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NOTE

From:	General Secretariat of the Council
To:	Council
Subject:	Simplification of the Common Agricultural Policy - Information by the Danish, Estonian, Finnish, Latvian, Lithuanian and Swedish delegations

Delegations will find in the Annex, a note from the Danish, Estonian, Finnish, Latvian, Lithuanian and Swedish delegations on the above subject to be dealt with under "Any other business" at the Council (Agriculture and Fisheries) on 3 April 2017.

Simplification of the Common Agricultural Policy

The Commission has stressed the importance of simplification of the Common Agricultural Policy in its work programmes for 2015, 2016 and 2017. During the Latvian Presidency in 2015 Council conclusions on the Simplification of the Common Agriculture Policy (doc. 8485/15) were adopted. These conclusions emphasized that, in implementing the Common Agricultural Policy, greater account should be taken of the subsidiarity and proportionality principles and that particular attention should be paid to making EU legislation easier to understand and to implement on the ground, therefore increasing transparency and legal certainty. The conclusions also clearly state the commitment of the Council to assess the progress on simplification. Comprehensive assessment of the progress is still pending.

Right now the Council and the European Parliament are discussing the omnibus proposal put forward by the Commission, which includes simplification of the basic regulations of the Common Agricultural Policy. That process is very advanced and it is of utmost importance that these simplification amendments would come into force as of 2018. But there are other areas, where further action is needed and where there is a significant scope for simplification. That includes both the basic regulations that should be simplified and ready from 2021 and secondary legislation that can be simplified whenever appropriate. The goal should be a simplified, stable and effective Common Agricultural Policy.

In particular the following general issues need to be addressed:

- **A more balanced approach to shared management:** Most of the Common Agricultural Policy is under shared management by the Commission and Member States. The level of details in the administration is immense. Quite often it comes close to micromanagement, and it is very costly for Member States. There is a need for a more balanced approach to shared management with a focus on the real risk for the European budget. In Direct Payments this is for example illustrated by the detailed interpretations of the regulations through various guidelines, giving little flexibility for other interpretations delivering similar benefits. There is a need to give higher priority to the objectives of the rules while taking practical and administrative aspects into due account.

Another example is the rural development programmes. The volume and the level of details required in the rural development programmes have risen to an unacceptably high level. The programmes typically amount to between 500 to 1200 pages of text (excluding the annexes). Considering the overall number of programmes this amounts approximately 100 000 pages. The level of details entails the need for frequent amendments. Getting the amendments approved by Commission is likely to take 6-18 months. This set-up must be simplified. This could be approached by drawing inspiration from the operational programmes of other ESI Funds. This would allow Member States a greater level of subsidiarity to decide on the details at the national level.

- **A more risk-based approach to controls:** An effective Common Agricultural Policy needs proportionate rules on controls, penalties and audits. One way to achieve significant simplification could be if inspections could be targeted at the issues and conditions, where the risks of errors are particularly high. The rapid technological development and increasing availability of satellite pictures could be combined with other information, and form the basis of sound risk assessments. If such tools could be used within the Integrated Administration and Control System (IACS) Member States should be able to target the control towards beneficiaries, who belong to a high-risk group where the likelihood of errors is highest. The frequency of risk-based controls will be determined by the actual risk and, and not, as presently, be a fixed control rate of 5 %. Thus, Member States with effective administrative control systems should be able to reduce the control rates. Another area for further consideration is moving towards a single audit system.
- **Reducing the number of layers of rules in the Common Agricultural Policy:** The structure of the Common Agricultural Policy has evolved gradually over the past decades and new elements have been added along the way. The result is a number of layers: basic payment scheme, area based rural development schemes, support for investments, greening, cross compliance, crisis reserve, etc. Typically these layers have their own specific rules specifying the timing and content of administration, controls, applications and so on. The result is a highly complex administrative set-up that creates costs and burdens that cannot be motivated by the outcome. This could be simplified and made more uniform.

Enclosed is a list of simplification proposals, reflecting the principles of subsidiarity, proportionality and sound management. This list of simplification proposals should be seen as a shared starting point for the Member States concerned and they are without prejudice to proposals on other elements that may be put forward together or by the respective delegations. The purpose of this document is to list the proposals that belong to two categories:

1. Amendments simplifying the basic acts which can form part of the discussion on the future Common Agricultural Policy after 2020.
2. Amendments to the secondary legislation that can be carried out whenever appropriate by the Commission and put into effect well before 2020.

Therefore all parties are invited to take appropriate steps in order to have comprehensive assessment of the simplification and to identify areas where further work has to be continued.
