Simplification of the CAP

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The Committee on Agriculture and Rural Development adopted the own-initiative report drawn up by Richard ASHWORTH (ECR, UK) on the simplification of the CAP.

General Principles: firstly, the report underlines that **further simplification of the CAP is necessary** to reduce its implementation costs for EU institutions, Member States and the beneficiaries themselves.

Members ask the Commission, when introducing new regulation, to simultaneously seek to remove unnecessary burdens. The Commission is called upon to harmonise CAP rules by eliminating the duplication of tasks and reducing bureaucracy, with a view to increasing the competitiveness of the agricultural sector in all the Member States. CAP measures should be proportionate to the objective and that the legislative path should be chosen only where it is genuinely justifiable, thereby avoiding a legal construction which is difficult for farmers to understand. The committee expects that, in line with the principles of better regulation, all future legislation will be accompanied by a full impact assessment with consideration for regulatory and administrative burdens.

Member States should allow **self-certification** where possible and they should have the option, in rural development plans, to introduce a flat-rate land parcels scheme, particularly for small farms, on condition that compliance with the obligations entered into is guaranteed.

Members call for the European Union to introduce efficient mechanisms to **curb price volatility** with a view to the future.

As regards **error correction**, the report calls for the possibility of autonomous error correction which would allow recipients of payments who unintentionally broke the rules to inform the authorities without becoming liable to fines as a result. It points out that the system of fines for farmers for errors in payment claims should be commensurate with the scale of the infringement and that penalties should not be applied in the case of minor mistakes, and particularly not in the case of errors that are not the fault of the farmer.

They point out the problem of farmers with **spouses** who run separate agricultural holdings, who should therefore have separate rights and obligations with respect to claims for CAP payments.

Cross Compliance (CC): Members recognises the value of the principle of cross-compliance as one of the key concepts of CAP direct payments, but that strong simplification is recommended. They believe that the fundamental objective of checks is to encourage farmers to comply more fully with the law and that yearly CC controls for statutory management requirements (SMR) could be reduced or replaced by random checks, if there have only been a few infringements in recent years.

Members consider that cross-compliance requirements should be laid down and should also take farm size into account so as to reduce the burden on small farms, where the risk is lower. The number of CC requirements should be reduced and their **scope updated**.

The report insists on the following issues:

- inspections should continue to be carried out by the public authorities to ensure they are independent and impartial;
- penalties to farmers for failure to comply with regulations should be applied in a transparent, simple and proportionate manner which takes account of the realities on the ground;
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the statutory requirements for CC control should be easily understandable for farmers and control authorities;

- Members consider that Member States, or regional and local authorities, as appropriate, should be allowed to reduce the inspection quota to a specific lower limit if they have a risk analysis framework that complies with Community law requirements, along with evidence of high compliance;
- more help and advice through efficient information and advisory tools, such as a telephone helpline or the use of the Internet, would help prevent infringements and give Member States the means to steadily reduce their inspection quota;
- the controls carried out – or due to be carried out – at farms by the various parties whose job or statutory duty it is to conduct them should be coordinated with a view to reducing the number of farm inspection visits.

They consider that a **communication plan on cross-compliance** should be drawn up in order to provide as much information as possible, for both farmers and consumers, about cross-compliance requirements and the benefits arising from the public goods and services delivered by farmers whose activities comply with those requirements.

The report calls for the authorisation of a practicable and transparent system of indicators with the aim of simplifying the assessment instruments for CC checks and calls for abolition of the current system and of the possibility of two or more penalties being imposed for a single error. The Commission is called upon to analyse the disproportion between infringements of animal identification regulations, accounting for some 70% of all infringements, and other requirements and to make appropriate changes. It is considered that a **single legislative text** should be drawn up on cross-compliance and that the positive externalities generated by farms, in terms of public goods and services, should be fairly remunerated.

Direct payments: Members consider that farmers must have access to workable systems that allow them easily and without needless bureaucracy to submit applications for direct payments, typically in the place in which they live. In order to simplify the rules for the single payment scheme, the provision of the same detailed information on an annual basis should be abolished. They call for more flexible payment arrangements to be permitted which make it possible to make payments even before all checks have been definitively completed. They believe that the current definition of agricultural activity for the purposes of single payment should be reviewed in order to ensure that claimants who are not active farmers are not eligible. The Commission should also review the system of control and settlement of accounts as well as adopt a more proportionate and, ultimately, a risk-based approach to the application of regulatory controls, the conduct of compliance audits and the imposition of financial corrections. The Commission is invited to come forward with proposals by means of which the audit and control framework for the CAP might be improved.

Rural development: Members stress that simplification of the CAP must go hand-in-hand with simplification of its implementation, and calls on the Member States to minimise the bureaucratic formalities required of potential CAP beneficiaries, especially in the area of rural development. They call on Member States, in their national rural development programmes, to place at the disposal of potential beneficiaries systems that guarantee transparency, and to grant them the necessary time to prepare applications for financing and meet the various eligibility criteria for the aid schemes. The report notes with concern the **high level of errors in applications for direct payments** recorded in some Member States. These errors are attributable mainly to the orthophotographic equipment used, rather than to farmers. They call for such errors to be punished only in cases of clear attempted fraud.

They consider that legislation which presents a conflict with other legislation should be regularised before being imposed on the farmer (e.g. environment legislation and single payments scheme). The report

considers that the rules concerning eligibility of the VAT to be financed under Pillar II of the CAP, especially for activities performed by bodies governed by public law, should be harmonised with those used for the Structural Funds.

Animal identification: the report urges the Commission to examine the system of animal identification used in each Member State and to work towards a uniform system of animal identification ensuring that unnecessary regulation is removed: in particular, examination of producer numbers and holding numbers, the number of registers required and the difference between producer and holding. It calls for **far-reaching harmonisation of the currently very differentiated animal identification regulations**. It also calls for the deferment of the obligation on the electronic identification of sheep and goats starting from 31 December 2009, given its excessive cost in a time of economic crisis. Lastly, Members call for an amnesty of three years on cross-compliance penalties relating to electronic identification of sheep and goats, given that this is a new and complex technology and will require some time for farmers to become accustomed to and road-test. The Commission is called upon to conduct a thorough review of the regulation.