Baltic Regional Programme

BALTIC REGIONAL PROGRAMME: IMPLEMENTATION AND MEDIUM-TERM OBJECTIVES

This note contains a corrected and updated text of the section on agriculture and fisheries.
Agricultural trade and fisheries

- Agriculture

1. Agricultural trade reform is important to the Baltic States in view of the sector’s strategic economic importance. Each country is currently in the process of adapting its agricultural legislation to the acquis communautaire in anticipation of EU membership. At the same time, the process of WTO accession (complete in the case of Estonia and Latvia, but not Lithuania) has opened up a range of related policy pressures. These pressures further coincide with those deriving from the advent of a new round of trade negotiations under the auspices of the WTO.

2. OECD analysis complements work on the EU accession by examining the broader trade policy interests of the Baltic States in the context of their EU commitments. It also supplements such analysis by placing these concerns in the wider framework of the agricultural trade policy interests of transition economies, and topics that are likely to dominate the agricultural component of WTO negotiations.

3. The Secretariat has already undertaken a substantive analysis of the trade policy concerns of emerging and transition economies, focusing on how these countries would be affected by further agricultural trade liberalisation. So far this work has focused on the implications of possible reforms to the “three pillars” of the Uruguay Round Agreement on Agriculture (URAA); namely, domestic support, market access and export competition.

4. A key conclusion has been that the Baltic states, in common with most other transition economies, would gain from a more liberal agricultural trading environment, or, in some cases, in ensuring that a liberal trading environment is maintained, with resources allocated according to the pattern of comparative advantage. OECD will focus on achieving these potential gains in practice, however, requires a range of parallel reforms, including policy measures to assist with the process of structural adjustment.

5. The second thread of the Secretariat’s work focuses on issues not covered by the so-called three pillars of the URAA. These include technical barriers to trade (notably sanitary and phyto-sanitary regulations) as well as intellectual property rights (notably how international trade law can accommodate technological developments such as the adoption of GMO technology).

6. The Baltic states are committed to a set of regional and multilateral trading arrangements. The analysis would ensure that the interactions and implications of these various commitments are well understood and compatible.

7. Food processing is an area of growing economic importance in the three Baltic states, as well as in other transition economies. The need to develop higher value added food products, to increase efficiency and competitiveness, as well as to improve the transmission of world prices to farm level, is a top priority in Estonia, Latvia and Lithuania. In this respect, a technical workshop examining these policy issues, focussing in particular on the dairy sector, and identifying the existing and emerging challenges to the agro-food sector, would be of great benefit to policymakers in the Baltic states.

8. Finally, the Secretariat will continue its regular analysis of policy developments in the Baltic states, underpinned by the collection, analysis and quantification of data on the transfers associated with agricultural policies using the OECD’s Producer Support Estimate (PSE) methodology. This work constitutes a major input to policy analysis and formulation.
9. The work on Market Liberalisation is a key element in the Committee for Fisheries 2001-2002 Programme of Work. The primary objective of the study is to gather information on areas where further trade, investment and service liberalisation in fisheries may be feasible and to provide an in-depth analysis of the likely consequences on resources and trade of such liberalisation. No other institution has yet studied the linkages between further trade liberalisation and its effects on resources sustainability. Thus, the information dissemination and analysis of the various linkages will be important contributions to a fisheries component in the next round of multilateral trade negotiations.

Medium-term policy objectives

10. The medium-term objectives for the work on agricultural trade and fisheries will be:

- To provide an improved understanding of how the agricultural trade policy interests of the Baltic States converge and diverge with those of other transition economies and their prospective partners in the European Union. From there, to assess how these concerns might be accommodated within a future WTO agreement.

- To help the Baltic States adapt their agricultural policies to a more liberal overall trading environment, ensuring that already liberal trading regimes are maintained or that more liberal policies are introduced, as appropriate.

- To assess the progress towards market orientation of agriculture in the Baltic countries using the OECD’s methodology to quantify and evaluate producer and consumer support levels (Producer and Consumer Support Estimates - PSE/CSEs). To assess the agricultural outlook.

- To assess the policy issues and challenges faced by the agro-processing sector in the Baltic States.

- To undertake work for the fisheries sector, complementary to that on agricultural trade policy through a similar analysis for fisheries products. Through this, to contribute an important new aspect to the Market Liberalisation study with emphasis on the problems the Baltic fishing nations are facing.

- To the extent possible, to provide analysis that can also be drawn upon by other transition and emerging economies.