Simplification of the CAP

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PURPOSE: to simplify the Common Agricultural Policy with a view to reaching its objective to reduce the administrative burden in agriculture by 25% by 2012.

BACKGROUND: the Commission presented in 2005 a Communication on Simplification and Better Regulation for the Common Agricultural Policy (CAP) (COM(2005)0509). This set out an ambitious programme for a significant simplification of the CAP. The programme and its implementation are fully embedded in the overall Commission strategy on Better Regulation and in particular the Simplification Rolling Programme and the Action Programme for Reducing Administrative Burden.

In the meantime an impressive number of CAP-related simplification projects have been completed. It is now timely and appropriate to take stock and look at what has been accomplished.

The results of the simplification process show that the Commission's efforts to move towards a simpler CAP have been remarkably successful. Its active continuation in the future is a clear sign of the Commission's commitment to further simplification. On the basis of first results of the measurement exercise one can realistically expect **the objective of a 25% reduction of administrative burden in 2012 to be met**.

CONTENT: this communication will highlight the activities that have been carried out since 2005, and give indications of the resulting reduction in administrative burden for farmers and administrations3. Special attention will be paid to the rolling Simplification Action Plan, the single CMO, the 2007 study on administrative burden for farms and the results of the Health Check process. To conclude, the communication will explore paths to further simplification actions in the future.

Achievements since 2005: in 2005, the European Commission committed to taking on a series of activities that can be qualified as either technical or policy simplification:

- identification and elimination of obsolete Council and Commission legal acts is done continuously, as for example in the milk sector;
- the adoption of Council adopted Regulation (EC) No 1234/2007 also known as the single CMO which groups together all the sectoral common organisations of the market and replaces 45 Council Acts;
- the Commission modified and streamlined its policy on state aid in the agricultural sector;
- for the purpose of exchanging views on simplification and sharing ideas and experiences, several platforms were established;
- the sugar reform, formally adopted in the beginning of 2006, resulted in a tangible simplification of the system;
- in its first years of existence, the Single Payment Scheme has been adapted on several occasions with a view to simplifying its functioning and making it more "farmer friendly";
- reforms in the fruit and vegetable sector as well as in the wine sector have made rules simpler;

- during the past years, the instrument of impact assessment became an indispensable tool for preparing important reforms in the agricultural sector and comprises substantial involvement of stakeholders at an early stage.

The Common Agricultural Policy Simplification Action Plan: during the 2006 conference, the first version of the "rolling" Simplification Action Plan was presented. It set out 20 projects for technical

simplification of the CAP. The plan has evolved to around 50 projects by January 2009 of which 43 have been implemented. The following projects deserve to be explained in greater detail as they are good examples for the positive impact simplification can have on operators and/or farmers.

- **Beef export licences**: the Commission adopted in 2007 a sector specific simplification measure in the beef and veal sector. Exports in this sector with or without an export refund used to be accompanied by a licence. While it is essential to continue monitoring trade in products exported with a refund, it no longer appeared necessary to monitor exports of goods traded without a refund. Therefore, the Commission removed the obligation to present an export licence for such exports. This measure reduces the costs of exporting beef by an average of around EUR 16 per tonne. In addition, it removes red tape and improves the business environment.

- **Egg labelling**: in 2007 the European Commission adopted a new set of detailed rules concerning marketing standards of eggs and in particular concerning the labelling of eggs. The new rules allow eggs to be collected, graded, marked and packed within 10 days of lay, rather than being collected every third working day. This helps the industry organise itself better, which is especially useful at busy times of year. The new flexibility reduces costs for producers and the downstream sector as well as control costs for Member States.
- **10-month rule**: Council Regulation (EC) No 1782/2003 stated that parcels declared by a farmer for direct payments have to be at the farmer's disposal for a period of at least 10 months.
- This provision has been abolished and the 10-month period replaced by a single date, which may be determined by the Member State. The abolition of the 10-month rule is likely to lead to a reduction in administrative burden for farms of around EUR 19 million.
- **Import-export licences**: in June 2008, the Commission eliminated the vast majority of licence obligations in the agricultural sector. The advantages for operators (importers and exporters) are: (i) they will save on the administrative costs of handling the paperwork associated with imports or exports; (ii) they will no longer incur the costs of depositing (and recovering) licence securities. This measure is likely to reduce the overall burden associated with licences to operators by approximately EUR 7.4 million.
- **Marketing standards fruit and vegetables**: the Commission reduced the number of specific marketing standards from 36 to 10 (apples, citrus fruit, kiwifruit, lettuces and endives, peaches and nectarines, pears, strawberries, sweet peppers, table grapes and tomatoes), rationalised the associated checking operations and established a general marketing standard covering most fruit and vegetables. As a result of this measure, operators no longer face compliance costs except for ensuring that their products are of sound, fair and marketable quality and national authorities no longer have to carry out controls for these 26 specific standards.
- **Cross-compliance**: to simplify the system, the Commission allowed advance notice for on-the-spot checks. These improvements allow farmers to better plan their activities, demand less paperwork to remedy small infringements and remove the threat to be penalised for trivial infractions. The measure also simplifies the task of national administrations. Providing advance notice for on-the-spot checks may lead to a reduction in dministrative burden to farms of up to EUR 5.7 million.

Special focus: this document outlines three CAP simplification activities of key importance. These projects relate to legislative simplification, administrative burdens and policy simplification and have a cross-sector impact: the single CMO, the study on administrative burden and the Health Check:

- **Single CMO**: the new regulation groups together and replaces all 21 individual common organisations of the market into one single regulation, thereby reducing the number of articles from around 920 to around 230 and repealing a total of 78 Council acts. On a macro level, the adoption of the single CMO has substantially reduced the number of acts governing the CAP. Lastly, the single CMO facilitates further simplification and reduction of administrative burden at the level of Commission implementing provisions.

- **Study on administrative burdens**: the results of the study indicate that administrative burden to farms will decrease substantially. One factor is the learning curve effect and the disappearance of the administrative costs associated with the start-up of the Single Payment Scheme. The changes decided in the Health Check also explain the disappearance of these costs.
- **Health Check**: the Health Check is likely to lead to a reduction in administrative burden to farms of around EUR 135 million as result of abolishing the special schemes for energy crops, crop area payment, durum wheat, nuts and starch potatoes. Moreover, the abolition of set-aside is estimated to reduce administrative burden to farms by EUR 146 million.

Outlook: the progress made over recent years will by no means lead to a standstill of simplification activities for the agricultural sector. Simplification and reduction of unnecessary administrative burden are permanent tasks that do not take care of themselves. To keep the momentum going and to create an environment which establishes appropriate conditions for further simplification of the CAP, the following elements and projects are scheduled for the coming years:

- **common starting date**: the start of application of legislative modifications in the CAP is generally centred on fixed dates, such as the beginning of the marketing year. To further facilitate an easier monitoring of policy and policy changes as well as anticipating them, the possible introduction of common starting dates21 for legislative changes in the CAP will be further examined;
- **cross-compliance**: the idea of developing a proposal for one single legal act on cross-compliance by harmonising the current rules will be further evaluated;
- **communications**: the Commission will endeavour to simplify and harmonise the legal framework for communication and conservation of information and documents in the context of shared management of the CAP;
- **"Harvest Experience"**: as from 2010, a training programme will be set up for officials from the Directorate General for Agriculture and Rural Development which involves a farm stay;
- **quality policy**: the Green Paper on agricultural product quality (COM(2008)0641) initiates a broad public consultation on quality policy and addresses the issue of simplification and reduction of administrative burden, in particular with regard to marketing standards, certification schemes and geographical indication systems. The Commission will issue a Communication in May 2009, at the end of the public consultation;
- **continuation of the Action Plan**: the Action Plan will continue to "roll" and new projects will be added and implemented. One of these new projects concerns the hops sector.

Lastly, the Commission will continue organising meetings with Member States and stakeholders to discuss and further develop activities on simplification of the CAP. It is also in this context that possibilities for further simplification of cross-compliance may be elaborated.