The political economy of joining the European Union: Iceland's position at the beginning of the 21st century

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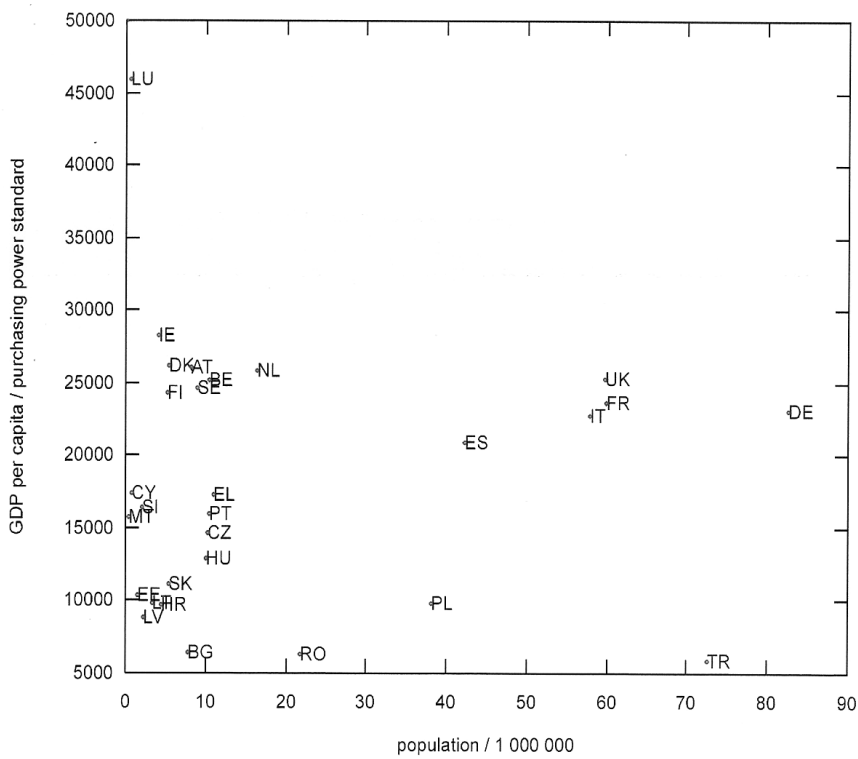
Annex 1

Graph showing current EU member states' and candidate countries' population and GDP per capita.



Source: Kaihsu Tai, University of Oxford (2004).
(Country abbreviations are shown in the list of abbreviations on pages 13-15)

It is important to draw attention to that most of the poorer EU member states have on the average a faster economic growth than the richer ones. In other words, the GDP per capita gap is diminishing. An oddity is also that tiny Luxembourg sticks out with an extremely high GDP per capita. This is explained by that about 60% of its workforce is foreign or cross-border workers (CIA World Factbook). Additionally, Luxembourg's banking secrecy attracts a lot of foreign capital from various sources, leading to an unusually large banking sector.

Annex 2

OECD definitions of agricultural Total Support Estimate (TSE), Producer Support Estimate (PSE), Consumer Support Estimate (CSE), and General Services Support Estimate (GSSE).

TSE (Total Support Estimate), PSE (Producer Support Estimate), CSE (Consumer Support Estimate), and GSSE (General Services Support Estimate), are OECD measurements of transfers to the agricultural sector. TSE and PSE are among the most commonly used measurements when comparing agricultural support between countries. In 1998 OECD replaced the term "subsidy equivalent" by "support estimate". At the same time TSE, PSE, CSE and GSSE, were slightly redefined. The new definitions are (OECD Directorate for Food, Agriculture, and Fisheries: Agricultural Electronic Data Products, Producer and Consumer Support Estimates. OECD database (1986-2006)):

(1) Total Support Estimate (TSE): An indicator of the annual monetary value of all gross transfers from taxpayers and consumers arising from policy measures which support agriculture, net of the associated budgetary receipts, regardless of their objectives and impacts on farm production and income, or consumption of farm products.

(2) Producer Support Estimate (PSE): An indicator of the annual monetary value of gross transfers from consumers and taxpayers to support agricultural producers, measured at farm gate level, arising from policy measures which support agriculture, regardless of their nature, objectives or impacts on farm production or income. The Producer Support Estimate (PSE) measures the annual monetary transfers to farmers from three broad categories of policy measures that:

• Maintain domestic prices for farm goods at levels higher (and occasionally lower) than those at the country's border (market price support).

• Provide payments to farmers based on, for example, the quantity of a commodity produced, the amount of inputs used, the number of animals kept, the area farmed, an historical (fixed) reference period, or farmers' revenue or income (budgetary payments).

• Provide implicit budgetary support through tax or fee reductions that lower farm input costs, for example for investment credit, energy, and water (budgetary revenue foregone).

(3) Consumer Support Estimate (CSE): An indicator of the annual monetary value of gross transfers to (from) consumers of agricultural commodities, measured at the farm gate level, arising from policy measures

which support agriculture, regardless of their nature, objectives or impacts on consumption of farm products.

(4) General Services Support Estimate (GSSE): An indicator of the annual monetary value of gross transfers to general services provided to agriculture collectively, arising from policy measures which support agriculture, regardless of their nature, objectives and impacts on farm production, income, or consumption of farm products.

The **pre-1998** definitions of PSE and CSE were (Cahill and Legg, OECD, Paris, (1989)):

PSE is (was) an indicator of the value of the transfers from domestic consumers and taxpayers to producers resulting from a given set of agricultural policies at a point in time. Thus the PSEs are (were) aggregate measures of the total monetary value of the assistance to output and inputs on a commodity-by-commodity basis, associated with agricultural policies. Five categories of agricultural policy measures are (were) included in the OECD calculations of PSEs:
(1) Market Price Support. All measures which simultaneously affect producer and consumer prices.
(2) Direct Payments. All measures which transfer money directly to producers without raising prices to consumers.
(3) Reduction in Input Costs. All measures which lower input costs with no distinction being made between subsidies to capital and those to other inputs.
(4) General Services. Measures which in the long term reduce costs but which are not directly received by producers.
(5) Other. Other indirect support, including the main elements of sub-national subsidies (i.e. measures funded nationally by member states in the case of the EC or regionally in the case of other countries) and taxation concessions.

The **CSE** is (was) an indicator of the value of transfers from domestic consumers to producers and taxpayers arising from a given set of agricultural policies at a point in time. The CSE measurement, in the OECD calculations, is (was) not intended to capture all policies that affect consumption but is (was) limited to the effect on consumers of agricultural policies only. There is (was) a very close relationship between the PSE and CSE. All market price support policies that create a wedge between domestic and world prices raise consumer prices: a positive transfer to producers from consumers is a subsidy to producers and a tax to consumers, and vice versa, a negative transfer to producers from consumers is a tax on producers and a subsidy to consumers.

Annex 3

Employment in aquaculture (fish farming) in the EU.

Although aquaculture is somewhat outside the scope of this study, it is a growing trend and we find interesting to report on the number of people employed in it. However, aquaculture is not necessarily a solution to protecting wild fish as the fish being bread are sometimes fed on products from wild fish captures.

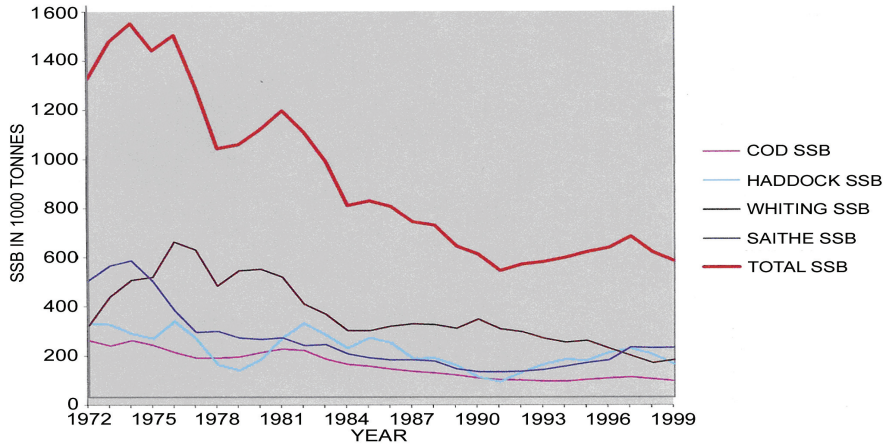
Year	1998	1999	2000	2001	2002	2003	2004
Austria	:	:	:	:	:	:	:
Belgium	:	:	:	:	:	:	:
Cyprus	260	265	243	247	226	188	127
Czech Republic	2100	1992	1944	1842	2167	2154	:
Denmark	:	:	825	853	854	729	:
Estonia	68	:	:	103	94	101	:
Finland	1985	1985	1985	1985	1985	1558	1492
France	:	:	:	23899	21566	:	:
Germany	:	:	:	:	:	:	:
Greece	2947	3194	3539	4141	4145	4166	:
Ireland	800	:	:	:	:	:	:
Italy	:	:	:	:	:	:	:
Latvia	:	241	239	316	327	366	379
Lithuania	:	:	:	500	:	:	:
Hungary	1150	1200	1400	:	:	:	:
Malta	150	150	108	:	75	:	:
Netherlands	:	:	:	:	:	:	:
Poland	:	:	:	:	:	:	:
Portugal	:	:	:	:	:	:	:

Year	1998	1999	2000	2001	2002	2003	2004
Slovakia	:	:	215	244	:	:	:
Slovenia	:	:	:	154	190	195	229
Spain	:	:	:	:	:	:	:
Sweden	:	:	:	:	:	:	:
United Kingdom	:	:	:	:	:	:	:

Source: European Commission 2005. The blank spaces mean that data has not been reported.

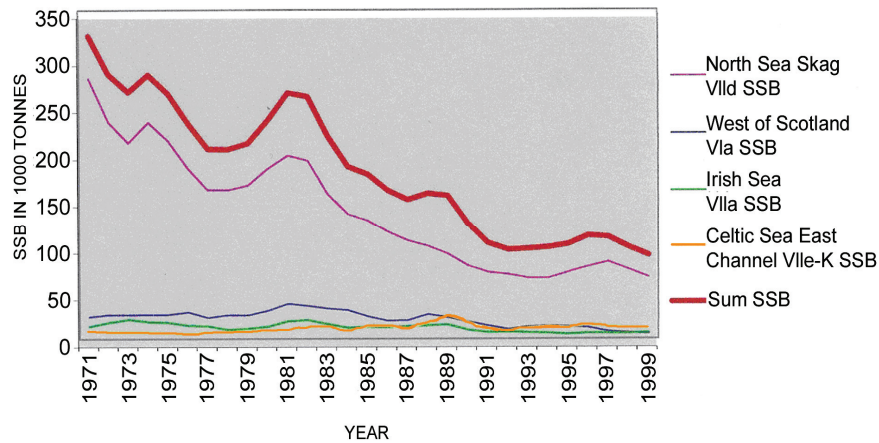
Annex 4. The development of the fisheries resource in EU waters.

Total spawning stock biomass (SSB) of cod, haddock, whiting, and saithe, in the North Sea, Skagerak, and the Eastern Channel (in thousands of tonnes).



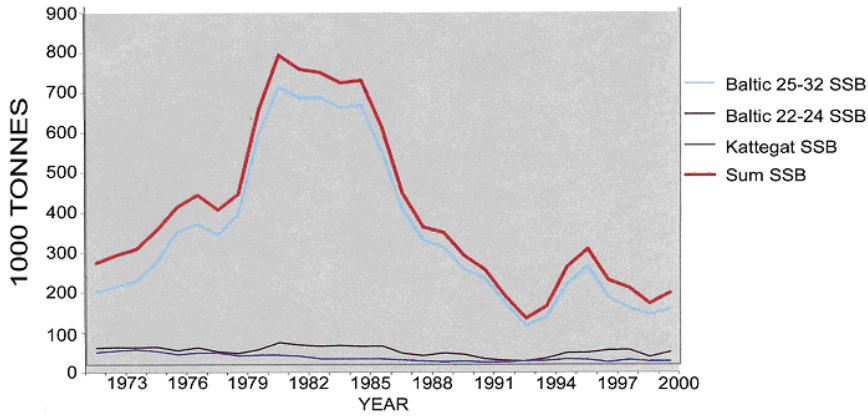
Source: EU Green Paper on the future of the CFP, Volume II (2001).

Development of total spawning stock biomass (SSB) for all cod stocks in EU waters, except in the Baltic Sea (in thousands of tonnes).



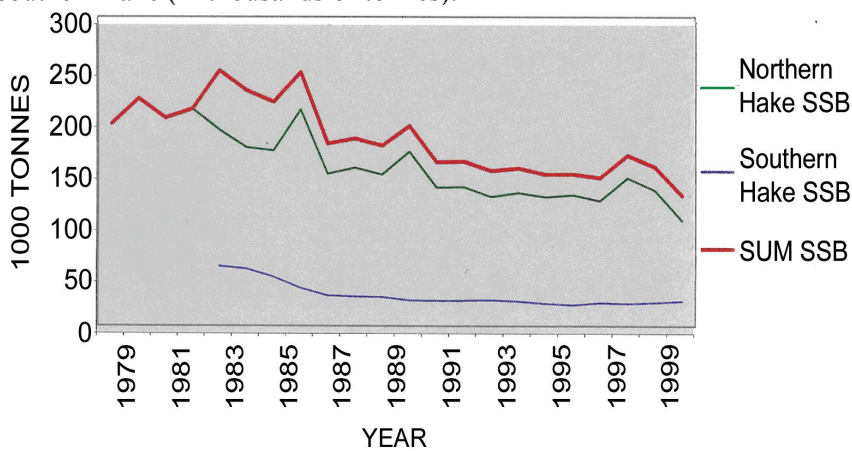
Source: EU Green Paper on the future of the CFP, Volume II (2001).

Development of spawning stock biomass (SSB) for cod stocks in the Baltic and Kattegat (in thousands of tonnes).[306]



Source: EU Green Paper on the future of the CFP, Volume II (2001).

Development of the spawning stock biomass (SSB) of northern and southern hake (in thousands of tonnes).

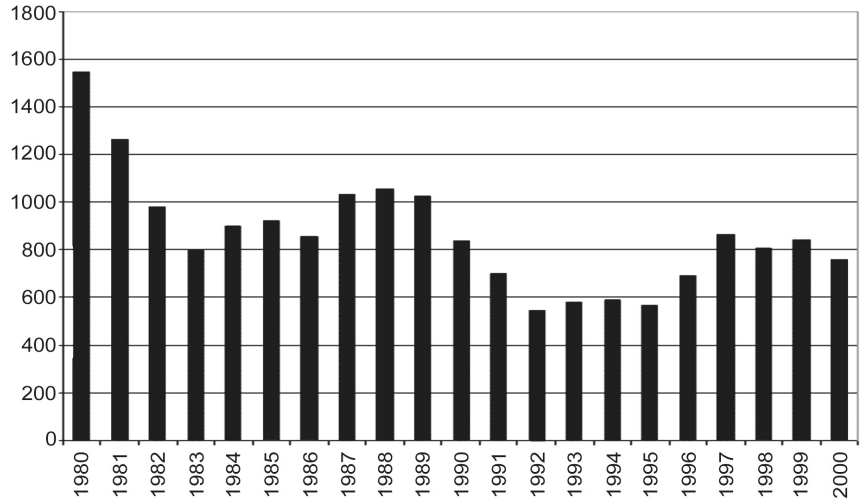


Source: EU Green Paper on the future of the CFP, Volume II (2001).

[306] We have not found an explanation for the drastic increase in the cod stocks in the Baltic in the early 1980s, but we suspect that difficulties or errors in estimation may be a factor.

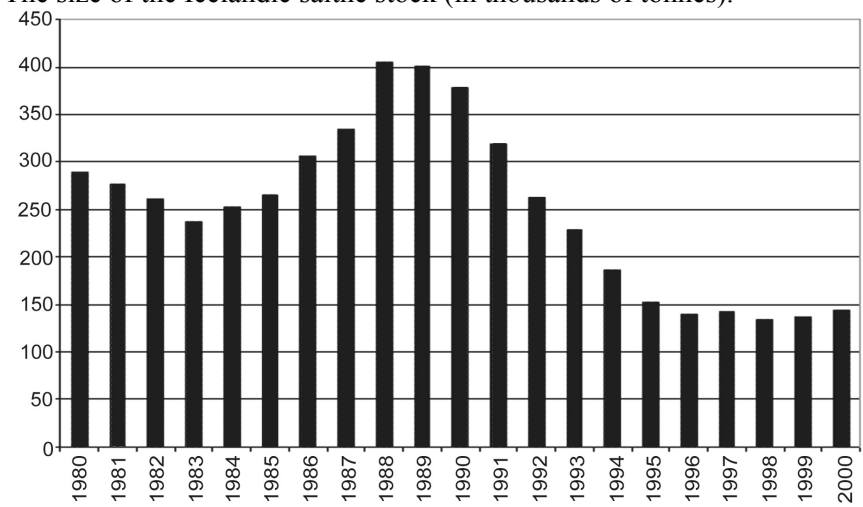
Annex 5. The development of the fisheries resource in Icelandic waters.

The size of the Icelandic cod stock (in thousands of tonnes).



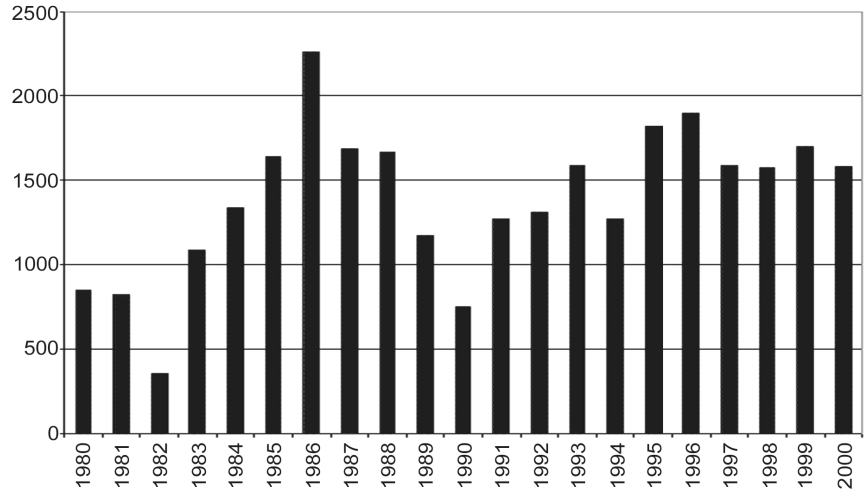
Source: Agnarsson (2000)

The size of the Icelandic saithe stock (in thousands of tonnes).



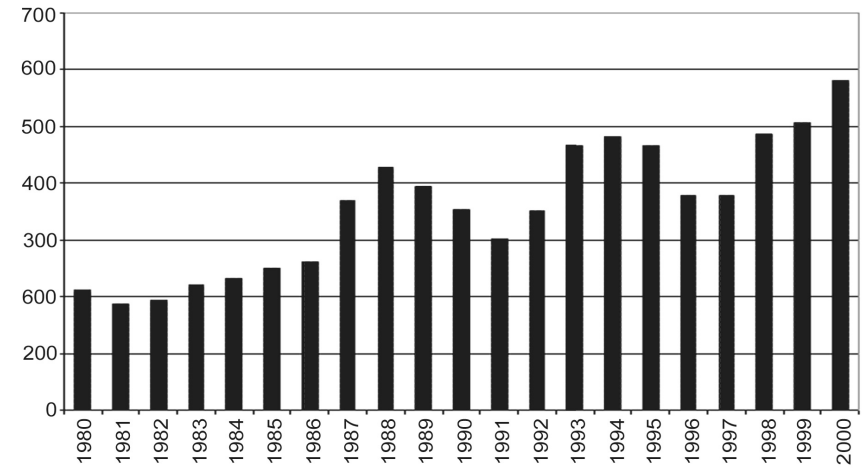
Source: Agnarsson (2000)

The spawning stock biomass (SSB) of the Icelandic capelin (in thousands of tonnes).



Source: Agnarsson (2000)

The spawning stock biomass (SSB) of the Icelandic herring (in thousands of tonnes).



Source: Agnarsson (2000)