Support for the Development of Agribusiness in the European Union Programmes

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Reinforcing innovation and competitiveness of the EU economy, including agribusiness, closer relations between science and business, and sustainable economic growth are key objectives set by the European Commission. In the process of building an innovative and competitive economy based on an intelligent use of natural resources, entrepreneurs need to benefit from cooperation with science and research institutions, both public and private. The primary purpose of documents prepared by the European Commission, including the Multiannual Financial Framework (MFF) for 2021-2027, COM(2018)435 and COM(2018)436, defining rules for the implementation of Horizon Europe – the 9th Framework Programme for Research and Innovation for 2021–2027 and of the Common Agricultural Policy (CAP), is to fully synchronize implementation plans aimed at the development of Member States. The article presents key operational objectives and suggestions of use of financial resources for the purpose of programme implementation.

Keywords: Multiannual Financial Framework, Horizon Europe framework programme, Common Agricultural Policy, agri-business.

Wsparcie rozwoju agrobiznesu w programach Unii Europejskiej

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Wzmocnienie innowacyjności i konkurencyjności gospodarki Unii Europejskiej, w tym zwłaszcza działalności przedsiębiorstw w obszarze agrobiznesu, a także zbliżenie nauki i biznesu oraz zrównoważony wzrost gospodarczy są celami, których realizacja jest traktowana priorytetowo przez Komisję Europejską. W procesie budowy gospodarki innowacyjnej, konkurencyjnej i mądrze korzystającej z zasobów naturalnych, przedsiębiorcy powinni korzystać z pomocy nauki i współpracujących ze sobą instytucji publicznych i prywatnych. Podstawowym celem przygotowanych przez Komisję Europejską dokumentów: w tym wieloletnich ram finansowych (MFF – WRF) na lata 2021–2027, COM(2018)435 i COM(2018)436 określających zasady implementacji IX programu ramowego UE ds. badań naukowych i innowacji na lata 2021–2027 pn. "Horyzont Europa" oraz założeń wspólnej polityki rolnej (WPR) jest uzyskanie pełnej synchronizacji realizacji planów rozwoju krajów Wspólnoty. W artykule omówiono najważniejsze cele operacyjne i propozycje środków finansowych na ich realizację.

Słowa kluczowe: wieloletnie ramy finansowe, Horyzont Europa – program ramowy, wspólna polityka rolna, agrobiznes.

JEL: H5, O31, O38

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1. Introduction

The Commission's proposal for a regulation laying down the Multiannual Financial Framework (MFF) for 2021–2027 defines the budgetary framework and the main lines of action of the European Union consistent with the principles and thee main political objectives set out in the Commission's Communication entitled 'A Modern Budget for the Union that Protects, Empowers and Defends".¹

Ensuring that Poland has the best conditions for sustainable economic and social development, along with high standards of living, is a task identified as the main priority in the strategic document of the government administration of the Republic of Poland – Strategy for responsible development by 2020 and 2030. These measures coincide with the European Union's policies, including the research and development policy formulated in the 9th Framework Programme Horizon Europe and the Common Agricultural Policy for 2021–2027. Changes taking place under the influence of globalization processes in economic sectors, especially in agribusiness, indicate that in order to compete in modern markets, agrifood enterprises must adapt and implement innovations that will allow them to keep up with global scientific and technical progress, as well as consumer expectations.

2. Aim. Source Materials and Test Methods

The aim of this study is to familiarize readers with issues related to the European Union's budgeted expenditure on the development of the agri-food sector, synchronized with the environmental policy in the field of product manufacturing, and to present the conditions for introducing into the body of legal regulations certain rules for measuring the environmental performance of products and organizations.

The European Commission's documents relating to the Multiannual Financial Framework (MFF) for 2021–2027, the 9th Framework Programme Horizon Europe and the Common Agricultural Policy for 2021–2027, including the main directions of development of environmentally friendly production, were source materials for the research.

Elemental analysis, comparative analysis and descriptive synthesis were employed as research methods.

3. Multiannual Financial Framework

The first multiannual financial framework (MFF) (initially referred to as the 'financial perspective') was adopted thirty years ago together with the provisions on cooperation between institutions and budgetary discipline. This and the following financial framework contributed to refining and

streamlining the annual budgetary procedure and cooperation between institutions, while improving the budgetary discipline and the predictability of financing multi-annual programmes and investments. On the basis of the MFF, the Commission presented a set of regulations laying down provisions for the implementation of the Common Agricultural Policy (CAP) in 2021–2027, together with an assessment of the effects of alternative options for the development of this policy. According to these proposals, they shall enter into force on 1 January 2021 and apply to 27 Member States, given that, on 29 March 2017, the United Kingdom notified the European Council about its intention to exit the European Union and Euratom.

The long-term budget was set in the MFF for 2021–2027 at EUR 1,355 billion (at 2018 prices), which is equivalent to 1.11% of the gross national income of the EU27. According to information provided by the European Commission (EC), the multiannual financial framework for 2021–2027 provided for 7% cuts in the cohesion policy and 5% cuts in the Common Agricultural Policy (CAP). At the same time, it is planned to increase by more than 29% the budget for the implementation of the 9th Framework Programme for Research and Innovation for 2021–2027 – Horizon Europe to EUR 94.1 billion³.

4. Horizon Europe

The overall objective of the programme is to prepare an efficient system of investment into research and innovation in the European Union, which should translate into strengthening the Union's scientific and technological foundations. Documents of the 9th Framework Programme for Research and Innovation for 2021–2027 – Horizon Europe encompass both matters arising from recommendations contained in Article 182 of the Treaty on the Functioning of the European Union (TFEU), and substantial support for innovation (Article 173 TFEU).

The planned activities should positively affect the competitiveness of the EU economy. This will enable the implementation of the EU's strategic priorities, contribute to overcoming global challenges and to achieving sustainable development goals.

The strategic goals of the Horizon Europe programme include:

- supporting the process of creating and disseminating new and highquality knowledge, excellence and skills as well as technologies and solutions capable of responding to global challenges;
- strengthening the impact of scientific research and innovation in shaping and supporting the implementation of EU policies, as well as solutions adopted in order to meet global challenges;
- promoting all forms of innovation, including breakthrough and disruptive innovations and streamlining the process of introducing new solutions into the market;

• optimizing the results of the programme in order to increase its impact within the strengthened European research area.

The Regulation of the European Parliament and of the Council establishing Horizon Europe – the Framework Programme for Research and Innovation lays down the rules for participation and dissemination, as well as its budget for 2021–2027. Horizon Europe shall be implemented through a specific program established by virtue of a Decision of the European Parliament and the Council. According to Article 2 (2) of the draft document, the detailed programme includes 16 operational objectives:

- · reinforcing and spreading excellence;
- reinforcing cooperation between sectors and disciplines;
- connecting and developing research infrastructures across the European Research Area;
- strengthening international cooperation;
- attracting talent, training and retaining researchers and innovators in the European Research Area, also through mobility;
- fostering open science and ensuring visibility to the public and open access to scientific publications and research data;
- actively disseminating and exploiting results, in particular for leveraging private investments and policy development;
- supporting the implementation of Union policy priorities;
- reinforcing the link between research, innovation and, where appropriate, education and other policies, including sustainable development objectives;
- delivering, through R&I missions, on ambitious goals within a set timeframe;
- promoting the involvement of citizens and end-users in co-design and co-creation processes;
- improving scientific communication;
- accelerating industrial transformation;
- improving skills skills for innovation;
- stimulating R&I activities in SMEs and the creation and scale-up of innovative companies;
- improving access to risk finance, in particular where the market does not provide viable financing.

In addition, account may be taken of new and unforeseen needs that arise in the process of implementation of the Specific Programme.

The draft includes detailed implementing and programming provisions regarding the Framework Programme, i.e.:

- mission (under the pillar 'Global Challenges and Industrial Competitiveness');
- the European Research Council (ERC);
- the European Innovation Council (EIC);
- work programs;
- the committee procedure.

A total of EUR 94,100,000,000 (at current prices) has been allocated to the implementation of the Specific Programme in 2021-2027. Thus far, it is the highest EU budget for science, research and innovation. It is estimated that this amount may increase further, as the European Parliament has already asked for EUR 114 billion and its representatives promise that they shall contend for full funding.

The Specific programme consists of four key areas:

1. Pillar I 'Excellent Science' with a budget of EUR 24,613,200,000 (plus administrative expenses amounting to EUR 1,186,800,000) – measures aimed at creating and disseminating high-quality knowledge, skills, technologies and solutions to global challenges.

Elements of the pillar:

- a) the European Research Council: providing attractive and flexible funding to researchers throughout the EU, enabling them and their teams to pursue pioneering research.
- b) Marie Skłodowska-Curie Actions: enabling scientists to acquire knowledge and skills through mobility and gaining experience in different countries, sectors and disciplines, as well as structuring and streamlining institutional and national recruitment, training and career development systems.
- c) research infrastructures: providing Europe with excellent and effective research infrastructures, open and accessible to the most outstanding scientists from Europe and beyond.
- 2. Pillar II 'Global Challenges and European Industrial Competitiveness' with a budget of EUR 48,478,545,000 (plus administrative expenses of EUR 4,221,455,000) measures undertaken within this pillar shall be aimed at strengthening the impact of research and innovation to shape and implement EU policies and to support innovative solutions by industry and society with a view to meeting global challenges.

Measures in the field of scientific research and innovation shall be implemented within the following clusters and across sectors:

- a) cluster 'Health': improving and protecting the health of citizens of all ages through:
 - developing innovative solutions for the prevention, detection, monitoring and treatment of diseases;
 - reducing health risks, protecting people and promoting good health;
 - making public health systems more cost-effective, equitable and sustainable.
- b) cluster 'Inclusive and secure society': strengthening European democratic values, including the rule of law and fundamental rights, protecting cultural heritage and promoting socio-economic changes that contribute to social inclusion and economic growth, while overcoming the challenges resulting from threats to security, including cybercrime, as well as measures related to natural and man-made disasters.

- c) cluster 'Digital technologies and industry': strengthening capabilities and ensuring Europe's sovereignty in the area of key growth-promoting technologies for digitalisation and production, as well as space technology. The aim of these measures is to develop a competitive, digitized, low-carbon industry based on circular economy principles; ensuring sustainable supply of raw materials and providing conditions for progress and innovation in order to overcome global social challenges.
- d) cluster 'Climate, Energy and Mobility': mitigating climate change, *inter alia* by ensuring that energy and transport sectors are more sustainable, efficient, competitive, intelligent and safer.
- e) cluster 'Food and Natural Resources': protection, restoration and sustainable use of natural and biological resources from land and sea, solving problems related to food safety and a healthy diet.
- f) Direct actions of the Joint Research Centre: provision of high-quality and trusted scientific evidence for good public policies.

Within Pillar II – as part of the strategic planning process – a set of missions for the implementation of goals important from the point of view of European society shall be defined. According to the draft, there will be no separate budget for missions. However, they are normally expected to be cross-cutting in nature, so they will receive budget from more than one cluster.

- 3. Pillar III ,Open Innovation' with a budget of EUR 12,879,000,000 (plus administrative expenses of EUR 621 million) activities aimed at enhancing and developing all forms of innovation, including breakthrough and disruptive innovations, and the introduction of innovative solutions into the market.
- a) The European Innovation Council: supporting breakthrough marketcreating innovations with a global potential.
 - Areas of intervention: the *Pathfinder* instrument supporting future and emerging breakthrough technologies; the *Accelerator* instrument bridging the funding gap between the last stages of innovative activity and the absorption of innovations by the market, together with additional types of activities, such as the awarding of prizes and scholarships.
- b) European innovation ecosystems: complementing ERDF support for innovation ecosystems as well as regional partnership relating to smart specializations.
 - Areas of intervention: establishing contacts with regional and national entities operating in the field of innovation and supporting innovation projects implemented by Member States, as well as developing joint cross-border innovation programmes.
- c) European Institute of Innovation and Technology:
 - Areas of intervention: strengthening sustainable innovation ecosystems across Europe; supporting the development of entrepreneurship and innovation skills, and supporting relevant transformations of European universities; development of new solutions in response to global social

challenges; ensuring synergy and added value under the Horizon Europe programme.

4. 'Strengthening the European Research Area' with a budget of EUR 2,003,400,000 (plus administrative expenses of EUR 96,600,000) – actions aimed at optimizing the implementation of the programme with a view to reinforcing the impact within the European Research Area. The main elements of this programme include 'sharing excellence' and 'reforming and enhancing the EU research and innovation system'.

The premises of both Horizon Europe documents, i.e. the COM(2018)435 'framework programme' and the COM(2018)436 'specific programme' indicate that its implementation should contribute, *inter alia*, to:

- strengthening the impact of research and innovation in developing, supporting and implementing EU policies, and the uptake of innovative solutions in industry and society to address global challenges;
- strengthening scientific excellence through EU-wide competition and cooperation;
- increasing the EU's attractiveness as a place for education, research, innovation and business;
- ensuring open access to the results of scientific research;
- having a positive structuring effect on national R&I ecosystems (the European Research Council has become a global beacon of excellence, inducing national and institutional changes to support and attract its grantees);
- to have a positive impact on national research and innovation ecosystems (the European Research Council has become a global model for excellence, leading to national and institutional changes, to support and attract its beneficiaries);
- providing a sound knowledge base for policy-making (e.g. the work of the UN's IPCC on climate change relied extensively on EU-funded research).

The suggested structure of the programme – consisting of three pillars and the fourth part dedicated to strengthening the European Research Area – seems appropriate for attaining the operational objectives set and it should contribute, *inter alia*, to strengthening the agribusiness sector, also in Poland.

More than half of the above funds were allocated to 'Global Challenges and Industrial Competitiveness', which means that investments made under Pillar II shall serve as an impulse for stimulating economic growth at the level of both the EU and individual Member States. Cluster-based structure introduced under Pillar II (a combination of elements of the Horizon 2020 programme, i.e. 'Social Challenges' and 'Leadership in Enabling and Industrial Technology') provides for a more effective implementation of the programme's goal by intensifying R & D cooperation in various sectors, which should also enable the development of the agribusiness sector.

Experience gained thus far in implementing the previous framework programmes indicates the absence of conditions allowing to make a full use of the European research potential in the EU13. From the Polish point of view, the increased programme budget, if combined with a greater involvement of the national scientific community in raising funds, can significantly contribute to an innovative transformation of the country's economy, including the agribusiness sector.

5. Common Agricultural Policy

The Common Agricultural Policy (CAP) underpins the construction and development of the European Union (EU). Established in the early 1960s and focused around the objectives enshrined in the Treaty, it has undergone several reforms aimed at improving the competitiveness of the agricultural sector, supporting rural development, meeting new challenges and responding more efficiently to social needs.

The Commission's proposal relating to the Multiannual Financial Framework for 2021–2027 (COM(2018) 322 final) stipulates that a significant part of the Union budget should continue to be allocated to agriculture, which is a common strategic policy. It is, therefore, suggested to focus the CAP on the main actions and to allocate a total of EUR 286.2 billion (at current prices) to the European Agricultural Guarantee Fund (EAGF) and EUR 78.7 billion to the European Agricultural Fund for Rural Development (EAFRD).

These agricultural funds shall be supplemented with resources under the 9th Framework Programme Horizon Europe, as the programme's envelope of over EUR 114 billion includes EUR 10 billion earmarked for supporting research and innovation in food production, agriculture, the development of areas rural and bioeconomy.

The CAP shall continue to ensure food security, understood as constant access to a sufficient quantity of safe and nutritious food. The implementation of the CAP should also contribute to improving the response of EU agriculture to new social expectations regarding food and health, concerning sustainable agricultural production, a healthier diet, a complete elimination or a significant reduction of food waste, and animal welfare. The CAP should continue to promote production with specific and valuable characteristics, while supporting farmers in actively adapting production to signals coming from the market and consumer expectations. These issues are of great import for agribusiness, which is one of the main objectives of this policy in the current financial perspective of the CAP.

The Treaty on the Functioning of the European Union (TFEU) provides that the Union shares competence in the field of agriculture with its Member States, creating a common agricultural policy that includes common objectives and methods of implementation. Article 39 of TFEU defines key objectives of the Common Agricultural Policy:

- to increase agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, in particular labour;
- to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture;
- to stabilise markets;
- to assure the availability of supplies;
- to ensure that supplies reach consumers at reasonable prices. The CAP shall strive to attain specific objectives, such as:
- promoting decent farm income and counteracting fluctuations in the global economy (in order to ensure food security);
- increasing market orientation and competitiveness, including a greater focus on research, technology and digitization;
- improving the position of farmers within the value chain;
- contributing to the mitigation of and adaptation to climate change, and to sustainable energy production;
- promoting sustainable development and the efficient management of natural resources, such as water, soil and air;
- contributing to the protection of biodiversity, strengthening ecosystem services and protecting habitats and landscapes;
- attracting young people to farming and facilitating the development of economic activity in rural areas;
- promoting employment, growth, social inclusion and local development in rural areas, including bioeconomy and sustainable forestry;
- improving the response of EU agriculture to social needs in the area of food and health, including safe, nutrient-rich and sustainable food as well as animal welfare.

The Communication on the Future of Food and Farming confirms that market orientation is a key element of the CAP. Europe needs a creative, stable, sustainable and competitive agriculture to ensure that its citizens have access to safe, high-quality, affordable, nutritious and diverse food, and to create a strong socio-economic fabric of rural areas. A modernised CAP should enhance its EU added value by reflecting a higher level of environmental and climate ambition, and address citizens' concerns regarding sustainable agricultural production. Plans for the implementation of the CAP after 2021 take into account food issues, and to a certain extent also methods of its production, as well as the policy related to consumer health. Thus, the impact of food quality and nutrition on health strengthens the link between the CAP and health policy, in particular as regards the reduction of the use of antimicrobials and chemicals in food production.

The Communication on the Future of Food and Farming calls for a greater emphasis on geographical indications, making them more attractive to both farmers and consumers, and facilitating their management. It is, therefore, suggested that current provisions on geographical indications contained in the four basic legal acts be amended to simplify the geographical indications system, shorten the process of registering geographical indications and approve changes to product specifications more effectively. These changes are intended to simplify the system of geographical indications, make it more understandable to consumers, easier to promote and cheaper through lowering administrative costs. It can be assumed that the EU's CAP proposals for 2021-2027 will provide solutions beneficial to EU consumers. It was assumed that the CAP would be implemented while ensuring synergy and complementarity with other EU policies and funds, such as those implemented under the European Structural and Investment Funds, the Invest EU fund, the 9th Framework Programme for Research, as well as environmental and climate policies. Where appropriate, common rules shall be established to maximize the coherence and complementarity of funds, while taking into account the specific character of each policy area.

6. Summary

From the point of view of the impact of measures planned by the European Commission for 2021–2027, it seems necessary to implement solutions that not only maximize coherence between the various components of the planned policies, but also contribute to the creation of a synergy system between the various investment pillars of the future budget. According to these conclusions, the provisions relating to the next Framework Programme and European Structural and Investment Funds, as well as state aid rules and other EU programmes must, from the very outset, take into account synergies, consistency, compatibility and complementarity, to ensure a level playing field for similar projects under different management modes.

The analysis of system solutions proposed by the EC for the implementation of the Horizon Europe programme and the Common Agricultural Policy for 2021–2027, including the rules for participation and dissemination, suggests that they meet the expectations of consumers, as well as academics and practitioners. New regulations on the dissemination and use of research results shall contribute to the implementation of the Horizon Europe programme. The majority of provisions contained in the rules for participation and the dissemination of Horizon 2020 have been preserved, but with a number of improvements. These include targeting, especially within the Union, for a greater use of work results during and after the project. In addition, the Commission shall provide special support for the dissemination and exploitation of knowledge about the results of scientific research and innovation.

An important solution of the Horizon Europe programme is the support for the so-called open science, which is expected to ensure a better use of the results of research and innovation within the European Union. The synergy of the CAP with the 9th Framework Program for Research Horizon Europe shall be guaranteed, inter alia, within the 'Food and Natural Resources' cluster, whose goal is to develop safe, sustainable, diversified and innovative systems of agriculture and food production within bioeconomy, which is the basic pillar of agribusiness. Giving bioeconomy the status of one of the priorities of the CAP means that it will be linked even more closely to the EU research and innovation policy. The emphasis in the 'Food and Natural Resources' cluster is also placed on benefiting from the digital revolution, to ensure that research and innovation contribute to the digital transformation in the agribusiness sector. Synergies between the EAFRD and the Horizon Europe programme should lead to an optimum use of results of research and innovation measures taken under the European Agricultural Fund for Rural Development (EAFRD). In particular, this synergy should allow the use of the results of projects financed from the Horizon Europe programme and the European Innovation Partnership for Agricultural Productivity and Sustainability, which shall boost innovation along with the economic and social potential of agribusiness.

Endnotes

- ¹ europa.eu/rapid/press-release MEMO-18-3621 pl.htm.
- ³ COM(2018)435 and COM(2018)436 Horizon Europe.

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