

The main topic of this diploma thesis is the recent reform of the Common Agricultural Policy of the European Union (CAP). The second topic is the agricultural negotiations in the framework of the World Trade Organization (WTO). Last but not least, the question of the influence of the negotiations in the WTO on the CAP reform is discussed.

The first chapter concerns with the details of the process of the CAP reform and it also shows the main differences between the previous forms of the CAP and reformed one (e.g. the reforms to the intervention mechanism). Secondly, this chapter includes the description and the analysis of the fundamental key elements of the new CAP – the single farm payment (SFP), cross compliance, modulation and rural development. It is expected that the SFP brings visible and necessary changes in the financing of the CAP. The SFP decouples the payments and production. In the future farmers make decisions firmly according to the situation on the market. There is no more any incentive for the production. Full decoupling was an ideal presented by the European Commission. Member states, however, decide to maintain a proportion of direct aids to farmers in their existing form. It means that in some sectors the idea of the full decoupling is not brought into being. The reform also emphasizes environmentally friendly farming. There is requirement to respect a set of environmental, food safety, animal welfare standards and to keep all farmland in good agricultural and environmental condition in return for the SFP. The reinforcement of the rural development is an important element of the CAP reform. However, as noted in the text, it seems that

there will be less money in the budget for the rural development than Commission expected although the modulation of direct payments and the SFP should bring additional funds for the rural development policy.

The reform therefore brings new rules applied on the payments to farmers that are aimed to support the producers not the production as it was in the previous era. It is visible qualitative change. However, the sum of expenditures that are planned for the future financial perspective 2007-2013 is not radically different from the previous financial perspectives.

Therefore, some critics from the EU and some states from the WTO that permanently criticize the European model of agriculture argue that the CAP has not been changed at all. They say that the EU only regroups the payments without any intention to change the CAP because otherwise the European agricultural market could be threatened with cheaper imported products.

The second chapter concerns with the negotiations about agriculture in the framework of the WTO. In this chapter are explained the most important elements of the system, described the process of the negotiations and also analyzed the impact of the various proposals and modalities.

The last chapter focuses on the impact of the reform of the CAP on the European and world market. It also offers some perspectives and prospects for the EU and its agriculture from the point of view of the negotiations in the WTO. The theories of impact and influence of the negotiations on the international and national level are discussed in the last chapter. The Putnam's theory of the two-level game or Coleman's, Tangemann's theory of the autonomous linked games

is analyzed. The central question is whether the negotiations in the framework of the WTO influence the reform of the CAP at the European level, or *vice versa*.