

Brussels, 6 May 2015
(OR. en)

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NOTE

From:	Presidency
To:	Delegations
Subject:	Simplification of the CAP <i>- List of priority issues identified by the Presidency on the basis of Member States' contributions</i>

Delegations will find attached an updated list of priority issues identified by the Presidency under its sole responsibility. The list is based on delegations' detailed written contributions (doc. 6300/15 + ADD 1 + ADD 2 + ADD 3 + ADD 4) in response to the questionnaire set out in doc. 5908/15, the input provided on the occasion of discussions at Council and Working Party level and comments on earlier Presidency summaries (doc. 6767/15 + REV 1). The priority issues are presented by subject area (direct payments, common market organisation, rural development and horizontal issues). For each, the solutions suggested to address the issue and the suggested timing for doing so are summarised. It is to be noted that for some issues the contributions refer to the basic acts as well as to the delegated and/or implementing acts.

The detailed issues listed in individual contributions reflect the national characteristics of Member States' agriculture sector and their choices made for the implementation of the CAP. They are not always of concern to other Member States: the Presidency therefore chose to list only those issues which met with some degree of support among Member States. Therefore, the issues contained in the list are not necessarily agreed by all Member States.

Presidency Summary

Simplification of the CAP – List of priority issues identified by the Presidency on the basis of Member States' contributions

(A) DIRECT PAYMENTS

Priority issues	Suggested solutions	Suggested Timing
Definition of permanent grassland	<ul style="list-style-type: none"> The definition should be amended in the light of the Judgment of the Court of Justice. The fact that the grassland is ploughed up should interrupt the counting of the five-year period for the creation of permanent grassland. 	medium-term
Greening (permanent grassland, crop diversification, ecological focus area)	<p>General issues:</p> <ul style="list-style-type: none"> The hectare threshold for EFA and crop diversification should be harmonised and set at 15 ha; The 30 ha threshold for arable land limiting the application of exemptions should be abolished; <p>Crop diversification:</p> <ul style="list-style-type: none"> The possibility to set at least 2 crop diversification periods should be provided; <p>Maintaining permanent grassland:</p> <ul style="list-style-type: none"> The requirement to maintain permanent grassland in the long term should be revised; <p>Ecological focus area (EFA):</p> <ul style="list-style-type: none"> The need for mixtures of catch crops should be deleted; Mixtures of nitrogen fixing crops (NFC) with grass and cereals should be counted as EFA; All or certain parts of landscape features e.g. ditches, field margins, buffer strips, forest edges without production, which exceed the maximum dimensions should be counted as EFA; Land lying fallow, buffer strips, field margins and strips along forest edges without production should not be considered as stable EFA and should not be included in the EFA layer; EFA elements that are actually applied for by farmers have to be part of the EFA-layer instead of all potential EFA-elements and there should be no obligation to include such areas that have never before been declared as EFA; The weighting factor for catch crops, NFC and short rotation coppice should be equal – 0,7 or 1. 	<p>medium-term</p> <p>medium-term</p> <p>short-term</p> <p>long-term</p> <p>short-term</p> <p>short-term</p> <p>short-term</p> <p>short-term</p> <p>medium-term</p>

Active farmer condition	<ul style="list-style-type: none"> • Use of the active farmer condition should be optional; • The negative list should be deleted; • Criteria to prove significance should be allowed to be linked with agricultural activity – as standard output, % of land used in agriculture or other criteria. 	short-term long-term short-term
Young farmers' scheme	<ul style="list-style-type: none"> • Member states should be allowed to limit legal persons' access to support; • Assessment of effective and long-term (including shared) control over legal persons should be simplified; • Rules between pillars should be simplified. 	short-term short-term medium-term
Coupled support scheme	<ul style="list-style-type: none"> • The delegated act should be amended to provide that animals duly identified on the 1st day of the retention period are eligible. • It should be possible to transfer funds between schemes. • It should be possible for Member states to review the schemes and adjust them according to the characteristics and needs of each sector to improve the effectiveness of the funds as well as to set degressive amounts for schemes. 	 short-term
Payment entitlements	<ul style="list-style-type: none"> • Eliminate payment entitlements within regional models, since the system creates a disproportionate administrative burden. • Assess WTO compatibility with respect to the potential removal of payment entitlements. 	medium- / long-term long-term
Small farmers' scheme	<ul style="list-style-type: none"> • Allow a decrease in the number of ha; • Introduce multiannual applications; • Allow farmers to join the SFS in 2016. 	medium-term short-term short-term
Calculation of payment reductions	<p>Rather than calculating the actual salaries and other payments to farmers:</p> <ul style="list-style-type: none"> • Provide for the deduction of a share of agricultural receipts or • A fixed amount instead. 	 short-term

(B) SINGLE CMO

<i>Priority issues</i>	<i>Suggested solutions</i>	<i>Suggested Timing</i>
Reporting requirements	<ul style="list-style-type: none"> • Abolish “nil” reports. • Lighten reporting requirements: • public intervention/private storage – unify deadlines and the scope of the information to be notified; • PO in the fruit & vegetable sector – simplify the environmental framework and <u>simplify</u> content of annual report and remove mid-term evaluation; • school schemes – merge accounting and reporting requirements for both schemes to make it easier for involved parties (regardless of whether both schemes will stay separate or will merge); • price reporting – review obligations for weekly price reporting taking into account each Member State's specificities; • beekeeping – streamline the budget and objectives with the reporting obligations under national apiculture programmes. 	<p>short-term</p> <p>medium-term</p>
Marketing standards	<p>Review and update standards:</p> <ul style="list-style-type: none"> • repeal obsolete legislation; • eliminate any overlap with food and veterinary regulations; • align with international standards where possible; • reduce level of detail; • more focus on quality aspects; • reduce administrative burdens, barriers to innovation, food waste. <p>Detailed proposals by sector:</p> <ul style="list-style-type: none"> • Fruit & vegetable – revise the specific regulation on outer quality norms • Milk fats – cancel fat categories and replace with clear labelling requirements (spreadable fats, milk); • Meat – harmonise classification requirements (for instance, partly different provisions for beef, pigs), provide greater flexibility for Member States based on their specificities and regular training sessions (workshops) for Member States regarding common problems with carcass classification; • Poultry – clearer rules regarding water content, updating methods of analysis; review of the definitions; • Eggs – review definitions and marking requirements regarding egg grading. 	<p>medium-term</p> <p>medium-term</p>

<p>Operational programmes (OP) and producer organisations in the fruit & vegetable sector</p>	<ul style="list-style-type: none"> Review requirements for environmental framework: <ul style="list-style-type: none"> Lighten or remove environmental actions the requirements concerning the effectiveness of environmental actions (25% is too ambitious); shorter approval period by the Commission; merge national frameworks for environmental actions with national strategies; Revise the content of annual reports and indicators for evaluating the national strategies and set few, simple and measurable criteria for both; Revise the “negative list” and calculation methods for additional costs under operational programs; Clear guidelines regarding eligibility of actions and flat rates; Establish clear criteria for PO recognition. 	<p>medium-term</p> <p>medium-term</p> <p>medium-term</p> <p>medium-term</p>
<p>Safeguard measures (private storage and public intervention)</p>	<ul style="list-style-type: none"> Set clear criteria for crisis management activities. Public intervention and private storage: <ul style="list-style-type: none"> For olive oil establish clear requirements for private storage aid; simplify the transport cost calculation methodology; written offers – reduce the amount of information required from the applicant; more flexibility for Member States to decide on minimum storage capacity for cereals, butter and SMP; evaluate the possibility to deliver not only whole carcasses but also boned beef meat, cuts and quarters for public intervention; review current rules concerning the amount of the security and forfeiture of the security for cereals. 	<p>short-term</p> <p>short-term</p>
<p>Trade mechanisms</p>	<ul style="list-style-type: none"> Develop an electronic environment for licensing system. “First come-first served” administration (DG TAXUD) for all non-sensitive & consistently underutilised TRQs. Ease access to TRQs for operators, also for small and medium enterprises & new operators: <ul style="list-style-type: none"> shorter periods for evidence of trade with third countries (<u>for example</u> 6+6 instead of 12+12); divide yearly quota periods into several sub-periods; Review requirements for sugar imports and exports taking into account the end of the production quota system in 2017. 	<p>long-term</p> <p>medium-term</p> <p>medium-term</p> <p>short-term</p>

School schemes	<ul style="list-style-type: none"> • Explore the simplification potential of merging both schemes; • Review control arrangements, reducing the administrative control burden; • Simplify requirements for national strategies under SFVS to the level of the SMS; • Set clear rules for communication and accompanying measures; • Look into the possibility of introducing a simplified cost/aid calculation approach (flat rate/lump sum) for both schemes. 	medium-term
Wine, wine by-products	<ul style="list-style-type: none"> • Codify all labelling rules (at horizontal level – at least by reference); • Simplify labelling rules - repeal the prescribed font size (size of the letters) for "volume" and "alcohol", delete the name of the variety and vintage for wines without GIs, use common symbols (pictograms) for allergens; • Revise requirements for oenological practices and codify (recast) secondary legislation: <ul style="list-style-type: none"> ○ simplify the procedure for derogations from the maximum sulfite content; ○ simplify administrative requirements for notification/registration of wine producers' oenological practices and processes; • Streamline with international rules (OIV). 	medium-term
Other	<ul style="list-style-type: none"> • Beekeeping – extend the duration of national apiculture programs; • Producer organizations (other sectors) – clarify competition rules; • Milk market observatory (MMO) – revision of the role of MMO, improving its forecasting potential, as well as transparency and correlation between the data and their use in decision making. 	medium-term

(C) RURAL DEVELOPMENT

<i>Priority issues</i>	<i>Suggested solutions</i>	<i>Suggested Timing</i>
Programming and approval of RDPs	<ul style="list-style-type: none"> • RDPs to be simpler and more strategic, level of detail to be reduced; • Multidimensional programming to be abolished; • SFC: structure/content/functionality to be revised and improved; • Approval process to be shortened and less burdensome. No new conditions should be added during this process which are not foreseen in the legislation. Interpretation of rules in non-legally binding documents (guidance documents, fiches, etc.) should be limited to requirements laid down in the regulations. More flexibility and subsidiarity should be provided to Member states. • Greater transparency is needed with regard further interpretation of legal provisions provided by the Commission to Member States, including Member States' access in the SFC to other RDPs. • Greater clarity and flexibility regarding RDP modification. 	medium - term
Harmonization with ESI funds	<ul style="list-style-type: none"> • Harmonize administrative systems. • Harmonize rules on programming, monitoring, reporting as much as possible for all ESI funds. • Apply a joint-approach when drafting the Partnership agreement. 	medium - term
State aid notification and approval	<ul style="list-style-type: none"> • No double notification; • Clearance to be given along with an approval of the RDP (single decision). 	medium - term
No double funding in relation to greening	<ul style="list-style-type: none"> • More clarity/practical examples to be provided in the Commission guidelines; • Not applying the “no double funding” principle to farmers exempted from greening obligations. 	short - term medium - term
AECM commitments	<ul style="list-style-type: none"> • Greater flexibility in order to reduce the duration of AECMC commitments (allow annual instead of multiannual contracts). • Flexibility if commitments have decreased insignificantly. 	medium - term
Simplified cost options	<ul style="list-style-type: none"> • Greater clarity to be provided in the Commission guidelines (e.g., control methodology, mitigation of error risks). • Explore further the possibilities of SCO within the EAFRD measures. • Proportionality and risk-based approach should be envisaged. 	short - term

Selection procedure	<ul style="list-style-type: none"> • More flexibility and subsidiarity when establishing a selection procedure, in particular, when defining selection criteria. • Proportionality when selecting smaller projects (e.g., young farmers). 	medium - term
Reporting requirements	<ul style="list-style-type: none"> • Reduce number of reporting requirements (to avoid reporting the same information several times); • Make reporting system more effective and less burdensome (e.g., ex-post report to be abolished or performed by the Commission). 	short - term
Monitoring and evaluation	<ul style="list-style-type: none"> • Reduction of the administrative burden on reporting, monitoring and evaluation of rural development should be achieved. 	medium - term
Controls and sanctions	<ul style="list-style-type: none"> • Review the Guidance on RD Control and penalties currently under discussion. Important proposals for simplification include sampling in administrative checks, avoiding unnecessary double verifications, combining on-the spot checks in the first and second pillar, abolition of ex-post controls, more proportional sanctions in cross-compliance, etc 	short-term

(D) HORIZONTAL

Priority issues	Suggested solutions	Suggested Timing
Financial discipline	<ul style="list-style-type: none"> To abolish the burdensome system of yearly reduction and reimbursement. Amounts not made available for crisis measures by the end of the financial year are carried over to the next financial year. 	short- medium- or long-term
Controls: proportionality/no unnecessary controls	<p>Delegations would like a more proportionate approach to controls:</p> <ul style="list-style-type: none"> To reduce the control rate from 10 to 5% for EFA elements that are not entered in the EFA layer; To decrease the control sample of farmers exempted from greening requirements; To decrease the control sample for small farmers ; To avoid unnecessary controls, for instance verification of obligations under the second pillar that are already subject to cross-compliance checks; Simplifying the existing system of physical checks and controls (for instance, in the area of the public intervention and private storage, crisis prevention measures in fruit and vegetables sectors, school schemes, carcass classification); Controls should be risk-based taking into account the need to keep a random sample in order to assess the rate of non-compliance in the population. 	<p>short-term</p> <p>short-/ medium - term</p> <p>short-term</p> <p>short-term</p> <p>short-term</p> <p>short-term</p>
Reduction of control rate	<ul style="list-style-type: none"> The possibility to apply a reduction of the control rate from 5 to 3% to the greening, rural development, coupled support. 	short-term
Greening: avoidance of multiple controls	<ul style="list-style-type: none"> It should be possible to perform the control of all greening requirements during the same inspection; Inspections should be made similar to those for cross-compliance, where everything that can possibly be controlled at the time of inspection is controlled. 	short-term
Greening: proportionality of reduction and penalties	<ul style="list-style-type: none"> A simplified and more proportionate approach for the calculation of reductions and administrative penalties in cases of greening non-compliance, in particular regarding minor infringements; Tolerance levels should be foreseen for cases in which farmers are close to fulfilling derogations; The rule of increased reduction after non-compliance for 3 years should be repealed; Change the use of factor 10 in case of non-compliance with the EFA and crop-diversification to factor 4. 	<p>short-term</p> <p>short-term</p> <p>medium-term</p> <p>medium-term</p>

Cross-compliance: intentionality	<ul style="list-style-type: none"> • Repeal the concept of "intentional non-compliance" in cross-compliance, given the lack of common standards which leads to different approaches to penalties in Member States. 	medium-term
Cross-compliance: assessment	<ul style="list-style-type: none"> • Assess all cases of non-compliance according to the severity, extent, permanence and reoccurrence. • The 3% general rule may have a disproportionate effect; • Penalties should not be applied retroactively. 	short-/ medium - term
Payments	<p>Harmonize the rules on advance payments in pillars I and II so that only administrative checks have to be finalized beforehand.</p> <ul style="list-style-type: none"> • Allow Member States to make payments before completion of all checks to farmers not selected for controls. 	short - medium- or long-term
Over-declaration of areas	<ul style="list-style-type: none"> • Increase the current difference between area declared and determined from 0.1 ha to 0.5 ha (or, at least, 0.3 ha), to reduce administrative burden related to small area deviations. 	short-term
