WRITTEN QUESTION P-0607/09
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to the Council

Subject: Direct payments to farmers in Latvia

At its meeting of 19-20 June 2008, the European Council adopted conclusions concerning ensuring fair competition in the single economic area of the European Community. The European Council stresses that it is necessary to ensure fair competition and sustainable growth of agriculture in the European Union to make it possible to continue to improve the market orientation of agriculture and thus enable farmers to respond better to market signals.

It is difficult to comprehend and to explain to Latvia's farmers why their counterparts in Lithuania and Estonia receive more than € 100 per hectare in European subsidies while they themselves receive only € 62, to say nothing of the fact that the old Member States are still enjoying the conditions of an exclusive club where virtually no one receives less than the EU average (approx. € 250 for the EU-27): for example in Greece farmers receive more than
€ 500 per hectare and in Belgium they receive more than € 400.

It may be admitted that the Latvian Government was not sufficiently persistent and professional at the time of the negotiations and when the payment conditions were being adopted, but the experts of the Commission and Council ought to have understood the essence of the matter and not allowed the disparity in payments in relatively similar areas (although the reference yields differed) to be so great. This substantial disproportion is causing enormous dissatisfaction among Latvian farmers living just a few hundred kilometres away from their counterparts in neighbouring countries. Others are even farming just across the State border from those receiving more favourable treatment. Such disparities would be acceptable if it were significantly more difficult to earn a living from farming on one side of the border than on the other, but that is not the case.

This also distorts competition between neighbouring countries: goods of the same type from Latvia's neighbours can freely achieve greater success on the Latvian market because they are produced with the aid of larger direct payments although the cost of producing them is basically the same. This will also create long-term market distortions, as farmers who go bankrupt will either not return to this market or will only return after a long time, by which time others will have taken their place.

– Does the Council consider the present situation with regard to direct payments to be correct, if Latvia is compared with the old Member States and even with Lithuania and Estonia?
– Does not the Council consider that competition rules have been violated in this case?
– In allowing farmers to go bankrupt in a State whose government, on account of incompetence, is not capable of obtaining adequate conditions for its farmers, have the Commission and Council acted ethically?