

Common agricultural policy (CAP): financing, management and monitoring 2014-2020

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The Presidency presented to the ministers its progress report on the reform of the common agricultural policy (CAP) ([8949/12](#)).

Member states broadly welcomed the progress report and overall considered it a fair and accurate reflection of the debate in the Council, which would lay a solid foundation for the next steps in the process under the Cypriot and Irish Presidencies. They also noted that the next presidencies had to deepen discussions on the open issues. Some delegations commented on issues of importance to them, particularly in relation to capping, convergence of direct payments and greening.

This progress report highlights the progress achieved during the first half of 2012 on the CAP reform proposals. It has been drawn up under the responsibility of the Presidency on the basis of the positions expressed within the Council and its preparatory bodies during this semester. It makes clear that nothing is agreed until everything is agreed.

The report highlights the efforts made by the Presidency, especially on increased flexibility, simplification and greening. It indicates the main amendments suggested to the Commission proposals and on which the Presidency has noted broad support from delegations.

The Presidency's suggested amendments aim to resolve a number of issues raised by delegations, particularly with a view to ensuring that future CAP legislation is workable in practice and can be implemented in a cost-effective manner.

This report also identifies for each of the proposals the key issues which remain outstanding as at June 2012, including issues contained in the negotiating box for heading 2 of the Multiannual financial framework (MFF).

The report distinguishes between three categories of issues:

- issues on which there is broad support among delegations for the amendments suggested by the Presidency to the Commission proposals;
- issues which remain outstanding as at June 2012;
- issues which are included in the negotiating box of the Multi-Annual Financial Framework and which the European Council will ultimately decide upon.

As regards the horizontal regulation : the Presidency has noted almost unanimous support to delete the delegated power conferred on the Commission to include the Water Framework Directive (2000/60/EC) in the scope of crosscompliance. Instead, the Presidency has suggested inviting the Commission to present a legislative proposal with a view to including the relevant parts of that Directive once it has been implemented.

A number of delegations have opposed the future inclusion of the Pesticides Directive 2009/128/EC in the scope of the cross-compliance by means of delegated acts and have taken the view that this should be contained in the basic act, and if not possible the Commission should submit a new legislative proposal to this effect. In the light of the views expressed by a broad majority of delegations, the classification of the Commission powers as delegated or implementing has been amended by the Presidency, except as regards administrative penalties.

Other issues include:

- most delegations support the reintroduction of the current set-up of paying agencies by the Presidency thus providing for the possibility of having more than one paying agency per Member State/per region and allowing paying agencies to specialise in certain support schemes;
- on recoveries, the moment the recovery procedure starts has been clarified in the Presidency text and the deadline by which Member States must request recovery from the beneficiary concerned has been extended as requested by a very large majority of delegations. The Presidency has reinstated the current 50/50 rule according to which Member States are charged for 50 % of amounts not recovered four years after the date when the debt was recognised, or eight years if the recovery process is being pursued in the courts, since the Commission proposal to charge Member States for 100% of such amounts was met by almost unanimous opposition by delegations;
- many delegations have expressed concerns about the possible administrative burdens arising from the common monitoring and evaluation framework of the common agricultural policy. It has therefore been specified in the Presidency text that, to the extent possible, the information to be provided by the Member States shall be based on established sources of data. It has further been specified that it is the Commissions responsibility in accordance with the Horizontal Regulation to monitor direct payments, market measures and the application of cross compliance based on the reporting by Member States. Finally, many delegations support the suggestion that the rules on the information to be sent by the Member States shall take into account the need to avoid any undue administrative burden;
- as regards the farm advisory system, a majority of delegations support the Presidency suggested amendments that limit the extension of the compulsory requirements to cross compliance requirements (SMR and GAEC), greening practices, and the maintenance of the agricultural area;
- as regards the integrated administration and control system, a large majority of delegations oppose the Commission proposal that the computerised database should contain data starting from 2000. Many delegations support the suggestion that only data relating to the previous ten years needs to be stored. A transition period has been provided in the Presidency text for Member States to comply with the 1:10.000 scale cartography requirements for the identification system for agricultural parcels;
- many delegations support the Presidency text providing the possibility of paying advance payments even prior to 16 October, subject to an authorisation by the Commission, and the possibility to make advances after all checks relating to those applications for which the advances are made have been carried out;
- the rate of the pre-financing of rural development programmes and the possible maintenance of a safety margin triggering the financial discipline are included in the Negotiating Box for Heading 2 of the Multiannual Financial Framework (MFF);
- concerning administrative penalties relating to the greening payments most delegations raised concerns and requested the

Commission to reconsider the scope and the level of sanctions applicable should the greening objectives not be met. Most delegations find that the administrative penalties concerning the greening payment should not go beyond the greening payment. Furthermore, some aspects of the classification of the Commission powers concerning penalties relating to the greening payments will require further fine-tuning;

- a number of delegations has expressed concerns about flat-rate financial corrections applied by the Commission in cases where calculating the amount of the financial correction on the basis of individual irregular payments or on the basis of an extrapolation of the results of examination of a representative sample of transactions is impossible or not cost-effective. Delegations have taken the view that it should be made clear in the horizontal regulation, rather than in guidelines to be issued by the Commission, that flat-rate corrections shall only be used as a last resort and that the calculation of any correction should be based on an assessment of the risk of losses to the EAFG and the EAFRD. However, the Presidency has decided to postpone possible redrafting to a later date, with a view to reflecting possible developments in this area in the context of the ongoing negotiations on the draft financial regulation;
- concerning the deadline for transmission of annual accounts of the EAFRD and EAGF and new terminology compared to the Council Regulation (EC) No 1290/2005 a number of delegations prefer that the deadline be postponed until 1 March and have expressed misgivings about the new scope of the obligations of the person in charge of the accredited paying agency;
- a number of delegations has taken the view that Pillar II area based support should be exempt from cross-compliance;
- most delegations have raised serious concerns as regards the possible increase in administrative burden and costs related to the new tasks for the certification bodies proposed by the Commission concerning certifying the legality and regularity of the underlying transactions and the respect of the principle of sound financial management. Most delegations remain unconvinced of the possible advantages (a reduction of on-the-spot-controls and more targeted calculation of the financial corrections) to compensate for the additional administrative burden. Possible amendments should also be seen in the light of the financial regulation;
- lastly, most delegations take the view that Member States should be able to keep 20 % of the sums recovered following the occurrence of irregularity or negligence and the 25 % of the amounts resulting from the application of reductions and exclusions for breach of cross-compliance requirements, rather than 10% as proposed by the Commission.