



**THE RELEVANCE OF RESEARCH
PROPOSALS TO COMMUNITY
POLICIES**

**THE COMMON AGRICULTURAL
POLICY (CAP)**

MARCH 1999

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1. EVALUATION OF THE RELEVANCE OF RESEARCH PROPOSALS TO THE COMMON AGRICULTURAL POLICY (CAP)

1.1. Introduction :

To support other Community policies, the 5th Framework Programme for scientific research must aim at responding to the research needs and priorities of these policies over the period 1999-2002 and at supporting their evolution. The Work Programme details these research priorities while the Evaluation Manual describes the selection process for the proposals to be submitted in response to calls. This manual lists the various criteria on the basis of which proposals of sufficient and equal scientific or technical quality will be ranked, among which proposals contribution to the implementation of EU policies. The present document clarifies and provides additional guidance to assess research proposals relevant to agriculture, forestry and rural development with regard to their contribution to the evolving Common Agricultural and related policies and the likely changes of the activities they relate to that could occur.

The specific criteria to be used in this respect can be sub-divided into 3 categories which have to be met simultaneously :

- Conformity with the general context in which the reform of the Common Agricultural Policy (CAP) applies;
- Compliance to common characteristics for all research fields in agriculture, forestry and rural development;
- Compliance to specific characteristics for certain of these fields.

1.2. General context in which the reform of the Common Agricultural Policy (CAP) applies

The following is a description of the general context of the CAP reform, based mainly on extracts from the explanatory memorandum of the "Agenda 2000" proposals of the Commission. It is intended to provide potential proposers with an explanation of the reform's background and lines of action. Proposals should conform with this general context. References to selected agricultural sectors in the following text do not mean that other sectors, not mentioned here, are excluded from support to RTD activities, nor are they given lower priority a priori.

CAP, internal and international context

Since its inception, the common agricultural policy has been able to adapt and grow by mastering the challenges with which it has been faced over the years: in the early days it concentrated on attaining the goals set out in Article 39 of the Treaty, then it had to control the surpluses which appeared in some sectors, mainly by introducing quantitative restrictions.

Then, by embarking on a new approach based on a combination of lowering institutional prices and making compensatory payments, the 1992 reform of the CAP has marked an improvement of the competitiveness of the EU agriculture. The set objectives for the 1992 reform have been largely achieved, but some elements were still not completely satisfactory and the reform had to be deepened, leading to the Agenda 2000 proposals.

In Agenda 2000, now translated into a set of proposals for legislation, the three main challenges facing the CAP, first and foremost of internal in nature, are explained.

- Some developments on E.U. main agricultural markets in the long term, pose a major threat to Community agriculture. The vast majority of analyses which attempt to gauge the prospects for world markets agree in predicting strong growth in demand and prices offering a good rate of return. It is also clear that the current level of prices in the Union is still too high for it to be able to take advantage of the foreseen expansion of world markets, given the international commitments it has made. If this is not corrected, the consequences

are easy to predict: surpluses and intolerable budget costs; loss of the E.U. position on both the world and internal market; detrimental effects on employment.

- In the past, the CAP had a number of negative effects which were only partially corrected by the 1992 reform. The support it actually provides, is distributed unequally and concentrated on regions and producers who are not among the most disadvantaged. At the same time, other regions have seen the development of excessively intensive farming practices which are having often a serious impact on the environment and on the occurrence of animal diseases. In the consumer perception of agriculture and food production, aspects like health, safety and quality become key words, often combined with environmental considerations, animal welfare and other ethical concerns. There is also a growing public awareness of the environmental damage related to agriculture, like in the fields of water resources and quality, wildlife conservation, air pollution and soil erosion. At the same time, the positive environmental role farmers can play as managers of natural resources and as stewards of the countryside is becoming increasingly recognised. In the future, policies providing support to farmers, will have to justify what it is costing, and take account of environmentally sound production methods and practices, the contribution of agriculture to the preservation of landscapes and the improvement of quality.
- Agriculture in the fifteen countries of the Union is highly diverse and this diversity is one of the strengths of E.U. agriculture as it contributes to its specific character and quality. To keep this diversity, the existing CAP is not suited to a Union of fifteen being on the point to be enlarged. It gives rise to complexity and bureaucracy. A new, more decentralised model has therefore to be developed based on the subsidiarity principle. But such a development in this direction needs to be carefully controlled so as to avoid any risk of distorting competition or renationalising the CAP.

These challenges on the internal scene, are reinforced by two external factors :

- The first is the enlargement of the Union towards Central and Eastern European Countries. This poses huge challenges either for producers of the existing E.U. member states who will have to compete with these newcomers and for decision makers who will have to adapt the CAP so that it remains bearable in terms of budget and management.
- The second factor is the international trade negotiations, both the new round of agricultural talks under the WTO (World Trade Organisation) and the negotiation of various bilateral trade agreements, which are likely to lead to further liberalisation of trade, with all the implications this has for the Community market. The Union has to prepare its agriculture sector for these negotiations. This has two vital consequences:
 - First, with this reform the Union has to lay down the agricultural for the years ahead in a way that satisfies its own interests and takes a realistic view of developments in the international context.
 - Secondly, it has to be clear that the reform to be adopted will outline the limits of what the Union is able to agree to in the forthcoming international negotiations.

The linkages between agriculture, trade and environment could become a major new item on the WTO agenda, for two main reasons :

- the problem of environmental dumping and the necessity to introduce minimum environmental standards in to the World Trade rules have to be dealt with at international level;
- the question on how to avoid that agri-environmental measures are used as hidden income aids, with a green stamp on the envelope has to be answered.

Main lines of the reform

In this context, the Commission has defined the following guidelines on which the proposals for reforming the CAP are founded :

- Continued competitiveness must be ensured by sufficiently large price cuts that will guarantee growth of home-market outlets and increased participation by Community agriculture in the world market. These price reductions should be offset by an increase in direct aid payments in order to safeguard producers' incomes.
- The principle that there should be a new division of functions between Brussels and the Member States means developing a new approach on several very important points.
 - Compensation in the form of direct payments to producers has to be organised in a different way compared with 1992. Some of the compensation will take the form of national envelopes, financed entirely from the European Agricultural Guarantee and Guidance Fund (EAGGF) Guarantee Section and distributed according to the size of national production. Each Member State will be able to allocate this money as it chooses, provided it complies with a number of Community criteria designed to prevent distortions of competition. Each Member State will be able to strike the balance it wants between intensive and extensive production.
 - The new Regulation on rural development recasts all the rural development schemes within a single framework, providing Member States with an opportunity of defining their priorities themselves and making their own choices among the schemes contained in the Regulation. These choices will be incorporated into an overall programming frame.
- This new decentralisation needs logically to be accompanied by a major effort at simplifying the rules. An example is the new rural development Regulation, which does away with a large number of complicated regulations which are often mutually not very consistent. The same approach has been taken to the market-management regulations, in particular the one on arable crops.
- The Commission's determination to give agricultural policy a number of new tasks so that it can meet the expectations of society better leads to a series of further guidelines:
 - Action on the environment is to be substantially reinforced. The resources devoted to agri-environmental measures are increased and the aid for less-favoured areas is to be made into an instrument for consolidating, or even expanding, cultivation methods requiring low intermediate inputs. A major effort will be made to encourage truly extensive beef production by almost tripling the premium for this type of livestock farming. Finally, Member States will have to take detailed steps to ensure that environmental rules are complied with, including reducing or discontinuing direct payments.
 - The new rural development Regulation, for the first time, lays the foundations for a comprehensive and consistent rural development policy whose task will be to supplement market management by ensuring that agricultural expenditure is devoted more than in the past to spatial development and nature conservancy.
 - Rural development will thus become the second pillar of the CAP. This major new departure is to be backed by Community funding for rural development schemes across all rural areas and transferring the financing of most of the expenditure on this from the EAGGF Guidance Section to the Guarantee Section.
- The Commission is proposing an increase in milk quotas of 2%, with the idea of signalling two clear political messages: half the increase will go to mountain regions and half to new entrants to farming, who need to be supported.
- The Commission has also wanted to underscore the importance it attaches to Mediterranean products by proposing a reform of the market organisation in olive oil to complement the proposal already presented on tobacco. A proposal for the wine sector has been transmitted to the Council and Parliament.

- Lastly, it is vital to deal with various inequalities and abuses which seriously harm the image of the CAP:
 - A ceiling is proposed, to operative digressively, on the amount of direct aid that a farm can receive under the various support schemes linked to the market organisations. The Commission wants to avoid the reform of the CAP becoming a further reason for handing out over-generous public subsidies to agricultural holdings.
 - Member States will be given a legal basis for awarding direct aids only to farms that are genuinely engaged in farming. This should end the abuses detected since 1992 by which individuals making clever use of legal loopholes have been able to apply for CAP aids although they are not farmers.
 - The Member States will be able to vary, i.e. downwards, the direct aids awarded to holdings in line with criteria to be defined by each Member State relating to the amount of labour employed on a farm. Money released in this way is to be allocated by the Member State to agri-environmental schemes.

European model of agriculture

The result of the proposals for reforming the CAP have the aim of giving concrete form to a European model for agriculture with the main following lines :

- A competitive agriculture sector which can gradually face up to the world market without being over-subsidised, since this is becoming less and less acceptable internationally;
- Production methods which are sound and environmentally friendly, able to supply quality products of the kind the public wants;
- Diverse forms of agriculture, rich in tradition, which are not just output-oriented but seek to maintain the visual amenity of our countrysides as well as vibrant and active rural communities, generating and maintaining employment;
- A simpler, more understandable agricultural policy which establishes a clear dividing line between the decisions that have to be taken jointly and those which should stay in the hands of the Member States;
- An agricultural policy which makes clear that the expenditure it involves is justified by the services which society at large expects farmers to provide.

The European model is designed to safeguard the earnings of farmers, above all keeping them stable, using the machinery of the market organisations and compensatory payments.

CAP and food safety and quality

Food safety and food quality are both a fundamental obligation towards consumers. In respect of these, “Agenda 2000” says the following :

“Consumer requirements from agriculture and the food industry are also evolving. Health, notably food safety, is the main one. Convenience (fast food, ready-made meals and snacks) is becoming more and more important in the context of changing life-style. But at the same time, typical, well identified products, linked to specific areas or cultural values (traditional production methods, animal welfare, etc.) are increasingly sought after”.

The objective to better integrate consumers requirements into the Common Agricultural Policy therefore has several dimensions. It encompasses the provision of consumers with a wide range of healthy and nutritious food at an affordable price, through production methods that take due account of environment protection and animal welfare requirements, and with adequate information about food composition and hygiene levels.

CAP and environment

With the CAP reform, environmental requirements have been integrated into the Common Agriculture Policy in conformity with Article 130R of the treaty. While the agri-environmental scheme under R. (EEC) 2078/92 constitute a direct and visible contribution to environmental policies, it is to be noted that environmental elements are also present in the market organisations,

R. (EEC) 2080/92 on afforestation and in rural development policies. A great part of the environmental legislation based on Article 130S of the treaty has also an impact on agriculture. The main policy issues to be considered in this context are :

- The CAP reform of 1992 integrates environmental considerations into the Common Market Organisations: e.g. the set-aside scheme provides for upkeep of land and the promotion of environmentally sound production methods is part of the proposal for reforming the market organisations for wine and for fruit and vegetables. Agri-environmental and afforestation measures have been established as a part of so-called accompanying measures of the CAP, e.g. promotion of extensification and organic farming, preservation of the cultivated landscapes and natural resources.
- Community legislation on nature conservation (birds, habitats) and water protection (drinking water, groundwater, surface water, nitrate emission) has direct impacts on agriculture : e.g. the implementation of Codes of Good Agricultural Practice through the Nitrate Directive (91/676/EC) is expected not only to reduce nitrate leaching to surface and ground water but also to reduce ammonia emissions. The Integrated Pollution Prevention and Control Directive (96/61/EC) applies to large installations of poultry or pigs as well as to industrial installations emitting ammonia.
- Sustainable agriculture is an issue of international commitments like AGENDA 21 and of discussions in the context of the Commission on Sustainable Development, FAO and the United Nation's Economic Commission for Europe. Environmental aspects play an increasingly important role in the context of international trade as already mentioned above.

Agriculture and forestry strongly shape the character of European landscapes and play a key role in the management of natural resources. Therefore, it is important to find ways to make agricultural support more efficient to help farmers to complete their many functions in rural, in terms of competitiveness, quality production, rural entrepreneurship, management of natural resources, and in terms of landscape stewardship.

1.3. Common characteristics for all fields of research in agriculture, forestry and rural development :

- Where the scientific and technical objectives of research activities so require, a multi-disciplinary approach will be adopted.
- The socio-economic aspects could be examined in all cases.
- Projects to be funded have to foresee application aspects, as well as means for transfer of results and technologies towards end users.

1.4. Specific characteristics for certain research fields

RESEARCH ON NEW AND IMPROVED PRODUCTION AND FARMING SYSTEMS

See introduction of the first bullet point under paragraph 5.1.1. of the work programme of the Key Action "Sustainable agriculture, fisheries and forestry, including integrated development of rural areas", as well as the description of the single items under this bullet point.

- Considering the definition of the International Organisation of Biological Control (IOBC), organic farming means : farming systems which relies on crop rotations, the recycling of farm-produced organic material i.e. crop residues, animal manure, legumes, green manure and off-farm organic wastes and on a variety of non-chemical methods for the control of pests, diseases and weeds. Optimal stocking rate is required to enable closed nutrient cycles. By doing so, organic farming systems exclude or imply major restrictions on synthetically compounded fertilisers, pesticides, herbicides, growth regulators and livestock feed additives. More specifically, for crop production, organic farming is covered by R.EEC/2092/91.
- Considering the definition of the International Organisation of Biological Control (IOBC), integrated agriculture means : agricultural systems for the production of food and other

products of high quality, using natural regulation resources and mechanisms to replace inputs harmful to the environment and ensuring a long term viable agriculture. In this context, to meet these objectives, the guidelines of integrated agriculture have to consider a whole set of technical aspects. A holistic approach of systems with the whole farm as base unit has to be favoured. The essential role of agro-ecosystems, the balanced cycles of nutrients and the welfare of all livestock animals have to be underlined. The conservation and improvement of soil fertility and environmental diversity are essential components. Biological, technical and chemical methods have to be carefully balanced, taking into account the protection of the environment, the profitability and the social requirements.

1.4.1. RESEARCH ON DIVERSIFICATION

See the second bullet point under paragraph 5.1.1. of the work programme of the Key Action “Sustainable agriculture, fisheries and forestry, including integrated development of rural areas”. As regards the two first sentences, research is limited to new or existing agricultural raw materials for non-food purposes with significant development potential. This means that proposers in this area will have to provide clear, substantiated evidence of such a significant development potential in their proposal.

1.4.2. RESEARCH ON PLANT HEALTH

RTD activities in support of Community policy on plant health in the context of sustainable agriculture should provide rapid, reliable, harmonised, cost-effective and safe methods for four main objectives:

- the detection, control and where appropriate eradication of harmful organisms;
- support tools designed for end users (forecasting, epidemiology, decision support systems, monitoring, diagnostic etc.);
- new prevention or treatment methods ;
- improved methods for analysing the impact on the environment and the food chain of crop protection methods.

1.4.3. RESEARCH ON ANIMAL HEALTH

See the objectives of the work programme of the Key Action “Infectious diseases” and the fourth bullet point under paragraph 5.1.1 of the work programme of the Key Action “Sustainable agriculture, fisheries and forestry, including integrated development of rural areas”. In this framework, Community policy on animal health requires consideration of the most significant problems in terms of health, consumer protection and economic impact, in addition to the adaptation of tools to the latest scientific developments.

Projects in this area should be restricted to animals used in farm livestock production.

1.4.4. RESEARCH ON ANIMAL WELFARE

See the fourth bullet point under paragraph 5.1.1 of the work programme of the Key Action “Sustainable agriculture, fisheries and forestry, including integrated development of rural areas”.

The importance of animal welfare was recognised when the Treaty on European Union was signed and then again when it was revised. It requires a better understanding of the scientific bases of animal welfare and of the principal problems in livestock production, together with methods for improving animal welfare.

Projects in this area should be restricted to animals used in livestock production.

1.4.5. RESEARCH ON QUALITY POLICY

Two regulations protecting traditional products were approved in 1992, namely Council Regulation (EEC) No 2081/92 on designations of origin and geographical indications and Council Regulation (EEC) No 2082/92 about specific product types. These regulations specify in annex the products to which they apply, excluding all other products.

In addition, the Commission is currently preparing studies with a view to defining an European framework (quality label) for those areas which are not covered by the already existing legislation

This campaign for quality has been combined with efforts to set high health standards for EC food products and to provide the consumer with adequate information about their composition and hygiene levels. This standardisation work should not in turn lead to the uniformisation of food products. The objective is that all food products, including regional specialities made according to traditional processes, when sold, meet necessary standards of hygiene.

The introduction of a variety of products and products with a higher added value is an important part of an integrated rural policy. Although food in Europe has been moving towards a certain standardisation, the need to respond to sophisticated consumer tastes should stimulate the introduction of new products and new qualities of the existing products.

At present there is a clear need for a quality-offensive in European agriculture in order to meet consumers' increasingly high demands. In addition to the existing Community legislation to protect registered agricultural and food products, the Council regulation adopted in May 1997 Regulation (EC) No 820/97 on the identification of animals and the labelling of beef and beef products. The 128 different agri-environmental programmes (end of 1997 figure) in force throughout the European Union are also part of this quality offensive.

In the context of the current reflections and discussions about the future of the CAP, the Commission has clearly stated that European quality standards must be protected and maintained throughout the next WTO negotiations, and that the enlargement of the Community to include Central and Eastern European countries should not undermine the quality of EU agricultural products. In these discussions, the following principles should be involved :

- securing economically stable production with an emphasis on quality;
- innovative processing of agricultural products to produce up-market foodstuffs;
- making the most of all opportunities the markets have to offer, in particular by studying the wishes of a wide range of consumers.

As regards the demands of consumers, it is evident that, in addition to the growing public awareness of the environmental issue, other social trends are visible and influence more and more the vision of the public on agriculture and food production: health, safety, quality, are some of the key-words in this context. In consumer perceptions all these aspects are often combined with environmental considerations, and with animal welfare and ethical concerns.

1.4.6. RESEARCH ON MULTIFUNCTIONAL MANAGEMENT OF FORESTS

The Community plays a leading international role in the protection and sustainable management of forests. It has been actively involved in the international negotiations carried on since the Rio Summit and has signed the resolutions adopted at the Ministerial Conferences on the Protection of Forests in Europe. Several research priorities are specifically mentioned:

- Research on mountain forests, with in particular, research into the specific dynamics of mountain forest ecosystems, the relation between forest operations and ecosystem stability, etc.
- Research on tree physiology, ecophysiology and biochemistry, tree molecular biology, stress and disease factors, development of physiological and biochemical methods adapted for studies of tree species, etc.
- Research on the hydrological cycle, the nutrition cycle, the energy cycle, development of original methods for ecological analysis in the field of forestry, functioning and malfunctioning of forest ecosystems, etc.
- Research into the concept of sustainability in forest management, evaluation of the multiple benefits of forests, etc.
- Development of methods for assessing biodiversity in forests and for evaluating the impact on biodiversity of forest management methods, research on the status and the requirements for

forest management of the endangered, rare or representative biotic elements of forests, development of methods for the conservation and appropriate enhancement of biodiversity in forests.

- Research on the impact of possible climate change on forest ecosystems and forestry, the possible adaptation of forest ecosystems and forestry to climate change and the mitigation of the adverse effects of climate change by forest ecosystems and forestry in Europe. The Resolution identifies seven specific areas for research in this context.
- Research efforts on the socio-economic aspects of sustainable forest management and valuation of the full range of forest goods and services, in order to provide reliable information for policy and decision making and public dialogue.
- Evaluation of the consistency, relevance and cost effectiveness of indicators in assessing sustainable forest management. Research to improve and better assess the multiple functions and uses of forests considered insufficiently covered by the existing set of criteria and indicators.

It is to be noted that the United Nation's Intergovernmental Panel on Forests (IPF) has agreed on a comprehensive set of Proposals for Action, some of which relate to forest research. The implementation of the Proposals for Action of the IPF was subsequently endorsed at EU Ministerial level in May 1997 and by the United Nations General Assembly Special Session in June 1997.

Besides, the European Community is also carrying out wide-ranging forestry measures using the instruments it has available, which will in future be contained in the financial instruments for rural development.

Against this background, the principles established in international discussions must be given concrete form and steps must be taken to promote their application to the management of Europe's forests, facilitate the application of Community measures and, more generally, to strengthen the role of forests in rural development.

1.4.7. RESEARCH ON SUPPORT FOR COMMON POLICIES

The common agricultural policy is the Community's most important policy in terms of the appropriations allocated to it and requires reliable, transparent and effective tools to prepare, manage, control and evaluate its various instruments. With the prospect of further liberalisation of trade and enlargement, a thoroughgoing analysis of Community agriculture and an assessment of future developments is required. Finally, activities linked to the common agricultural policy, such as research activities in the areas of agriculture, forestry and rural development, must themselves be evaluated and co-operation encouraged with national research efforts.

1.4.8. RESEARCH ON NEW TOOLS AND MODELS FOR THE INTEGRATED AND SUSTAINABLE DEVELOPMENT OF RURAL AREAS

The implementation in 2000 of new rural development programmes offers new prospects for all the Community's rural areas. An integrated approach has been adopted based on competitiveness, the exploitation of local development potential, the diversification of activities and land use, the involvement of local people, the improvement of the quality of life and sustainability.

Against this background, there is a need better to understand these areas and their differences, analyse the developments taking place and establish a typology to permit the transfer of successful experiences from booming areas to those in decline. Current references are unsuitable since they often come from high-population areas undergoing conversion. Development models and the means for their transfer must therefore be created or improved, specifically with the problems of rural area in mind. More generally, the analysis and monitoring of rural development policies and programmes must be improved in order to increase their effectiveness.

Research projects, which could cover the relevant areas in both the Community and the applicant countries, should clearly address the transferability of results.

RTD activities in “conceptualising integrated development”, should include the following elements: close association with the potential users, characterisation of the rural areas to which the research applies, the strategies to optimise the research impacts and to shorten the time gap between research and application and, where appropriate, the definition of the optimum administrative level of intervention.