

THE FIRST SASSPO POLICY DIALOGUE IN HELSINKI SEPTEMBER 7-8, 2006: PRELIMINARY CONCLUSIONS

Because of changes in both external and internal operational environment, the common agricultural policy (CAP) of the European Union (EU) is facing a multitude of challenges. Consequently, there is a need for re-thinking in many policy areas like strategic goal-setting, design of policy measures as well as implementation of policies. Perceivably, these needs are reflected to research and its desirable future focus.

The participants of the first SASSPO Policy Dialogue were able to identify several driving forces, pressures and trends in agriculture in relation to the physical environment, production and production technology, consumption and demand of biomass and agriculture-related public goods, socio-demographic structure as well as institutional issues concerning both policy process and market forces.

Greatest concerns in relation to the physical environment were the climate change and negative environmental impacts of agriculture. Main issues regarding production and production technology were the development of farm structure, intensification and extensification of production and the adoption of genetically modified organisms (GMO). Issues raised in connection to the consumption and demand of biomass and agriculture-related public goods dealt with better fulfilment of consumer preferences in terms of quality, safety and traceability, production of bioenergy instead of food and multifunctional nature of agricultural production. Major changes in the socio-demographic structure were seen to be the depopulation of less favoured areas (LFA) and ageing of farmers as well as other population, implicating a need for controlled immigration.

However, considering the point of views articulated by the participants, the institutional issues appeared to be most significant factors influencing the operational environment of agricultural policy-making. International trade negotiations (WTO), EU's financial framework, governance structure, enlargements, further market orientation of policies and enhanced integration of the food chain were seen important from the institutional point of view.

Having identified the various needs for change, the participants were relatively unanimous that the CAP has to evolve, although a non-stop reforming process should not be an end itself. However, the participants had somewhat conflicting views on certain fundamentals of the reforming philosophy, especially in terms of how market-driven future reforms of the CAP should be. The importance of sustainable development as such was recognised, but simultaneously it was reminded that multi-dimensionality and general vagueness of the concept makes it difficult to operationalise in a consistent and constructive way for policy-making purposes.

Nevertheless, a few conclusions could be derived based on shared pre-understanding attained in the roundtable discussions and reporting sessions.

Conclusion 1: More national flexibility is needed in policy formation, implementation and funding.

The participants stressed that increasing national flexibility in policy design does not mean the same as re-nationalisation of the CAP. It is possible to have more flexible policies from the national perspective without endangering EU level commensurability of policy-making principles. The need for more flexibility originates from increasing diversity of regional circumstances as well as national and sub-national interests, which result, in turn, from past, on-going and planned EU enlargements. Agriculture related problems of the new member states differ considerably from the ones of the old member states. The funding of the CAP is naturally a decisive factor when national flexibility is increased. The tightening EU budget framework calls for expanding co-financing, which is not necessarily in the interests of the new member states. In new members states more time is needed in order to implement the former reforms and the most recent new policy measures introduced before it is relevant to consider new radical changes.

Conclusion 2: More balanced incorporation of various interests (producers, tax-payers, consumers, citizens) is needed.

The participants pointed out that the CAP may face a legitimacy problem. The CAP has traditionally concentrated on the promotion and protection of farmers' interests, and despite the development since the MacSharry reform in 1992, interests of other societal groups have not necessarily received enough attention.

Conclusion 3: Deeper integration of agricultural, environmental and rural dimensions of the CAP is needed.

The participants emphasised that the concentration on mere agricultural aspects of the CAP is not a desirable line of development. Environmental and rural dimensions have to gain more importance in the goal-setting of the CAP, because otherwise the multifunctional nature of agriculture (i.e. agriculture's ability to provide a wide array of public goods in addition to food and fibre) will not become appropriately recognised. The multifunctionality of agriculture can also act as a justification for agricultural subsidies. Special attention has to be paid to negative environmental impacts of agriculture as well as to nature of rural impacts of agriculture.

The deeper integration is also required in order to further develop the CAP's I and II Pillars so that environmental and rural benefits due to the II Pillar measures will not be offset by policy measures taken in the I Pillar.

Conclusion 4: Deeper integration of EU level sector policies is needed.

The deeper integration of agricultural, environmental and rural dimensions of the CAP inevitably means that links from the CAP to other EU level sector policies must be reviewed and reassessed. Successful rural development, for instance, requires a closer co-operation between the CAP and structural funds. When the environment is concerned, a better reconciliation of environmental objectives and policy-making principles of the CAP and EU's general environmental policy would be a step forward, especially in terms of ecological sustainability.

Conclusion 5: More thorough monitoring of policy outcomes on EU, national and regional levels is needed.

The participants considered it as a severe shortcoming that despite numerous evaluation studies actual impacts of various CAP measures have remained indistinct. The question is also about the legitimacy of the CAP. If it is not possible to show how the CAP contributes to EU's general objectives and EU citizens' well-being, the justification of agricultural subsidies is not properly argued. There is an urgent need of assessing the net effect of different policy measures, there was not enough such information available when the rural development programmes for the new programming period were decided upon.

Conclusion 6: More democratic policy-making process is needed.

The CAP has traditionally been an arena for vested national interests. The participants pointed out that the current way of policy-making makes it easy to counter-reform forces to prevent any significant progress. In order to mitigate the influence of vested national interests, the role of formal and informal institutions, which are not responsible for the defence and promotion of official national standpoints, should be increased in the decision-making process.

Research needs

The participants were able to list a large number of potential research topics. On one hand it was emphasised that there is not enough information on impacts of applied policy measures. The lack of information relates to environmental, economic as well as social impacts. On the other hand, the participants stressed the importance of research, which has a clear foresight approach.

The participants agreed that the statistical base of the EU has to be developed. There is not enough detailed data from regional and especially from sub-regional level, which makes it difficult to carry out comparative research among the EU countries. One current problem was the lack of comparable statistics on diversified farms, which hampers proper policy formation. The new member states are facing data problems because in most cases the before-accession statistics are not compiled according to the EU standards.

Modelling is considered to be a crucial line of research, because it makes comparisons among countries easier and offers a cost-efficient way to assess outcomes of alternative future policies. Interfaces between different models should be developed in order to attain a more complete view of likely and possible outcomes of applied policy measures.

However, there are also a large set of issues which cannot be properly examined through modelling. Models are applicable when impacts of policies are assessed and compared but it is also important to investigate the functioning of the policy process itself.

How did the policy dialogue work?

The participants felt that there is definitely a need for an arena where various stakeholders, experts and decision-makers can exchange views and information. The arena should be established outside the ordinary structure, however, used in connection to formal discussion in the current political debate. The timing of such dialogues is crucial.