ENLARGEMENT AND AGRICULTURE - GLOSSARY

Acceding countries: Countries that have signed an act of accession, but which have not yet joined the EU. There are 10 acceding countries: Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. The EU accession of these 10 countries takes place on 1 May 2004.

Afforestation: Measures to encourage new woodland development, including financial incentives for farmers who convert agricultural land to woodland and forest.

Applicant countries: Countries that have formally applied to join the EU, for example: Croatia, Former Yugoslav Republic of Macedonia.

Agri-environmental measures: Special environmental measures that provide for payments for commitments going beyond normal good farming practice (GFP). The support provided is for specifically designed farming practices that help to protect the environment and maintain the countryside. Agenda 2000 and the June 2003 CAP reform strengthened these.

***Acquis communautaire*:** The entire body of European laws is known as the *acquis communautaire*. This includes all the treaties, regulations and directives passed by the European institutions as well as judgements made by the Court of Justice. Candidate countries must adopt, implement and enforce all the *acquis* to be allowed to join the EU. For enlargement negotiations, the *acquis* has been divided into 31 chapters, each of which must be agreed with the candidates.

Agenda 2000: Agenda 2000 is an action programme adopted by the Commission on 15 July 1997 and enacted in a modified version by the Berlin European Council on 25 March 1999. It is a general policy and finance document concerned mainly with the financial perspectives 2000-2006, the CAP, structural funds and enlargement of the EU.

Candidate countries: Countries whose application to the EU has been accepted. Bulgaria, Romania and Turkey are candidate countries. Negotiations have been opened with Bulgaria and Romania but not yet with Turkey.

Cohesion Fund: The Cohesion Fund finances projects designed to improve the environment and to develop transport infrastructure in Member States whose GNP per capita is below 90 % of the EU average. In this way, it contributes to sustainable development in the Member States concerned as well as strengthening cohesion in the European Union.

Co-funding rates: These are the rates at which measures are jointly funded (co-funded) by the EU and the acceding countries: e.g,. 80 % EU, 20 % acceding countries (there is already co-funding of existing measures by the EU and Member States which is normally at a rate of 50 % each – the co-financing rate varies according to the structural fund objective status (which establishes maximum and minimum rates) and the choice of the

Member State in its programming documents. The 2003 reforms established a maximum EU contribution of 85 % for agri-environment measures.

Committees: committees of representatives of Member States assist the Commission in the development and application of community policies and encourage cooperation among Member States. They are a decision-making structure peculiar to the Union and an indispensable cog in its machinery dealing with the full range of legal and regulatory questions under discussion, especially in the agricultural area (dealing with approximately 2 000 texts each year). The three types of agricultural committee are: management, regulatory and advisory.

- **management committees:** made up of representatives of the Member States dealing with a specific area. Most of the CAP committees are management committees. They give their opinion on the Commission’s plans for the management of agricultural markets. There is a management committee for each category of product: cereals, milk products, beef and veal, wine, fruit and vegetables, etc. Where the measures adopted by the Commission are not consistent with the committee's opinion (delivered by qualified majority), the Commission must communicate them to the Council which, acting by a qualified majority, can take a different decision.

- **regulatory committees:** made up of representatives of the Member States, they are concerned with general areas such as food law, common veterinary or plant health standards, etc., whenever such a procedure is provided for in the relevant regulations. The Commission can adopt implementing measures only if it obtains the approval by qualified majority within the committee. In the absence of such support, the proposed measure is referred back to the Council which takes a decision by qualified majority. However, if the Council does not take a decision and does not object by a qualified majority to the proposal, the Commission finally adopts the implementing measure.

- **advisory committees:** are made up of representatives of the relevant social and occupational groups appointed by the Commission on a proposal from EU-wide interest groups. They enable the Commission to learn the views of these groups on the major sectors of farm policy (arable crops, animal products, etc.) or on such matters as health, quality or the environment. Another type of advisory committee, the scientific committee, gives advice on consumer health and food safety.

Common agricultural policy (CAP): The set of legislation and practices adopted by the Member States of the EU in order to provide a common, unified policy on agriculture (under Article 33 of the EU Treaty). The CAP is the most integrated of the EU-wide policies implemented by the EU. It aims to ensure that agriculture can be maintained over the long-term at the heart of a living countryside. This means that the policy is targeted not just at agricultural producers but also at the wider rural population, consumers and society as a whole.

Common market organisation (CMO): A uniform set of regulations for each agricultural sector across the EU, set up to manage agricultural markets. They are designed to control agricultural output and stabilise markets, providing farmers with a steady income and consumers with secure food supplies. The CMOs make up the 'first pillar' of the CAP. Various measures may be used to fulfil the objectives of the CMOs. These include:

- Market support, including buying up surplus production (see intervention buying), providing storage aid (see private storage aid), or managing supply (see supply management);
- Direct payments to farmers (see decoupling, direct payments, single payment scheme);
- Trade measures and border protection, including customs duties, tariff rate quotas (TRQs) and export refunds (see export refunds).

Compensatory allowances: Compensation paid to farmers in naturally less favoured areas (LFAs): to ensure continued agricultural land use and thereby contribute to the maintenance of a viable rural community; to maintain countryside; and to maintain and promote sustainable farming systems which take account of environmental protection requirements. Also paid in areas with environmental restrictions, to ensure environmental requirements and to safeguard farming in areas with environmental restrictions.

Cross compliance: With a view to better integrating the environment into the CMOs, since the year 2000, Member States have had the option of tying direct payments to the respect of certain environmental criteria. The June 2003 CAP reform has made this obligatory and will also extend it to food safety, animal health and welfare and occupational safety.

Decoupling: Breaking the link between the direct payment a farmer receives and production or price of a specific farm product.

Direct payments: This was initially introduced to compensate farmers for loss of income following a reduction in institutional support prices and is an important instrument in stabilising farmers' incomes. Examples of direct payments include the per hectare aid for growing cereals, oilseeds and protein crops, the suckler cow premium and the slaughter premium for cattle, the Single Payment Scheme introduced by the most recent CAP reform, and the Single Area Payment Scheme applying in 8 of the new Member States.

Early retirement scheme: Involves making support payments to farmers to provide an income for elderly farmers who decide to stop farming, to encourage the replacement of elderly farmers by farmers able to improve the economic viability of remaining agricultural holdings, and to reassign agricultural land to non-agricultural uses.

EAGGF - European Agricultural Guidance and Guarantee Fund: The fund which finances the CAP. The EAGGF finances agriculture expenditure, measures linked to the environment, and structural and rural development measures. It now accounts for less than half of the EU budget, compared to three-quarters in the past. EAGGF expenditure represents around 0.5% of the EU's GDP.

Euro: The single currency of 12 Member States of the European Union – Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal and Spain.. Denmark, Sweden and the United Kingdom have special derogations allowing them to stay outside of the Economic and Monetary Union. All of the new Member States are obliged eventually to adopt the euro providing that they can meet the conditions laid down by the Treaty of Maastricht (1992). This will take at least two years after 1 May 2004 and possibly longer in some cases.

European Union (EU): A group of democratic European countries committed to working together for peace and prosperity. Its Member States have set up common institutions to which they delegate some of their sovereignty so that decisions on specific matters of joint interest can be made democratically at European level.

Export refunds: Export refunds are an aid per unit amount of an agricultural product, offered to EU exporters to cover the difference between the internal EU price and the world market price. They are subject to quantitative and financial limitations under the WTO Agreement on Agriculture and aim to allow EU produce to be sold on the world market at the prevailing world market price.

FADN: Farm Accountancy Data Network. Based on the agricultural accountancy offices in each EU Member State, it provides data on the income and economy of agricultural holdings.

Farm advisory systems: Systems set up to help identify and propose improvements in farm management performance with regard to, for example, improving business potential, diversification, statutory environmental, public, animal and plant health and animal welfare standards.

Financial discipline mechanism: A mechanism for ensuring that the EU's farm budget, which is fixed until 2013, is not overshot.

Financial perspective: The 'financial perspective' provides the framework for EU expenditure over several years. The 'agricultural guideline' limits EAGGF expenditure within this framework.

Genetically modified organism (GMO): A plant or animal micro-organism or virus which has been genetically engineered or modified.

Good farming practice (GFP): A principle set out in the Agenda 2000 CAP reform. Member States have to define codes of GFP at regional or national level. GFP should correspond to the type of farming that a reasonable farmer would follow in the region concerned, which entails as a minimum compliance with general statutory requirements concerning the environment, occupational safety, animal welfare etc.

'Horizontal' regulation: This is the informal name for Council Regulation (EC) No 1782/2003 of 29 September 2003, which was the central legislative text adopted during the most recent CAP reform. It covers, inter alia, cross-compliance, the single payment scheme and its regional application, modulation and financial discipline, and all other direct payments to farmers, regrouping many provisions from previous sectoral Regulations that were adopted under the Agenda 2000 CAP Reform.

Integrated administration and control system (IACS): EU-wide system for controlling and processing farmers' aid applications in place in each Member State.

Institutional prices: Prices, established by the Council of Ministers, that are used to determine the level of support which may be provided for agricultural products in the EU within the framework of the CMOs. These prices are often set for a standard quality with scales being used to vary prices for the other qualities.

Intensification: Reduction of production by using less intensive methods of crop or livestock production (e.g. lower livestock densities, less use of chemical fertilisers or pesticides, etc.).

Intervention buying: When market prices for an agricultural product fall below the agreed support price, public authorities intervene to stabilise the market by purchasing surplus supplies, which then go into storage and are sold at a later date, when market conditions permit.

ISPA: Instrument for structural policies for pre-accession. This funds major projects in the field of transport and environmental infrastructure in applicant countries. In the area of the environment, ISPA focuses on investments to bring legislation up to EU standards on drinking water supply, treatment of wastewater, solid-waste management and air pollution.

Leader: EU 'Community initiative' for funding pilot projects for rural development schemes. It is designed to help rural actors consider the long-term potential of their local region and to encourage the implementation of integrated, high-quality and original strategies for sustainable development. The latest Leader initiative is known as Leader+.

Less favoured areas (LFA): Areas of the EU where natural physical conditions cause low agricultural productivity. The EU makes efforts to support LFA farmers for the vital environmental and societal role they perform in these disadvantaged areas.

Modulation: Mechanism by which EU farm spending is transferred from market-related support payments to rural development policy measures (i.e. from Pillar 1 to Pillar 2 of the EAGGF).

Multifunctionality: The complementary role played by agriculture in addition to producing food. It includes its contribution to sustainable development, the protection of the environment, the sustained vitality of rural areas and poverty alleviation.

National top-ups: Option given to the new Member States to complement direct aid up to the level applicable prior to accession, provided that the total support does not exceed the level of direct payments in the existing EU Member States.

Organic farming: Organic farming refers to an agricultural system based on drastic restrictions on farm inputs such as fertilisers and pesticides. Production rules are very strictly laid down to protect the environment and to encourage sustainable agricultural development.

Phare: Phare has been the main channel for the EU’s financial and technical cooperation with central and eastern European countries (CEECs). It was set up in 1989 to support economic and political development in these countries and to help to reconstruct their economies. Originally, it affected only Poland and Hungary but has gradually been extended to other CEECs. Since 1997, Phare actions have been redirected to assist the move to EU membership (pre-membership aid) in two main areas: institution building and various investments in preparation for the application of the EU’s legislation and legal and administrative structure.

Pillars of the CAP: Alongside the common organisations of the markets that constitute the ‘first pillar’ of the CAP, rural development policy was confirmed in the Agenda 2000 as the ‘second pillar’ of the CAP with the purpose of improving the economic, social and environmental situation of all rural areas in a context of sustainable development.

Precautionary principle: A decision tool which may be used in the management of risk. In January 2000, the Commission adopted a communication on the precautionary principle where it is restated that the Community, like all other WTO members, has the right to establish the level of protection that it deems appropriate. The precautionary principle covers cases where scientific evidence is insufficient, inconclusive or uncertain and preliminary scientific evaluation indicates that there are reasonable grounds for concern that the potentially dangerous effects on the environment and on human, animal or plant health may be inconsistent with the level of protection chosen by a particular country.

Premiums: Refers usually to direct payments made to farmers linked to certain agricultural activities (premiums are used most often in the livestock sector, paid per head of livestock).

Private storage aid (PSA): Private storage enables the market to be stabilised with minimal effect on traditional marketing channels. Aid is made available via the establishment of a storage contract, concluded with the intervention agency of the Member State concerned, within rules established at EU level.

Production quotas: Applied to sugar and milk, production quotas limit the amount which can be produced (see supply management measures). Different mechanisms of enforcement exist including penalties for over production.

Protected designation of origin (PDO): Term used to describe foodstuffs that are produced, processed and prepared in a given geographical area using recognised know-how. Products can be registered as PDOs.

Protected geographic indication (PGI): Similar to a PDO but the geographical link must occur in at least one of the stages of production, processing or preparation only. Products can be registered as PGIs.

Reference periods: Periods in which production or a production-linked aid was granted, which are used as a reference for the calculation of future support levels (they are normally taken as the average over two-three years).

Rural development policy: This is a policy approach that seeks to maintain the vitality of the countryside through a balanced development of rural areas. Agriculture has an important role to play, particularly regarding the landscape and employment. Many policy measures are available to be used and part-financed by Member States.

Sapard: The special accession programme for agriculture and rural development. This has helped 10 CEECs, prior to their membership, to prepare for their participation in the CAP and the internal market through a range of 15 measures intended to support the competitiveness of their agriculture and the development of their rural areas and to prepare for application of the EU regulatory framework. The management of Sapard has (a first for an external aid programme), been fully decentralised. It is administered by the candidate countries providing them with the opportunity to gain experience of applying the mechanisms for the management of agriculture and rural development programmes in advance of EU membership.

Semi-subsistence farms: Farms which produce for own consumption, but market a certain proportion of their production.

Set-aside: The removal of land from production, usually for supply control, regional development or environmental purposes. Set-aside is sometimes required as a condition for farmers to receive support payments.

Single area payment scheme (SAPS): Option offered to the 10 new Member States to aggregate all the direct payments into one single "basket" (national financial envelope) to be distributed to farmers on the basis of a single criterion which is the number of hectares of their holding.

Single payment scheme (or single farm payment): Direct aid payment for EU farmers, independent from production, (see 'decoupling' above), to be introduced following the

June 2003 CAP reforms and which replaces most of the previous direct aid payments to farmers.

Structural funds: At present, four structural funds allow the European Union to grant financial assistance to resolve structural economic and social problems:

- The **European Regional Development Fund(s) (ERDF**) whose principal objective is to promote economic and social cohesion within the EU through the reduction of imbalances between regions or social groups;
- The **European Social Fund (ESF)**: the main financial instrument allowing the EU to realise the strategic objectives of its employment policy;
- The **European Agricultural Guidance and Guarantee Fund (EAGGF-Guidance Section)** which contributes to the structural reform of the agriculture sector and to the development of rural areas;
- The **Financial Instrument for Fisheries Guidance (FIFG)**: the specific fund for the structural reform of the fisheries sector.

Subsidies: Direct or indirect benefits granted by a government for the production or distribution of a good or to supplement other services.

Supply management measures: These include any instrument which controls or has an effect on the supply of an agricultural product. Such instruments include national production ceilings, maximum guaranteed areas, maximum guaranteed quantities and production quotas.

Support prices: Prices fixed by policy makers to determine, directly or indirectly, domestic market or producer prices. Agricultural policy measures may focus on supporting farm income primarily through price supports (e.g. commodity prices may be supported through the purchase and storage of surplus commodities).

Sustainability: Development which meets the needs of the present without compromising the ability of future generations to meet their own needs (as defined by the EU’s 5th Environmental Action Programme).

Traditional speciality guaranteed (TSG): Term used to classify foodstuffs of a traditional character, either in their composition or means of production. Products can be registered as TSGs.

Treaty of Rome: Treaty establishing the European Community, signed in Rome on 25 March 1957.

World Trade Organisation (WTO): The World Trade Organisation is the only global international organisation dealing with the rules of trade between nations. At its heart are agreements, negotiated and signed by the bulk of the world’s trading nations and ratified in their parliaments. The goal is to help producers of goods and services, exporters, and importers conduct their business. The WTO's 146 members reach agreements on the basis of consensus.

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