Glossary of the Common Agricultural Policy (update of 2015)

Disclaimer: whilst every effort has been made to ensure the accuracy of the definitions and explanations which follow, this document is not legally binding.

***Acquis communautaire*:** This is a French term referring to the legal order of the European Union. It is the cumulative body of European Union legislation consisting of primary (treaties and protocols) and secondary legislation (regulations, directives and decisions) and the case law of the European Court of Justice. The *acquis* therefore comprises the objectives of the European Union, its policies and the rules governing these policies. The *acquis* is fundamental and dynamic, constantly developing as the European Union evolves. All member states are bound to comply with the *acquis communautaire* because EU law has primacy over national law. Candidate countries have to accept the *acquis* and integrate it into their own legal system before they can join the European Union.

Active farmer: To avoid granting aid to individuals and companies whose agricultural activity is marginal, direct payments and payments to farmers under rural development measures are paid only to 'active farmers.' For instance, an individual who operates an airport, a railway service, waterworks, real estate service, a sports ground or a recreation facility, is in principle not considered an active farmer unless he/she proves that farming is not a marginal activity.

This provision became compulsory in 2015. Member states have the option to apply a stricter definition of active farmer.

Administrative burden: Administrative activities that farmers and administrations conduct only because of legal obligations and which add no real value to their work.

Advanced biofuel: An advanced biofuel is produced by advanced technology using all parts of the crop or from non-food feedstocks (e.g. wastes, agricultural and forestry residues, dedicated energy crops). The end product (advanced bioethanol or advanced biodiesel) is the same as that produced by first generation technology. The term 'advanced biofuel' is synonymous with the term 'second generation biofuel'.

Adverse climatic event: Weather conditions, such as frost, storms and hail, ice, heavy rain or severe drought, which can be considered to be a natural disaster.

Advisory services: These are services intended to assist farmers (as well as forest holders and small and medium enterprises in rural areas) to improve the economic and environmental performance of their holdings. These services provide tailor-made advice, taking into consideration the specificities of the farm, to contribute to the sustainability and climate friendliness of the holding. The scope of the advice covers any economic, environmental and social aspect that a beneficiary may need to develop his or her activity.

Afforestation: This is the planting of trees for the purpose of creating woodland or forest. In the context of the Common Agricultural Policy, the term refers to measures, co-financed by the European Union, to encourage new woodland development to bring benefits for the environment.

African, Caribbean and Pacific countries (ACP countries): These are the African, Caribbean and Pacific states that are associated with the European Union under the Cotonou Agreement (previously the Lomé Agreement). There are 79 states in the group. They have an overall population of more than 650 million people. The trade provisions of the Cotonou Agreement are being replaced by Economic Partnership Agreements (EPAs).

Agricultural activity: The 2013 reform of the Common Agricultural Policy introduced the stipulation that, for the purpose of receiving direct payments, farmers shall have an agricultural activity which means:

1. the production, rearing or growing of agricultural products including harvesting, milking, breeding animals and keeping animals for farming purposes; or

2. maintaining the agricultural area in a state which makes it suitable for grazing or cultivation without any particular preparatory action going beyond usual agricultural methods and machinery based on criteria to be defined by member states on the basis of a framework established by the Commission; or

3. carrying out a minimum activity to be established by member states on agricultural areas naturally kept in a state suitable for grazing or cultivation.

Agricultural area: Any area taken up by arable land, permanent grassland or permanent crops.

Agricultural product quality policy: To enable farmers to communicate the qualities, characteristics and attributes of their products and to give consumers appropriate information, the European Union has developed several quality systems which farmers and producers may use for their products providing the products and/or the production methods fulfil a set of specifications.

The legal definitions of these systems, together with the procedures for the registration of specific names and for the control of their use are given in Regulation (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs.

1. Protected designation of origin (PDO). This is a name which identifies a product originating in a specific place, region or, in exceptional cases, a country, whose quality or characteristics are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors and which is produced, processed and prepared in that defined

geographical area. Examples include Jamón de Teruel from Spain and Comté cheese from France. A specific label has been developed to denote products with a PDO.

2. Protected geographical indication (PGI). This is a name which identifies a product originating in a specific place, region or country, whose given quality, reputation or other characteristic is essentially attributable to its geographical origin; and at least one of the production steps of which take place in the defined geographical area. Examples include Mortadella Bologna from Italy and Melton Mowbray pork pies from the English town of the same name. A specific label has been developed to denote products with a PGI.

3. Traditional speciality guaranteed (TSG). This is a name which describes a specific product or foodstuff that results from a mode of production, processing or composition corresponding to traditional practice for that product or foodstuff, or which is produced from raw materials or ingredients that are those traditionally used. Examples include speciality Belgian beers, such as Gueuze and Kriek, and Kalakukko, a Finnish bread with fish and meat baked inside it. As is the case for PDOs and PGIs, a specific label has been developed for TSG products.

4. Optional quality terms (OQT). In addition to the three above schemes, a further category exists, these being optional quality terms. These are terms that relate to a characteristic of one or more categories of products, or to a farming or processing attribute, which applies in specific areas, the use of which adds value to the product as compared to products of a similar type and that has a European dimension. These terms are established in order to facilitate the communication within the internal market of the value-adding characteristics or attributes of agricultural products by the producers thereof. An example is the term 'mountain product.'

Agricultural products: Those products listed in Annex I to the Treaty on the Functioning of the European Union, with the exception of fishery products, but including cotton.

Agri-environmental indicators (AEIs): Agri-environmental indicators track the integration of environmental concerns into the Common Agricultural Policy at European Union, national and regional levels.

In 2006, the European Commission adopted 28 such indicators to assess the interaction between the Common Agricultural Policy and the environment and to serve the following purposes: to provide information on the state of the environment in agriculture; to understand and monitor the linkages between agricultural practices and their effects on the environment; to provide contextual information, particularly concerning the diversity of agri-ecosystems; to assess the extent to which the Common Agricultural Policy and the Rural Development programmes promote environmentally-friendly farming activities and sustainable agriculture and, lastly, to provide information for the global assessment process of agricultural sustainability.

Agri-environment-climate measures: These are practices, undertaken voluntarily by farmers, over a set period. Support may be provided through Rural Development programmes. The practices bring environmental benefits and /or help to mitigate and adapt to climate change. The payments compensate farmers for the extra costs that they incur and the income that they forego when they undertake these practices. The practices must go beyond a number of obligations which apply to farmers in any case – including (but not limited to) cross-compliance and relevant national legislation. A given practice which is funded through the greening provisions of pillar I may not also be funded through an agri-environment-climate measure.

Animal disease: In the context of Rural Development measures, this refers to a disease included in the list established by the World Organisation for Animal Health or in the Annex to Council Decision 2009/470/EC.

Animal welfare: This means the well-being of farm animals. European Union rules specify that animals should enjoy the following freedoms: freedom from hunger and thirst, freedom from discomfort, freedom from pain, injury and disease, freedom to express normal behaviour and freedom from fear and distress. Other things being equal, the fact that farmers are obliged to respect these standards when rearing animals means that the cost of producing milk, meat and other animal products in the European Union is higher than in countries where such standards do not apply.

Areas with natural or other specific constraints (ANCs): These are areas where farming is handicapped by a natural or other specific constraint. The areas have to be delimited by member states on the basis of eight biophysical criteria (e.g. slope), with some flexibility for member states to use other criteria for up to 10% of their agricultural area. Before the 2013 reform of the Common Agricultural Policy, such areas were known as 'Less Favoured Areas' (LFAs) and were defined under much vaguer criteria – a fact criticised by the European Court of Auditors.

In these areas, farmers face higher costs of production and are eligible for compensatory payments calculated on the basis of the additional costs incurred and income foregone.

There are three different categories of such area:

1. mountain areas, which are handicapped by altitude, difficult climatic conditions and a short growing season;

2. areas, other than mountain areas, facing significant natural constraints;

3. other areas which face specific constraints and where the land needs to be managed in order to conserve or improve the environment, to maintain the countryside, to preserve the potential for tourism or to protect the coastline.

Assigned revenue: see clearance of accounts.

Audit: see clearance of accounts.

Basic Payment Scheme (BPS): Under the 2007-2013 rules of the Common Agricultural Policy, farmers received direct payments under either the Single Payment Scheme or the Single Area Payment Scheme. The 2013 reform of the Common Agricultural Policy replaced the Single Payment Scheme with the Basic Payment Scheme which came into effect as from 2015. The Basic Payment Scheme is operated on the basis of payment entitlements allocated to farmers in the first year of application of the scheme and activated each year by farmers.

Eligibility for the Basic Payment Scheme or, as the case may be, the Single Area Payment Scheme is a precondition for farmers to receive other direct payments such as the green direct payment, the redistributive payment, the payment for areas with natural or other specific constraint and the payment for young farmers.

Basic payment: The basic payment is the payment made to farmers, since 2015, under the Basic Payment Scheme and the Single Area Payment Scheme.

Biodiesel: This is a liquid biofuel, which is mainly derived from vegetable oils (such as oilseed rape, sunflower, and groundnut), certain residues, animal fats and oils, and from algae.

Biodiversity: The variability among living organisms from all sources, including terrestrial, marine, and other aquatic ecosystems and the ecological complexes of which they are part. It includes diversity within species (genetic diversity), between species (species diversity), and between ecosystems (ecosystem diversity).

Bioenergy: This is energy that is derived from biological matter (i.e. from plants and animals) but which has not undergone a geological process (cf. fossil fuels). Carriers of bioenergy may be solid (e.g. wood, straw), liquid (e.g. biodiesel, bioethanol) or gaseous (e.g. methane).

Bioethanol: This is a liquid biofuel, mainly produced by the fermentation of carbohydrates. A variety of materials contain carbohydrates that can be fermented to produce bioethanol, such as cereals, milk (lactose), potatoes, sugar beet, sugarcane and wine.

Biofuel: This is a fuel (biodiesel, bioethanol, biomethane) that is produced by a biological process (as opposed to a geological process). Biofuels can be in a solid, liquid or gaseous form.

Biogas: This is a gaseous biofuel. It is mainly produced by the anaerobic fermentation of biological feedstocks (eg animal manure, residues and biowaste, energy crops). When biogas is upgraded to biomethane, contaminants and carbon dioxide are removed, which allows it to be used in the same way as natural gas. Biogas can also be obtained through gasification of ligno-cellulosic material (eg wood chips, straw, corn stover) or through pre-treatment with steam and enzymes.

Biomass: This is all living matter plus all matter that was living but is in the process of decay. When the term biomass is used in an agricultural context, it may carry a more restricted meaning. It may mean plant matter that can be used as a source of energy. In an agricultural context, therefore, biomass may include wood, crops, algae, agricultural and forest residues, sewage, manure, industrial by-products and municipal solid waste.

Block exemptions (state aid): In the context of state aid, the European Commission has defined certain categories of aid (cf. Regulation (EU) No 702/2014). Member states may grant state aid falling within these categories without having to submit a notification to the Commission. If such aid respects the detailed conditions set out in this regulation, member states only have to inform the Commission of their intention and the Commission will then publish the measure so that beneficiaries are informed and have legal certainty as to the legality of the aid.

Bound tariff: This is a tariff rate resulting from WTO negotiations or accessions that is incorporated as part of a country’s schedule of concessions. If a WTO member raises a tariff above the bound rate, the affected countries have the right to retaliate against an equivalent value of the offending country’s exports or to receive compensation, usually in the form of reduced tariffs on other products which they export to the offending country.

Boxes (WTO): Under the terms of the WTO agreement on agriculture, the measures that a member country uses to support its agricultural sector are categorised into one or other of the following boxes, after the original image of traffic lights:

1. Green box - subsidies that must not distort trade, or at most cause minimal distortion, such as decoupled direct payments. This type of support was excluded from reduction commitments under the WTO agreement on agriculture,

2. Blue box – payments made within production-limiting programmes, such as coupled support which is limited by reference period acreage or headage. This type of support was excluded from reduction commitments under the WTO agreement on agriculture,

3. Amber box – (sometimes called 'yellow' or 'orange'), domestic support measures considered to distort production and trade, such as price support or subsidies directly related to production quantities. The level of support provided by these measures (which is called the aggregate measurement of support) had to be reduced under the WTO agreement on agriculture.

Capping: The 2013 reform of the Common Agricultural Policy granted member states the option to 'cap,' i.e. to limit, the amount of the Basic Payment that any farmer receives. The funds 'saved' under this mechanism stay in the member state concerned and are transferred to the Rural Development envelope. Capping is voluntary for member states and is a specific application of degressivity (see modulation, transfers between pillars).

Catastrophic event: An unforeseen event of biotic or abiotic nature caused by human action that leads to important disturbances of agricultural production systems and forest structures, and resulting in important economic damage to the farming or forestry sectors.

Civil dialogue groups: These are groups of representatives of organisations at European level from civil society. The organisations include professional associations and other non-governmental organisations which are involved in farming, the rural economy, food production, food processing, agricultural trade, the environment, consumer protection and other related matters. They meet with the services of the Commission several times a year.

There are 13 such groups. They play an advisory and consultative role - they are not involved in the drafting or approval of legislation.

Clearance of accounts: This is a procedure, operated by the Commission, to ensure that the member states carry out, in a proper manner, their responsibilities concerning payments made under the Common Agricultural Policy. The procedure includes an annual financial clearance of the accounts of each paying agency and a multi-annual conformity clearance regarding the conformity of the transactions with European Union rules.

If, through its system of audits, the Commission finds that a member state has not managed funds correctly – in terms of administration and controls (including the response of a member state when controls have identified shortcomings) – then the Commission has the right to clawback funds from member states on the grounds of poor management. The amounts are frequently fixed on a flat-rate basis, e.g. 2% of the amount that the member state has spent on the policy tool in question. In recent years, the Commission has claimed back roughly EUR 1 billion a year from member states. The funds remain available under the Common Agricultural Policy and are known as assigned revenue.

Climate change: This means change in the world's climate. According to the Intergovernmental Panel on Climate Change (IPCC), set up in 1988 by the World Meteorological Organisation and the United Nations Environment Programme, the climate of the Earth is changing due to a higher concentration of certain gases in the atmosphere. The gases in question are known as greenhouse gases.

Cluster: In the context of Rural Development programmes, a cluster is a grouping of independent undertakings - start-ups, small, medium and large undertakings as well as advisory bodies and/or research organisations - which is designed to stimulate economic and innovative activity by promoting intensive interactions, sharing of facilities and exchange of knowledge and expertise and by contributing effectively to knowledge transfer, networking and information dissemination among the undertakings in the cluster.

Co-decision: This is jargon for the ordinary legislative procedure.

Co-existence: Co-existence refers to the presence, within the same area of land, of crops grown in different ways (i.e. crops grown in a conventional manner, crops grown according to the principles of organic farming and crops grown from seeds that have been genetically modified). There are a number of legal obligations with regard to the labelling and/or purity standards that apply in these situations.

Co-financing: In general, this refers to joint financing in which different stakeholders agree to fund an operation under the same policy principles. The rate of co-financing by the European Union in Rural Development programmes is the percentage of the contribution from the European Agricultural Fund for Rural Development to the total public expenditure.

Common Agricultural Policy (CAP): This is the set of legislation and practices adopted by the European Union to provide a common, unified policy on agriculture. The initial measures were introduced in 1962. Since then, the policy has been adapted and developed and has undergone a number of reforms.

The overall objective is to ensure that agriculture can be maintained over the long term at the heart of a living countryside.

The European Union is obliged by law to have an agricultural policy. Article 38 (4) of the Treaty on the Functioning of the European Union states that 'the operation and development of the internal market for agricultural products must be accompanied by the establishment of a Common Agricultural Policy.'

The aims are as follows (article 39):

1. an increase in agricultural productivity by means of technical progress and the rational development of agricultural production,

2. a fair standard of living for the agricultural community,

3. the stabilisation of markets for farm products,

4. food security (i.e. ensuring that there is always a supply of food),

5. food affordability (i.e. that the price of food is at a level that people can afford).

The founding fathers of the European Union realised that for farmers and the countryside to be prosperous and for consumers to be able to afford, at all times, to buy food in the shops then it was necessary to have a Common Agricultural Policy to stabilise agricultural and food prices and to encourage the technical progress in farming. This would prevent a recurrence of past problems of food scarcity and poverty in the countryside.

Community-led local development strategy: A coherent set of operations to meet local objectives and needs, which contributes to meeting the European Union strategy for smart, sustainable and inclusive growth, and which is designed and implemented by a local action group (LAG).

Compatible state aid: Article 107(1) of the Treaty on the Functioning of the European Union stipulates that state aid granted by the member states which distorts or threatens to distort competition is, under certain conditions, incompatible with the internal market. Under certain conditions, state aid is, however, compatible with the internal market or maybe declared as being compatible with the internal market by the Commission (see illegal state aid, incompatible state aid, state aid guidelines, unlawful state aid).

Competition issues (in the context of the single common market organisation): The Treaty on the Functioning of the European Union gives the rules for open competition on the internal market (Articles 101-106). For agricultural markets, competition rules are to a certain extent different (Articles 40(1) and 42). These competition rules are laid down in a special chapter in the single common market organisation.

Complementary national direct payments (CNDPs): Due to the phasing-in of direct payments after their accession to the European Union, member states that joined the EU in 2004 or later were allowed to grant an additional national aid in certain sectors after authorisation by the Commission. Since 2013, complementary national direct payments have been replaced by transitional national aid (except for Bulgaria, Croatia and Romania).

Cross-compliance: In order to receive direct payments and some other forms of support, farmers are required to respect certain rules. This requirement is known as cross-compliance. These rules concern food safety, animal health, plant health, the climate, the environment, the protection of water resources, animal welfare and the condition in which farmland is maintained.

There are two components of these rules: statutory management requirements and good agricultural and environmental conditions. If a farmer is found not to respect these rules, his or her direct payments may be reduced.

Customs duty: The amount of money that a person or firm has to pay to the government when importing (import duty) or exporting a good (export duty). There are several types of customs duty depending on the method of calculation. One type is an *ad valorem* duty which is expressed as a percentage of the value of the good on which it is applied (for instance 5% of EUR 100 = EUR 5). A second type is a specific duty which is expressed as, for instance, EUR

10 per tonne, EUR 20 per head or EUR 30 per hectolitre. The term ‛customs duty’ is synonymous with the terms ‛tariff’/'import tariff' and the two terms are often used interchangeably.

***De minimis* rule (in the context of the Common Agricultural Policy)**: The *de minimis* rule defines the amount of aid that can be paid without being considered as a state aid within the meaning of the Treaty. If the member states stay within the *de minimis* thresholds, they do not have to respect any (further) state aid rules, i.e. they do not have to notify such payments to the Commission and wait for a Commission authorisation, nor do they have to ‛block exempt’ such payments under the ‛block exemption regulation.’

The threshold for *de minimis* was increased to EUR 15 000 in December 2013 – double the previous threshold of EUR 7 500. This limit refers to the amount of state aid to be paid to a given undertaking active in the primary production of agricultural products over any period of three fiscal years within an overall ceiling laid down in the regulation for each member state.

***De minimis* rule (in the context of the World Trade Organisation):** Minimal amounts of support which are allowed and which are not to be reduced even though they distort trade. For developed countries it includes product specific support of up to 5% of the value of production, and non-product-specific support of up to 5% of the value of total agricultural output. For developing countries, the corresponding figures are in both cases 10%.

Decoupling: Introduced by the 2003 reform of the Common Agricultural Policy, decoupling is the removal of the link between the receipt of a direct payment and the production of a specific product. Prior to this reform, farmers received a direct payment only if they produced the specific product to which the direct payment was associated. It meant that the profitability of producing a product (cereals, beefmeat...) did not depend only on the price at which the farmer could sell the product in the market, but also on the amount of the direct payment that was associated with that particular product.

The 2003 reform decoupled many direct payments from production and this process was continued in the 2009 health check. The overall effect of decoupling has been to move the agricultural sector more towards the free market and to give farmers greater freedom to produce according to market demand.

The health check permitted member states to continue to couple a small number of direct payments to production (for instance the suckler cow premium and the sheep and goat premium). The possibility of keeping a link between production and direct payments was maintained in the 2013 reform. The reason is to support the continued production of particular products so as to avoid land falling out of farming in vulnerable regions.

Delegated acts: Most pieces of legislation adopted by the legislator (so-called ‛basic legal acts’) set out rather general rules. For these general rules to be actually implementable, it may be necessary to supplement them with more precise rules. Either such rules are adopted by the member states themselves or the European Union can act via delegated acts or implementing acts.

Delegated acts are non-legislative acts of general application which supplement or amend certain non-essential elements of a basic legal act (see Article 290 of the Treaty on the Functioning of the European Union). Delegated acts can only be adopted if the legislator has delegated to the Commission the power to do so in the basic legal act. Furthermore, the basic legal act provides that the legislator may revoke the delegation to the Commission, and that a delegated act may only enter into force if no objection has been expressed by the legislator within a period set by the legislative act.

Degressivity: The 2013 reform of the Common Agricultural Policy stipulated that the direct support (basic payment scheme and single area payment scheme) that any farmer is entitled to receive is to be reduced by at least 5% of the amount of the payment above EUR 150 000. In order to take employment into account, the farmer can deduct the costs of salaries in the previous year (including taxes & social security contributions) before this reduction is applied. Member states using more than 5% of their annual national ceiling to grant a redistributive payment are not required to apply this reduction. The funds thus 'saved' stay in the member state concerned and are transferred to the Rural Development envelope (see capping, modulation, transfers between pillars).

Direct payments: Direct payments were established by the 1992 reform of the Common Agricultural Policy. Prior to this reform, the Common Agricultural Policy supported prices: i.e. the prices at which farmers sold their products in the market (such support is therefore not paid directly to farmers). The 1992 reform reduced the level of price support. To prevent a corresponding fall in the incomes of farmers, direct payments were introduced.

Nowadays, direct payments are granted to farmers in order to support their incomes and to remunerate them for their production of public goods.

Dispute settlement body (DSB): This is the general council of the World Trade Organisation when it is convened to settle trade disputes. In the first instance, the dispute settlement body delegates the settling of disputes to a 'panel.' If a country wishes to appeal against a decision of a panel, it submits its appeal to the dispute settlement body which then delegates the appeal to the 'appellate body.' The dispute settlement body determines the rules as to how panels and the appellate body should function.

Doha development agenda (DDA): The latest round of multilateral trade negotiations launched in Doha, Qatar in November 2001 among the WTO membership aiming at improving the trading prospects of its member countries, in particular the prospects of developing countries.

Domestic support: Any domestic subsidy or other measure which acts to maintain producer prices at levels above those prevailing in international trade: direct payments to producers, including deficiency payments, and input and marketing cost reduction measures available only for agricultural production. It is one of the three pillars of the WTO agreement on agriculture and the Doha development agenda agricultural negotiations.

Ecological focus area: Since 2015, every farmer in the European Union who claims a direct payment and has more than 15 hectares of arable land is obliged to have 5% of his arable land covered by ecological focus areas. These are areas which bring benefits for the environment, improve biodiversity and maintain attractive landscapes (such as landscape features, buffer strips, afforested areas, fallow land, areas with nitrogen-fixing crops etc.). Some exceptions to this general rule apply, for example to farmers who have more than 75% of their area under grassland.

The obligation to have 5% of land covered by ecological focus areas may be increased to 7 % subject to a European Commission report in 2017 and a legislative proposal from the Commission. This obligation is one of three ‘greening’ measures of the Common Agricultural Policy 2014-2020 - the others being the maintenance of permanent grassland and crop diversification.

Energy crops: These are crops which are grown for energy, rather than for food or fibre. They include oilseeds crops (e.g. oilseed rape, soya, sunflower), cereals (e.g. wheat, barley, maize, rye), sugar beet, sugarcane and perennial crops (e.g. miscanthus, short rotation coppice, eucalyptus).

Environmental incident: A specific occurrence of pollution, contamination or degradation in the quality of the environment related to a specific event and of limited geographical scope. It does not cover general environmental risks unconnected with a specific event, such as climate change or atmospheric pollution.

Erosion of preferences: The negotiations that are taking place in the framework of the Doha development agenda aim at a reduction in the level of non-preferential duties. If the negotiations succeed, non-preferential duties will be reduced but preferential duties will remain the same. As a result, the margin of preference in favour of developing countries will fall. This is known as erosion of preferences.

European Agricultural Fund for Rural Development (EAFRD): This fund was created in September 2005 and came into operation at the beginning of 2007. It replaced the Guidance Section of the European Agricultural Guidance and Guarantee Fund and that part of the guarantee section from which some of the Rural Development measures had been funded. It is the single source of funding from the European Union for Rural Development.

European Agricultural Guarantee Fund (EAGF): This fund was created in September 2005 and came into operation at the beginning of 2007. It replaced the guarantee section of the European Agricultural Guidance and Guarantee Fund. It provides funding for direct payment to farmers, for the management of the agricultural markets and for a number of other purposes such as veterinary and plant health measures, food programmes and information activities.

European innovation partnership (EIP): The purpose of the European innovation partnership is to promote a) the productivity and efficiency of the agricultural sector and b) the sustainability of agriculture (securing soil functionality at a satisfactory level by 2020).

In order to promote agricultural productivity and sustainability, the European innovation partnership provides a working interface between agriculture, bio-economy and science at regional, national and European Union level. It also serves as a catalyst to enhance the effectiveness of innovation-related actions supported by Rural Development programmes as well as by research and innovation activities supported by the European Union.

Implementation is channelled through operational groups as key acting entities, involving actors such as farmers, scientists, advisers, non-governmental organisations and enterprises. The operational groups constitute themselves around topics of interest and carry out projects aimed at testing and applying innovative practices, processes, products, services, and technologies. At cross-border or European Union level, operational groups act in particular through cluster initiatives and pilot and demonstration projects.

European Network for Rural Development (ENRD): The European Network for Rural Development was established in 2008 by the European Commission to help member states implement their Rural Development programmes in an efficient manner.

The network provides a forum for connecting rural Europe. It also serves as a platform for sharing ideas and experiences as to how Rural Development programmes work in practice and how they can be improved. Its main stakeholders include national rural networks, member state authorities, local action groups and other Rural Development organisations having an EU perspective. The network shares information with stakeholders in a variety of ways, including through its publications and its participation in events and fairs across Europe.

European structural and investment funds (ESIFs): These include the following funds of the European Union: the European Agricultural Fund for Rural Development, the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund.

Everything But Arms (EBA) agreement: This agreement is the most generous form of preferential trading agreement that has been granted by the European Union. It has been granted to 49 least developed countries within the framework of the Generalised System of Preferences of the European Union. Under the terms of the agreement, all products (including agricultural products, but excluding weapons and arms) are granted duty-free and quota-free access to the market of the European Union.

Ex-ante conditionality: These are certain prior conditions which should be met in the context of Rural Development programmes. They match essential elements to be in place in order to guarantee the correct implementation of Rural Development programmes and their measures. For example, the definition of baseline conditions for the implementation of agri-environmental-climate measures is an ex-ante conditionality for such a measure.

Exceptional market measures: The market management instruments laid down in the single common market organisation are meant to create the conditions for stabilising prices and thus – amongst others - to stabilise farmers' incomes. Agricultural production typically depends on long-term investments, climate, plant and animal disease control, and volatile international markets. These and other factors sometimes lead to temporary severe market disturbances, jeopardising the mid-term or long-term viability of agricultural production. When this occurs, the single common market organisation gives a possibility of remedial action by exceptional market measures.

Export Competition: The term refers to a) export subsidies and b) the ʽparallel issues' on the Doha development agenda, the latter being opportunities for governments to subsidise exports via export credits, agricultural-exporting state trading enterprises and international food aid. Under the WTO agreement on agriculture only export subsidies are subject to control and reduction. The ʽparallel issues' are not currently subject to control and reduction.

Export competition is one of the three pillars of the WTO agreement on agriculture and the Doha development agenda agricultural negotiations.

Export credits: Within the context of the World Trade Organisation these are special incentives, such as direct financing, re-financing, interest-rate support, export credit insurance and guarantees, deferred invoicing and any other form of involvement, direct or indirect, which are provided by the government to encourage exports.

Export refund: This term is synonymous with the term 'export subsidy.' It tends to be used in the context of the Common Agricultural Policy while the term 'export subsidy' tends to be used in the context of the World Trade Organisation. Export refunds may be paid by the European Union to trading companies that sell certain agricultural goods in third countries. The refund normally covers the difference between the internal EU price and the world market price. Export refunds in 2013 reached the rate of zero for all products, and they may only be activated when the market conditions are such that exceptional measures are justified.

Export subsidy: This term is synonymous with the term 'export refund.' The term 'export subsidy' tends to be used in the context of the World Trade Organisation while the term 'export refund' tends to be used in the context of the Common Agricultural Policy. Within the context of international trade, export subsidies are special incentives, such as cash payments, provided by the government to encourage exports, normally used when a domestic price for a good is above world market prices.

Extensification: Extensification refers to extensive farming methods which are generally characterized by a low level of inputs and outputs, and which are usually relatively labour intensive. The term can apply to both crop production and animal production. A farmer can be considered as applying extensification when, for instance, he uses a smaller amount of fertiliser or pesticide. Extensification may also mean a lower livestock density per hectare when, for instance, a farmer producing beef keeps relatively few cattle per hectare of land, compared to a farmer with intensive cattle production.

Certain Rural Development measures support farmers who farm extensively. Support for extensive farming practices which deliver environmental benefits may be granted by the Rural Development measure agri-environment-climate payments.

External Convergence: Introduced by the 2013 reform of the Common Agricultural Policy, the term external convergence refers to making the policy fairer between member states.

The policy becomes fairer because the national envelopes for direct payments are progressively adjusted either upwards or downwards to bring them close to the average level for the European Union. The national envelopes of those member states where the average payment (in EUR per hectare) is below 90% of the average are gradually increased (by one third of the difference between their current rate and 90% of the average). The national envelopes for member states receiving above average amounts are correspondingly adjusted downwards. There is a guarantee that every member state reaches a minimum average level of direct payment at national or regional level by 2019.

Farm accountancy data network (FADN): The farm accountancy data network provides data on the financial and economic aspects of various types of farming in the member states of the European Union. Each year a sample of farms is selected which is representative of commercial farms. These farms provide data on their costs of production, their revenues from sales and other aspects of their farming operations. The data enable the European Union to monitor the income situation of farmers and to examine the effects of the Common Agricultural Policy.

Farmer: In the context of the Common Agricultural Policy, a farmer is an individual (or group of individuals e.g. partnerships, companies, and other legal structures through which a business is conducted) whose holding is situated with the territory of the European Union and who exercises an agricultural activity.

Financial discipline mechanism: This is a mechanism for ensuring that the expenditure under the provisions of the Common Agricultural Policy does not exceed the limits specified in the European Union budget.

Financial perspective: the previous term for multiannual financial framework.

Financial instruments: Measures of financial support provided on a complementary basis from the budget of the European Union in order to address one or more policy objectives. Such instruments may take the form of loans, guarantees, equity or quasi-equity investments, or other risk-sharing instruments, and may, where appropriate, be combined with grants.

First generation biofuel: This is a biofuel made from cereals, sugar and oilseeds. In the European Union, the most significant first generation biofuel is biodiesel made from oilseed rape.

Focus areas: The European Union has identified six priorities for Rural Development. These are broken down into 18 'focus areas' in order to better detail the aims of each priority and to facilitate programming. The Rural Development programmes have to quantify ex-ante specific targets in relation to each focus area. Member states have to report regularly on progress in achieving these targets during the programming period. Focus areas should not be confused with ecological focus areas.

Food safety: This term refers to the extent to which food is safe to eat. The term is sometimes confused with food security which refers to the extent to which food is available - i.e. whether it is physically available and can be bought at a price that people can afford.

Food security: Situation in which people or populations at all times have physical and economic access to sufficient, safe, and nutritious food to meet their dietary needs and food preferences for a healthy life. The issue has moved into the centre of the agricultural negotiations within the Doha development agenda in recent years and was one of the strategic aims of the 2013 reform of the Common Agricultural Policy (see food safety).

Forest: An area of land of more than 0.5 hectares with trees higher than five meters and a canopy cover of more than ten per cent, or with trees able to reach these thresholds *in situ*. It does not include land that is predominantly under agricultural or urban use. A member state or region may choose to apply another definition of forest based on existing national legislation or on an inventory system. The member states or regions shall include the definition in their Rural Development programmes.

General agreement on tariffs and trade (GATT): Established in 1944, this was both an international organisation and an agreement between countries on trade. As an organisation it no longer exists, having been superseded by the World Trade Organisation. As an agreement the last version was concluded in 1994. It now constitutes the WTO agreement governing trade in goods.

Generalised system of preferences (GSP): These are arrangements made by developed countries by which preferential tariffs are granted on imports from developing countries. The European Union applies three types of arrangements under its Generalised system of preferences:

1. the general arrangement - which applies to all beneficiary countries,

2. the special incentive arrangement for sustainable development and good governance (known as its Generalised system of preferences +). This provides additional benefits for countries which implement certain international standards in human and labour rights, environmental protection, the fight against drugs and good governance,

3. the special arrangement for the least developed countries, also known as the Everything But Arms initiative. This provides the most favourable treatment of all.

Genetic resources: These are the biological resources that are the parents of crop plants and farm animals. In general, the term refers to living genetic material which has an actual or potential value to human beings. Within the field of agriculture, genetic resources cover the variety and variability of animals and plants in farmed landscapes as well as of microorganisms and invertebrates in the soil.

Over the centuries, farmers have used genetic resources to identify, cross and select the most adapted, resistant, high-grade and productive varieties of crop and breeds of animal. However, more recent developments in breeding, targeting specific characteristics such as high yields, have led to a narrowing of the range of genetic resources actually used. It is, therefore, vital to conserve the traditional varieties of genetic resources in agriculture in order to be able to adapt to environmental changes, such as climate change and new diseases, as well as to ensure our food security and the quality of food products.

Genetic resources are currently being preserved either in their natural habitats and ecosystems or by the preservation and reproduction of samples in gene banks, seed banks and collections of germplasm.

Genetically modified organism (GMO): The term genetically modified organism is any organism, with the exception of the human being, in which the genetic material has been altered in a way that does not occur naturally by mating and/or by natural recombination.

Good agricultural and environmental condition (GAEC): Farmers are obliged to maintain their land in 'good agricultural and environmental condition.' This concept includes the following: the protection of soil against erosion, the maintenance of soil organic matter and soil structure, and the safe-guarding of landscape features. It is the member states - not the European Union - which decide the exact specification of these parameters.

Greening: The 2013 reform of the Common Agricultural Policy introduced several instruments to promote environmental sustainability and combat climate change. These instruments comprise a green direct payment, enhanced cross-compliance obligations, an obligation to allocate 30% of the Rural Development budget to projects and measures that are beneficial for the environment and climate change (including voluntary agri-environment-climate measures), training measures and support from the farm advisory services.

Green direct payment: The 2013 reform of the Common Agricultural Policy introduced a green direct payment which is paid to farmers on the condition that they undertake practices that are beneficial to the climate and to the environment. Member states must allocate 30% of their direct payment envelope to green direct payments.

The basic practices that farmers must undertake are:

1. maintaining permanent grassland,

2. crop diversification,

3. having 5% (later 7%) of their land as ecological focus area.

Subject to a decision by member states a farmer can, instead of applying these basic practices, undertake practices which are considered equivalent (such as crop rotation instead of crop diversification).

Health check: An adjustment of some aspects of the Common Agricultural Policy that took place in 2009. The Common Agricultural Policy was substantially reformed in 2003. However, in due course, a number of further challenges arose, such as the simplification of the way that direct payments were administered, giving farmers more help to lower carbon emissions and to adjust their farms to the effects of climate change, and further increasing the influence of market signals on the cropping and production decisions of farmers.

The Commission published a communication on these issues in November 2007. This was followed by a period of public consultation which lasted six months. In May 2008, the Commission transmitted its legislative proposals to the Council. After discussion and modification, the Council regulations, of which there were three, were published in January 2009 and entered into force the following month.

The adjustments brought about by these regulations are known as the 'health check' of the Common Agricultural Policy. Inter alia, the health check abolished arable set-aside, increased milk quotas gradually leading up to their abolition in 2015, and converted market intervention into a market safety net. It also increased modulation, whereby direct payments to farmers were reduced and the money transferred to the European Agricultural Fund for Rural Development. This allowed farmers to better respond to a number of new challenges, including climate change, the need for better water management, the protection of biodiversity and the production of green energy.

Holding: A holding means all the units used for agricultural activities and managed by a farmer situated within the territory of the same member state.

Horizontal regulation: This regulation sets out the general rules on the financial management and budgetary aspects of the two pillars of the Common Agricultural Policy (the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development). It concerns financial corrections and controls as well as procedures for the prevention, detection and correction of irregularities and the application of penalties.

The regulation provides also for common rules on farm advisory services, cross-compliance and the integrated administration and control system. It sets the basis for the publication of information of the beneficiaries of the Common Agricultural Policy and establishes a common monitoring and evaluation framework with a view to measuring the performance of the policy.

Illegal state aid: This is state aid that a member state has not formally notified to the Commission. It does not necessarily mean that the aid cannot be authorised. In some cases the procedural insufficiency can still be corrected by a later authorisation by the Commission, provided that the aid is compatible with the internal market (see compatible state aid, incompatible state aid, unlawful state aid).

Implementing acts: Most pieces of legislation adopted by the legislator (so-called ‘basic legal acts’) set out rather general rules. For these general rules to be actually implementable, it may be necessary to supplement them with more precise rules. Either such rules are adopted by the member states themselves or the European Union can act via delegated acts or implementing acts.

Article 291 of the Treaty on the Functioning of the European Union provides that the implementation of legally binding acts is, as a matter of principle, the responsibility of member states acting via national law. However, certain acts require uniform implementation across the European Union. Therefore, legally binding acts may confer implementing powers to the Commission (or, in very specific cases, to the Council).

The Commission adopts implementing acts under the control of the member states (so-called ‘comitology procedure’). Regulation No 182/2011 lays down the rules and general principles concerning the various control mechanisms.

Import quota: An import quota is the maximum quantity of a good that a country’s importers may import at zero or reduced duty.

Incompatible state aid: This is state aid that the Commission cannot authorise because it distorts competition within the internal market (see illegal state aid, incompatible state aid, unlawful state aid).

Instrument for pre-accession assistance (IPA): This came into force on 1 January 2007 and covers the countries with candidate status (as of April 2015 these being Albania, Iceland, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey) and potential candidate status (Bosnia and Herzegovina, Kosovo according to United Nations Security Council Resolution no 1244/99).

The instrument has five components: transition assistance and institution building (which principally involves institution building measures with accompanying investment), cross-border cooperation, regional development, human resources development and Rural Development.

Integrated administration and control system (IACS): This is an obligatory system used by member states for the management and control of payments made to farmers under the Common Agricultural Policy, using advanced techniques to check parcels by aerial or satellite photography, and to cross-check farmers’ claims with computer databases. Specifically, the integrated administration and control system ensures that payment irregularities are revealed and that queries are followed up. In this way, payments to farmers are made correctly and any amounts which have been unduly paid are recovered.

Inter-branch organisations (IBO): These are associations of producer organisations which link their economic activities in the production of food to the processing, trading and/or distribution of products in one or more sectors. The aim of inter-branch organisations can be, for instance, to improve knowledge of production and of the market, to help to coordinate the way products are placed on the market, to explore potential export markets, to draw up standard forms of sales contracts, to further exploit the potential of products, to conduct research, to seek ways of restricting the use of animal health and plant protection products, to improve the quality of products and so forth.

Internal convergence: The 2013 reform of the Common Agricultural Policy introduced the requirement that the value of per hectare payment entitlements for the Basic Payment Scheme, within a member state, must move towards a more uniform level. To achieve this, member states could choose from different options: to apply a national or regional flat rate from 2015; to achieve a regional or national flat rate by 2019, or to ensure that those farms receiving less than 90% of the regional or national average rate see a gradual increase – with the additional guarantee that normally each payment entitlement reaches a minimum value of 60% of the national or regional average by 2019. The amounts for farmers above the regional or national average are adjusted, with an option for member states to limit the loss to 30%.

Intervention buying: When market prices for certain agricultural products fall below a predetermined level, the public authorities of the member states may intervene to stabilise the market by purchasing surplus supplies, which may then be stored until the market price increases. The product may then be returned to the market for sale, exported to a third country or disposed of in an alternative way.

Land parcel identification system (LPIS): This computer database contains all agricultural areas that are eligible for a direct payment under the Common Agricultural Policy. It is used to cross-check the parcels for which payments have been claimed by the farmer. The land parcel identification system ensures that the farmer is paid for the correct area and that overpayment is avoided.

Land use, land use change and forestry (LULUCF): The term is defined by the United Nations climate change secretariat as ʻa greenhouse gas inventory sector that covers emissions and removals of greenhouse gases resulting from direct human-induced land use, land-use change and forestry activities.'

Similar to other economic sectors, land use, land use change and forestry has impacts on the global carbon cycle. The activities included in land use, land use change and forestry can add or remove greenhouse gases from the atmosphere, affecting climate change in either a negative or positive way.

Leader: This term is a French acronym meaning *Liaison Entre Actions de Développement de l'Economie Rurale* (in English: ʻLinks between actions for the development of the rural economy').

It is a community-led local development method for mobilising and developing rural communities through local public-private partnerships (local action groups). It helps rural people, groups and enterprises to consider the potential of their area and to encourage the implementation of integrated and innovative local development strategies.

In its first two generations as a Community initiative (Leader I: 1991-93 followed by Leader II: 1994-99) it was focused on disadvantaged rural areas. In 2000-2006 (Leader+), the method was expanded to cover all types of rural area. The approach was then mainstreamed in 2007- 2013, as an integral part of the European Union's Rural Development programmes, covering some 2 200 rural territories across 27 member states. In 2007, Leader was extended to the fisheries sector.

During the period 2014 - 2020, Leader continues under Rural Development. It is also available under the cohesion policy as a common instrument called community-led local development.

Least developed countries (LDCs): These are countries with the lowest indicators of socioeconomic development, as well as human and institutional capacities. According to the United Nations Conference on Trade and Development there are 48 least developed countries.

Less favoured areas: These are areas where farming is handicapped by geography, topography or climate and in which farmers are eligible for compensation for the extra costs incurred or income foregone. The 2013 reform of the Common Agricultural Policy designated these areas as 'areas with natural or other specific constraints.'

Levy: In the context of the Common Agricultural Policy, the term levy may be used in three senses:

1. A payment by farmers into a fund for a specific activity such as the promotion of the sale of farm products within and outside the European Union,

2. A payment by farmers to a government in return for receiving particular services, such as the control of animal diseases.

3. A payment by farmers or processors in the event that their output exceeds a certain production limit. This type of levy currently applies only in the sugar sector. Sugar beet processors who place on the internal market a quantity of sugar exceeding their production quota are obliged to pay a levy. Sugar production quotas will expire in 2017.

Local action group: A group composed of representatives of public and private local socio-economic interests, in which, at the decision-making level neither public authorities (as defined in accordance with national rules) nor any single interest group shall exercise more than 49% of the voting rights. Local action groups receive financial assistance to implement local development strategies within Leader. They are selected by the managing authority of the member state.

Margin squeeze: When the cost of farm inputs (fertiliser, fuel, labour, etc.) increases and the price of farm outputs falls, farmers are said to suffer a margin squeeze.

Market access regulation (MAR): In the context of international trade, this is a regulation of the European Union which entered into force as of 1 January 2008 as a temporary unilateral scheme prior to the conclusion and application of revised economic partnership agreements.

The market access regulation was intended as a special bridging solution between the economic partnership agreements and the previous trade regime under the ACP-EU Cotonou Agreement.

In this regard since 2008 the market access regulation has allowed African, Caribbean and Pacific countries to benefit from free access to the market of the European Union, and thus prevent trade disruption, while they were signing and ratifying the economic partnership agreements concluded at the end of 2007, when the waiver for the Cotonou trade regime expired.

The market access regulation has been recently amended in order to ensure that only those beneficiary countries that have taken steps towards ratification of an economic partnership agreement enjoy the benefits under market access regulation as from 1 January 2014.

Market access: This term refers to the extent to which an exporting country has access to the market of an importing country. Market access may be restricted if, for instance, the importing country has introduced import tariffs and/or import tariff quotas. Market access is one of the three pillars of the WTO agreement on agriculture and the Doha development agenda agricultural negotiations.

Market volatility: Also known as price volatility, this refers to the fluctuation of prices of agricultural goods in the market. A high level of price volatility can cause difficulties for farmers: if they cannot be sure of the level that prices will be in the future, they may be reluctant to invest in their farms. If farmers do not invest in their farms, there is a risk that farm productivity and technical efficiency will fall.

Milk package: A set of policy measures, drawn up in 2012, to help stabilise the market or balance supply and demand by improving contracts between farmers and dairies, strengthening the collective bargaining power of farmers relative to that of dairies, improving the transparency of the entire the supply chain and bringing together actors from the difference parts of the supply chain into interprofessional or inter-branch organisations.

Milk quotas: Limitations both at the level of member states (national quotas) and at the level of producers (individual quotas) on the volume of milk that may be marketed. Milk quotas were introduced in 1984 to stem the then ever-increasing production of milk in excess of demand. In order to maintain a minimum guaranteed price to milk farmers, the European Union had to purchase the structural surplus from the market. The introduction of milk quotas finally brought the rise in milk production under control. Milk quotas were initially introduced for a period of five years and were subsequently renewed until 2015 when they came to a definitive end (see levy).

Modulation: This was a mechanism that was introduced in the 2003 reform of the Common Agricultural Policy and modified in the health check of 2009. It allowed for the reduction of direct payments and the transfer of the money thus 'saved' from pillar 1 (European Agricultural Guarantee Fund) to pillar 2 (European Agricultural Fund for Rural Development).
Modulation, as such, was not an element of the 2013 reform. Similar elements, however, exist in the form of degressivity, capping and transfers between pillars.

Most favoured nation (MFN) treatment: Within the context of the World Trade Organisation, most favoured nation treatment means that all countries have to treat each other in the same way. In other words, when a country grants an advantage, in the domain of trade, to another country, then it must give the same advantage to all other countries.

More technically, most favoured nation treatment is the non-discriminatory tariff charged on all imports except preferential tariffs under free trade agreements, other schemes such as the Generalised system of preferences or tariffs charged inside quotas. The purpose of this principle is to ensure that there is no discrimination between countries - i.e. that all are treated equally. This principle is laid down in article 1 of the General agreement on tariffs and trade 1994 as well as in other agreements and is the most important principle of the World Trade Organisation.

Multiannual financial framework: previously known as the financial perspective, this is a multiannual spending plan that translates the European Union's policy priorities into financial terms. It applies for a period of seven years and sets limits on:

1. Expenditure over a fixed period and thus imposes budgetary discipline,

2. Annual maximum amounts (called ceilings) of commitments for the main categories of expenditure (called headings) and an overall payments ceiling.

In 2013, a multiannual financial framework was agreed for the period 2014 – 2020.

National ceiling: This is the maximum amount that can be paid, by member state and by year, under the single payment scheme or the single area payment scheme. The concept of national ceiling was introduced in the 2003 reform of the Common Agricultural Policy.

National ceilings are established by the Commission based on a pre-allocation of the budget of the European Union dedicated to direct payments in the context of the financial perspective.

National or regional reserve (direct payments): Within the context of the single payment scheme (before the 2013 reform) and of the basic payment scheme (with the 2013 reform), member states must establish national or regional reserves, using part of their national ceilings. These amounts are to be used in particular for allocating payment entitlements, mainly to new entrants to farming in the event that they have not acquired payment entitlements when they acquired their land.

The 2013 reform introduced the requirement that member states allocate entitlements from the reserve (and/or increase the value of existing entitlements) as a matter of priority to young farmers (new young entrants) and new entrants. They may also allocate entitlements (or increase the value of existing entitlements) to other farmers, e.g. in areas subject to restructuring, to prevent land abandonment, and/or to compensate farmers for specific disadvantages.

National reserve (milk quota): In relation to the milk sector, this term referred to a reserve of milk quota that could be allocated by member state governments to farmers who wished to start producing milk. The milk quota system and the associated national reserve expired in 2015.

National reserve (wine sector): In relation to the wine sector, this term refers to a reserve of planting rights that can be allocated to wine growers by member states.

National rural network (NRN): A national rural network is an organisation set up by a member state government to support the implementation of a European Union Rural Development programme by the networking of public administrations and organisations involved in Rural Development. National rural networks provide an important link at member state level between different Rural Development actors involved in implementing Rural Development programmes, including local action groups.

The structures, governance bodies and methods of operation of national rural networks differ between countries. The roles of a network are to promote networking and information exchange about Rural Development at regional, national and European Union levels. This work includes arranging events and producing communication materials. National rural networks have an important role in sharing good practice and belong to the European Network for Rural Development.

National treatment: The principle of giving to the citizens and firms of another country, the same treatment as a government grants to its own citizens and firms. Article 3 of the General agreement on tariffs and trade requires that imports be treated no less favourably than the same or similar domestically-produced goods once they have passed customs.

Natura 2000: This is a network of protected areas of particular ecological value based on two main European Union directives: the habitats directive and the birds directive. To date, some 25 000 sites have been so designated. Many of the sites are on farms, in which case the farmer is obliged to respect certain practices so that the ecosystem is protected.

Natural disaster: A naturally occurring event of biotic or abiotic nature that leads to important disturbances of agricultural production systems or forest structures, eventually causing important economic damage to the farming or forestry sectors.

Non-trade concerns (NTC): The WTO agreement on agriculture provides significant scope for governments to pursue important ‘non-trade’ concerns such as animal welfare, food security, environmental measures, structural adjustment, Rural Development and poverty alleviation.

Notification (in the context of the WTO): The process by which member countries report to the World Trade Organisation information on commitments, changes in policies, and other related matters as required by the various agreements.

Operational group: These are groups of farmers, researchers, advisors and businesses in the agri-food sector. They receive Rural Development funding to run projects within the framework of a European innovation partnership.

Ordinary legislative procedure: This is the main procedure by which the European Union makes law. It applies to almost all policy areas, including agriculture. An alternative term is co-decision.

Briefly, the procedure is as follows: the Commission writes a text which is its proposal for a new or revised act. The Commission writes the text after an extensive consultation process, which may be conducted in various ways (impact assessment, reports by experts, consultation of national experts, international organisations and/or non-governmental organisations, consultation via green and white papers, etc.). A consultation process is also launched among the different departments of the Commission to ensure that all aspects of the matter in question are taken into account.

The Commission’s proposed text is then adopted by the College of Commissioners. It is thereupon published in the Official Journal of the European Union (C Series). Simultaneously, the proposed text is sent to the European Parliament, to the Council, to all national parliaments and, depending on the policy area, to the Economic and Social Committee and/or the Committee of the Regions.

There then takes place the formal consideration and possible amendment of the text by the Council and the European Parliament. This is an iterative process - amendments being proposed by one institution for the consideration of the other in up to two readings in each institution. The objective is to derive a text that is acceptable to the both the Council and to the European Parliament.

In the event that, after two readings in each institution, the Council and the European Parliament have not reached agreement on a common text, they enter into a process known as conciliation. A committee is formed of representatives of the Council and of the European Parliament. Its task is to reach agreement on a joint text. If an agreed joint text is forthcoming, it is the subject of a third reading in each institution.

Once the two institutions have reached agreement on a common text, it is said to be adopted by the Council and the European Parliament. It is then published in the Official Journal of the European Union and becomes law.

If the two institutions cannot agree on a common text, the procedure ends and the Commission's proposal is rejected.

Prior to the Lisbon Treaty, proposals concerning agriculture were adopted by the ‘consultation procedure’ which did not require the agreement of the European Parliament. The Parliament had only the right to express its opinion on a proposal.

Now, no proposal can become law without the agreement of both the European Parliament and the Council. Putting the European Parliament – which is directly elected by European citizens – at the same level of responsibility as the Council, clearly strengthens the democratic aspect of the Common Agricultural Policy and ensures it continues to respond to the needs of citizens.

The ordinary legislative procedure was used for the 2013 reform of the Common Agricultural Policy. This was the first time that this procedure was used for a reform of this policy.

Organic farming: Organic production is an overall system of farm management and food production that combines best environmental practices, a high level of biodiversity, the preservation of natural resources, the application of high animal welfare standards and a production method in line with the preference of certain consumers for products produced using natural substances and processes.

Outermost regions: There are nine outermost regions of the European Union: Guadeloupe, French Guiana, Martinique, Mayotte, Réunion and St Martin (France); the Canaries (Spain), and the Azores and Madeira (Portugal). Each of them is an integral part of a member state and therefore part of the European Union. Because of their geographical remoteness and their island status (except for French Guiana, which is a continental region within the Amazon forest), a number of special arrangements regarding the common agricultural policy apply to them.

Panel: In the dispute settlement procedure of the World Trade Organisation, an independent body is established by the dispute settlement body, consisting of three experts (panelists) to examine and issue recommendations on a particular dispute in the light of WTO provisions.

Partnership agreement: This is the document prepared by a member state with the involvement of partners in line with the multi-level governance approach, which sets out the member state's strategy, priorities and arrangements for using the European structural and investment funds in an effective and efficient way and in pursuance of European Union's strategy for smart, sustainable and inclusive growth, and which is approved by the Commission following an assessment and dialogue with the member state.

Payment entitlements: These were introduced by the 2003 reform of the Common Agricultural Policy to implement the single payment scheme. Payment entitlements were distributed to farmers based on historical data (at regional or individual farmer level). Following the 2003 reform, to qualify for a single payment, a farmer had to activate the payment entitlements that he or she held together with the same number of eligible agricultural hectares. The 2013 reform replaced these payment entitlements with newly-established payment entitlements under the basic payment scheme. By derogation, some member states respecting certain conditions may keep existing payment entitlements.

Payment for areas with natural or other specific constraints: In order to avoid the abandonment of land in areas with natural constraints or other specific constraints, member states (or regions) may grant an additional amount of direct payment for farmers in these areas.

Payment for young farmers: The 2013 reform of the Common Agricultural Policy stipulated that young farmers (farmers starting-up their farming activity and not older than 40 in the year of application) eligible for the basic payment may receive a payment under the young farmers scheme for a maximum period of five years. The payment is 25% of the basic payment. Member states can choose to allocate up to 2% of their direct payment envelope to these payments.

Peace clause: Article 13 of the WTO agreement on agriculture which protected agricultural subsidies from being challenged under the other WTO agreements, in particular under the General agreement on tariffs and trade and the subsidies agreement. The clause expired at the end of 2003.

Performance framework and reserve: A performance framework and reserve for the European structural and investment funds is provided for in the common provisions regulation. A performance reserve consisting of 6% of resources has been established for the European Agricultural Fund for Rural Development in each member state in order to facilitate result-orientation and the attainment of objectives set out in Europe 2020 (the European Union's ten-year growth strategy).

The reserve is be attributed on the basis of the performance framework defined for each programme with a view to monitoring progress towards objectives and targets over the course of the programming period. The Commission will undertake a performance review in co-operation with the member states in 2019. In order to ensure that the European Union budget is used efficiently and is not wasted, where there is evidence that a priority has seriously failed to achieve its milestones, the Commission may suspend payments or, at the end of the programming period, may apply financial corrections.

Permanent crops: In the context of the Common Agricultural Policy, the term permanent crops means non-rotational crops other than permanent grassland and permanent pastures which occupy the land for five years or more and which yield repeated harvests, including nurseries and short rotation coppice.

Pillars (in the context of international agricultural trade negotiations): The WTO agreement on agriculture and the Doha development agenda agricultural negotiations comprise three 'pillars': export competition, domestic support and market access.

Pillars (in the context of the Common Agricultural Policy): The Common Agricultural Policy comprises two 'pillars.' The first pillar is support to farmers' incomes. This support is provided in the form of direct payments and market measures and is entirely financed from the European Agricultural Guarantee Fund. The second pillar is the support provided for the development of rural areas. This support takes the form of Rural Development programmes and is co-financed from the European Agricultural Fund for Rural Development.

Policy coherence for development (PCD): This aims at strengthening the synergies and weeding out inconsistencies between the non-aid policies of the European Union and its development objectives. The main incentive has been the knowledge that limiting policy incoherence and strengthening synergies among external and internal policies will enhance the overall efficiency of development cooperation and will also lead to increased development benefits in developing countries.

The concept of policy coherence for development stems from the conclusions of a Council meeting of 2005. The Lisbon Treaty (Article 208) has strengthened the legal basis of this principle by requiring it to be mainstreamed into all related policies.

POSEI: This is a scheme that supports the incomes of farmers in the outermost regions of the European Union and the supply of essential products to those regions. It is the French acronym for Programmes d'Options Spécifiques à l'Eloignement et à l'Insularité. The scheme seeks to compensate farmers for their extra costs of production and marketing due to the small size of these territories, their difficult topography and climate, and the long distance to European markets.

Precautionary principle: This is a principle endorsed by the United Nations and which entered into European Union law in the early 1990s. There is no official definition of the principle, but the idea is that if an action or a policy risks causing severe and/or irreversible harm to the public or to the environment, the absence of a scientific consensus should not be used as a reason for delaying the adoption of effective preventative measures. Subsequently, the principle also incorporates the idea that, in the case of an unknown but potentially harmful action, the burden of proof that the action is not harmful falls upon those taking the action.

The principle justifies a higher level of protection, notably than that agreed in the context of international negotiations. The principle applies mainly to the fields of food safety and environmental and consumer protection, and should be considered within a structured approach to risk analysis. It is particularly relevant to risk management.

The precautionary principle is mentioned (Art. 191 Treaty on the Functioning of the European Union) but is not defined in the Treaties or in other European Union instruments. However, the

European Commission has developed guidelines for its application and has stated that the European Union, like all other members of the World Trade Organisation, has the right to establish the level of environmental and consumer protection that it deems appropriate.

The precautionary principle covers cases where the scientific evidence is insufficient, inconclusive or uncertain and preliminary scientific evaluation indicates that there are reasonable grounds for concern that the potentially dangerous effects of a good, a product or a practice on the environment or on the health of plants, animals and humans may be inconsistent with the level of protection chosen by a particular country.

Premium: The term premium usually referred to a payment per head of livestock (ewe premium, special beef premium, suckler cow premium). Since the 2003 reform of the Common Agricultural Policy, premia have generally been decoupled from production and incorporated into the single payment scheme.

Price volatility: Also known as market volatility, this refers to the fluctuation of prices of agricultural goods in the market. A high level of price volatility can cause difficulties for farmers: if they cannot be sure of the level of price in the future, they may be reluctant to invest in their farms. If farmers do not invest in their farms, there is a risk that farm productivity and efficiency will fall.

Private storage aid: Some products have a seasonal cycle, meaning that in certain periods there is a relative over-production, while later in the year there is a relative shortage. Certain external factors may increase the seasonal peak beyond normal expectations, thus potentially causing the market price to fall. In such cases it may be decided to temporarily support producers of products, such as olive oil and butter, regarding the cost of private storage.

Producer organisation (PO): A legally-constituted group of farmers and growers. Producer organisations assist in the distribution and marketing of products. They also promote a higher quality of products and encourage their members to adopt good environmental practices. Producer organisations have been legally encouraged since 2001 in the fruit and vegetable sector, and since 2011 in the milk sector (see milk package).

Since the 2013 reform of the Common Agricultural Policy, producer organisations are now encouraged in all sectors. Producer organisations can group themselves into associations of producer organisations and into inter-branch organisations.

Production quotas: These are limitations on the amount of a specific product that can be placed on the market. They apply to processing companies producing sugar, isoglucose and inulin syrup. Sugar quotas apply until 30 September 2017.

Promotion policy: This is the promotion food and beverages produced by farmers in the European Union. Products are promoted both within the European Union itself and in third countries. To this end the European Union, its member states and the professional organisations co-finance and jointly organise promotion actions, information campaigns and trade missions. Such actions raise the public's awareness of the quality of the European Union products.

Protected designation of origin (PDO): see agricultural product quality policy.

Protected geographical indication (PGI): see agricultural product quality policy.

Public goods and services: Goods and services which benefit the general public but for which the producer is not remunerated through the market. Farmers provide a number of public goods such as the sound management of soil and water, the maintenance of landscape features and food security.

Public Intervention: One of the market management instruments under the single common market organisation and which functions as a safety net is public intervention. When the market price of a product reaches the reference threshold, the European Union may decide to buy a quantity of the product from the market and place it temporarily in storage. Later, when prices are recovering, the product may be sold in the internal market, sold in special destinations or exported.

Public storage: In order to manage the market of a particular farm product, the European Union may remove some of the product from the market and place it temporarily in storage. When the product is placed in a store which is owned or leased by the public authorities, the European Union is said to have ‘withdrawn some of the product from the market and placed it in public storage (or intervention stocks).’

Redistributive payment: In order to redistribute support to smaller farmers, member states may allocate up to 30% of their national budget to a redistributive payment for the first hectares. The number of hectares for which this payment could be allocated will be limited to 30 hectares or the average farm size in member states if the latter is more than 30 hectares. The amount per hectare cannot exceed 65% of the average payment per hectare.

Reference threshold: The single common market organisation provides for a set of instruments which enables the European Union to stabilise prices for agricultural goods on its internal markets. Among these instruments are public intervention and private storage aid. Whether these instruments are applied depends on the actual market price level which is compared to a legally-fixed price level by sector. This price level is the reference threshold.

Reform of the Common Agricultural Policy: Due to changes in the aspirations of citizens, new social and economic conditions and the emergence of novel technologies, it is necessary, from time to time, to adjust and update the Common Agricultural Policy. This is the process of reform.

There have been several reforms of the policy. The first major reform was designed by Commissioner Ray MacSharry in 1992. The reform reduced the level of price support. To prevent a corresponding fall in the incomes of farmers, direct payments were introduced.

In 2003, during the tenure of Commissioner Franz Fischler, specific direct payment schemes were incorporated into a single payment scheme, direct payments were decoupled from production and a number of new mechanisms were introduced (such as, cross-compliance, modulation, degressivity, the financial discipline mechanism, farm advisory services and good agricultural and environmental conditions).In 2009, during the tenure of Commissioner Mariann Fischer Boel, there was an adjustment of the Common Agricultural Policy (the health check). The functioning of the single payment scheme was simplified, the decoupling of direct payments was extended, the scope of cross-compliance was adjusted and set-aside was definitively abolished.

In 2013, during the tenure of Commissioner Dacian Cioloş, the policy was reformed to make it both greener (direct payments to farmers were subjected to greater environmental conditionality) and fairer (level of direct payments to farmers were made more equal within and between member states). Specific payments were introduced to assist young farmers.

A reform generally proceeds by the following steps: the publication of a discussion paper (known as a communication) by the European Commission; a period of public consultation with stakeholders - that is, with the general public and all other interested parties; the submission of legislative proposals by the European Commission to the Council and the European Parliament together with an impact assessment; the discussion by the Council and Parliament of the legislative proposals; and, finally, the adoption by the Council and the Parliament and publication of the legislative proposals in the form of binding regulations.

Risk management toolkit: The toolkit covers:

1) Financial contributions to premiums for crop, animal and plant insurance against economic losses incurred by farmers and caused by adverse climatic events, animal or plant diseases, pest infestation, or an environmental incident,

2) Financial contributions to mutual funds, to compensate farmers for economic losses caused by adverse climatic events, animal or plant diseases, pest infestations or environment incidents,

3) An income stabilisation tool to compensate farmers for a severe drop in income.

Rolling simplification action plan: In a working paper of October 2006, the Commission's Directorate-General for Agriculture and Rural Development set up an action plan for the simplification of the Common Agricultural Policy. The action plan describes the simplification projects that have been initiated.

Rural Development measures: The Rural Development measures are defined in the Rural Development regulation and represent the main instruments to implement the Rural Development programmes. For the programming period 2014 – 2020, the number of measures has been reduced compared to the previous programming period. Furthermore, there is now more flexibility in how the measures are used. This increases their effectiveness in meeting specific priorities.

A range of different types of support is offered by the menu of Rural Development measures to address the many needs of the rural areas of the European Union. Member states have to programme these measures to ensure that they help to achieve one or more European Union priorities for Rural Development and to meet the needs of rural areas.

Member states have a certain discretion regarding the final design of these measures. The support granted under each measure is shared between the European Union and the member state concerned. This arrangement is known as co-financing.

Rural development priorities: Europe 2020 (the ten-year growth strategy for the European Union) explains why and how future economic growth should be 'smart' (i.e. based on knowledge and innovation), 'sustainable' (i.e. in line with the long-term needs of the planet) and 'inclusive' (i.e. beneficial to the whole of society). In line with this strategy, Rural Development aims to achieve three strategic objectives (competitiveness, natural resources and balanced territorial development). These long-term objectives are interpreted in terms of priorities of which six are defined in the Rural Development regulation, as follows:

1. fostering innovation, cooperation, and the development of the knowledge base in rural areas,

2. enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and sustainable management of forests,

3. promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture,

4. restoring, preserving and enhancing ecosystems related to agriculture and forestry,

5. promoting resource efficiency and supporting the shift towards a low carbon and climate-resilient economy in the agricultural, food and forestry sectors,

6. promoting social inclusion, poverty reduction and economic development in rural areas.

Rural Development programmes: The Rural Development programmes define multi-annual strategies in selected programming areas, based on a thorough analysis of their socio-economic and environmental needs. The strategies implemented under each Rural Development programme aim at meeting the European Union priorities for Rural Development through a number of selected measures. The programmes also lay down the conditions that potential beneficiaries have to meet if they are to benefit from Rural Development funds.

Safety net mechanisms: The 2013 reform of the Common Agricultural Policy furthered the market orientation of farming. At the same time, it acknowledged that a market that is more open means that farmers face a greater degree of market volatility, with strong disturbances in terms of price and quantities. Therefore, mechanisms are available which provide for a safety net to help the farming sector to survive bad years, to ensure food security over time and to secure the viability of the sector in the long run. The stability and long-run security provided by safety nets also benefit the upstream sector, processing industry, retailers and consumers.

Public storage and private storage aid are two examples of such mechanisms. The aim of safety net mechanisms is to help farmers. They are not meant to be a permanent form of market intervention and influence the production decisions of farmers.

Sanitary and phytosanitary measures and agreement (SPS): These are measures to protect human, animal and plant life or health and to ensure that food is safe to eat. The final act of the WTO agreement on agriculture contains the agreement on the application of sanitary and phytosanitary measures. It applies to all sanitary and phytosanitary measures that may have a direct or indirect impact on international trade.

Schedule of concessions: This is the list of bound tariffs and commitments of a member country of the World Trade Organisation regarding its domestic support and export subsidies.

School fruit scheme: Aid provided by the European Union to support the distribution of fruit and vegetables to children in nursery, primary and secondary schools. The objective is to introduce balanced diets and good eating habits.

School milk scheme: Aid provided by the European Union to supply milk and certain milk products to children in nursery, primary and secondary schools.

Second generation biofuel: This is a biofuel derived from plant material that does not have an alternative use as food (cf. first generation biofuel which is derived from material that has an alternative use as food). Second-generation biofuels are derived - through the fermentation of cellulose - from a variety of materials including waste biomass, wood and the stalks of cereals. They are also derived from crops grown especially for fermentation into biofuels, such as miscanthus species.

Set-aside: This was the temporary removal of farmland from production. Set-aside was introduced in the late 1980s with the objective of reducing the amount of food produced by farmers. The rationale at the time was to control supply: by reducing the area used for food production the surpluses on core markets for agricultural goods, in particular cereals, could be brought under control. Given the subsequent positive development of agricultural markets, set aside was temporarily suspended in 2008 and abolished definitively in 2009 with the health check reform of the Common Agricultural Policy.

Short supply chain: A supply chain involving a limited number of economic operators, committed to co-operation, local economic development, and close geographical and social relations between producers, processors and consumers.

Simplification: This refers to the continuous work by the European Union to simplify both its policies and the mechanisms to implement them. Simplification involves reducing the administrative burden in existing legislation and preventing its potential occurrence in the future. In the context of the Common Agricultural Policy the aim is to relieve farmers, food businesses and civil servants from burdensome procedures and requirements that are not essential to reach political objectives or to ensure proper management of taxpayers' money. Simplification may also refer to the modification of legal frameworks and texts in order to make the legislation as such more comprehensible.

Simplifications are carried out on a continuous basis and are included in the rolling simplification action plan of the Directorate-General for Agriculture and Rural Development. A Commission communication of 2009, entitled 'a simplified Common Agricultural Policy for Europe – a success for all' highlights the activities that have been carried out since 2005. It provides indications of the resulting reduction of the administrative burden of farmers and national administrations.

Single area payment scheme (SAPS): Due to limited administrative capacities and the absence of historical data, new member states (i.e. those that joined the European Union in 2004 and 2007) were granted the possibility of applying the single area payment scheme instead of applying the standard direct payment schemes. The single area payment scheme provides a flat-rate decoupled area payment paid for eligible agricultural land and replaces almost all payments granted in other than new member states.

Under Regulation (EC) No 73/2009, the single area payment scheme was foreseen to expire. However, the 2013 reform of the Common Agricultural Policy permitted member states applying the single area payment scheme in 2014 to apply it until 2020. At present, the single area payment scheme is applied by all new member states except Slovenia, Malta and Croatia.

Single common market organisation (sCMO): A common market organisation is a set of measures that enables the European Union to monitor and manage, either directly or indirectly (via producer organisations supported by operational programmes), the markets of agricultural products. The rules are laid down in the regulation on the single common market organisation.

The purpose of market management is to stabilise markets (in terms of quantity offered and purchased and the price at which transactions take place) and thus to ensure, on the one hand, that farmers do not suffer from excessively low prices and, on the other, that consumers have a secure supply of food at reasonable prices.

Until 2007, the European Union operated 21 common market organisations which together covered around 90% of the output of farms. With a view to make things simpler, the European Union has amalgamated these 21 common market organisations into a single set, known as the single common market organisation**.**

Single payment scheme (SPS): This was introduced by the 2003 reform of the Common Agricultural Policy and is the scheme by which farmers receive a decoupled single payment. Prior to the 2003 reform, a farmer could receive a number of specific direct payments, each one associated with a particular line of production of crop and livestock (cereals, milk, beef...). The 2003 reform incorporated these specific direct payments into a single payment and decoupled this payment from the production of crops and livestock. The 2013 reform has continued this orientation, the single payment scheme having been transformed into a basic payment scheme.

Small farmers scheme (SFS): This is a simplified direct payment scheme granting a payment, the level of which is determined by the member state but not exceeding 1250 EUR, to those farmers who decide to participate in the scheme. The small farmers scheme includes simplified administrative procedures. Participating farmers are exempt from greening and cross-compliance sanctions and controls.

Member states may allocate up to 10% of their direct payment allocation to this scheme.

Special and differential treatment (STD): Provisions in the WTO agreements that allow developing countries to benefit from exceptions or special treatment. These include longer periods to phase in obligations, more lenient obligations, etc.

State aid: As a general rule, member states are not allowed to grant aid to undertakings. The notion of aid is very wide and basically covers everything by which an undertaking would receive an economic advantage, whether it consists of a straightforward financial aid or indirect support such as tax advantages, better conditions for the purchase or lease of land, giving a loan or a guarantee for taking out a loan from a bank at better conditions than normal market rates, etc.

In principle, payments made under European Union rules are also considered as state aid if the member state exercises any discretion in the matter.

In the context of the Common Agricultural Policy this is the case with regard to payments under Rural Development. In contrast, the member states do not exercise any discretion regarding direct payments because European Union law predetermines the eligibility criteria. Therefore, direct payments are not considered as state aid.

The legislator (the European Parliament and the Council) may decide that the state aid rules do not apply to financial assistance made available by member states, and has done so, for example, with regard to Rural Development payments made in respect of agricultural activities, i.e. activities related to products listed in Annex I to the Treaty on the Functioning of the European Union. But even if there is a state aid, it is possible that the member state may be allowed to grant the aid because the Treaty provides for a series of derogations by virtue of which state aid may be declared compatible with the internal market by the Commission.

To assess this compatibility, the Commission has defined different sets of rules. For those cases where state aid rules apply in principle, member states may grant payments if they are of a low value (*de minimis* rule), if they have been authorised by the Commission following a notification by the member state concerned, or if the state aid is in accordance with pre-determined block exemptions. In cases where a member state provided state aid to its farmers without the prior authorisation by the Commission and which, in the view of the Commission, is incompatible with the internal market, the farmers may be obliged to pay it back, with interest, to the member state (see compatible state aid, illegal state aid, incompatible state aid, unlawful state aid).

State aid guidelines: In the context of state aid, the Commission may receive notifications from the member states indicating their intention to grant aid. For a large number of ‘typical’ cases of state aid, the Commission has pre-determined the assessment criteria in its Community guidelines for state aid, notably in the agriculture and forestry sector. If the member states’ notifications are in accordance with these guidelines, the Commission will authorise them. For special cases not covered by any rule in the guidelines, the Commission may give an approval directly under one of the derogations provided in the Treaty (see compatible state aid, illegal state aid, incompatible state aid, unlawful state aid).

State trading enterprises (STEs): Government-controlled trading agencies used by several WTO member countries to exclusively market imported or domestic products in international or domestic markets. State trading enterprises which export agricultural goods are part of the Doha development agenda agricultural negotiations.

Statutory management requirements (SMR): The statutory management requirements form part of cross-compliance and are laid down in a number of European Union directives and regulations. They concern public health, animal and plant health, identification and registration of animals, environment and animal welfare. These requirements apply independently of cross compliance (which only establishes the link between the full payment and the respect of such requirements).

Stresa conference: This was a conference of Commission officials, national experts and representatives of farmers’ organisations which decided how to accomplish the objectives of the Common Agricultural Policy as set out in Article 39 of the then Treaty of Rome (now Article 39 of the Treaty on the Functioning of the European Union). The conference was held at Stresa, on Lake Maggiore in Italy during July 1958. Its most far-reaching decision was to support agriculture by guaranteeing that the prices farmers received for their products when they sold them in the market would not fall below a floor price (a mechanism known as price support or market support).

Sugar quotas: Limitations on the quantities of sugar that beet processors can sell on the market for food purposes. Sugar quotas were introduced in 1968 immediately at the start of the common market organisation for sugar. Quotas are fixed for each member state or region by the Council and Parliament, while national authorities allocate the quota to the individual companies.

The sugar companies sign pre-sowing delivery contracts with farmers to produce the beet necessary to fill the quota. Quotas are fixed below the level of consumption and the gap is mainly filled by imports (both quota-free and duty-free) from developing countries. Sugar that is produced above the quota, known as ‛out-of-quota sugar’ can be sold only for a few specific end-uses: bio-ethanol, yeast, industrial or pharmaceutical goods or exported within a limit fixed by the World Trade Organisation. The quantity of out-of-quota sugar that is not used can be carried forward to the next marketing year, counting as the first quota production of the year. Sugar quotas will end on 30 September 2017.

Support rates: In the context of aid for Rural Development, the support rate is the share of the total eligible costs of an operation (project, contract, etc.) that is paid by the European Union, a member state, a region or a municipality.

Sustainable development: This term means meeting the needs of present generations without jeopardising the ability of future generations to meet their own needs – in other words, a better quality of life for everyone, now and in the future. It offers a vision of progress that integrates immediate and longer-term objectives, local and global action, and regards social, economic and environmental issues as inseparable and interdependent components of human progress. The concept of sustainable development has been broadly promoted by the United Nations, especially since its 1992 Rio conference and in the context of the Rio+20 process.

Tariff: The term ‛tariff’ has two meanings. Firstly it means the list, book or database of charges that are imposed by a government on goods when these are imported or exported. Secondly it means the charge itself. In its second meaning, the term ‛tariff’ is synonymous with the term ‛customs duty.’

Traditional speciality guaranteed (TSG): see agricultural product quality policy.

Transfers between pillars: The 2013 reform of the Common Agricultural Policy permitted member states to transfer up to 15% of their direct payment envelope (which is part of pillar 1) to their Rural Development envelope (pillar 2). Amounts transferred do not have to be co-financed by member states.

Alternatively, member states may make a transfer in the opposite direction (i.e. up to 15% of their Rural Development envelope to their direct payment envelope). Those member states for which the direct payment per hectare is less than 90% of the average for the European Union, may transfer up to 25% of their Rural Development envelope to their direct payment envelope.

Transitional national aid (TNA): Introduced for the first time in 2013 in those new member states applying the single area payment scheme and receiving a full level of direct payments. Member states applying the single area payment scheme are allowed to continue to grant national aids under the same conditions that previously applied to complementary national direct payments but subject to gradual reduction.

Transparency: In the context of the Common Agricultural Policy, this is an initiative taken by the European Union which requires both it and its member states to make available to the public as much information as possible regarding the implementation of the policy and its beneficiaries whilst at the same time ensuring an adequate level of protection of personal data.

Treaty: The legal foundation of the European Union takes the form of international treaties concluded between its member states. The first treaty was concluded in 1951 and established the European Coal and Steel Community (the Treaty of Paris). This was followed by two further treaties which were concluded in 1957 in Rome. One treaty set up the European Economic Community (later renamed 'European Community') while the other treaty set up the European Atomic Energy Community (Euratom).

Over time these original treaties have been modified, supplemented and combined by means of a number of amending treaties (for example the Maastricht Treaty, the Amsterdam Treaty and the Lisbon Treaty), notably creating the 'European Union' as an overall encompassing concept. The Treaty of Paris expired in 2002. The Lisbon Treaty formally established the 'European Union' as a legal entity with its own legal personality. Thereafter, the European Union replaced the European Community.

Unlawful state aid: This is an unofficial term that encompasses illegal state aid and incompatible state aid.

Uruguay round (UR): The 8th round of multilateral trade negotiations known as the Uruguay Round, conducted within the framework of the General agreement on tariffs and trade, was launched in Punta del Este, Uruguay, in 1986. It was concluded eight years later in Marrakesh in 1994, with the signature of the final act of the Uruguay Round. This adopted a number of individual agreements and decisions, including the WTO agreement on agriculture, as well as the provisions that set up the World Trade Organisation.

World Trade Organisation (WTO): This was established on January 1, 1995, as a result of the Uruguay Round. It replaced the General agreement on tariffs and trade as the legal and institutional foundation of the multilateral trading system of its member countries. The World Trade Organisation provides the principal contractual obligations determining how governments frame and implement domestic legislation and regulations regarding international trade. It is also the platform for trade negotiations and adjudication among its members. As of April 2015, 160 countries belong to it - i.e. some three-quarters of the countries of the world. The WTO is an autonomous organisation, independent from the United Nations.

WTO agreement on agriculture (AoA): One of the 29 individual legal texts of the World Trade Organisation which was negotiated during the Uruguay Round of the General agreement on tariffs and trade. It entered into force with the establishment of the World Trade Organisation on January 1, 1995. The agreement provides for reductions in tariffs, export subsidies and trade-distorting domestic support to farmers, while having regard to the situation of developing countries.

Young farmer: A person who is 40 years of age or less at the moment of submitting an application for aid, who possesses adequate occupational skills and competence and who is setting up for the first time in farming as head of the holding.