Special report 11/2012 (Discharge 2011): Direct payments for dairy cows, ewes and goats under the partial implementation of the Single Farm Payment scheme

2012/2227(DEC) - 06/09/2012 - Non-legislative basic document

PURPOSE: the drawing up of a Special Report (No 11/2012) of the Court of Auditors on suckler cow and ewe and goat direct aids under partial implementation of Single payment scheme (SPS) Arrangements.

CONTENT: following the 2003 CAP reform, agricultural support that had previously been granted in the form of direct aids linked with a specific production of agricultural products (so called 'coupled' aid), was no longer to be paid in relation to production (i.e. was decoupled) upon the introduction of the SPS - single payment scheme.

However, some exceptions to full decoupling were foreseen for specific sectors and regions in order to limit the potential negative effects of an immediate transition to full decoupling, by preserving agricultural production in specific vulnerable regions and providing environmental benefits through a continuation of a specific agricultural production. Member States could continue with the previously existing suckler cow and ewe and goat schemes under the option entitled 'Partial implementation of SPS' and other specific coupled support measures (known as Article 69 and Article 68). The Commission legislative proposals for the CAP towards 20201 provide for the possibility for Member States to grant voluntary coupled support.

In its audit, the European Court of Auditors set out to answer the following questions: are the suckler cow and ewe and goat direct aids under partial implementation of SPS:

- targeted to the most relevant regions in Member States?
- effective in maintaining specific production and thus avoiding negative social, economic and environmental effects?
- well-monitored and assessed by the Commission and Member States?

Conclusions of the Court of Auditors audit: the Court concluded that the audited schemes as designed **are not targeted to address the regions and agricultural areas where they would be most relevant,** thereby diluting their effect.

The Court did not find conclusive evidence to demonstrate that the audited schemes are in general a more effective tool than decoupled aid, allied with other EU and nationally funded measures, to maintain production and thus sustain economic activity in regions with few economic alternatives and generate environmental benefits.

Additionally, there are **weaknesses in the monitoring of key performance indicators and in assessing the ultimate social and environmental impacts of the schemes** by the Commission and Member States, as well as a lack of coordination with other measures having similar objectives.

Court's recommendations: if the Commission's proposal to continue voluntary coupled support beyond 2013 is accepted by the Council and the European Parliament, the Court recommends that the Commission should:

(a) add a **targeting requirement for coupled direct aid schemes** for these sectors;

(b) in coordination with Member States, clarify the most relevant types of farming activities to maintain production and thus address the ensuing social, economic and environmental aspects;

(c) specify the monitoring **requirements and arrangements expected from Member States** and implement a permanent monitoring framework that would indicate all direct aids paid to support the animal sectors in the Member States;

(d) in coordination with Member States, **undertake a comprehensive evaluation** of the impact of the different support schemes affecting the sectors with a view to enhancing farm competitiveness.