

Procedure file

| Basic information | |
|--|---------------------------------------|
| CNS - Consultation procedure Regulation | 2007/0177(CNS) Procedure completed |
| Common agricultural policy (CAP): common rules for direct support schemes and certain support schemes for farmers; support for rural development by the European Agricultural Fund for Rural Development (EAFRD) | |
| Amending Regulation (EC) No 1782/2003 2003/0006(CNS) Amending Regulation (EC) No 1698/2005 2004/0161(CNS) | |
| Subject 3.10.01.02 Rural development, European Agricultural Fund for Rural Development (EAFRD) 3.10.14 Support for producers and premiums | |

| Key players | | | |
|-------------------------------|---|---|--------------------------|
| European Parliament | Committee responsible | Rapporteur | Appointed |
| | AGRI Agriculture and Rural Development | ALDE MULDER Jan | 12/09/2007 |
| Council of the European Union | Committee for opinion | Rapporteur for opinion | Appointed |
| | BUDG Budgets | The committee decided not to give an opinion. | |
| European Commission | Council configuration | Meeting | Date |
| | Employment, Social Policy, Health and Consumer Affairs2848 Agriculture and Fisheries | 2843 | 14/02/2008 21/01/2008 |
| | Commission DG Agriculture and Rural Development | Commissioner FISCHER BOEL Mariann | |

| Key events | | | |
|------------|---|---|---------|
| 29/08/2007 | Legislative proposal published | COM(2007)0484 | Summary |
| 24/09/2007 | Committee referral announced in Parliament | | |
| 21/11/2007 | Vote in committee | | Summary |
| 26/11/2007 | Committee report tabled for plenary, 1st reading/single reading | A6-0470/2007 | |
| 11/12/2007 | Results of vote in Parliament |  | |
| 11/12/2007 | Debate in Parliament |  | |
| 11/12/2007 | Decision by Parliament | T6-0598/2007 | Summary |

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|------------|---|--|--|
| 14/02/2008 | Act adopted by Council after consultation of Parliament | | |
| 14/02/2008 | End of procedure in Parliament | | |
| 21/02/2008 | Final act published in Official Journal | | |

Technical information

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| Procedure reference | 2007/0177(CNS) |
| Procedure type | CNS - Consultation procedure |
| Procedure subtype | Legislation |
| Legislative instrument | Regulation |
| | Amending Regulation (EC) No 1782/2003 2003/0006(CNS) Amending Regulation (EC) No 1698/2005 2004/0161(CNS) |
| Legal basis | EC Treaty (after Amsterdam) EC 037-p2 |
| Stage reached in procedure | Procedure completed |
| Committee dossier | AGRI/6/52638 |

Documentation gateway

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|---|-------------------------------|------------|----|---------|
| Legislative proposal | COM(2007)0484 | 29/08/2007 | EC | Summary |
| Committee draft report | PE394.016 | 21/09/2007 | EP | |
| Amendments tabled in committee | PE396.487 | 22/10/2007 | EP | |
| Committee report tabled for plenary, 1st reading/single reading | A6-0470/2007 | 26/11/2007 | EP | |
| Text adopted by Parliament, 1st reading/single reading | T6-0598/2007 | 11/12/2007 | EP | Summary |
| Commission response to text adopted in plenary | SP(2008)0411 | 23/01/2008 | EC | |

Additional information

| | |
|----------------------|-------------------------|
| National parliaments | IPEX |
| European Commission | EUR-Lex |

Final act

[Regulation 2008/146](#)
[OJ L 046 21.02.2008, p. 0001](#) Summary

Common agricultural policy (CAP): common rules for direct support schemes and certain support schemes for farmers; support for rural development by the European Agricultural Fund for Rural Development (EAFRD)

PURPOSE: to amend Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers and Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

PROPOSED ACT: Council Regulation.

CONTENT: in 2003 the Council reached a political agreement on the CAP reform, paving the way for an in-depth reshuffling of the way the EU

is granting income support to its farmers and introducing mandatory cross-compliance obligations. In the report to the Council on the implementation of cross-compliance, the Commission has identified some possible specific improvements in terms of efficiency and/or simplification (see the follow-up document in [CNS/2003/0006](#)).

The aim of this proposal is to apply from the year 2008 the following specific improvements:

- the conclusion of the Commission report to the Council regarding the phasing-in of the statutory management requirements covered by the cross-compliance obligations in the new Member States that have opted for the single area payment scheme;
- the simplification of the rules for eligibility under both the single payment scheme and the single area payment scheme regarding the time period during which the farmers shall have the land at their disposal;
- the clarification of the farmer's responsibility vis-à-vis cross compliance in case of transfer of land during the calendar year;
- the introduction of a legal basis for the implementation under cross compliance of a de minimis rule for applying reductions and of exemptions from reductions for minor infringements.

Additionally, it is proposed that for all the new Member States opting to differentiate the per unit value of entitlements allocated to hectares of grassland or permanent pasture and of any other eligible hectares in the framework of the single payment scheme, the date referred to for identifying the parcels is established on 30 June 2006 instead of 30 June 2003.

This proposal includes also a modification to the special provisions governing the complementary national direct payments in Cyprus, as a result of the extension of the period for the implementation of the single area payment scheme that was adopted by the Council on 19 December 2006 (see [CNS/2006/0172](#)).

Common agricultural policy (CAP): common rules for direct support schemes and certain support schemes for farmers; support for rural development by the European Agricultural Fund for Rural Development (EAFRD)

The Committee on Agriculture and Rural Development adopted the report by Jan MULDER (ALDE, NL) amending, under the consultation procedure, the proposal for a Council regulation amending Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers and Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Although supportive of the system of cross compliance, the rapporteur underlines that it is a complicated system and it should, as well as the legislation falling under the scope of cross compliance be simplified, deregulated and improved continuously.

The key amendments adopted in committee are as follows:

Reduction or exclusion of direct payments: the Commission proposes that the Member States could decide in such cases not to apply a reduction in aid for sums less than or equal to EUR 50 per farmer per calendar year. MEPs believe this threshold should be set at EUR 250 in order to reduce bureaucracy sufficiently. Any findings of non-compliance shall nevertheless be subject to a specific follow-up in the risk analysis and should not oblige controlling agencies to perform a repetitive control, as this would mean an unacceptable increase of the costs of control for the Member States.

The committee prefers to maintain the current text of the article according to which the farmer who owns a particular parcel should be responsible for complying with the statutory management requirements and good agricultural and environmental conditions, and only for the period that he owns the parcel. Also in case non-compliance is found on a parcel which is owned by a farmer, different from the farmer who submitted an aid application for that particular parcel, only the new owner's direct payment may be reduced. This will prevent unnecessary legal battling and simplify execution by the controlling agencies. Moreover, the Commission proposal is transferring the burden of proof to the farmer. The current situation should be maintained, in which the controlling agency has to prove that a certain case of non-compliance is attributable to an action or omission directly attributable to the farmer concerned.

Reductions and exclusions: a new measure provides that Member States should ensure that farmers are not punished twice (reduction or exclusion of payments, as well as a fine following non-compliance with the relevant national legislation) for the same case of non-compliance.

Controls on cross-compliance: the report states that Member States shall carry out on-the-spot checks to verify whether the farmer complies with the specific obligations. These controls shall take place within a period of not more than one day for a particular farm. Member States shall endeavour to plan controls in such a way that farms which can best be controlled in a particular period during the year, due to seasonal reasons, are indeed controlled in that particular period. However, if the controlling agency could not control a particular statutory management requirement, or a part thereof, or good agricultural and environmental conditions during an on-the-spot check, due to seasonal reasons, those requirements and conditions shall be deemed to be met.

Use of payment entitlements: the committee welcomes the plans to scrap the 10-month rule but believes the Commission's alternative solution - that pieces of land should be available to farmers on 15 June each year if they wish to be entitled to the single payments - would result in red tape. Instead the committee suggests that farmers should have to prove that they held the land on the deadline set by the Member State concerned.

Review: MEPs request that by 31 December 2007 at the latest, and every two years thereafter, the Commission shall submit a report on the application of the cross-compliance system accompanied, if necessary, by appropriate proposals notably with a view to: i) amending the list of statutory management requirements; ii) simplifying, deregulating and improving the legislation under the list of statutory management requirements, special attention being paid to legislation concerning nitrates; iii) simplifying, improving and harmonising the control systems in place, taking into account the opportunities offered by the development of indicators and 'bottleneck based' controls, controls already performed under private certification schemes, controls already performed under national legislation implementing the statutory management requirements.

Transition period for new Member States: the committee suggests that the transition period for application of cross-compliance rules by new Member States as proposed by the Commission should be extended: to 2013 for countries that joined the EU in 2004 and to 2016 for those

that joined in 2007.

Common agricultural policy (CAP): common rules for direct support schemes and certain support schemes for farmers; support for rural development by the European Agricultural Fund for Rural Development (EAFRD)

The European Parliament adopted a resolution drafted by Jan MULDER (ALDE, NL) and made some amendments to the proposal for amending Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers and Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD). The report adopted by 635 votes in favour to 21 against with 13 abstentions.

The main amendments were as follows:

Training: a new recital states that cross-compliance has linked the payment of support to farmers to complying with 18 different EU Directives and Regulations. By its very nature, the monitoring of cross-compliance is complex. The system of cross-compliance requires that those carrying out the checks have a full understanding of farming and are familiar with the different sectors of farming. Adequate training for those carrying out inspection of farmers' activities is vital. In addition, inspectors should have the discretion to take into account un-seasonal and sudden factors which mitigate against full compliance - due to no fault of the farmer.

Reduction or exclusion of direct payments: the reductions in payments applicable in cases of non-compliance with cross-compliance rules, obligations and requirements differ, depending on whether non-compliance is deemed an intentional act or the result of negligence. In the same way, those reductions should be proportionate to the importance of the sphere of activity concerned by the non-compliance at the farm holding, particularly where this is a mixed crop and stock farming holding. The Commission proposes that the Member States could decide not to apply a reduction in aid for sums less than or equal to EUR 50 per farmer per calendar year. MEPs believe this threshold should be set at EUR 100 or less. Any findings of non-compliance shall nevertheless be subject to a specific follow-up in the risk analysis.

Where a reduction or exclusion of payments is being applied following non-compliance registered during an on-the-spot check, no fine shall be imposed under the corresponding national legislation for the same case of non-compliance.

Where a fine has been imposed following non-compliance with national legislation, no reduction or exclusion of payments shall be imposed for the same case of non-compliance.

Controls on cross-compliance: Member States shall carry out on-the-spot checks to verify whether the farmer complies with his specific obligations. These controls shall take place within a period of not more than one day for a particular farm. Member States may make use of their existing administration and control systems to verify compliance with the statutory management requirements and good agricultural and environmental conditions referred to in Chapter 1. However, Member States shall endeavour to limit the number of controlling agencies and the number of persons carrying out the on-the-spot checks on a particular farm. These systems, and notably the system for identification and registration of animals set up in accordance with Directive 92/102/EEC, Regulation (EC) No 1782/2003, Regulation (EC) No 1760/2000 and Regulation (EC) No 21/2004, shall be compatible, with the integrated s y s t e m .

Member States shall endeavour to plan controls in such a way that farms which can best be controlled in a particular period during the year, due to seasonal reasons, are indeed controlled in that particular period. However, if the controlling agency could not control a particular statutory management requirement or good agricultural and environmental conditions during an on-the-spot check, due to seasonal reasons, those requirements and conditions shall be deemed to be met.

10 month rule: Parliament did not object to the plans to scrap the 10-month rule but deleted the Commission's alternative solution that pieces of land should be available to farmers on 15 June each year if they wish to be entitled to the single payments. Instead it stated that, except in case of force majeure or exceptional circumstances, these parcels shall be at the farmer's disposal on the latest date for submission applicable in the Member State concerned of the year of submission of the aid application.

Harmonised transposition: in the case of directives, the Commission shall ensure that the statutory management requirements in the areas referred to in Article 4(1) are transposed in a harmonised manner in each Member State.

Review: by 31 December 2007 at the latest, and every two years thereafter, the Commission shall submit a report on the application of the cross-compliance system accompanied, if necessary, by appropriate proposals notably with a view to:

- amending the list of statutory management requirements set out in Annex III,
- simplifying, deregulating and improving the legislation under the list of statutory management requirements, special attention being paid to l e g i s l a t i o n c o n c e r n i n g n i t r a t e s ,
- simplifying, improving and harmonising the control systems in place, taking into account the opportunities offered by the development of indicators and bottleneck-based controls, controls already performed under private certification schemes, controls already performed under national legislation implementing the statutory management requirements, and information and communication technology.

The reports shall also contain an estimate of the total costs of control under the cross-compliance system of the year preceding the year in which the report will be published.

Extension of transition periods: some transition periods should be extended until 2013 and in some cases to 2016. For any new Member States the single area payment scheme shall be available for a period of application until the end of 2013.

Common agricultural policy (CAP): common rules for direct support schemes and certain support schemes for farmers; support for rural development by the European Agricultural Fund for Rural Development (EAFRD)

PURPOSE: to simplify the rules on cross-compliance.

LEGISLATIVE ACT: Council Regulation (EC) N° 146/2008 amending Regulation (EC) N° 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers and Regulation (EC) N° 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

CONTENT: the Council adopted a regulation simplifying the cross compliance provisions introduced by Regulation (EC) N° 1782/2003. The regulation provides for certain adjustments to the cross-compliance rules contained in

Regulation (EC) N° 1782/2003, in particular:

? de minimis: in order to reduce the administrative burden, it will be possible for Member States to decide not to apply a reduction or exclusion amounting to EUR 100 or less per farmer and per calendar year, provided that remedial action is taken by the farmer;

? minor infringements: a measure of tolerance will be acceptable for minor cases of non-compliance, provided that Member States carry out appropriate follow up until the non-compliance has been remedied;

? setting of the date for eligibility of land under the SPS ("10 month" rule):

In order to ensure that double claims are not made for the same land, Member States will determine an appropriate date which should be no later than the date fixed for amendment of the aid application. Consequently, the obligation for the parcels corresponding to the eligible hectare to be at the farmer's disposal for at least 10 months is repealed;

? liability: in the event of transfer of land, farmers who submit an aid application will be held liable vis-à-vis the competent authority with regard to any failure to fulfil the cross-compliance requirements for the calendar year concerned. This rule will not preclude private law arrangements under national legislation between farmers who made the aid application and the person to whom the land was transferred. This provision will apply as from 1 April 2008;

? phasing-in period for new Member States: it will be possible for new Member States applying the single area payment scheme to introduce a three year phasing-in period for the compliance with the statutory management requirements.

ENTRY INTO FORCE: 28/02/2008.

APPLICATION: the Regulation shall apply as from 1 January 2008 with the following exceptions: (a) Article 1(1)(a) shall apply as of 1 April 2008; (b) Article 1(4) shall apply as from 1 January 2007.