist. • A new co-operative law has been passed. 	<p>Efficient and effective public sector administration and support services.</p> <ul style="list-style-type: none"> • Prepare and implement a program of re-organization of public administration in agriculture. • Reorganize the Ministry of Agriculture and Food. • Reform the agricultural education and research system to meet the demands of the changing agricultural sector. • Support the emergence of private farm advisory services for landowners. • Support the emergence of private farm organizations.

GEORGIA

Total Population	5.4 mil	Food and agriculture in GDP (1998)	26%	Agricultural output in 1998 as percentage 1989-91 levels	60%
Rural Population	44%	Food and agriculture in active labor (1997)	27%	Livestock production in 1998 as percentage of 1989-91 levels	60%
Total Area	7 mil ha.	Food and agriculture as percent of total		Agricultural area in individual private ownership (1998)	26%
Agriculture area:	3 mil ha.	in exports (1998)	25%	Agricultural area leased by private individuals from Government.	25%
Arable land	26%	in imports (1998)	23%	Agricultural Land controlled by Government	49%
Orchards	11%	Traditionally net exporter of wine, processed and fresh fruits, vegetables and tea			
Irrigated	45%				
Forested	40%				

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p><u>1. Macro-economic Framework for Agriculture</u></p> <p>A. Prices/Subsidies</p>	<p>Liberal agricultural markets mainly free of Government intervention.</p> <ul style="list-style-type: none"> • Producer prices have been liberalized and minimal government intervention on agricultural markets, apart from the wheat market where international food aid, administered by the government is distorting wheat and flour prices. • Control of energy prices is being gradually readjusted to reach cost recovery levels. • Subsidization of water charges is the last remaining producer subsidy. 	<p>Competitive and functioning agriculture markets, without Government intervention.</p> <ul style="list-style-type: none"> • Regulate use of food aid distribution to avoid price distortions. • Phase out remaining producer subsidies on irrigation water and energy.
<p>B. Trade Policies</p>	<ul style="list-style-type: none"> • State order system for agricultural products was abolished in late 1995. • 12% uniform tariff on imports. 5% on selected capital goods, raw materials, and medicines. • Tax on exports was eliminated in late 1994. • Liberal export policy with no licensing for most agricultural products. • Most agricultural products are traded on essentially private, informal markets. <p>Georgia became a member of WTO in 1999.</p> <p>Indicative prices which are substantially higher than world market prices are used as the basis for calculating VAT taxes on imported products such as wheat. In addition VAT is applied to the gross value of the imported product, resulting in very high effective tariffs on imported products.</p> <ul style="list-style-type: none"> • Illegal rent seeking and bureaucracy seriously constrains domestic markets. 	<ul style="list-style-type: none"> • Refrain from intervening in agricultural import and export markets with the exception of interventions acceptable under the WTO. • Ensure that all state agricultural procurement is executed on a competitive basis. • Maintain low and uniform tariffs and no quantitative restrictions or taxes on exports. <p>Change the operating procedures for applying VAT to agricultural products and inputs.</p> <ul style="list-style-type: none"> • Improve physical and commercial infrastructure for export trade rather than introducing special incentive programs. <p>Government is considering abolishing VAT and Income tax for small primary producers and replacing it with a single land tax.</p> <ul style="list-style-type: none"> • Introduce provisions for bonded warehouses and duty drawbacks to promote exports.

<p>C. Taxation</p>	<ul style="list-style-type: none"> • Credit for VAT payment for capital goods established in June 1995. <p>VAT and income tax collection rates from primary agriculture producers is extremely low. The Government is considering dropping both VAT and income tax for primary agricultural producers and replacing it with a single land tax.</p> <p>There are numerous conflicting taxes and registration fees that create opportunities for rent seeking by government authorities.</p>	<ul style="list-style-type: none"> • Guarantee the consistency of land tax with the rest of taxation. <p>Simplification of the tax laws and improvement of the enforcement mechanisms based on clear legal procedures should be introduced to reduce harassment and rent extraction by government officials.</p> <ul style="list-style-type: none"> • The single land tax to replace all other taxes in agriculture has been considered as an approach to simplification of the taxation process. This is not an advisable approach to taxation and should not be implemented.
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ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p><u>2. Land Reform and Farm Restructuring</u></p>	<p>Progressive, but rather spontaneous, unstructured and unfinished land reform.</p> <ul style="list-style-type: none"> • The 1992 land privatization program provided 57% of arable land and land under perennials to private individuals, but remains unfinished. • Law giving ownership rights to the beneficiaries of the 1992 land reform was passed by the parliament in early 1996. • Land titling and registration legal framework is in place, but require implementation for the functioning of the land market to develop. • Law on providing lease rights to state owned agricultural land was enacted in mid 1996. <p>In addition to the land in private ownership, an additional 27 % of all arable land and land under perennials is leased by private entities.</p> <p>Of the total area of agricultural land, 26% is in private ownership, 25 % is leased by the Government and 49 % (mostly pastures) is still under direct government control. The land privatization process is therefore incomplete.</p>	<p>Private farming as the major component of the farming system with secure transferable land use rights.</p> <ul style="list-style-type: none"> • Complete the initial privatization of land as envisaged by the Presidential decree of December 1992. • Establish title registry offices. • Transfer remaining state lands to private ownership. • Transfer non-land productive assets from state/collective users to private users and operators. • Develop mortgage procedures for land, other real estate, and moveable assets. • Move from rental of large farms to private ownership. • Increase or remove the 1.25 ha limit on land ownership.
<p><u>3. Competitive Agroprocessing and Services for Agriculture</u></p>	<p>Spontaneous and slow privatization program.</p> <ul style="list-style-type: none"> • The early phase of privatization was rather spontaneous and often inequitable. Most assets were transferred to existing management. • At the end of 1998 143 or 32 % of the enterprises originally controlled by ministry of agriculture had not been privatized. Over 80 percent of those privatized were privatized to existing management teams and employees on preferential terms. This process of privatization has not lead to inflows of new capital and management expertise required to turn these companies around. As a result the output of the agro-processing sector has stagnated. • Foreign participation in the process of privatization remains low. • Consistent energy supply is a major problem for agroprocessing companies operating in rural areas. 	<p>Competitive, privately owned processing, input supply and service subsectors.</p> <ul style="list-style-type: none"> • Complete privatization of remaining agro-processing and input supply companies controlled by the Ministry of Agriculture, preferably through strategic sales to private investors with new capital and expertise. <p>Remove constraints to secondary sale of enterprises privatized enterprises, such as punitive capital gains taxes or restrictions on resale.</p> <ul style="list-style-type: none"> • Facilitate the emergence of new and restructured private firms in processing, input supply and services by reducing registration requirements. • Encourage the establishment of producer associations that can improve product quality and facilitate entry into new markets. • Enforce bankruptcy and liquidation on firms that are bankrupt, particularly those in arrears on taxes, loans or privatization payments to the Government.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
4. <u>Rural Finance</u>	<p>Existing financial system is small, is focused on short term trade financing and does not serve the agricultural sector.</p> <ul style="list-style-type: none"> • Both primary agriculture and agroprocessing have a serious liquidity crisis due both to tight supply of medium term credit. • A major coordinated effort is underway, supported by the World Bank, IMF and bilateral donors to strengthen the banking system's infrastructure. This is progressing well. • About 120 Rural Credit Unions have been formed to address the problem of credit to small scale rural farmers. 	<p>Viable financial institutions efficiently serving the agricultural sector.</p> <ul style="list-style-type: none"> • Continue to improve Bank supervision and certification programs. • Continue establishment of credit unions together with the necessary monitoring and controls. <p>Improve the environment for foreign direct investment as an alternative to medium term bank credit.</p> <ul style="list-style-type: none"> • Major restructuring or liquidation of Agrobank is needed.
5. <u>Institutional Framework</u>	<p>Institutional structure needed by privatized agriculture is not in place.</p> <ul style="list-style-type: none"> • At the regional level the administrative structure of the socialist era has been preserved with little change. • Research/education system has not been adjusted to emerging new conditions. • Public activities (government research-education) in agriculture are seriously hampered by budgetary difficulties. • Western type agricultural extension system does not exist, but pilot projects have been implemented and are expected to expand in the future. 	<p>Efficient and effective public sector administration and support services.</p> <ul style="list-style-type: none"> • Prepare and implement a program to alter the structure and scope of government organization for management of agriculture. • Re-orient Government attention toward private agriculture. • Re-orient Government role from direct intervention to establishing the general rules and facilitating conditions for the smooth operation of the markets and independent business organizations. • Support the emergence of private farm advisory services. • Restructure the agricultural education and research system.

KYRGYZ REPUBLIC

Total Population	4.9 mill	Food and agriculture in GDP (2000)	37%	Agricultural output in 2000 as percentage of 1990 level	96%
Rural Population	65%	Food and agriculture in active labor force (1999)	52%	Livestock production in 2000 as percentage of 1990 level	
Total Area	20 mill ha	Food and agriculture in exports (2000)	11%	milk-----	92%
Agriculture area	11 mill ha	Food and agriculture in imports (2000)	15	eggs-----	29%
Pasture	10 mill ha			meat-----	7%
Arable land	1.4 mill ha			wool-----	33%
Cultivated	87%	Traditionally an exporter of sugar, cotton, alcoholic beverages, wool, leather, tobacco.		Share of livestock in agriculture (2000)	44%
Pasture	3%	Export composition is changing and now includes ginned cotton, tobacco, fruits & vegetables, skins, wool, and non-alcoholic beverages.			
Forest	10%				

ISSUE	STATUS OF REFORMS	OBJECTIVES/PROPOSED ACTIONS
<p><u>1. Macro-economic Framework for Agriculture</u></p> <p>A. Prices/Subsidies</p>	<p>Markets, prices and the trade regime are liberalized; but distortions remain at the local level; market structures are not yet developed, not competitive and not integrated.</p> <ul style="list-style-type: none"> • Agricultural producer and consumer prices are deregulated and subsidies from the budget abolished (although there is subsidization through credit provision or direct government imports. Notable exceptions are irrigation water and electricity for agricultural use, which remain subsidized. • A significant portion of inputs (e.g., machinery, seeds, etc.) is not marketed, but distributed by the government to selected farms on preferential terms. Tendering has been introduced, but is ineffective as long as preferential credit terms are granted. • Proliferation of subsistence agriculture, with small marketable surplus and high prevalence of barter transactions, in part to avoid tax payments. Government practice of collecting taxes and other payments in kind and of paying pensions and salaries in kind impedes monetization. • Social safety-net in the rural areas is inadequate and not very effective. Much of the potential safety net budget is used for untargeted subsidization of energy costs. • Responsibility for operating and maintaining on-farm irrigation systems is being shifted to water user associations (WUAs) under the On-Farm Irrigation Project. 	<p>Removal of remaining distortions in markets, prices, trade regime and the incentive system; development of fully functioning, competitive markets for agricultural inputs and outputs.</p> <ul style="list-style-type: none"> • Eliminate administrative interference in the functioning of markets and internal movement of goods, such as multiple licensing requirements and imposition of informal fees on road traffic. • Phase out remaining subsidies and other governmental involvement in input marketing, notably of donor/government financed equipment and inputs. • Cease in-kind collection of taxes and social security contributions and in-kind payment of wages, salaries and pensions in rural areas, to promote the monetization of the rural economy. • Remove tax and other policy obstacles to new entry of agrobusiness SMEs, especially the VAT on fertilizers and seeds. • Remove export taxes on agricultural goods and ensure timely VAT refunds to exporters. • Increase irrigation water charges gradually to increase O&M cost recovery, or transfer O&M responsibility to users. Develop new Water Code to introduce long-term water rights and to allow WUAs to determine water charges. • Accord priority to maintenance of irrigation infrastructure to ensure sustainability. Clarify ownership/leasing arrangements for on-farm irrigation infrastructure. • Promote fiscal decentralization.

ISSUE	STATUS OF REFORMS	OBJECTIVES/PROPOSED ACTIONS
B. Trade Policies	<ul style="list-style-type: none"> • Trade regime is generally liberalized, but many non-tariff trade barriers remain, many of them unofficial. • Member of three international trade organizations: WTO, Customs Union (Russia, Belarus, Kazakhstan and the Kyrgyz Republic), and CIS Free Trade Zone. But Customs Union and Free Trade Zone are ineffectual. • Terms of WTO membership conflict with terms of Customs Union membership. 	<ul style="list-style-type: none"> • Eliminate non-tariff barriers to trade. Rationalize conduct of public institutions responsible for foreign trade. • Develop an export promotion strategy and establish institutional framework to implement it. Align export certification with international standards. • Align Customs Union membership terms with WTO terms through negotiation with CU members. • Deepen existing trade frameworks (e.g., custom unions) and secure harmonization in customs and other legal procedures. • Improve ease of entry by land or air for business travelers into the country.
C. Taxation	<ul style="list-style-type: none"> • Tax rates for primary agricultural production are reasonable, but land taxation is not conducive to the development of a land market. • Nominal tax burden (particularly for agro-industry) is very high, but collection rates are generally low. • VAT on inputs (on seeds and fertilizers) prevents development and growth of formal distribution networks. • Multiple user fees are in place (many with dubious justification), with no clear distinction between taxes and fees. • Local governments lack financial resources to use for local priorities. 	<ul style="list-style-type: none"> • Remove or lower tax barriers to new entry of agribusiness SMEs, particularly payroll and turnover taxes. • Reduce tax-related corruption and improve the transparency of the taxation system, of tax administration and collection. • Rationalize tax rates in order to increase tax revenue, incentives and equity; and improve tax collection. • Clarify difference between user fees and taxes. • Introduce a land valuation methodology which can be used to replace the current crude land tax assessment structure. Proceed with plans to convert the land tax into a full real property tax to provide a broader base to finance local government expenditures. Reduce the current 5% tax on land transactions to less than 1%. • Promote fiscal decentralization.

ISSUE	STATUS OF REFORMS	OBJECTIVES/PROPOSED ACTIONS
<p>2. Land Reform and Farm Restructuring</p>	<p>Significant progress has been made in land privatization and farm restructuring, but the process is not yet complete.</p> <ul style="list-style-type: none"> • A Law on Management of Agricultural Lands was adopted in December 2000 which allows for highly restricted buying and selling of agricultural land. This law will also significantly restrict the use of mortgage of agricultural land. • The legal framework is in place to establish family farms or restructured large farms with private ownership of land. • A package of land and agrarian reform laws (including Land Code, Mortgage Law, Cooperative Law, Law on Peasant Farms) became effective in 1999. Regulations on auctions and laws and regulations on the use of the Land Redistribution Fund (LRF) have been drafted and are under consideration. • Law on Registration of Rights in Immovable Property was adopted in December 1998, and a State Registration Agency was established in February 1999 to implement the registration system. Registration offices have been established in 10 rayons and cities, and the full set of 50 offices should be opened by early 2002. Regulations for registration have been approved by Government and will undergo further revision based on accumulated experience. • Most arable land has been privatized, distributed and marked, and ownership certificates have been issued. Private farms hold 42% of arable land, collective enterprises (joint stock companies, collective peasant farms, producer cooperatives) account for 45%, and just 13% remains in state-owned seed and breeding farms. More than 60,000 private farms are now operating. • 25% of the arable land is placed in a Land Redistribution Fund (LRF), recently assigned to the local governments, to be used for redressing inequities and/or to be sold, auctioned or leased. Local governments rely on leasing of LRF land as a revenue source and show little interest in sales of such land. Auctions conducted in 1997 and 1998 were effective. Auctions stopped in 1998 because of the moratorium on land sales. • Pasture and forest land and irrigation infrastructure remain state property, but ownership can be differentiated by community, rayon or oblast. • The moratorium on land sales, impeding the development of a legitimate land market and the use of land as collateral for credit, will be lifted in late 2001. 	<p>Completion of regulatory framework and administrative capacity to develop a fully functioning land market and promote market-based farm restructuring and agrarian reform.</p> <ul style="list-style-type: none"> • Work with Government to amend the Law on Management of Agricultural Lands to allow less constrained buying-selling, and mortgaging of agricultural land. • Educate the public about the meaning of the property rights and responsibilities granted by the land and agrarian reform program. Good progress is being made in this regard, but much remains to be done. • Examine the issue of use of rights for common property such as pasture land, surface water, irrigation infrastructure, and forest land, as well as the leasing and management of land by local (village) governments to individuals or groups. • Develop instruments to deal with land disputes, including conflicts with traditional land use rights. DFID has initiated a project funding the establishment of arbitration courts, linked to the land reform component of the ASSP. • Clarify roles of different agencies and institutions, including local governments. in land administration. • Stimulate the creation and effective functioning of independent farmer groups and cooperatives to increase efficiency in the use of land, inputs and equipment and in marketing. • Identify alternative sources of revenue for local governments and free up the sale of land from the Land Redistribution Fund. • Continue the development of appropriate pasture use models, including long-term lease arrangements.

ISSUE	STATUS OF REFORMS	OBJECTIVES/PROPOSED ACTIONS
<p>3. <u>Competitive Agro-processing and Services for Agriculture</u></p>	<p>Substantial progress has been made in privatizing the agro-processing and input supply enterprises, but the process is not yet complete and the privatized enterprises are not very efficient.</p> <ul style="list-style-type: none"> • Input and output markets remain very weak due to poorly developed infrastructure, institutions and information. • Most small and medium-scale state-owned agro-processing enterprises have been privatized. • The large agro-industrial enterprises are being privatized case-by-case, but the process is slow. • The newly privatized enterprises are hampered by obsolete equipment/technology, lack of credit, poor management, and poor understanding of the competitive markets. • Product quality is very poor; and the existing product quality grades and safety standards (which are not being enforced) are not comparable to international grades and standards. • Although even with present levels of product quality there is some potential for export to other Central Asian countries and Russia, lack of marketing experience and formal and informal barriers to regional trade limit actual exports. • Lack of critical agricultural inputs is a key constraint to increase agricultural productivity. • Foreign direct investment in the agro-industry remains very low. • Animal health services are being privatized in some oblasts. 	<p>Completion of privatization of the existing agro-processing and input supply enterprises and closure of inefficient (those that cannot be made profitable through restructuring) state owned enterprises that cannot be privatized. Promotion of a dynamic SME subsector in the rural areas.</p> <ul style="list-style-type: none"> • Establish a regulatory and tax system that promotes, rather than hinders, the entry of SMEs. • Complete the process of privatization of the existing state owned agro-industrial enterprises. • Simplify registration procedures and reduce the permits required to establish agro-industrial joint ventures with foreign partners. • Foster commercialization of agriculture, and promote agrobusiness SMEs and other non-farm employment creation in the private sector. • Promote the development and functioning of competitive input and output markets, with a primary focus on institutions and information that will foster the entry and growth of SMEs. • Remove administrative interference (based on excessive regulatory and inspection zeal) in the operation of private trade and business. • Improve access to commercial credit (for working capital and capital investment) by increasing the lending capacity of KAFC (Kyrgyz Agricultural Finance Corporation); provide management training for enterprise managers. • Establish product quality grades and safety standards that are comparable to international grades/standards. • Promote the development of a competitive agricultural input marketing system comprising private input dealers. Eliminate subsidies and other government involvement in input marketing/distribution. • Improve the regulatory environment and economic incentives to promote foreign direct investment in agro-industry. • Support further privatization of veterinary services. Clarify the division of responsibilities between public and private veterinary service providers.

ISSUE	STATUS OF REFORMS	OBJECTIVES/PROPOSED ACTIONS
4. <u>Rural Finance</u>	<p>Lack of access to credit is a serious constraint to rural development, but steps to establish a commercial rural credit system have been taken.</p> <ul style="list-style-type: none"> • Agroprombank has been liquidated. • Budgetary transfers for agricultural credit were phased out in 1998; there is no more subsidized credit. • The commercial banks are not very interested in lending to agriculture. • Kyrgyz Agricultural Finance Corporation (KAFC) -- a non-banking, independent and commercial public financial institution -- has been operating since 1997, satisfactorily implementing the first Rural Finance Project (RFP-I). RFP-II is effective, disbursements for lending under RFP-II are expected to start in 2001. • Most banks, and to a lesser degree KAFC, have been adversely affected by the Russian crisis of 1998, and the banking system remains very fragile. • The National Bank is tightening banking supervision and prudential regulations. • Interest rates have been increased to positive levels in 1997 and have remained positive since then. • KAFC has the mandate to recover outstanding agricultural debts; the recovery rate is acceptable. 	<p>Establishment of sustainable financial institutions serving the rural and agricultural sectors.</p> <ul style="list-style-type: none"> • Improve coordination of on-going rural credit operations (over 15 currently under implementation). • Accelerate the implementation of the first and second Rural Finance Projects (World Bank) and the Rural Agriculture Development Project (ADB). • Diversify KAFC's lending portfolio to include funding for long-term investments, non-farming activities, processing, agri-services, etc. • Refrain from interfering in KAFC's operations though government decrees or political pressure. • Improve business judiciary system; strengthen bankruptcy procedures; expand list of workable collateral. • Develop and enact a sound legal framework for micro-finance.
5. <u>Institutional Framework</u>	<p>The institutions of a "planned" economy are gradually being replaced by institutions that serve private agriculture based on market principles, but the process is very slow.</p> <ul style="list-style-type: none"> • The Ministry of Agriculture, Water Resources and Processing Industry (MAWRPI) has been reorganized to streamline its operations, but further rationalization is needed. • The agricultural research, extension and education systems have not yet been adjusted to the emerging market conditions. • A function market information system has been established. • The institutional capacity to undertake agricultural policy analysis is very limited. • Cooperatives have been created, but these are not yet very effective. 	<p>The process of establishing efficient and effective institutions to serve commercial private agriculture and rural sector needs to be accelerated.</p> <ul style="list-style-type: none"> • Complete the reorganization of MAWRPI to serve as the main agency to implement agricultural policy. Complete the devolution of all possible tasks to appropriate lower levels of government or the private sector. • Strengthen and re-orient, including through consolidation, agricultural research, extension and education systems to complement activities of private input industries and thereby to more effectively serve the needs of private farmers and farm enterprises. Develop the ability for contracting research and services. • Strengthen institutional capacity and training of staff involved in designing and implementing agricultural and rural development programs, including agricultural policy analysis. <p>Privatize services such as animal health, crop protection, seed supply etc, and limit State involvement to quality control and encouragement.</p>

BOSNIA AND HERZEGOVINA

<u>Total Population</u>	3.675 mil.	Food and agriculture in GSP (1990)	14 %	Agricultural output in 1998 as percentage of 1989-91 level	36 %
Rural Population	50 %	Food and agriculture in active labor (1990)	18 %	Livestock production in 1995 as percentage of 1990 level (estimate)	21 %
<u>Total Area</u>	5.2 mil	Food and agriculture		Share of livestock in agriculture (1995)	44 %
Agriculture area:	2.5 mil ha.	in exports (1997)	5 %	Share of independent private farms in total arable area (1991)	94 %
Arable land	63 %	in imports (1997)	0 %	Share of private sector in total agricultural output (1991)	75 %
Orchards	4 %	Traditionally net exporter of:			
Irrigated	0.3 %	livestock products (dairy products, meat), fruits and vegetables, and			
Forested	46 %	wine			

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p><u>1. Macro-economic Framework for Agriculture</u></p> <p>A. Prices/Subsidies</p>	<p>Market liberalization is largely complete and direct support for agriculture is minimal. The Ministries of Agriculture are now seeking a significant increase in budget support.</p> <ul style="list-style-type: none"> • No controls on producer and consumer prices for agricultural commodities, and subsidies are minimal due to the lack of budgetary resources. • Floor prices are set for some basic commodities but these are at or below border prices. • There is considerable pressure in both entities to increase budget support for input, output and export subsidies, as a means to boost production, increase returns to farmers and agro-processors, and reduce dependence on imports. • The US government continues to distribute large quantities of PL480 cereal. 	<p>Efficient agricultural markets which operate with minimal public intervention.</p> <ul style="list-style-type: none"> • Maintain fully liberalized prices. • Maintain freedom of movement of goods between the FBiH and Republika Srpska. • Minimise government intervention in agricultural markets and terminate large-scale food-aid programmes.
<p>B. Trade Policy</p>	<ul style="list-style-type: none"> • A State level trade policy now applies to both entities, based on four tariff bands (0%, 5%, 10% and 20%). Most agricultural products are in the 5% and 10% tariff bands. • Some anomalies exist in this tariff structure, notably the tariff on maize which significantly raises the costs and reduces the competitiveness of livestock production. • Variable levies were introduced in 1999 to increase protection for farmers and to finance an Agricultural Development Fund. These levies range from 5%-20% and are reviewed monthly. • As part of the Stability Pact, BiH agricultural products now have free access to EU markets for the next 2-3 years. • A new Trade Agreement with Croatia subjects BiH exports to a 1% customs fee only; BiH tariffs on Croatian imports will be progressively removed over the next 3 years. • Both entities plan to introduce export subsidies but are currently unable to fund them. 	<ul style="list-style-type: none"> • Review and modify the tariffs applied to selected agricultural products, to improve the comparative advantage of livestock production. • Terminate the current system of variable levies. • Promote and accelerate the current process of joining WTO.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
C. Taxation	<ul style="list-style-type: none"> • The tax burden on farmers is low, most farmers operate in the informal sector. • Land taxes existed prior to the war but are currently not collected. Future Government intentions are unclear. • Taxation of food processing is in line with general taxation of businesses. Very high social charges on dependent labor. 	<ul style="list-style-type: none"> • Larger private farms should be incorporated into the regular business tax system.
2. Land Reform and Farm Restructuring	<p>95% of farmland is in private ownership. Ownership rights to private land are often difficult to establish, and the future status of state owned land has yet to be clarified.</p> <ul style="list-style-type: none"> • State farms hold less than 5% of arable land. The post-privatisation status of this land has not been adequately addressed by current legislation. • Pastures and meadows remain state and municipality owned. • Private farms average 3-5 ha, and are highly fragmented. Former Yugoslav laws limiting land ownership to 10 ha in flat lands and 15 ha in hilly areas have been abandoned. • Discrepancies between the cadastre and land register make it difficult to demonstrate clear ownership of private land. This inhibits land markets and slows the resolution of ownership disputes and the transfer of land among displaced people and returning refugees. • Land sales are legal but the land market is thin. Most rural land transfers are effected through informal, short-term leases. 	<p>Establish clear, secure and readily transferable use and ownership rights, and an active land market as the basis for improving farm structure.</p> <ul style="list-style-type: none"> • Enact legislation to allow the lease or sale of state-owned land. • Restore all land records and reconcile the cadastre and land register, as the basis for establishing clear property rights. • Speed up the work of the Commission for Real Property Claims, set up under Annex 7 of the Dayton-Paris Peace Agreement, so as to resolve land disputes. Issue temporary land use rights in the interim. • Strengthen land markets to support farm restructuring and land consolidation.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>3. <u>Competitive Agro-processing and Services for Agriculture.</u></p>	<p>Major delays in privatizing socially owned agro-kombinats, agro-processors and public services for agriculture.</p> <ul style="list-style-type: none"> • Legislative basis for privatization is now in place and the first round of privatization should be completed by April 2001. • Most socially owned agro-kombinats and agro-processors are included in the first round of privatization. • Foreign participation in the privatization process is to be encouraged by a political risk insurance scheme for foreign investors. • Privatisation of the veterinary system is now underway in both entities. • Both entities will encourage the formation of farmer associations based on voluntary principles. 	<p>Competitive, privately owned enterprises for agro-processing, input supply and agricultural services.</p> <ul style="list-style-type: none"> • Fully implement the program to corporatize and privatize agricultural input supply, output marketing, and agro-processing enterprises. • Establish appropriate quality and safety standards for agricultural imports and exports. • Technical assistance to provide training in enterprise management. • Promote joint ventures to tap foreign expertise, technology and capital, and to provide access to foreign markets. • Promote the development of new products and markets.
<p>4. <u>Rural Finance</u></p>	<p>Lack of an appropriate financial system for agriculture.</p> <ul style="list-style-type: none"> • A viable institutional base for rural finance has yet to be developed. State-owned banks are insolvent; domestic private banks lack the capital and expertise to deal with small-scale rural lending; and foreign banks have only just begun to operate and have limited interest in rural finance. • Most credit for agro-processors and larger farms comes from SME donor programmes. These programmes also provide training and advice on business management. • Repayment rates for the livestock and tractors distributed by donors during the Emergency Reconstruction Programme were extremely low. • Small farmers have access to credit from an NGO-based micro-lending program, supported by donors, and the Micro-Enterprise Bank; but borrowing is limited due to the low returns to agriculture. • The Ministry of Agriculture in FBiH has established an Agricultural Development Fund, to be financed largely by variable levies, as a source of rural finance. The government has yet to allocate any finance to this fund and the nature of its operation has yet to be clearly defined 	<p>Establish viable financial institutions to efficiently serve the agricultural sector.</p> <ul style="list-style-type: none"> • Support restructuring and privatization of State banks, and facilitate the activities of private banks in rural areas. Reform banking supervisory framework. • Strengthen the legislative and administrative basis for using land as collateral. • Establish an appropriate legal framework for the operation of non-bank financial institutions (micro-credit agencies, local savings and credit associations etc) and support their establishment and operation. • Assist the Ministry in FBiH to rationalize the design and use of the proposed Agriculture Development Fund.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
5. <u>Institutional Framework</u>	<p>Institutions remain weak and under-resourced. Policies have changed more than people and institutional structures</p> <ul style="list-style-type: none"> • Both entities continue to establish new public institutions, which unnecessarily duplicate pre-war facilities and increase demands on an already limited agricultural budget. • The establishment of a public agricultural extension service will begin shortly, with donor support. • Donor programmes have been initiated to privatize the veterinary service and to improve the (public) institutional framework for animal health. • Agricultural research and education suffered heavily during the war and are in need of increased support, but budgetary resources remain severely limited. • Border control is weak and poorly designed, which severely compromises the ability to enforce trade policy and prevent the importation of plant and animal disease. 	<p>Establish an efficient, effective public administration which provides appropriate support for private, commercial agriculture.</p> <ul style="list-style-type: none"> • Review the structure and resources of the two ministries, and the Canton governments, and guide the establishment of institutional structures which are consistent with public roles and responsibilities in a market economy. • Promote the establishment of a private extension service, located in co-operatives, producer associations and agro-processors; and support the establishment of a fee-paying, public extension service. • Reform agricultural research and education programmes and institutions to make them needs-based and demand-driven, and increase public support for these institutions. • Strengthen border control and the enforcement of trade regulations <ul style="list-style-type: none"> • Introduce market price information systems to increase the transparency of market operations.

UKRAINE

Total Population	49.3 mil	Food and agriculture in NMP		Agricultural output in 2000 as percentage of	
Rural Population	32 %	1998	19%	1990 level	58%
Total Area	60 mil ha.	Food and agriculture in active		Livestock production in 2000 as percentage of	
Agriculture area:	42 mil ha.	labor (1999)	23%	1986-1990 level	42%
Arable land	77.9%	Food and agriculture in		Share of livestock in agriculture (2000)	40%
Orchards	1.9%	exports (2000)	11%	Share of individual in total agricultural land	
Irrigated	5.0%	In imports (2000)	7%	(2000)	26%
Forested	15.6%	Traditionally net exporter:		Share of individual in total agricultural output	
		grain, oil seeds, sugar, dairy		(2000)	66%
		products, beef and pork.			

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
1. <u>Macro-economic Framework for Agriculture</u>	Market liberalization is advanced, although hampered by government interventions and underdeveloped market structures.	Minimal Government intervention in agricultural markets.
A. Prices/Subsidies	<ul style="list-style-type: none"> • Fixed producer prices for agricultural commodities were abolished in 1994. • Profit margins for bread are often remaining at the local level. • Lack of competitive domestic markets and underdeveloped trading system still keep producer prices under border prices. • Scale of budget credit (mainly in the form of input supplies) was significant in 1997-1999 but was virtually removed in 2000-2001. • Implicit taxation on agricultural producers has been significantly reduced in 1995-1999 as government purchases of agricultural products have been phased out. • In 2000, the government has written off UAH 5.6 bln (more than US\$ 1 bln) of public debts accumulated by the farming enterprises in 1994-1999. • The 2001 budget allocated up to UAH 2.8 bln (US\$ 500 mln.) to finance leasing of agricultural machinery through government Leasing Fund. It is expected that actual expenditures for the Leasing Fund will be significantly lower because most of the funding should come from the unlikely repayment of earlier credits by farms. • In 2001, public expenditures for the livestock sector (incl. breeding) were increased to UAH 211 mln. (US\$ 38 mln). • As of 2002, expenditures for the agriculture sector will be set at 5% of the overall public expenditures (Law On Stimulation of the Agriculture Sector Development in 2001-2004, passed in January 2001). 	<ul style="list-style-type: none"> • Abstain from implementing new distortionary price control measures. • Liberalize agricultural markets by implementing competitive government procurement methods which would assist development of private intermediaries. • Continue to remove implicit taxation on agricultural producers and processors by promoting competition and domestic market development.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
B. Trade Policies	<ul style="list-style-type: none"> • An extensive government guaranteed program to provide fertilizer and fuel was in place in 1997-1999 but was phased out in 2000-2001. The budget allocation for government Leasing Fund was significantly increased in 2001. • Collection of repayments under government guaranteed programs led to serious interventions of the government in domestic trade in 1997-1999. Intervention of regional authorities created additional distortions. • A system of pledge purchases of grain by the national and local government was established in July 2000 but was of insignificant importance due to lack of funding. • Quotas on imports of some meat products were introduced in 1997 but never implemented in practice. • Average agricultural and food sector import tariffs were at the level of 26% in 2000, with many tariffs set in specific form (Euro/ton) at equivalent ad valorem rates of 50% or higher. • Agricultural imports are taxed on the basis of reference prices. • Export duties on live cattle and animal skins were introduced in 1997; 23% export duty on sunflower seeds became effective in 1999. 	<ul style="list-style-type: none"> • Maintain conditions for remonetizing commodity and payment relations. • Ensure that all state agricultural procurements are limited to budget allocations and executed on a competitive basis through the agricultural commodity exchanges, public tenders, and auctions. • Remove all restrictions on inter-regional movement of grain. • Amend the system of pledge purchases of grain by limiting it to budget funded volumes and allowing private sector to implement the pledge purchases. (Alternatively: Abolish the system of pledge purchases of grain). • Reduce import tariffs and remove export taxes on live cattle, animal skins and sunflower seeds. • Refrain from intervening in agricultural import and export markets, with the exception of interventions acceptable under the GATT/WTO. • Pursue active trade policy to improve market access for Ukrainian food and agricultural products through the WTO and Cairns Group, and by seeking duty-free access for these products to the markets of the states of the FSU.
C. Taxation	<ul style="list-style-type: none"> • 30% profit tax is applied for food industry and for intermediary activities. • As of January 1, 1999, and until January 1, 2004, the primary agriculture pays single land tax calculated based on land area in use with certain adjustments to land quality. • As of January 1, 2000, farms receive back the VAT paid on all off-farm sales of agricultural commodities. VAT charged on sales of meat and dairy products by the processing enterprises is used as a subsidy for farms that sell meat and dairy products sold to processing facilities. 	<ul style="list-style-type: none"> • Promote a fair and non-discriminatory system of taxation. • Remove the existing tax breaks applied to the agriculture sector.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>2. <u>Land Reform and Farm Restructuring</u></p>	<p>Land reform and farm restructuring accelerated in 2000-2001, but the process is still at an early stage.</p> <ul style="list-style-type: none"> • The process of issuing land share certificates has been virtually completed. However, only less than 8% of all collective farm members have left the large collective agricultural enterprise. • In December 1999, President issued a decree facilitating further restructuring of large-scale farms. Almost all large-scale collective agricultural enterprises have been re-registered as private, private-lease enterprises or cooperatives in 2000. • 84% of farmers who received land share certificates rented them out to farms where the certificates have been issued. • Ongoing but relatively slow process of privatization: additional land was provided for private and household farmers in 1998-2000, reaching about 11 million ha or about 26% of total agricultural land. • Replacement of land share certificates with land titles with physical allocation of land on site has gained momentum in early 2001: 1.3 mln or more than 20% of farmers who received land share certificates exchanged them for land titles as of April 1, 2001. • The Parliament suspended all transactions with land share certificates in early 2001, except for lease or inheritance. • Land registration does not meet the needs of a functioning land market. A new Land Code has been drafted and awaits parliamentary approval. • A moratorium on bankruptcy of farms introduced in 1999 was abolished in early 2001. 	<p>Secure transferable land use rights conducive to promoting long term investment, access to financial markets, and enhanced land mobility.</p> <ul style="list-style-type: none"> • Encourage land reform by informing farm members on the legal basis for division and privatization of large farms, which would promote development of viable farm management units. Develop a comprehensive program for farm restructuring and land reform, that promotes genuine farm restructuring through liquidation of existing large-scale farms. • Continue systematic titling of agricultural land. • Approve by the parliament new version of the Land Code that clearly promotes full-fledged private ownership of land and development of land market. • Approve and implement legislation on registration of titles for immovable property, including land. • Develop mortgage procedures for land, other real estate, and moveable assets. The mortgage law would allow lessees to mortgage their leasehold interest.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>3. <u>Competitive Agro-processing and Services for Agriculture</u></p>	<p>Privatization and demonopolization has been largely completed; in many instances, this process has resulted in restructuring and increased efficiency of the food processing sector.</p> <ul style="list-style-type: none"> • State owned agroprocessing and input supply system has been largely privatized through a mass privatization scheme where producers of agricultural raw materials had preferential rights to obtain 51% of shares of agroprocessing enterprises. • The majority of grain storage and processing facilities have been privatized. • About 100 grain storage and processing facilities remain in state owned holding company Khlіb Ukrainy (Bread of Ukraine) and in State Reserve Company. • Basic anti-monopoly regulations developed during 1993-1994; Anti-Monopoly Committee (AMC) tries to prevent collusion and local monopolies. • Current procedures for privatization are not conducive to foreign investment. 	<p>Restructure state agricultural institutions to focus on the role of market facilitator, and bolster agricultural market information.</p> <ul style="list-style-type: none"> • Facilitate the emergence of new and privatized restructured firms, and the growth of efficiency in both input and output markets and in agroprocessing. • Complete corporatization and privatization of grain procurement and storage enterprises that are currently part of Khlіb Ukrainy. • Create a policy and legal environment supportive of direct foreign investment.
<p>4. <u>Rural Financing</u></p>	<p>Lack of an appropriate financial system for food and agriculture.</p> <ul style="list-style-type: none"> • Financing in agriculture is not adjusted to the needs of a market based privatized agriculture. • The banking sector is weak and its financing to the productive sector is limited. The size and presence non-bank lenders is negligible. High interest rates and the insufficient collateral limit lending to agriculture. • Removal of government input supply schemes and increased profitability of the farming sector led to increased lending by commercial banks to primary agriculture and food industry enterprises in 2000 and early 2001. • The government allocated UAH 150 mln (US\$ 27 mln) to subsidize 70% of interest rate charged by commercial banks lending to primary agriculture and 50% of interest charged to processing and service enterprises in 2001. 	<p>Viable financial institutions efficiently serving the food and agriculture sector.</p> <ul style="list-style-type: none"> • • Assess the current structure of rural finance and recommend methods to defray transaction costs and reduce risk in rural lending. • Increase the ability of rural assets to carry debt. • Create more conducive environment for lending to agriculture • Develop a viable distribution network for various segments of rural financial markets.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
5. <u>Institutional Framework</u>	<p>Adjustment of the institutional framework is at a rather early stage.</p> <ul style="list-style-type: none"> • Government administration carries many features of Soviet type structure. • Research/education system has not been adjusted to emerging new conditions. • Public activities (government research-education) in agriculture are seriously hampered by budgetary difficulties. • Western type of agricultural extension system does not exist. <ul style="list-style-type: none"> ▪ Advisory services were piloted by donors in few regions. 	<p>Efficient and effective public sector administration and support services.</p> <ul style="list-style-type: none"> • Prepare and implement a program of reorganization of public administration in agriculture, both at the national and local level. • Review and streamline agricultural education and research system. • Support the emergence of private farm advisory services.

KAZAKHSTAN

Total		Food and agriculture in GDP, 2000	15.4%	Agricultural output in 1999 as percentage of 1990-94 level.	46%
Population, 2000	14,8 M	Food and agriculture in active labor force, 2000	10.5%	Share of livestock in agriculture, 1999	47%
Rural Population	44 %	Food and agriculture in export, 2000	7.6%	Share of crop in agriculture, 1999	53%
Total Area	272 M ha	Food and agriculture in import, 2000	10.3%	Agricultural enterprises (JSC, partnerships, etc.) out of all land users engaged in agricultural production,	71%
Agriculture area, 1999:	222 M ha	Traditionally net exporter of wheat and livestock products		peasant private farms	29%
Arable land	22 M ha			Peasant farms plant growing	85%
Hayfields	5 M ha			Peasant farms engaged with animal husbandry.	15%
Pasture	185 M ha			All the agricultural output is provided by the private enterprises	
Forested	21 M ha				

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>1. <u>Macro-economic Framework for Agriculture</u></p> <p>A. Prices and Subsidies</p>	<p>Significant but incomplete liberalization of agricultural markets.</p> <ul style="list-style-type: none"> • Government price controls ended in 1994/95. • Domestic prices largely follow world market prices though they still reflect some distortions due to underdeveloped local markets. Widespread perception that some market failures (lack of transparency in barter trade, liquidity squeeze hampering cash market) are reducing farm gate prices below world market levels. • Government introduced limited grain buying program in response to this perceived market failure. In 2001, 450,000 tons of wheat are to be procured under this program at a price of \$80 per ton compare with farmgate prices in recent years of \$60-70 per ton. The purchase grain is intended solely for the export market. • Government has announced a program for subsidizing the purchase of fuel and lubricants for agriculture of \$25 million and of fertilizers of \$2.1 million in 2001 <p>[moved to trade section] [moved to trade section]</p>	<p>Competitive markets for outputs and inputs of agriculture with minimal Government intervention.</p> <ul style="list-style-type: none"> • Maintain liberal pricing policies and increase transparency on local markets; • Focus support programs on efficiency enhancement programs if any allowed by budgetary situation. • Undertake complete audit of 2001 grain buying program to determine full cost of grain purchases, storage, transport and handling and to quantify returns from grain exports (if the program makes money or breaks even then the presumption of significant market failures has some validity).
<p>B. Trade Policies</p>	<ul style="list-style-type: none"> • Effective July 1, 2001, VAT rates will be lowered to 16%. • WTO membership is being negotiated. • Foreign trade is liberalized but seriously constrained by bureaucratic and informal impediments. • No export tariffs on any agricultural commodities. 	<ul style="list-style-type: none"> • Proceed with the efforts to form the Eurasian economic community • Introduce WTO conformed trading regime and complete membership procedures. • Initiate mutual removal of VAT for trade inside CIS. • Reduce interference by local authorities in agricultural markets.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
C. Taxation, 2000	<ul style="list-style-type: none"> • Individual private farms are taxed 0.1% of evaluated land price; • Incorporated agricultural enterprises pay the single tax which is equal to 20% of sum of all the taxes – VAT, income, social, on transport and other property – which are to be paid by other business entities. 	<ul style="list-style-type: none"> • Government currently rewriting its tax legislation. The maintaining an equitable and fair taxation of agriculture to be observed, consider further tax reduction as the preferable way of supporting emerging family-based private agriculture;

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>2. <u>Land Reform and Farm Restructuring</u></p>	<p>Successive waves of land reform and privatization initiatives have characterized Kazakhstan's reform efforts. Initial Privatization of large farms has been completed, however, the required restructuring of the farming sector is still in progress.</p> <ul style="list-style-type: none"> • Farm privatization progressed based on the provision of notional land use rights and asset ownership certificates to farm workers. About 2.3 million notional land shares covering about 107 million hectares of land were initially issued. • A large number of these farm workers decided to remain the large farm enterprises and have contributed their notional land shares (about 850,000 shares covering 44.4 million hectares) and property shares to the capital of these enterprises. Others have exited the farms and have used 590,000 shares covering 29.4 million hectares to secure land use certificates for a specified piece of land. Some 97,000 family farms have been established in this way. Utilization of about 750,000 shares still had not been executed by the beginning of last year (contributed to share capital, converted to long term leases for a specific land plot, or used to begin a private farm). • The farm restructuring and ownership changes to date are only slowly beginning to yield increases in farm productivity or improved profitability. Moreover, the process has been characterized in some instances by a lack of transparency, poor information, and manipulation and has led to a rapid accumulation of land use rights by some farm managers. • The Government in 1998 launched a major initiative to further restructure farms. Using a combination of creditor led work-outs, debt forgiveness, strategic investors, and bankruptcy procedures the Government has stimulated further reorganization and splitting up of farms. As a result of these initiatives the farming landscape continues to evolve including (i) a large reduction in the number of cooperative farms; (ii) a rapid increase in the number of partnerships; (iii) and continued growth in the number of peasant farms). The new farms emerging from this process appear to be better managed and some new investment is beginning to take place. • The newly adopted Law on Land will restrict the development of land markets in the following ways. Agricultural land, other than household plots, cannot be held in ownership, but only in use rights with no right to sell. Lease rights in this land are also restricted, with no sub-leasing allowed. • The newly adopted Law on Land also places a short deadline on the exercise of land share rights. Land shares either need to be converted into land parcels for the purposes of starting a private farm or contributed to the charter capital of the collective enterprise by January 2002. 	<p>Efficient farming based on transparent ownership and land use rights.</p> <ul style="list-style-type: none"> • Pursue with Government a dialogue on the negative economic consequences of the newly adopted Law on Land with the objective of gaining amendments to the most egregious features of that legislation. • Improved transparency and information about ownership rights and opportunities; Complete the roll-out of a national land and real estate registration system; • Facilitate the further restructuring of large farms and establishment of additional family farms; • Explore measures to reverse negative social impact of excessive concentration of land user rights; • Facilitate the financial consolidation of newly emerging farms by debt settlement and introduction of international accounting practices; • Use bankruptcy procedures to accelerate the farm consolidation. • Develop and implement pragmatic and low cost measures to delineate the remaining notional land certificates into land parcels in higher-value regions of the country prior to the January 2002 deadline..

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>3. <u>Competitive Agroprocessing and Services for Agriculture</u></p>	<p>Formal privatization of state enterprises completed, technological improvement and financial consolidation of these enterprises is lagging behind.</p> <ul style="list-style-type: none"> • The state-owned enterprises were privatized with 50 percent of the shares distributed to the suppliers of raw materials, and 10 percent going to workers in the enterprises. The remaining shares were auctioned. • Capacity in most of the former state enterprises is significantly underutilized, and product quality has only marginally improved. • Increased private sector entry into processing, particularly in the grain sector, creating smaller and more efficient enterprises producing on an international standard quality. • The grain sector is demonopolized with some strategic investment by foreign multi-nationals; • Some increasing private sector entry into input supply and output marketing. • Current procedures not fully conducive to foreign participation in agroprocessing. • Basic anti-monopoly and fair competition legislation is currently being developed. 	<p>Private-based and competitive agroprocessing and input supply and facilitation of entry of new private entrepreneurs.</p> <ul style="list-style-type: none"> • Enact anti-monopoly and fair competition legislation. • Aggressive application of bankruptcy legislation to facilitate further restructuring of agroprocessing. • Improve the legal and policy environment for direct foreign investment in agroprocessing. • Facilitate the introduction of international quality standards. • Facilitate the development of secondary markets in shares of privatized agroprocessing industries.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
4. <u>Rural Financing</u>	<p>Basic financial sector reforms in place, with rapid emergence of private financial intermediaries, however the development of a rural financial system is lagging behind.</p> <ul style="list-style-type: none"> • Banking system reform complete resulting in the emergence of mainly private and solvent commercial banks. • Lack of collateral, limited experience with rural lending, and poor creditworthiness and the inherited lack of credit discipline of large agro-enterprises limit the amount of rural lending. • Efforts now underway, with World Bank support to encourage formal bank financing for farms; • Bankruptcy regulations for agricultural enterprises adopted, but are weak in terms of giving priority to commercial creditors and in shielding assets from the bankruptcy process. • Legislation on registration of pledges on moveable property adopted. • Agricultural Credit Partnerships (ACPs) being established with estimated financial support from the budget of \$9 million during 2001-05. Interest rates will be set to cover administrative costs and are expected to be between 5-10 percent per annum. • Program of machinery leasing being implemented by the Ministry of Agriculture through Kazagrofinance. Farms lease machinery with a 20-30% downpayment and a 2-3% margin to cover administrative costs. The terms of such leasing arrangements vary. The program is supported by funds from the budget in the form of an interest-free credit to Kazagrofinance. • The newly adopted Law on Land will restrict the use of land as collateral. 	<p>Viable financial institutions efficiently serving the food and agricultural sector</p> <ul style="list-style-type: none"> • Seek necessary changes in the Law on Land to enhance the use of land as collateral. • Revise as necessary legislation and procedures on secured transactions to ensure that lending based on moveable property and grain warehouse receipts as collateral can expand. • Start mutual lending societies. • Undertake an audit the activity of the ACPs to determine the net cost to the budget of this program. • Review the program of leasing of agricultural machinery being carried out by Kazagrofinance to determine its costs and sustainability. • Introduce international accounting standards. • Implement further Bankruptcy provisions.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
5. <u>Institutional Framework</u>	<p>Adjustment of the institutional framework to meet the requirements of a market-oriented agricultural sector is still at an early stage.</p> <ul style="list-style-type: none"> • Government structure in general still reflects Soviet structures, though most of the command economy practices have been abandoned. • The size of Ministry of Agriculture was downsized, but needed structural and qualitative changes have not been implemented. • Agricultural research and training institutions are unable to provide technological and information needs due to institutional and budgetary constraints. • An effective extension system does not exist. • The creation of quality public services required by a market based agriculture (market information, animal disease control, phyto-sanitary regulations, seeds, grain quality analysis and international grading system) is delayed by budgetary limitations. 	<p>Effective provision of public goods and support services.</p> <ul style="list-style-type: none"> • Accelerate the creation of quality public administration in agriculture. • Implement comprehensive reform of agricultural research and training systems; • Facilitate the emergence of an effective farm advisory service. • Improve provision of public goods such as market information, land titling and registration, disease control, seeds and grain quality analysis and grading. • Develop and implement legislation on the bonded warehouses and the use of warehouse receipts as collateral.

RUSSIA

Total Population	145m(2000)	Food and agriculture in GDP 1999	6.8%	Agricultural output in 1999 as percentage of 1990 level (in constant prices)	57.3%
Rural Population	27 %	Food and agriculture in active labor (1999)	13.3%	Share of livestock in agriculture (1999)	46.5%
Total Area	1708 mil ha	Food and agriculture in exports (1998)	3.0%	Agricultural area in private (non state and non cooperative/corporate) use (1999)	12.9%
Agriculture area:	195 mil ha	in imports (1998)	24.6%	Share of household plots and family private farms in total agricultural output (1999)	59.7% (57.2 HP+ 2.5 Family farms)
Arable land	62.3%	Agriculture in fixed assets (1999) –			
Pasture and Meadows	35.7%	10.2%			
		Net importer of livestock and dairy products and sugar			

POLICY	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>1. Overall and Macro-economic Framework for Agriculture</p> <p>A. Prices/Subsidies</p>	<p>Previously, substantial liberalization at the federal level, but a federal agricultural policy was never clearly enunciated, and so policy has been to a large extent regionalized. Less liberal policies prevail at the regional level. Attempts introduce various measures of state regulations, especially on grain market.</p> <ul style="list-style-type: none"> • Little price intervention at the federal level, though there is serious discussion of re-imposition of some controls, under the rubric of “regulation”. • Substantial intervention by some provincial governments in the form of administrative controls on prices or margins, barriers to inter-regional trade. This has increased in the last year. • Subsidies and support for agriculture in 1997 reduced to 2.3% of federal budget, and 4.5% of regional budgets, or 3.7% of consolidated budget, with further reductions in 1998 (2.9% of consolidated budget [fed. -1%, regional -4.6%]) and 1999, January – November (2.8% [fed.-1.4%, reg. - 3.8%]). • Problem is not the amount of support for agriculture, but its form – leasing fund, soft credits, commodity credits at regional level—and lack of focus on supporting private farms 	<p>Consolidation and maintenance of macroeconomic stability. Prevention over excessive state regulation of agrarian economy. Removal of barriers to trade at the subnational level, reduction of intervention at the provincial level, integration of national markets and complete linkage with global markets.</p> <ul style="list-style-type: none"> • Enforce legal prohibition on interference in inter-regional trade; require competitive procurement by regional governments; WB should begin policy dialogue at regional level through pilot projects (but constrained by regional credit-worthiness) • Within sectoral budget consistent with macroeconomic stabilization, achieve expenditure switching toward public goods and services, and away from programs that distort incentives.
<p>B. Trade Policies</p>	<ul style="list-style-type: none"> • Current tariff regime is liberal and tariffs are low and relatively uniform. • Negotiations on accession to WTO continue, but there is no clear target date for conclusion. Regional policies create additional obstacles for WTO accession, as well as large disparities in incentives among regions. • Large-scale food aid in 1999 (but not 2000) disrupted markets and if continued would threaten to create aid-dependency and corruption. 	<ul style="list-style-type: none"> • Continue to push toward joining WTO. Maintain current low and uniform tariff structure. Do not introduce quantitative controls inconsistent with rules of WTO. In context of WTO accession, pressure regions to dismantle barriers. • Refrain from increasing foreign exchange surrender requirements, and phase out existing requirements • Refrain from requesting more food aid, except for limited targeted aid administered by humanitarian NGOs.

POLICY	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
C. Taxation	<ul style="list-style-type: none"> • Overall problems in agriculture similar to other sectors, but income easier to hide in this sector. First part of new tax code approved 1998, but still needs part 2 to be applied in practice. Code limits tax exemptions and rights of subnational jurisdictions to impose ad hoc taxes. Under new code agricultural producers would find it harder to evade taxes, but would be subject to fewer and less distorting taxes. Private farmers have five year holiday on land taxes. 	<ul style="list-style-type: none"> • Evaluate agricultural provisions of new tax code. Monitor enforcement of restrictions on discriminatory ad hoc local taxes.
2. <u>Land Reform and Farm Restructuring</u>	<p>State retains ownership of approximately 10%. Most of remaining land owned in shares by agricultural enterprises and their members/owners, with little difference in practice from the old system.</p> <ul style="list-style-type: none"> • Distribution of land to enterprises and their shareholders undertaken through a series of Presidential decrees since 1992. But most of these enterprises continue to operate as they did under the old system, and require large subsidies. Land tenure is ambiguous, since rights of enterprises and shareholders not fully specified through contracts governing land use. True private farms comprise only about 6-7percent of the agricultural land, and household plots another 6 percent. • Ability of these enterprises to re-structure is also impeded by debt overhang and the fact that they are the sole providers of some social services in their areas. • Private land ownership recognized and protected by law. Purchase and sale of agricultural land is legal under provisions of Presidential decree and under some regional laws, but draft land laws recently considered by Duma would annul this. • Land markets are largely inactive due to legal ambiguity regarding transactions and lack of clarity on procedures, absence of mortgage market, and general unprofitability of agriculture. 	<p>Removal of remaining obstacles to development of a private land market.</p> <ul style="list-style-type: none"> • Evaluate state farms remaining on list of unprivatized. Reduce number remaining in public sector. Complete drawing up of contracts between shareholders and users of land (enterprises). Include registration of land shares in system of land registration. • Pass federal land law affirming rights to buy and sell agricultural land or very long-term transferable leases or at least refrain from passing law that would override presidential decrees and regional laws that allow this. • Establish implementable procedures for restructuring and/or liquidation of insolvent farm enterprises, with hard budget constraints so that resulting enterprises have incentives and capacity to engage in commercial activities. Develop debt work-out procedures that will split off legitimate social services and place them with the public sector. • Speed up land survey registration and titling service as a priority to developing a fully functional land market. (Law on Land Cadastre recently passed.) • Establish and disseminate procedures for land transactions, including mortgage, leasing as well as purchase and sale. • Establish a framework for the dissemination of land market information.

POLICY	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>3. <u>Competitive Agro-processing and Services for Agriculture.</u></p>	<p>Considerable progress in privatization, but investment remains low, transactions costs are high, and much of the processing industry is not competitive with regard to price and quality.</p> <ul style="list-style-type: none"> • Foreign participation in marketing and agroprocessing is lower than desirable. • Interventionist activities—especially of local and provincial governments—discourage investment and new entry by continued subsidies to inefficient old enterprises. • Development of information system and marketing infrastructure in the food chain is inadequate. <p>Many producers still dependent on local “commodity credit” schemes that keep them locked into Soviet-style input supply and marketing arrangements and non-cash trade. Some proposals to renew large-scale procurement on federal level.</p>	<p>Removal of legal and institutional constraints to market development.</p> <ul style="list-style-type: none"> • Enforce bankruptcy provisions in food processing. • Enforce prohibitions on restrictions of inter-regional trade. Tie federal assistance on agricultural support programs to reduced procurement by provincial governments. • Create farmer/processor market information systems. • Expand and upgrade public facilities for output marketing (farmers' markets, wholesale markets, etc.). • Improve collection and dissemination of market information. <p>Phase out local government procurement schemes, and refrain from beginning such schemes on federal level. Any procurement should be cash-based.</p>
<p>4. <u>Rural Financing</u></p>	<p>SBS-Agro Bank is bankrupt. Some regions have taken over local branches. SBS-Agro has been resurrected as Rossel'khoz Bank as a major channel of subsidized credit to agriculture. Before 2001, the Government (through the MOA) administered programs of soft loans (rates about 25 percent of commercial rates) and equipment leasing to agriculture. Currently, the State subsidizes the interest rate on commercial bank loans to agriculture.</p> <ul style="list-style-type: none"> • Effectiveness of banking system compromised by banking and macroeconomic crisis in 1998. • Real interest rates remain high and impede borrowing by the agricultural sector. • Leasing remains dominated by large state fund.. • Some credit cooperatives and credit unions are developing, but legislative framework lacking. 	<p>Development of multiple channels for rural finance.</p> <ul style="list-style-type: none"> • Phase out state owned Rossel'khoz Bank, and while it is operational, limit its funding to low levels • Improve the system of soft lending to agriculture. Continue shift to interest subsidies in place of direct government credit. Introduce a program for gradual transformation to regular commercial lending. • Identify and remedy deficiencies in the legal framework for collateralizing moveable property. Pass Warehouse Receipt Law. • Design and implement a program to facilitate expansion of leasing of agricultural equipment by the private sector, with a sunset clause for termination of public support for the activity • Support activities to reduce the transactions costs that rural lenders and borrowers face, such as information and evaluation of risk. • Encourage development of credit coops and cooperative banks with appropriate legislation

POLICY	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
5. <u>Institutional Reform</u>	<p>Institutional reforms are uneven, with excessive local intervention</p> <ul style="list-style-type: none"> • Ministry of Agriculture is still organized to focus on traditional roles rather than to provide governmental services to meet requirements of a market economy. • Access to information and advisory services insufficient to support competitive production and marketing • Agricultural research is underfunded and insufficiently linked with international partners • Local administrations retain an excessive role in market intervention • Agricultural education has not been revitalized, and remains under the jurisdiction of the Ministry of Agriculture and Food <p>Proposals to allow Producers' Unions to perform governmental roles in licensing and controlling new entry</p>	<p>Reduce local involvement in procurement and refocus research and education</p> <ul style="list-style-type: none"> • Ministry of Agriculture needs institutional restructuring and strengthening on the basis of its changing functions. • Improvement in market information systems is underway, and needs strengthening • Increased funding and reorganization of agricultural research is needed to focus on increased competitiveness and international integration • Local administrations should reduce procurement into regional funds and conduct remaining procurement on competitive basis • Agricultural education should be refocused to address rural labor mobility more generally, and should be managed under the Ministry of Education. <p>Refrain from giving public sector functions (licensing and control) to producers' unions</p>

Slow Reformers

(countries with a ranking score below 5.0)

TAJKISTAN

Total Population	5.97 mil.	Food and agriculture in GDP 1999	23.%	Agricultural output in 2000 as percentage of 1995 level	68%
Rural Population	72.6%	Active labor in Food and Agriculture (1999)	62 %		
Total Area (ha)	14.3 mil.	Food and agriculture in exports (1999)	34%	Livestock production in 1999as percentage of 1995 level	36%
Agriculture area:	1.1 mil.	in imports (1999)	19%		
Arable land	7.5%	Traditionally a major exporter of cotton and in addition processed and unprocessed fruits, vegetables, nuts, silk, and wine, and a net importer of: grain, sugar and vegetable oil.		Share of livestock in agriculture (1999)	32%
Orchards area,	8%	During 1999 it met its grain needs entirely through domestic production		Arable area in private use (1999) independent peasant (Dekhan) / family farms	38 %
Viticulture area	7%			Share of independent Peasant (Dekhan) / family farms in total arable area (1999);	28%
Irrigated area	78%				
GDP 1999	3.2 (E)				
GNPperCapita (1999)	290 USD				
Tajik SOMONI to US\$ 2001	2.35=1 \$				

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>1. <u>Macro-economic Framework for Agriculture</u></p> <p>A. Prices/Subsidies</p>	<p>The Government is seriously engaged in the privatization of agricultural sector by privatization of the state and collective farms and enterprises, formulating PRSP oriented planning for alleviation of poverty. Prices of wheat, fruits, vegetables and livestock products and inputs have been fully liberalized.</p> <ul style="list-style-type: none"> • Although cotton market is stated to be liberalized by privatizing all the ginneries in the country the government continue to interfere in the cotton production and marketing by way of water allocation and in licensing for export. • Grain and cotton prices have reached almost international prices and the trend continues during 2000. But farm gate price for the cotton continues to be very low (less than 35%). • Water Use charges for irrigation was raised by 50% but collection continues to be poor, Power for Irrigation water continues to be subsidized. Bread prices fully liberalized, universal bread subsidy replaced with targeted food subsidies to the vulnerable groups. 	<p>Creation of an enabling environment for private sector participation; development and implementation of a competitive and fair agricultural markets.</p> <ul style="list-style-type: none"> • Continuation of macro-economic adjustment operations and capacity building to implement market oriented agricultural policies; such as liberalization of all prices and phasing out producer subsidies. • Improve incentives and cost recovery in Irrigation and in Operations and Maintenance of the infrastructure and transferring the management to of water users associations • Execute the next stage of privatization of the remaining state and collective farms in a transparent and more equitable manner. • Give the rural populations full freedom to select crop structure of their choice and encourage investment in cotton sector and improve incentive structure. Develop the ability for Borrowers to pledge collateral to provide finance and reduce role of the state in credit allocation to farms • Develop a viable agro-processing industry, Establish competitive and functioning agricultural markets in the private sector. Provide secure trade routes from farm to markets and eliminate inter oblast border restrictions. • Continue BOP support to provide adequate foreign exchange for import of agricultural inputs using the private sector.

ISSUE	STATUS OF REFORMS	OBJECTIVES, PROPOSED ACTIONS
B. Trade Policies	<ul style="list-style-type: none"> • Privatization of 23 cotton ginneries have been completed. Privatization of another set of 170 SMEs in progress and is expected to be completed by June 2001. • State order system for all agricultural commodities including cotton has been abolished. However, there exists subtle control of the government in export of cotton through licensing and in providing directed credit or the guarantee for future contract production through state controlled Agro-bank • Licensing requirements for the import of agricultural inputs and export of all agricultural exports however has been eliminated. 	<ul style="list-style-type: none"> • Abolish domestic reserve requirements. • Monitor progress of cotton stock exchange and expand linkage to regional and world markets and promote conditions for active free standing forward trading activities for cotton. • Remove remaining export licensing and quotas. • Market for cotton through "Cotton exchange" or an association of cotton traders and processors and producers.
C. Taxation	<ul style="list-style-type: none"> • Present laws impose several types of taxes on the agricultural sector: e.g. VAT, production tax, land tax, irrigation tax, transport tax; road tax, safety-net tax, health tax, and water tax, and are subject to convoluted procedures to calculate subjected to varied interpretation. • Registration required for all those engaged in farming activity • Registration a requirement for all those engaged in marketing of agricultural products. • Cotton exports taxed at 25% of FOB price. 	<ul style="list-style-type: none"> • Rationalize and inform the people the tax policy and the taxation system. • Strengthen the Government capacity in formulation and implementation of appropriate tax policies. • Rationalize of cotton sales tax policy. • Monitor the government policies of the reduction of all export taxes and duties for agricultural products.

ISSUE	STATUS OF REFORMS	OBJECTIVES, PROPOSED ACTIONS
<p>2. <u>Land Reform and Farm Restructuring</u></p>	<p>Progress is being made under farm land privatization and farm restructuring but is very slow.</p> <ul style="list-style-type: none"> • Government has passed a Land Code, Land is the exclusive property of the state. Primary land users have tenure of unlimited duration or life-long inheritable tenure. Secondary land users are lessees of land plots. There are four types of land tenure : (a) Land tenure of unlimited duration, which is available to state-run and co-operative agricultural enterprises, and other enterprises and associations. (b) Life-long Inheritable Tenure, which is available to physical persons or groups of citizens to establish dekhan farms or to take up other “traditional farming activity.”; (c) Land Use (term based), which is available to secondary users for general use only and (d) Land lease, which is available to secondary users for a term of 20 years (if from a private primary holder) or 10 years (if from the land reserve funds) for a price not to exceed the land tax rates. • Most state and collective farms (60 of the 600) have been converted into joint stock companies or associations, but without major change in the mode of operation. • Degree of commitment to land privatization and farm restructuring varies across the country depending on the hukumat (Rayon administration). • Secure land tenure registration and titling services and supporting mechanisms is evolving. • Majority of ex-state and collective farms that are cultivating cotton under future contract with state guarantee are in debt and in precarious financial condition. 	<p>Development of transparent, participatory approaches for equitable distribution of land use rights of the lands of large state and collective farms, establishment of a system for systematic registration of right to land use, creation of fair and competitive land lease markets.</p> <ul style="list-style-type: none"> • Improve the legal framework for land reform through (a) allowing land use rights for legal persons; security of land tenure with rights to exit, and formalizing clear rights to own and sell land; (b) constituting a participatory and transparent mechanism for determination of land and non-land assets for individuals and their allocation; (c) mechanisms to use land lease rights/ other assets as collateral. • Modernize the land tenure registration systems and titling services in the immediate to short term to develop a functioning land lease market. Enhance public access to land use right records • Reform the legal framework for individuals, cooperatives and corporate entities in agriculture to provide for transparency, autonomy and framework for easy restructuring of farms and agencies and enterprises providing farm support services. • Develop a variety of private farming approaches and provide legal and appropriate institutional support services for their creation and sustainability. • Rehabilitate critical irrigation and drainage infrastructure and reduce reliance on pumped systems, except where there can be scope for introduction of high value crops and no alternatives exist for other commercial crops; and develop rainfed farming systems.

ISSUE	STATUS OF REFORMS	OBJECTIVES ,PROPOSED ACTIONS
<p>3. <u>Competitive Agro-processing and Services for Agriculture.</u></p>	<p>New privatization law passed by parliament and the new procedures are expected to improve the legal framework and privatization of agro-processing sector</p> <ul style="list-style-type: none"> • Government continues to retain partial to majority ownership in most agro-enterprises. • Foreign participation in marketing and agro-processing is minimal. • Potential of state and collective farms becoming major shareholders of food processing enterprises. • low quality outmoded products, poor demand for the products High level of indebtedness, and low capacity utilization are major impediments. • Convoluted licensing procedures, absence of incentive and harassment of tax authorities of newly emerging and venturing entrepreneurs 	<p>Incentive for private ownership, formulation and implementation of transparent legal and privatization procedures for the development of a fair, competitive agro-processing and input supply markets.</p> <ul style="list-style-type: none"> • Develop and implement a plan for complete privatization of all agro-processing and input service enterprises, undertake case by case privatization, with participation of both domestic and foreign investors. • Create enabling policy environment to attract private foreign investment; improve legal system for contract enforcement and market transparency. • Develop and implement anti-monopoly legislation. Implement monitoring and regulatory mechanisms of the privatization process to prevent oligopsony comprising both domestic and foreign cotton ginnery owners. • Promote research and development of new products, packaging and marketing to meet outside markets.
<p>4. <u>Rural Financing</u></p>	<p>A functioning broad based rural financial system is still evolving.</p> <ul style="list-style-type: none"> • The banking sector assets and commercial loans (1999) represented about 13 % of GDP .Share of top four banks amounts to 84 % of the total assets in the banking system. • AGROPROMBANK(State agricultural bank) that represent 60% of assets in the system has been reorganized in to two (i) a commercial bank (Agroinvestbank with clean slate) and (ii) the Agrobank (with the old outstanding dues). • A Bank restructuring Agreement was signed in 1998 between major banks and the National Bank but little has been done in areas of loan collection and overhead reduction.. • High interest rates and the lack of collateral seriously limit lending to agriculture • Most of the state run Farms and agro-processing agencies /enterprises are in serious liquidity crisis. • Financing through Agroprombank has declined substantially. • Micro credit schemes are being implemented in selective regions through NGO's, Care-international, save the children, Mercy Corps. 	<p>Creation of viable market oriented financial institutions to serve the agricultural sector</p> <ul style="list-style-type: none"> • Strengthen regulatory and enforcement mechanisms in National Bank of Tajikistan to enable the creation and development of rural savings and credit institutions • Promote self-sustaining, collateral based rural savings and credit institutions and provide incentive for creation of member owned rural savings and credit associations. Support the establishment of a variety of rural credit delivery mechanisms. • Eliminate State Guarantee that encourages non-payments. Enhance competition among banks by facilitating entry and exit. • Improve corporate governance, management and terms of ownership, eliminate old-style Directors and managers. • Liquidate Agroprombank or restructure into an autonomous commercially viable rural financial institution; implement accepted accounting principles and prudent banking. • Develop and implement mechanisms to promote private input/output marketing and trading services.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
5. <u>Institutional Reform</u>	<p>Reforms to restructure government institutions are in early stages.</p> <ul style="list-style-type: none"> • Public sector Input supply agency “Khimiya” and Farm machinery supply agency “Madat” are constrained by serious budget crunch, seriously affecting the farming sector in the absence of the private sector agencies in place. • Ministry of Agriculture continue to operate in the Government structure oriented to fixing of production targets to farms and follow up for realization. There are staff reduction owing to serious budget crunch • Agricultural Research, Extension and Education system have not yet adjusted to emerging market conditions and are seriously constrained by budget reduction. Exposure to Global Scientific advancement and access to information on modern technology is limited. • Information system required by a market based agriculture is not in place. 	<p>Redefinition of the roles of public and private sector institutions to support competitive, market oriented agriculture sector.</p> <ul style="list-style-type: none"> • Complete the reorganization and improve quality of public agricultural administration to the needs of a market economy. • Complete the reform of agricultural education and research. • Establish public information system to provide better understanding of rights of individuals and voluntary groups regarding the process of determination and allocation of shares at the grass roots level. • Develop a strategy and establish an institutional mechanism for implementation of a multi-stage system of management for the rational basis for land use rights distribution by defining the roles, functions and authority of the State Land Committee, Ministry of Agriculture, Ministry of Justice, Agrarian Reform Commissions at Jomoat, Rions, Oblasts and Statelevel.

FEDERAL REPUBLIC of YUGOSLAVIA

Total Population	10.5 mil.	Food and agriculture in GSP (1990)	10 %	Agricultural output in 1998 as percentage of 1989-91 level	na
Rural Population	50 %	Food and agriculture in active labor (1990)	24 %	Livestock production in 1995 as percentage of 1990 level (estimate)	na
Total Area	10.2 mil ha	Food and agriculture		Share of livestock in agriculture (1995)	na
Agriculture area:	5.6 mil ha.	in exports (1999)	22%	Share of independent private farms in total arable area (1991)	80 %
Arable land	79 %	in imports (1999)	13%	Share of private sector in total agricultural output (1991)	80 %
Orchards	6 %	Traditionally, net exporter of:	0 %		
Irrigated	0.6 %	cereals, livestock and meat products,			
Forested	na	raw and processed fruit and vegetables			

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>1. <u>Macro-economic Framework for Agriculture</u></p> <p>A. Prices/Subsidies</p>	<p>Past price and trade policies severely distorted production incentives and inhibited output. Recent price policy reforms have improved this incentive structure.</p> <ul style="list-style-type: none"> • Floor prices exist for all basic commodities. Set at levels well below border prices prior to 2000, these floor prices are now close to border prices. • Control of consumer prices now consists of maximum prices for certain types of milk and bread, and fixed margins on all wholesale and retail transactions. • Current public expenditure on agricultural subsidies is low. Most of it is used to support milk production. There is considerable pressure to increase budget support for input, output and export subsidies. 	<p>Efficient agricultural markets with minimal public intervention.</p> <ul style="list-style-type: none"> • Reduce the number of commodities subject to floor prices. • Phase out all remaining controls on consumer prices. • Minimise government intervention in agricultural markets.
<p>B. Trade Policy</p>	<ul style="list-style-type: none"> • Current trade policy is complex and non-transparent, and severely distorts market behaviour. • Quotas and licenses are used widely and overall protection rates are high. Many agricultural products are also subject to variable levies. • Raw materials are often subject to high tariffs relative to protection for processed and semi-processed items. This reduces competitiveness. • As part of the Stability Pact, FRY agricultural products now have free access to EU markets for the next 2-3 years. 	<ul style="list-style-type: none"> • Remove all quotas and licenses, and terminate the system of variable levies. • Simplify the current tariff structure on agricultural products, and reduce excessive levels of protection. • Support the current process of joining WTO.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
2. Land Reform and Farm Restructuring	<p>80% of farmland is in private ownership. The ownership rights to private land are often difficult to establish, and the future status of state owned land has yet to be clarified.</p> <ul style="list-style-type: none"> • Socially-owned agro-kombinats hold 20% of arable land. Most are less than 5000 ha. The post-privatisation status of this land has yet to be clarified. • Private farms average 3-5 ha, and are highly fragmented. Former Yugoslav laws limiting land ownership to 10 ha in flat lands and 15 ha in hilly areas have been abandoned. • Discrepancies between the cadastre and land register make it difficult to demonstrate clear ownership of private land. This inhibits land markets. • Land sales are legal but the land market is thin. Most rural land transfers are effected through inheritance or informal, short-term leases. 	<p>Establish clear, secure and readily transferable use and ownership rights, and an active land market as the basis for improving farm structure.</p> <ul style="list-style-type: none"> • Enact legislation to allow the lease or sale of state-owned land currently held by the agro-kombinats. • Restore all land records and reconcile the cadastre and land register as the basis for establishing clear property rights. • Strengthen land markets to support farm restructuring and land consolidation.
3. <u>Competitive Markets for farm output and farm inputs.</u>	<p>The collapse of socially-owned agro-kombinats and agro-processors has decimated traditional marketing structures.</p> <ul style="list-style-type: none"> • Agricultural markets are weak and inefficient due to the collapse of both supply and demand, and a high reliance on barter trade. • Most of the agro-processors have corporatised. There is limited progress among the agro-kombinats due to the lack of clarity concerning land ownership. • A new privatization initiative is in preparation. • Most agricultural services (extension, veterinary services) remain in the public sector. 	<p>Competitive, privately owned enterprises for agro-processing and input supply</p> <ul style="list-style-type: none"> • Fully implement the programme to corporatize and privatize agricultural input supply, output marketing, and agro-processing enterprises. • Establish appropriate quality and safety standards for agricultural imports and exports. • Technical assistance to provide training in enterprise management and to promote the development of new products and markets.
4. <u>Rural Finance</u>	<p>Traditional sources of rural finance have collapsed, creating a severe credit shortage.</p> <ul style="list-style-type: none"> • The collapse of the banking system and the socially-owned agro-kombinats and agro-processors has decimated traditional sources of rural finance. • State-owned banks are largely insolvent, and no longer provide credit to socially-owned agricultural enterprises; domestic private banks are very small and lack the capital and expertise to deal with rural lending; and foreign banks have yet to establish. • The interest rates on short-term credit are prohibitive for agriculture, and there is no medium-term credit. 	<p>Establish viable financial institutions to efficiently serve the agricultural sector.</p> <ul style="list-style-type: none"> • Support restructuring and privatization of State banks, and facilitate the activities of private banks in rural areas. Reform banking supervisory framework. • Strengthen the legislative and administrative basis for using land as collateral. • Establish an appropriate legal framework for the operation of non-bank financial institutions (micro-credit agencies, local savings and credit associations etc) and support their establishment and operation.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
5. <u>Institutional Framework</u>	<p>Institutions responsible for agriculture are ill-coordinated, under-resourced, and ill-suited to their role in a market economy.</p> <ul style="list-style-type: none"> • The roles and activities of the Federation, Republic and Provincial Ministries of Agriculture are poorly coordinated. • The capacity for policy formulation and analysis is weak, and ill-suited to a market economy • The protection of plant and animal health is weak, as is the enforcement of trade regulations at the border. • Public support for agricultural research and extension systems is very limited. Most institutions have survived from the income of their commercial activities. • Agricultural education is based on the teaching of socialist principles of production, and oriented towards the large-scale, intensive production systems of the agro-kombinats. This approach has limited relevance to small-scale private farmers. • There has been no real privatization of public services such as veterinarians, extension, and quality and standards testing. 	<p>Establish an efficient, effective public administration which provides appropriate support for private, commercial agriculture.</p> <ul style="list-style-type: none"> • Rationalise the respective roles and responsibilities of the Federation, Republic and Provincial Ministries of Agriculture. • Review the structure and resources of the ministries of agriculture, and establish institutional structures that are consistent with public roles and responsibilities in a market economy. • Strengthen the capacity for policy analysis and formulation, and for the protection of plant and animal health. • Reform agricultural research, extension and education programmes and institutions to make them needs-based and demand-driven, and increase public support for these institutions. • Strengthen border control and the enforcement of trade regulations, and harmonise product standards with the EU. • Establish private sector provision of services such as veterinarians, extension and standards testing and quality control.

UZBEKISTAN

Total Population	24.2 mil	Food and agriculture in GDP		Agricultural output in 2000 as	
Rural Population	58 %	2000	30.4%	percentage of 1989 levels:	104.2%
Total Area	44.9 mil. ha	Food and agriculture in		Crop production	101.4%
Agriculture area:	26.7 mil. ha	active labor force (1999)	30%	Livestock production	110.7%
Arable land	4.05 mil. ha	Food and agriculture		Share of livestock in agriculture (2000)	50%
Orchards, vineyards	0.3 mil. ha	in export (2000)	33%	Agricultural area in private use (2000)	28%
Pasture & Forest	23.8 mil. ha	in import (2000)	12.3%	Share of family private farms in total	65%
Irrigated	3.3 mil. ha	Second largest exporter of		agricultural output (2000)	
		cotton lint.			

ISSUES	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
1. <u>Macro-economic Framework for Agriculture</u>	Government committed to transformation to market economy, but slowly.	Distortion free, efficient and internationally competitive agricultural sector.
A. Production controls	<ul style="list-style-type: none"> Original policy was to phase out state order system by 1998. This was delayed and production targets for cotton and grain remain in force at the district level. Production of other crops and livestock products has been liberalized. 	<ul style="list-style-type: none"> Replace the current system of setting production targets for grain and cotton with a policy of recommendations on crop rotation aimed at the improvement of soil quality. Replace the state order system by a state procurement system, under which obligatory sales to the state will not exceed 25-30% of the historical averages (1990-1999) of actual cotton and grain production.
B. Prices/Subsidies	<ul style="list-style-type: none"> Central price controls retained for part of cotton and wheat crops and <i>de facto</i> for other commodities at province/district levels. Subsidies on agrochemical inputs eliminated but maintained on fuel and water. 	<ul style="list-style-type: none"> Above the fixed procurement quota for cotton, producers should have the right to toll the remaining volume of raw cotton for a specified tolling fee and retain the cotton fiber to sell at market prices. After meeting the state procurement quota for wheat, enterprises and individual farmers should have the right to sell wheat, produced above the quota, on the internal market and at free market prices. After adopting the above two measures, remaining agricultural input subsidies should be eliminated.
C. Trade Policies	<ul style="list-style-type: none"> Traditional international markets for cotton maintained, but little trading outside FSU countries for non-cotton products. Commodity "associations" maintain controlling influence over most marketed products. 	<ul style="list-style-type: none"> Remove all quantitative (non-tariff) trade restrictions. Accelerate the emergence of private sector processors and traders by privatizing state owned agribusinesses and encouraging new entrants.
2. <u>Land Reform and Farm Restructuring</u>	Government committed to transforming agriculture into an efficient and dynamic sector. <ul style="list-style-type: none"> The Land Code restricts agricultural land holding rights to lease hold only. Slow progress in transforming cooperative farms to private operators. 	A farming system based on private ownership or long-term leases with irrevocable rights to inherit, pledge and sub-lease. <ul style="list-style-type: none"> Provide information service for rural communities. Make the process of evaluation and distribution of farmland and property transparent and provide for trading of land use rights. Encourage voluntary grouping of farm members for managing privatized farmland in blocks, and in particular the system of productive associations of dekhqan farmers as bankrupt agricultural cooperatives are liquidated.

ISSUES	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>3. <u>Competitive Agro-Processing and Services for Agriculture</u></p>	<p>Government intends to transfer processing enterprises to private control, improve efficiency of utilization and conserve water supplies, and liberalize the input sub-sector.</p> <ul style="list-style-type: none"> • Little progress due to uncertainty over procedures for decentralizing state-owned processing enterprises. • Proposing to revise water law and require creation of water users associations. • Delayed introduction and enforcement of economic water charges. • Production of agricultural chemicals remains under monopoly control. • Despite deregulation, inputs distribution remain effectively under monopoly control. 	<p>Efficient, privately owned agrobusiness firms subject to market forces, and agro-processing industries with high quality products which can compete in world markets. Full transition of production and distribution functions, with free access of new foreign and domestic operators. Enactment and enforcement of law to improve management and conservation of scarce water resources.</p> <ul style="list-style-type: none"> • Specify strategy for privatizing cotton ginneries and other processing facilities. • Decentralized management of water resources and support creation of water users associations on all farms. • Develop a multi-year plan to introduce higher irrigation water tariffs to achieve 100% cost recovery of the O & M costs of irrigation and drainage over ten years • Introduce measures for disaggregating monopoly input suppliers and privatizing them.
<p>4. <u>Rural Financing</u></p>	<p>Government policy is to reorganize financial services on commercial lines.</p> <ul style="list-style-type: none"> • Currently preparing plans for reorganization of state owned banks. • Currently preparing simplified lending procedures for commercial banks. 	<p>Viable financial institutions serving the agricultural and rural sector efficiently.</p> <ul style="list-style-type: none"> • Identify viable commercial banking operations for developing rural financial services. • Encourage self-help credit associations. • Apply positive real interest rates for all credit funds and allow credit advanced under state procurement transactions to be accessed for purchases outside the state input supply system.
<p>5. <u>Institutional Framework</u></p>	<p>Government policy is to simplify structure and reduce size of agriculture and water ministry.</p> <ul style="list-style-type: none"> • Agriculture and water resources reorganized under single Ministry of Agriculture and Water Management (MAWM). • Existing departments MAWM being reorganized to improve support for farmers. 	<p>Efficient and effective public sector administration and support for private agriculture.</p> <ul style="list-style-type: none"> • Focus public services on policy formulation, demand driven research, information and evaluation. • Encourage evolution of private sector support services.

BELARUS

<u>Total Population</u>	10.3 mil.	Agriculture and Forestry in GDP (1995)	24%	Agricultural output in 1998 as percentage of 1989-91 level	60%
Rural Population	32 %	Agriculture and Forestry in active labor (1996)	20%	Livestock production in 1998 as percentage of 1989-91 level	55%
<u>Total Area</u>	21 mil ha.	Food and agriculture		Share of livestock in agriculture 1998	36%
Agriculture area:	9.4 mil ha	in exports (1997)	4%	Share of private land in total agricultural land (1997)	17%
Arable land	67%	in imports (1997)	12%	Share of private sector in total agricultural output (1997)	45%
Orchards	2%	Traditionally net exporter of livestock products, potatoes, and flax.			
Pastures/meadow	33%				
Forested	36%				

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
1. <u>Macro-economic Framework for Agriculture</u>	Agricultural markets are under Government control.	Competitive and functioning agricultural markets without Government intervention.
A. Prices/Subsidies	<ul style="list-style-type: none"> • Progress in reforming the agribusiness sector in early 1990s was made at the national level by reducing and removing administrative controls over pricing, processing, procurement and distribution. However, these early reforms have been reversed in the last three years. • State orders still cover more than 50% of current farm production. • Prices of major agricultural products are controlled by the cost-based indicative prices set by the government. Indicative prices are often enforced by regional authorities as mandatory prices. • In addition to the interference of the central government, the regional and Oblast level administrations intervene in local markets. • A late 1998 government decision required large-scale farms to deliver all livestock and milk only to state owned processing facilities. • All direct sales of livestock and milk products to other than state owned facilities must be licensed. • There is significant subsidization of agriculture (about 7% of GDP in 1996). 	<ul style="list-style-type: none"> • In the short term, reduce the level of central and regional state orders imposed upon the farms for the 1999 agricultural year to a limited number of commodities and cover a maximum 15-25% of the output of these commodities by the state order system. • In the medium term, phase out all state orders and place any necessary state procurement on a competitive open bidding basis. • In the short term, limit the system of indicative prices to relatively few (maximum 3-4) basic agricultural commodities. • In the medium term, liberalize all agricultural prices. • Loosen the hold of the regional administrations and their agriculture departments over enterprises in the sector, in order to ensure that the state's decisions on price liberalization are respected. • Phase-out producer subsidies. • Repeal the recent resolution requiring the delivery of all livestock and milk products to state owned facilities for processing and revoke the licensing requirement for direct sale of these products. • Eliminate all formal and informal barriers in domestic trade.
B. Trade Policies	<ul style="list-style-type: none"> • Export quotas with licensing for many crop products, especially grains and rapeseed. • Minimum export price for selected food products were introduced beginning 1995. • Customs union with Russia abolished all border controls and increased import duties to non-CIS countries by 15% points on average. • VAT on exports have been eliminated for exports to non-CIS countries. • Surrender requirement exists for 50% of export earnings. 	<ul style="list-style-type: none"> • Refrain from intervening in agricultural import and export markets with the exception of interventions acceptable under the WTO. • Eliminate minimum export price requirement. • Introduce low and uniform tariffs to all countries and remove quantitative restrictions on exports. • Break up monopolistic trading organization. • Privatize all trading enterprises to eliminate implicit <i>de facto</i> price controls by state owners.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
C. Taxation	<ul style="list-style-type: none"> • Overall tax on agricultural wages of approximately 40% is almost the same as in other sectors. • Profit tax rate of up to 30% for non-agricultural businesses like food industries. Half reduction of rates for profits of small enterprises with less than 25 employees or less than 10 in trade sector and for profits from exports (all enterprises). • 15% payment from profits to the Centralization Fund of the Ministry of Agriculture. • Land tax of about US\$ 0.6 - 3.5/ha is adjusted annually. 	<ul style="list-style-type: none"> • Guarantee the consistency of agricultural profit tax with the rest of businesses like food industry. • Fair and non-discriminatory system of taxation.
2. <u>Land Reform and Farm Restructuring</u>	<p>Land reform and farm restructuring are still at a very early stage.</p> <ul style="list-style-type: none"> • Restructuring of large-scale farms still moves very slowly (only about 80 large-scale farms have been restructured so far). • Most state farms were transformed into collective agricultural enterprises without changing their mode of operation. • The number of small private farms is minimal and increasing slowly (less than 1% of cultivated land belongs to them). • Housing and household land, about 15% of total agricultural land, was given for full private ownership. • Maximum private land ownership is 1 ha per person, but it can be freely traded. • The rest of agricultural land remains in state ownership. • The government intends to provide long-term lease rights for the large farms (but not for the individual members of these farms), as well as for individual farms. • About one third of large farms are in serious financial condition. • Land titling and registration practices required for a functioning land market do not exist, hence there are major impediments to the transfer of land. 	<p>A farming system based mainly on private ownership of land and a working land market for efficient and fair asset transfer.</p> <ul style="list-style-type: none"> • Develop a consistent framework for restructuring and privatization of large collective and remaining state owned farms. • Develop and implement a consistent policy to privatize the land of large farms. • Support emerging private farming and guarantee fair conditions for those who wish to start individual farming. • Allow downsizing of livestock sector. • Create the legal and technical conditions for a functioning market for agricultural land. • Develop mortgage procedures for land, other real estate, and moveable assets. The mortgage law should allow lessees to mortgage their leasehold interest. • Adopt a resolution to establish a single registry of land and other real estate. • Develop an enabling environment to stimulate increased off-farm employment in rural areas. • Safeguard an acceptable level of rural social services during the period of restructuring and privatization of large-scale farms.
3. <u>Competitive Agroprocessing and Services for Agriculture</u>	<p>Little progress, as major privatization program has yet to come.</p> <ul style="list-style-type: none"> • Nearly all of the enterprises in the agriculture input and food marketing subsectors are still owned and operated by the state-owned companies or by the local municipality. 	<p>Competitive, privately owned processing, input supply and service subsectors.</p> <ul style="list-style-type: none"> • Implement an overall program of privatization without delay in agroprocessing and input supply. • Demonopolize state corporations (associations) and privatize them individually by plant or unit.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
	<ul style="list-style-type: none"> • The privatization of agroprocessing and input supply industries is at a standstill. • Many enterprises have been corporatized and a few also privatized. • State procurement at unprofitable rates is still in place for most of the commodities. • There is minimal foreign participation in the process of privatization. 	<ul style="list-style-type: none"> • Open participation in privatization to all investors. • Adopt anti-monopoly legislation. • Facilitate foreign investment by implementing foreign investment laws. • Remove all explicit and implicit price controls while assuring a competitive market structure.
4. <u>Rural Financing</u>	<p>The existing financial system subsidizes the agricultural sector.</p> <ul style="list-style-type: none"> • Both primary agriculture and agroprocessing have serious liquidity crises and rely on Government credit and directed credit from the banking system. • The effective private agricultural banking system is absent. 	<p>Viable financial institutions efficiently serving the agricultural sector.</p> <ul style="list-style-type: none"> • Prepare an action plan to revitalize financial services. • Implement pilot projects to establish village credit unions. • Restructure Agrobank. • Phase-out subsidized credits to agricultural producers.
5. <u>Institutional Framework</u>	<p>The role of the government in agriculture has not changed appreciably since the initiation of the reform.</p> <ul style="list-style-type: none"> • There have been only minor changes in the Soviet type Government structure related to agriculture. • The research/education system has not adjusted to emerging new conditions. • Public activities (government research-education) in agriculture are seriously hampered by budgetary difficulties. • A western type agricultural extension system does not exist. 	<p>Efficient and effective public sector administration and support services.</p> <ul style="list-style-type: none"> • Prepare and implement a program of re-organization of public administration in agriculture. • Simplify the structure of governmental organizations corresponding to the reduced role of the public sector responsibilities in agriculture. • Review the agricultural education and research system. • Support the emergence of private farm advisory services. • Strengthen infrastructure and transportation systems in the rural areas.

TURKMENISTAN

<u>Total Population</u>	4.3 million	Food and agriculture in GDP (1998)	25%	Agricultural output in 2000 as percentage of 1989-91 levels	95%
Rural Population	55 %	Food and agriculture in active labor force (1998)	45%	Livestock output in 2000 as percentage of 1989-91 levels	116%
<u>Total Area</u>	49.1 million ha.	Food and agriculture in export (1997)	47%	Share of livestock in agriculture (2000)	45%
Agriculture area:	40.3 million ha.	Food and agriculture in import (1997)	19%	Agricultural area in private use (2000 - household plots and private farms)	16%
Arable land	4%	Exporter of cotton fiber, textiles, and karakul skins, smaller net importer of food		Share of private farms and household plots in total agricultural output (2000)	38%
Pasture and Meadows	81%			Agricultural area under family lease	70%
Forested	4%				

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
<p>I. Macro-economic Framework for Agriculture</p> <p>A. Prices/Subsidies</p>	<p>High levels of government intervention in agriculture, including: state orders for 100% wheat and cotton; high implicit taxation through low producer prices; and subsidies for agricultural inputs.</p> <ul style="list-style-type: none"> • Measured inflation is relatively low (under 20% annually), but suppressed inflation may imply a higher actual rate. • Foreign exchange controls continue and the manat is over valued at the official exchange rate. • Main products of the crop sector, cotton and wheat, are controlled through state orders at prices which are approximately 60% of border prices. • Inputs for cotton and wheat production are subsidized by 50%. • No significant payments for irrigation water. 	<p>Phase out Government control of agricultural markets and emphasize market production and support services for emerging private farmers.</p> <ul style="list-style-type: none"> • Adopt a program of macroeconomic stabilization and unify the current multiple exchange rates. • Adopt program to raise producer prices for cotton and wheat to border price levels over two years and reduce state orders by 75% over a four year period. • Phase out input subsidies over two years and stimulate procurement and distribution of inputs by private sector operators. • Develop a multi-year plan to introduce higher irrigation water tariffs to achieve 100% cost recovery of the O & M costs of irrigation and drainage over ten years.
B. Trade Policies	<ul style="list-style-type: none"> • Imports and exports registered through state commodity exchange, which amounts to defacto licensing requirement. • Government controls all cotton exports. • Minimum export prices for hides and skins. 	<ul style="list-style-type: none"> • Eliminate registration requirement for imports and exports. • Allow export of cotton by private intermediaries eliminate price controls on outputs.
C. Taxation	<ul style="list-style-type: none"> • Implicit taxation high through state order system and export controls, but little explicit taxation. • Private owners pay a land tax, but collection sporadic. 	<ul style="list-style-type: none"> • Phase out implicit taxation through state orders and export controls. • Gradually increase land tax as state orders reduced. • Use land tax to pay for rural social services eliminating mandatory payments to farm associations now providing social services.

ISSUE	STATUS OF REFORMS	OBJECTIVES PROPOSED ACTIONS
2. <u>Land Reform and Farm Restructuring</u>	<p>Land Reform is Making Progress</p> <ul style="list-style-type: none"> • Roughly 85% of land in peasant associations allocated to households via leaseholds (10 to 15 years duration). • About 8% of land in individual private farms. • Leaseholds convertible to ownership upon successful performance for two years. 	<p>Accelerate the Pace of Land Reform and Private Farmer Support.</p> <ul style="list-style-type: none"> • Provide leases for at least 20 years to encourage voluntary commitment by farmers. • Adopt complementary reforms so that private owners can function in market environment. • Make the conversion process transparent by clarifying the requirements which new farmers must meet to have the leased land converted to ownership.
3. <u>Competitive Agroprocessing and Services for Agriculture</u>	<p>State Control of All Inputs Services and Agroprocessing -businesses</p> <ul style="list-style-type: none"> • Most processing and services handled by state enterprises organized into large associations. • Little privatization. • Cost recovery for selected inputs such as animal health services has been introduced. 	<p>Adopt and Implement Program of Privatization and Demonopolization.</p> <ul style="list-style-type: none"> • Encourage privatization and demonopolization of existing agribusiness companies and associations. • Remove barriers to new entry in processing and services.
4. <u>Rural Financing</u>	<p>High Dependence on Subsidized and Directed Credit through Government Controlled Banks.</p> <ul style="list-style-type: none"> • High dependence on subsidized credit • Daikhan Bank is the designated credit agency for farm leaseholders. It has little risky debt from the past, but is not yet engaged in genuine intermediation. 	<p>Reduce Subsidized Credit and Introduce Commercial Banking Practices</p> <ul style="list-style-type: none"> • Reduce subsidy element of directed credit and stimulate the development of commercial rural financial services. • Conduct financial audit and develop corporate plan for Daikhan Bank.
5. <u>Institutional Framework</u>	<p>Non-transparent Budgeting and Inadequate Resource Allocations to Public Institutions</p> <ul style="list-style-type: none"> • Extra budgetary Agricultural Development Fund manages sectoral financial flows in non-transparent fashion. • Frequent institutional reorganization and high turnover of administrative staff in response to declining sectoral performance. • Frequent local government interference in production decisions. • Research and extension much reduced. 	<p>Consolidate Government Budget and Increase Expenditures for Public Goods</p> <ul style="list-style-type: none"> • Consolidate costs and revenues from sector into general budget and abolish Agricultural Development Fund. • Remove authority of local administration to interfere in decisions regarding production and marketing. • As resources permit, develop agricultural research and extension to serve needs of agents in a market economy.

C. STATISTICAL ANNEX

Caucasus	Armenia, Azerbaijan, Georgia
Central Asia	Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, Uzbekistan
Euro CIS	Belarus, Moldova, Russia, Ukraine
EU Accession (10)	Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic, Slovenia
Other Central Europe	Albania, Bosnia, Croatia, Macedonia, Yugoslavia
Turkey	Turkey

The source for all tables in the Statistical Annex: FAOstat [<http://apps.fao.org>; Apr 23, 2001]

Table 1: Cereals**Table 1a: Area of Cereals Cultivation [million ha]**

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	142.50	143.75	135.94	131.61	127.98	127.51	109.46	106.64	111.20
Total CEE + CIS	128.77	129.67	121.81	117.80	114.05	113.55	95.35	93.41	97.96
Total CEE	27.65	28.78	28.67	27.99	27.10	28.71	27.98	25.96	26.20
Total CIS	101.12	100.89	93.14	89.81	86.95	84.84	67.37	67.44	71.76
EU Accession (10)	23.85	24.80	24.68	24.18	23.49	24.89	24.11	22.45	22.84
Other CEE	3.80	3.98	3.99	3.81	3.61	3.82	3.87	3.51	3.36
Euro CIS	75.48	75.31	69.76	69.27	67.01	65.77	51.53	52.17	55.30
Caucasus	1.07	1.15	1.05	1.02	1.06	1.26	1.15	1.05	1.14
Central Asia	24.56	24.42	22.33	19.52	18.87	17.80	14.69	14.23	15.32
Turkey	13.73	14.08	14.13	13.81	13.94	13.96	14.10	13.23	13.23
World	709.15	694.19	695.65	689.32	707.03	699.02	680.49	671.76	672.70

Table 1b: Yields of Cereals [tons per ha]

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	2.03	2.02	1.88	1.81	1.78	2.21	2.00	2.09	1.91
Total CEE + CIS	2.02	1.99	1.87	1.79	1.74	2.22	1.95	2.09	1.88
Total CEE	2.71	2.79	3.00	3.26	2.98	3.47	3.23	3.36	2.63
Total CIS	1.83	1.76	1.53	1.33	1.35	1.79	1.42	1.60	1.61
EU Accession (10)	2.66	2.74	2.94	3.20	2.93	3.36	3.15	3.25	2.56
Other CEE	3.08	3.14	3.36	3.70	3.32	4.19	3.74	4.04	3.15
Euro CIS	1.97	1.98	1.71	1.48	1.47	1.99	1.55	1.60	1.71
Caucasus	1.98	1.64	1.64	1.62	1.85	1.80	1.62	1.98	1.81
Central Asia	1.40	1.09	0.95	0.77	0.91	1.07	0.94	1.56	1.21
Turkey	2.12	2.26	1.91	2.04	2.11	2.13	2.35	2.12	2.12
World	2.78	2.74	2.81	2.75	2.93	3.00	3.06	3.09	3.05

Table 1c: Total Production of Cereals [million tons]

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	289.16	289.98	255.22	238.51	227.94	281.37	219.03	222.88	212.41
Total CEE + CIS	260.01	258.23	228.21	210.37	198.59	251.62	185.85	194.79	184.33
Total CEE	75.07	80.37	86.07	91.37	80.85	99.71	90.45	87.20	69.03
Total CIS	184.94	177.86	142.13	119.00	117.74	151.91	95.40	107.59	115.30
EU Accession (10)	63.37	67.89	72.67	77.26	68.89	83.71	75.97	73.02	58.44
Other CEE	11.70	12.48	13.40	14.11	11.96	16.00	14.48	14.19	10.60
Euro CIS	148.38	149.41	119.11	102.26	98.53	130.60	79.66	83.32	94.69
Caucasus	2.13	1.88	1.71	1.65	1.96	2.27	1.85	2.08	2.08
Central Asia	34.43	26.57	21.31	15.09	17.25	19.04	13.88	22.20	18.53
Turkey	29.16	31.75	27.01	28.13	29.34	29.75	33.18	28.08	28.08
World	1972.99	1903.14	1956.82	1896.28	2069.50	2098.03	2081.47	2074.48	2051.27

Table 2: Wheat**Table 2a: Area of Wheat Cultivation [million ha]**

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	64.69	65.73	61.74	63.74	65.39	65.49	58.51	56.01	57.71
Total CEE + CIS	55.22	56.01	51.94	54.34	56.04	56.15	49.11	47.36	49.06
Total CEE	8.62	10.31	10.41	10.35	9.30	10.60	10.28	8.85	9.92
Total CIS	46.59	45.71	41.53	43.98	46.75	45.55	38.83	38.51	39.14
EU Accession (10)	7.43	8.81	8.89	8.89	8.20	9.24	8.88	7.69	8.64
Other CEE	1.19	1.50	1.52	1.46	1.09	1.36	1.40	1.16	1.28
Euro CIS	30.99	30.89	27.10	29.96	32.25	31.23	26.22	26.44	25.85
Caucasus	0.62	0.70	0.62	0.58	0.63	0.82	0.77	0.64	0.73
Central Asia	14.98	14.12	13.81	13.45	13.87	13.50	11.84	11.43	12.57
Turkey	9.47	9.72	9.80	9.40	9.35	9.34	9.40	8.65	8.65
World	222.46	222.95	215.16	218.39	229.68	226.14	219.63	211.96	212.21

Table 2b: Yields of Wheat [tons per ha]

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	2.10	2.05	1.81	1.78	1.67	2.07	1.92	2.01	1.95
Total CEE + CIS	2.11	2.03	1.81	1.76	1.62	2.08	1.86	1.99	1.93
Total CEE	3.21	3.06	3.30	3.49	2.94	3.42	3.43	3.31	3.04
Total CIS	1.90	1.80	1.44	1.35	1.35	1.77	1.45	1.69	1.65
EU Accession (10)	3.23	3.01	3.29	3.52	2.97	3.41	3.40	3.33	3.02
Other CEE	3.10	3.34	3.36	3.34	2.71	3.48	3.62	3.14	3.12
Euro CIS	2.16	2.17	1.73	1.61	1.55	2.07	1.67	1.74	1.85
Caucasus	2.04	1.67	1.57	1.48	1.71	1.73	1.57	1.95	1.96
Central Asia	1.37	0.99	0.86	0.77	0.89	1.07	0.94	1.56	1.21
Turkey	2.04	2.16	1.79	1.92	1.98	2.00	2.23	2.08	2.08
World	2.54	2.53	2.45	2.48	2.54	2.71	2.70	2.76	2.73

Table 2c: Total Production of Wheat [million tons]

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	135.68	134.82	111.60	113.61	109.11	135.46	112.34	112.44	112.62
Total CEE + CIS	116.36	113.81	94.08	95.59	90.60	116.81	91.34	94.44	94.62
Total CEE	27.70	31.50	34.35	36.15	27.36	36.20	35.22	29.24	30.13
Total CIS	88.67	82.31	59.73	59.44	63.24	80.61	56.12	65.20	64.50
EU Accession (10)	24.01	26.50	29.27	31.26	24.41	31.48	30.16	25.61	26.14
Other CEE	3.69	5.00	5.09	4.89	2.95	4.72	5.06	3.63	3.99
Euro CIS	66.93	67.12	46.87	48.18	49.85	64.75	43.78	46.07	47.88
Caucasus	1.28	1.17	0.98	0.86	1.08	1.41	1.21	1.26	1.42
Central Asia	20.46	14.01	11.88	10.41	12.31	14.45	11.13	17.87	15.20
Turkey	19.32	21.02	17.51	18.02	18.52	18.65	21.00	18.00	18.00
World	565.11	564.38	527.05	542.40	583.68	613.13	592.34	584.70	580.01

Table 3: Coarse Grains**Table 3a: Area of Coarse Grains Cultivation [million ha]**

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	77.10	77.32	73.61	67.32	62.00	61.45	50.46	50.09	52.98
Total CEE + CIS	72.89	73.00	69.31	62.96	57.47	56.89	45.82	45.56	48.45
Total CEE	18.99	18.45	18.25	17.63	17.78	18.09	17.70	17.10	16.27
Total CIS	53.89	54.55	51.06	45.33	39.68	38.79	28.12	28.46	32.19
EU Accession (10)	16.39	15.97	15.78	15.28	15.27	15.64	15.23	14.76	14.19
Other CEE	2.60	2.48	2.47	2.35	2.51	2.46	2.47	2.35	2.08
Euro CIS	44.20	44.14	42.45	39.12	34.56	34.38	25.15	25.55	29.25
Caucasus	0.45	0.45	0.42	0.44	0.43	0.44	0.37	0.40	0.42
Central Asia	9.24	9.96	8.20	5.78	4.69	3.97	2.60	2.51	2.52
Turkey	4.21	4.32	4.29	4.36	4.53	4.57	4.64	4.52	4.52
World	339.45	325.43	333.44	321.45	327.10	321.48	308.87	302.62	305.49

Table 3b: Yields of Coarse Grains [tons per ha]

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	1.96	1.98	1.93	1.83	1.89	2.35	2.08	2.17	1.86
Total CEE + CIS	1.94	1.95	1.91	1.80	1.86	2.35	2.04	2.17	1.83
Total CEE	2.49	2.65	2.83	3.13	3.00	3.51	3.12	3.39	2.39
Total CIS	1.75	1.72	1.58	1.29	1.34	1.81	1.36	1.45	1.55
EU Accession (10)	2.40	2.59	2.75	3.01	2.91	3.34	3.01	3.21	2.28
Other CEE	3.06	3.02	3.36	3.92	3.58	4.58	3.81	4.49	3.16
Euro CIS	1.82	1.85	1.69	1.37	1.39	1.90	1.41	1.44	1.58
Caucasus	1.90	1.58	1.75	1.81	2.03	1.91	1.69	2.00	1.54
Central Asia	1.39	1.15	1.04	0.70	0.89	0.97	0.81	1.45	1.14
Turkey	2.28	2.43	2.17	2.28	2.33	2.37	2.55	2.16	2.16
World	2.59	2.49	2.67	2.51	2.80	2.82	2.95	2.92	2.86

Table 3c: Total Production of Coarse Grains [million tons]

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	151.22	153.05	141.88	123.48	117.26	144.44	105.19	108.86	98.41
Total CEE + CIS	141.59	142.54	132.58	113.56	106.71	133.62	93.33	99.09	88.65
Total CEE	47.26	48.80	51.68	55.17	53.43	63.45	55.19	57.92	38.86
Total CIS	94.33	93.74	80.90	58.39	53.28	70.17	38.14	41.17	49.78
EU Accession (10)	39.29	41.33	43.37	45.96	44.44	52.20	45.79	47.39	32.28
Other CEE	7.96	7.47	8.31	9.21	8.99	11.25	9.40	10.53	6.58
Euro CIS	80.61	81.53	71.63	53.54	48.21	65.46	35.40	36.74	46.28
Caucasus	0.85	0.71	0.74	0.79	0.88	0.84	0.63	0.81	0.64
Central Asia	12.88	11.49	8.53	4.06	4.19	3.86	2.10	3.63	2.86
Turkey	9.62	10.51	9.30	9.92	10.55	10.82	11.87	9.77	9.77
World	879.64	808.96	890.95	806.79	917.50	905.91	910.36	883.12	874.10

Table 4: Maize**Table 4a: Area of Maize Cultivation [million ha]**

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	10.83	10.60	9.41	9.83	9.74	10.79	9.69	9.59	9.81
Total CEE + CIS	10.31	10.05	8.93	9.31	9.19	10.24	9.14	8.94	9.16
Total CEE	7.67	7.13	7.04	6.82	7.18	6.91	6.94	6.88	6.32
Total CIS	2.64	2.92	1.89	2.49	2.01	3.34	2.19	2.05	2.84
EU Accession (10)	5.46	5.04	4.97	4.86	5.09	4.86	4.91	4.90	4.60
Other CEE	2.21	2.09	2.07	1.96	2.09	2.05	2.04	1.98	1.72
Euro CIS	2.21	2.48	1.46	2.13	1.65	2.94	1.81	1.63	2.42
Caucasus	0.11	0.12	0.15	0.16	0.16	0.21	0.22	0.25	0.25
Central Asia	0.33	0.32	0.28	0.20	0.20	0.18	0.17	0.16	0.18
Turkey	0.52	0.55	0.49	0.52	0.55	0.55	0.55	0.65	0.65
World	137.06	131.58	138.43	136.24	139.41	141.23	138.63	138.91	138.51

Table 4b: Yields of Maize [tons per ha]

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	2.83	3.08	3.20	3.56	3.43	4.29	3.48	4.06	2.78
Total CEE + CIS	2.75	2.99	3.17	3.55	3.42	4.32	3.44	4.09	2.71
Total CEE	2.78	2.96	3.41	3.80	3.68	4.83	3.75	4.55	2.71
Total CIS	2.68	3.09	2.24	2.86	2.49	3.26	2.45	2.55	2.70
EU Accession (10)	2.59	2.85	3.34	3.62	3.58	4.74	3.61	4.44	2.51
Other CEE	3.24	3.21	3.58	4.25	3.92	5.04	4.09	4.82	3.27
Euro CIS	2.55	3.05	2.10	2.86	2.40	3.35	2.41	2.42	2.79
Caucasus	2.29	2.12	2.42	2.59	3.21	2.70	2.10	2.37	1.45
Central Asia	3.72	3.77	2.92	3.01	2.70	2.55	3.38	4.16	3.34
Turkey	4.24	4.55	3.81	3.69	3.64	3.82	4.18	3.69	3.69
World	3.89	3.62	4.11	3.79	4.22	4.14	4.43	4.36	4.25

Table 4c: Total Production of Maize [million tons]

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	30.62	32.59	30.13	34.95	33.42	46.32	33.74	38.93	27.24
Total CEE + CIS	28.39	30.09	28.28	33.05	31.42	44.24	31.44	36.53	24.84
Total CEE	21.32	21.09	24.05	25.93	26.40	33.35	26.07	31.30	17.16
Total CIS	7.08	9.01	4.23	7.13	5.02	10.88	5.37	5.23	7.68
EU Accession (10)	14.17	14.38	16.62	17.61	18.20	23.05	17.74	21.75	11.53
Other CEE	7.15	6.70	7.43	8.32	8.20	10.30	8.33	9.55	5.63
Euro CIS	5.62	7.56	3.06	6.11	3.97	9.85	4.36	3.95	6.73
Caucasus	0.25	0.26	0.36	0.40	0.51	0.57	0.45	0.60	0.36
Central Asia	1.21	1.19	0.81	0.61	0.55	0.46	0.56	0.68	0.59
Turkey	2.23	2.50	1.85	1.90	2.00	2.08	2.30	2.40	2.40
World	533.44	476.86	569.34	516.44	588.87	585.00	614.35	605.20	589.36

Table 5: Oil Crops**Table 5a: Area of Oil Crops Cultivation [million ha]**

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	14.85	14.15	14.19	16.73	15.86	14.46	16.02	18.78	17.09
Total CEE + CIS	12.89	12.30	12.30	14.65	13.84	12.45	13.99	16.75	15.06
Total CEE	3.06	2.74	2.80	3.49	3.32	3.06	3.67	4.42	3.71
Total CIS	9.83	9.56	9.50	11.16	10.52	9.39	10.32	12.33	11.35
EU Accession (10)	2.62	2.32	2.44	3.12	2.89	2.71	3.27	3.93	3.24
Other CEE	0.44	0.42	0.36	0.36	0.43	0.36	0.40	0.49	0.47
Euro CIS	6.48	6.18	6.27	7.83	7.38	6.34	7.24	9.21	8.22
Caucasus	0.25	0.24	0.23	0.25	0.25	0.25	0.20	0.16	0.23
Central Asia	3.10	3.14	3.00	3.09	2.89	2.80	2.88	2.96	2.90
Turkey	1.97	1.86	1.89	2.08	2.02	2.00	2.03	2.03	2.03
World	188.36	190.83	199.42	208.01	203.42	208.08	217.17	223.11	221.42

Table 5b: Yields of Oil Crops [tons per ha]

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	0.38	0.36	0.36	0.41	0.36	0.36	0.38	0.39	0.40
Total CEE + CIS	0.38	0.36	0.35	0.41	0.34	0.36	0.36	0.39	0.40
Total CEE	0.55	0.54	0.59	0.64	0.56	0.53	0.58	0.61	0.55
Total CIS	0.33	0.31	0.28	0.35	0.27	0.31	0.29	0.31	0.35
EU Accession (10)	0.56	0.54	0.60	0.65	0.56	0.54	0.58	0.62	0.57
Other CEE	0.52	0.55	0.51	0.56	0.56	0.51	0.54	0.54	0.44
Euro CIS	0.39	0.37	0.31	0.41	0.31	0.37	0.34	0.35	0.41
Caucasus	0.14	0.12	0.13	0.11	0.10	0.10	0.10	0.17	0.13
Central Asia	0.22	0.21	0.22	0.21	0.16	0.19	0.17	0.20	0.19
Turkey	0.38	0.35	0.43	0.36	0.48	0.36	0.48	0.36	0.36
World	0.42	0.42	0.44	0.44	0.46	0.47	0.47	0.49	0.49

Table 5c: Total Production of Oil Crops [million tons]

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	5.71	5.12	5.10	6.82	5.64	5.25	6.06	7.26	6.78
Total CEE + CIS	4.95	4.47	4.29	6.07	4.68	4.53	5.09	6.52	6.04
Total CEE	1.69	1.48	1.64	2.22	1.87	1.63	2.12	2.72	2.05
Total CIS	3.26	2.99	2.65	3.85	2.81	2.90	2.97	3.81	3.99
EU Accession (10)	1.47	1.25	1.45	2.02	1.63	1.45	1.90	2.45	1.84
Other CEE	0.23	0.23	0.19	0.20	0.24	0.18	0.22	0.26	0.21
Euro CIS	2.53	2.30	1.95	3.18	2.31	2.35	2.45	3.19	3.41
Caucasus	0.03	0.03	0.03	0.03	0.03	0.03	0.02	0.03	0.03
Central Asia	0.69	0.66	0.66	0.64	0.47	0.52	0.50	0.59	0.55
Turkey	0.76	0.65	0.82	0.75	0.96	0.72	0.97	0.74	0.74
World	78.75	80.06	88.44	91.89	93.27	97.97	102.55	109.19	109.23

Table 6: Rape and Sunflower Seed**Table 6a: Area of Rape and Sunflower Seed Cultivation [million ha]**

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	8.32	8.12	8.55	10.73	10.24	9.17	10.46	13.24	11.54
Total CEE + CIS	7.72	7.52	7.96	10.15	9.66	8.61	9.92	12.69	11.00
Total CEE	2.48	2.34	2.42	3.07	2.93	2.70	3.15	3.88	3.16
Total CIS	5.24	5.18	5.54	7.07	6.73	5.91	6.77	8.81	7.84
EU Accession (10)	2.21	2.07	2.20	2.85	2.66	2.49	2.94	3.62	2.94
Other CEE	0.27	0.26	0.22	0.22	0.27	0.21	0.21	0.26	0.22
Euro CIS	4.89	4.85	5.20	6.67	6.38	5.67	6.50	8.51	7.48
Caucasus	0.01	0.01	0.02	0.04	0.03	0.04	0.05	0.06	0.07
Central Asia	0.33	0.32	0.33	0.37	0.31	0.21	0.22	0.24	0.29
Turkey	0.61	0.60	0.59	0.59	0.58	0.56	0.55	0.55	0.55
World	38.29	38.77	41.35	44.90	42.23	42.32	46.83	51.31	48.19

Table 6b: Yields of Rape and Sunflower Seed [tons per ha]

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	1.30	1.18	1.07	1.29	1.04	1.13	1.11	1.12	1.20
Total CEE + CIS	1.28	1.16	1.06	1.27	1.02	1.09	1.09	1.11	1.18
Total CEE	1.60	1.48	1.60	1.72	1.50	1.42	1.57	1.63	1.49
Total CIS	1.13	1.02	0.82	1.08	0.81	0.95	0.86	0.87	1.06
EU Accession (10)	1.58	1.43	1.59	1.72	1.47	1.40	1.55	1.64	1.49
Other CEE	1.75	1.84	1.71	1.77	1.79	1.63	1.79	1.55	1.53
Euro CIS	1.17	1.07	0.85	1.12	0.85	0.97	0.88	0.89	1.09
Caucasus	0.59	0.23	0.43	0.20	0.12	0.89	0.49	0.68	0.72
Central Asia	0.48	0.34	0.39	0.31	0.24	0.32	0.43	0.49	0.41
Turkey	1.56	1.37	1.26	1.54	1.36	1.61	1.58	1.58	1.58
World	1.26	1.20	1.25	1.35	1.31	1.38	1.31	1.41	1.41

Table 6c: Total Production of Rape and Sunflower Seed [million tons]

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	10.81	9.57	9.18	13.81	10.65	10.32	11.63	14.89	13.87
Total CEE + CIS	9.86	8.75	8.44	12.91	9.87	9.42	10.77	14.03	13.01
Total CEE	3.96	3.45	3.87	5.30	4.40	3.82	4.93	6.33	4.72
Total CIS	5.90	5.30	4.57	7.61	5.47	5.60	5.84	7.70	8.29
EU Accession (10)	3.49	2.97	3.50	4.91	3.92	3.48	4.55	5.93	4.39
Other CEE	0.47	0.48	0.37	0.39	0.48	0.34	0.38	0.41	0.34
Euro CIS	5.74	5.19	4.43	7.49	5.39	5.50	5.72	7.54	8.12
Caucasus	0.01	0.00	0.01	0.01	0.00	0.03	0.02	0.04	0.05
Central Asia	0.16	0.11	0.13	0.11	0.07	0.07	0.09	0.12	0.12
Turkey	0.95	0.82	0.74	0.90	0.78	0.90	0.86	0.86	0.86
World	48.37	46.33	51.67	60.60	55.22	58.45	61.14	72.41	67.72

Table 7: Sugar Beets**Table 7a: Area of Sugar Beet Cultivation [million ha]**

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	4.58	4.39	4.13	4.00	4.00	3.35	3.21	3.24	3.03
Total CEE + CIS	4.18	3.97	3.72	3.69	3.58	2.88	2.71	2.74	2.53
Total CEE	1.03	0.87	0.90	0.91	1.00	0.93	0.86	0.76	0.67
Total CIS	3.15	3.10	2.82	2.79	2.57	1.95	1.85	1.98	1.86
EU Accession (10)	0.91	0.79	0.81	0.82	0.91	0.84	0.77	0.66	0.61
Other CEE	0.12	0.07	0.09	0.09	0.09	0.08	0.09	0.10	0.07
Euro CIS	3.06	2.99	2.71	2.68	2.45	1.87	1.72	1.84	1.71
Caucasus	0.00	0.03	0.04	0.05	0.08	0.04	0.08	0.08	0.08
Central Asia	0.09	0.08	0.07	0.06	0.05	0.04	0.05	0.06	0.07
Turkey	0.40	0.42	0.41	0.31	0.42	0.47	0.50	0.50	0.50
World	8.42	8.11	8.01	7.90	7.71	7.08	6.84	6.71	6.24

Table 7b: Yields of Sugar Beets [tons per ha]

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	22.11	24.58	20.54	23.14	23.40	25.73	25.27	24.33	25.28
Total CEE + CIS	20.58	23.25	19.33	22.07	22.10	23.52	22.55	21.47	22.37
Total CEE	26.54	32.79	29.53	32.00	36.20	35.17	36.09	34.92	34.98
Total CIS	18.64	20.59	16.06	18.84	16.59	17.99	16.25	16.35	17.79
EU Accession (10)	26.09	33.35	29.20	32.22	36.16	34.93	35.84	34.81	35.67
Other CEE	30.08	26.78	32.51	29.90	36.64	37.63	38.29	35.68	28.91
Euro CIS	18.78	21.00	16.48	19.40	17.19	18.52	16.95	17.03	18.60
Caucasus	n.a.								
Central Asia	14.13	13.22	8.42	8.86	11.10	11.65	16.72	16.85	18.08
Turkey	38.17	37.05	31.42	35.77	34.42	39.21	40.00	40.00	40.00
World	33.37	34.71	31.76	33.50	34.48	37.91	38.17	38.77	40.07

Table 7c: Total Production of Sugar Beets [million tons]

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	101.15	107.91	84.92	92.66	93.55	86.26	81.03	78.80	76.65
Total CEE + CIS	86.03	92.28	71.97	81.49	79.01	67.71	61.03	58.80	56.65
Total CEE	27.28	28.37	26.69	28.98	36.33	32.57	31.02	26.40	23.60
Total CIS	58.75	63.92	45.28	52.51	42.68	35.14	30.02	32.41	33.05
EU Accession (10)	23.78	26.40	23.71	26.43	32.85	29.47	27.69	22.87	21.62
Other CEE	3.49	1.97	2.98	2.55	3.48	3.10	3.33	3.53	1.98
Euro CIS	57.42	62.80	44.69	51.98	42.10	34.68	29.20	31.31	31.79
Caucasus	n.a.								
Central Asia	1.31	1.09	0.57	0.49	0.53	0.42	0.77	1.06	1.20
Turkey	15.13	15.62	12.94	11.17	14.54	18.55	20.00	20.00	20.00
World	280.98	281.39	254.35	264.82	265.93	268.46	261.04	259.95	249.89

Table 8: Milk

Table 8a: Number of Milk Animals [million head]

	1992	1993	1994	1995	1996	1997	1998	1999	2000
	<i>all milk animals</i>								
Total ECA (CEE+CIS+Turkey)	106.81	103.20	100.55	96.66	91.30	85.44	80.14	78.52	78.36
Total CEE + CIS	72.58	70.03	68.63	66.48	61.60	58.17	54.24	52.62	52.46
Total CEE	32.30	30.09	29.10	28.75	26.11	25.23	23.97	23.76	23.93
Total CIS	40.28	39.94	39.53	37.74	35.49	32.94	30.27	28.86	28.52
EU Accession (10)	24.86	22.53	21.08	20.75	19.06	18.57	17.71	17.42	17.39
Other CEE	7.44	7.56	8.02	8.00	7.05	6.66	6.26	6.34	6.54
Euro CIS	31.15	30.50	29.99	28.36	26.44	24.45	22.32	20.88	20.42
Caucasus	1.53	1.51	1.47	1.53	1.58	1.64	1.65	1.72	1.75
Central Asia	7.60	7.93	8.06	7.84	7.47	6.85	6.29	6.25	6.35
Turkey	34.24	33.18	31.92	30.18	29.70	27.26	25.90	25.90	25.90
World	553.50	560.08	575.24	584.40	592.09	595.08	601.52	614.37	617.42
	<i>milk cows</i>								
Total ECA (CEE+CIS+Turkey)	58.16	56.89	56.12	53.76	51.33	48.22	45.14	43.42	43.06
Total CEE + CIS	52.09	50.86	50.04	47.87	45.36	42.62	39.44	37.72	37.36
Total CEE	12.39	11.53	11.06	10.69	10.45	10.23	9.72	9.42	9.40
Total CIS	39.69	39.33	38.98	37.18	34.91	32.39	29.72	28.29	27.96
EU Accession (10)	10.27	9.55	8.91	8.59	8.31	8.20	7.71	7.41	7.34
Other CEE	2.12	1.99	2.16	2.10	2.14	2.03	2.00	2.01	2.06
Euro CIS	31.15	30.50	29.99	28.36	26.44	24.45	22.32	20.88	20.42
Caucasus	1.53	1.51	1.47	1.53	1.58	1.64	1.65	1.72	1.75
Central Asia	7.01	7.31	7.52	7.29	6.89	6.29	5.74	5.69	5.78
Turkey	6.07	6.03	6.08	5.89	5.97	5.59	5.70	5.70	5.70
World	226.34	224.93	226.65	227.46	230.95	231.61	233.07	233.67	231.88

Table 8b: Milk Production [million tons]

	1992	1993	1994	1995	1996	1997	1998	1999	2000
	<i>all animals' milk</i>								
Total ECA (CEE+CIS+Turkey)	132.02	128.30	122.77	117.59	111.40	107.13	107.40	105.31	104.03
Total CEE + CIS	121.74	117.90	112.21	106.99	100.64	97.05	97.34	95.25	93.97
Total CEE	35.74	33.43	32.79	32.52	32.70	32.82	33.57	32.88	32.75
Total CIS	86.00	84.47	79.41	74.47	67.94	64.23	63.76	62.37	61.23
EU Accession (10)	31.87	29.73	28.94	28.58	28.52	28.81	29.39	28.65	28.45
Other CEE	3.88	3.70	3.85	3.94	4.18	4.01	4.19	4.23	4.29
Euro CIS	73.37	71.46	66.72	62.49	57.29	53.70	52.85	50.99	49.31
Caucasus	1.63	1.58	1.60	1.72	1.80	1.91	2.04	2.11	2.21
Central Asia	11.01	11.42	11.09	10.26	8.85	8.62	8.88	9.27	9.70
Turkey	10.28	10.41	10.56	10.60	10.76	10.08	10.06	10.06	10.06
World	527.51	529.45	534.26	539.72	547.86	552.24	562.31	568.24	567.93
	<i>cow milk</i>								
Total ECA (CEE+CIS+Turkey)	128.85	125.22	119.71	114.59	108.43	104.28	104.71	102.66	101.36
Total CEE + CIS	120.13	116.31	110.58	105.32	98.96	95.37	95.71	93.66	92.36
Total CEE	34.72	32.46	31.78	31.46	31.72	31.84	32.60	31.89	31.74
Total CIS	85.41	83.85	78.79	73.86	67.24	63.52	63.11	61.76	60.62
EU Accession (10)	31.09	29.02	28.22	27.82	27.80	28.09	28.66	27.91	27.71
Other CEE	3.62	3.45	3.56	3.64	3.92	3.75	3.94	3.98	4.04
Euro CIS	72.98	71.05	66.29	62.05	56.76	53.15	52.31	50.50	48.83
Caucasus	1.62	1.58	1.59	1.71	1.79	1.90	2.03	2.10	2.20
Central Asia	10.81	11.23	10.91	10.09	8.70	8.47	8.78	9.16	9.59
Turkey	8.72	8.90	9.13	9.28	9.47	8.91	9.00	9.00	9.00
World	460.53	459.67	461.14	464.20	469.57	471.08	483.21	486.28	484.75

Table 9: Ruminant Meat**Table 9a: Total Number of Cattle [million head]**

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	147.33	140.36	133.82	122.71	114.59	105.66	96.63	91.26	88.51
Total CEE + CIS	135.36	128.41	121.91	110.81	102.81	93.77	85.45	80.07	77.32
Total CEE	28.39	25.08	23.38	21.72	21.34	21.15	20.09	19.29	18.80
Total CIS	106.97	103.33	98.53	89.09	81.46	72.63	65.36	60.78	58.53
EU Accession (10)	24.43	21.14	19.56	17.88	17.55	17.35	16.40	15.66	15.17
Other CEE	3.96	3.95	3.82	3.84	3.79	3.80	3.69	3.63	3.63
Euro CIS	85.98	81.87	77.29	69.16	63.03	55.92	49.63	45.34	42.87
Caucasus	3.60	3.23	3.05	3.08	3.15	3.30	3.34	3.43	3.55
Central Asia	17.39	18.22	18.19	16.86	15.28	13.41	12.39	12.01	12.11
Turkey	11.97	11.95	11.91	11.90	11.79	11.89	11.19	11.19	11.19
World	1,302.57	1,305.00	1,318.49	1,320.26	1,331.83	1,325.68	1,333.67	1,336.54	1,343.79

Table 9b: Total Number of Sheep and Goats [million heads]

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	222.96	211.23	197.63	171.42	152.02	134.21	121.72	119.14	119.37
Total CEE + CIS	171.77	161.36	149.96	126.21	109.12	92.19	83.10	80.52	80.76
Total CEE	36.91	32.24	30.25	28.86	27.09	24.97	23.82	22.81	22.15
Total CIS	134.86	129.12	119.71	97.35	82.03	67.21	59.28	57.71	58.61
EU Accession (10)	27.16	22.64	19.85	18.44	17.76	16.47	15.58	14.96	14.29
Other CEE	9.74	9.60	10.40	10.42	9.33	8.51	8.24	7.85	7.85
Euro CIS	64.81	60.34	52.32	41.91	33.81	27.41	22.45	18.85	18.82
Caucasus	7.82	6.99	6.23	5.99	5.97	6.15	6.35	6.62	6.93
Central Asia	62.24	61.79	61.15	49.46	42.25	33.66	30.48	32.25	32.86
Turkey	51.20	49.87	47.67	45.21	42.90	42.02	38.61	38.61	38.61
World	1,751.99	1,743.16	1,756.79	1,750.50	1,766.63	1,733.62	1,752.08	1,769.23	1,779.67

Table 9c: Total Production of Ruminant Meat [million tons]

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	10.97	10.33	9.85	8.61	8.13	7.69	7.32	6.77	6.98
Total CEE + CIS	10.30	9.67	9.16	7.94	7.46	6.93	6.59	6.04	6.25
Total CEE	2.38	2.20	1.86	1.67	1.67	1.62	1.63	1.51	1.46
Total CIS	7.93	7.48	7.30	6.27	5.79	5.30	4.96	4.53	4.79
EU Accession (10)	2.00	1.80	1.49	1.29	1.27	1.26	1.22	1.13	1.07
Other CEE	0.38	0.40	0.37	0.39	0.40	0.36	0.41	0.38	0.39
Euro CIS	6.23	5.62	5.48	4.59	4.26	3.84	3.54	3.12	3.37
Caucasus	0.17	0.15	0.15	0.16	0.17	0.18	0.17	0.17	0.18
Central Asia	1.53	1.71	1.67	1.52	1.36	1.28	1.24	1.23	1.24
Turkey	0.67	0.66	0.69	0.66	0.67	0.76	0.73	0.73	0.73
World	62.90	62.56	63.52	64.63	64.81	65.68	65.92	67.07	68.45

Table 10: Pork**Table 10a: Total Number of Pigs [million head]**

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	124.90	110.87	103.21	95.97	91.22	84.10	79.49	80.54	78.99
Total CEE + CIS	124.89	110.85	103.20	95.96	91.22	84.10	79.48	80.54	78.98
Total CEE	59.94	53.11	50.29	49.00	48.04	47.38	46.67	47.10	44.57
Total CIS	64.94	57.74	52.91	46.96	43.18	36.72	32.82	33.44	34.42
EU Accession (10)	54.07	46.99	44.75	43.21	41.96	41.63	41.00	41.01	38.47
Other CEE	5.88	6.12	5.55	5.79	6.08	5.75	5.66	6.09	6.09
Euro CIS	59.68	53.49	49.20	43.87	40.68	35.02	31.31	31.84	32.64
Caucasus	1.09	0.63	0.49	0.48	0.46	0.41	0.41	0.48	0.50
Central Asia	4.17	3.62	3.21	2.61	2.03	1.29	1.10	1.13	1.27
Turkey	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00
World	869.80	877.17	883.02	891.99	859.34	834.81	876.97	903.64	909.49

Table 10b: Total Production of Pork [million tons]

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total ECA (CEE+CIS+Turkey)	10.60	9.51	8.48	8.40	8.44	7.82	7.83	7.87	7.42
Total CEE + CIS	10.60	9.51	8.48	8.40	8.43	7.81	7.83	7.87	7.42
Total CEE	5.83	5.39	4.89	5.20	5.40	5.03	5.10	5.19	5.02
Total CIS	4.78	4.11	3.59	3.21	3.03	2.78	2.73	2.68	2.40
EU Accession (10)	5.08	4.73	4.22	4.47	4.59	4.30	4.39	4.51	4.34
Other CEE	0.74	0.66	0.67	0.73	0.81	0.73	0.71	0.68	0.68
Euro CIS	4.40	3.81	3.33	2.99	2.83	2.62	2.55	2.51	2.20
Caucasus	0.08	0.05	0.06	0.05	0.05	0.05	0.05	0.05	0.05
Central Asia	0.30	0.25	0.20	0.16	0.15	0.11	0.13	0.12	0.15
Turkey	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
World	72.91	75.24	77.71	78.64	78.54	82.28	87.71	89.81	91.03

Table 11: Poultry**Table 11a: Number of Poultry [billion head]**

	1992	1993	1994	1995	1996	1997	1998	1999	2000
	<i>all poultry</i>								
Total ECA (CEE+CIS+Turkey)	1.64	1.47	1.41	1.26	1.13	1.09	1.08	1.14	1.12
Total CEE + CIS	1.50	1.31	1.23	1.07	0.99	0.93	0.91	0.89	0.87
Total CEE	0.38	0.33	0.30	0.30	0.31	0.31	0.30	0.30	0.30
Total CIS	1.12	0.98	0.93	0.77	0.68	0.63	0.61	0.59	0.58
EU Accession (10)	0.32	0.28	0.25	0.25	0.26	0.26	0.25	0.25	0.25
Other CEE	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Euro CIS	0.96	0.84	0.81	0.68	0.61	0.56	0.54	0.53	0.51
Caucasus	0.04	0.04	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Central Asia	0.12	0.10	0.09	0.06	0.04	0.03	0.03	0.04	0.04
Turkey	0.15	0.16	0.18	0.19	0.14	0.16	0.17	0.24	0.24
World	12.51	12.97	13.69	14.15	14.84	15.75	14.84	16.91	15.89
	<i>chicken</i>								
Total ECA (CEE+CIS+Turkey)	1.56	1.38	1.34	1.19	1.06	1.03	1.02	1.07	1.05
Total CEE + CIS	1.42	1.23	1.16	1.01	0.93	0.88	0.85	0.83	0.81
Total CEE	0.35	0.30	0.27	0.27	0.28	0.28	0.27	0.27	0.27
Total CIS	1.07	0.94	0.89	0.73	0.65	0.60	0.58	0.56	0.54
EU Accession (10)	0.30	0.25	0.23	0.23	0.23	0.23	0.23	0.23	0.22
Other CEE	0.05	0.04	0.04	0.05	0.05	0.05	0.05	0.05	0.05
Euro CIS	0.92	0.80	0.77	0.65	0.58	0.54	0.52	0.50	0.48
Caucasus	0.04	0.04	0.03	0.03	0.03	0.03	0.03	0.02	0.03
Central Asia	0.11	0.10	0.09	0.06	0.04	0.03	0.03	0.04	0.04
Turkey	0.14	0.15	0.18	0.18	0.13	0.15	0.17	0.24	0.24
World	11.48	11.86	12.52	12.91	13.55	14.35	13.61	14.27	14.53

Table 11b: Production of Poultry Meat [million tons]

	1992	1993	1994	1995	1996	1997	1998	1999	2000
	<i>all poultry</i>								
Total ECA (CEE+CIS+Turkey)	4.33	3.93	3.60	3.47	3.21	3.23	3.47	3.53	3.51
Total CEE + CIS	3.89	3.47	3.11	2.95	2.77	2.75	2.96	3.03	3.01
Total CEE	1.54	1.47	1.51	1.66	1.71	1.78	1.91	1.92	1.93
Total CIS	2.35	2.00	1.60	1.30	1.07	0.97	1.05	1.12	1.08
EU Accession (10)	1.37	1.31	1.34	1.48	1.52	1.59	1.72	1.74	1.76
Other CEE	0.17	0.16	0.16	0.18	0.18	0.19	0.19	0.17	0.18
Euro CIS	2.09	1.80	1.45	1.19	0.98	0.90	0.97	1.03	0.98
Caucasus	0.05	0.04	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Central Asia	0.21	0.17	0.12	0.08	0.06	0.04	0.05	0.05	0.06
Turkey	0.44	0.46	0.49	0.52	0.44	0.49	0.50	0.50	0.50
World	45.31	47.90	50.63	54.46	56.06	59.50	61.85	64.79	66.48
	<i>chicken</i>								
Total ECA (CEE+CIS+Turkey)	4.11	3.73	3.39	3.22	2.95	2.98	3.21	3.28	3.26
Total CEE + CIS	3.69	3.29	2.92	2.72	2.53	2.51	2.72	2.80	2.77
Total CEE	1.34	1.29	1.32	1.42	1.46	1.54	1.67	1.68	1.70
Total CIS	2.35	2.00	1.60	1.29	1.07	0.97	1.05	1.11	1.08
EU Accession (10)	1.20	1.16	1.19	1.28	1.32	1.39	1.52	1.54	1.55
Other CEE	0.14	0.13	0.13	0.14	0.15	0.15	0.16	0.14	0.14
Euro CIS	2.09	1.80	1.45	1.19	0.98	0.90	0.97	1.03	0.98
Caucasus	0.05	0.04	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Central Asia	0.21	0.17	0.12	0.08	0.06	0.04	0.05	0.05	0.06
Turkey	0.42	0.44	0.47	0.50	0.42	0.47	0.49	0.49	0.49
World	38.98	41.17	43.55	46.46	47.64	50.37	52.66	55.47	56.88

