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NOTE

From: Special Committee on Agriculture
To: Council

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Subject: Draft Council conclusions on Simplification of the CAP

The annex to this note contains draft Council conclusions on CAP simplification on which the Presidency noted broad acceptance within the Special Committee on Agriculture on 4 May 2015. The Council is therefore invited to adopt these conclusions at its 11 May session.

Draft Council conclusions
on the Simplification of the Common Agriculture Policy

THE COUNCIL OF THE EUROPEAN UNION

1. RECALLING the simplification initiatives carried out previously by the Council, the contribution to simplification achieved by the “Health Check” of the Common Agriculture Policy in 2008, and the Council conclusions of 13 October 2014 on the reliability of the results of Member States' checks of agricultural expenditure (doc. 13616/14) and of 15 December 2014 on the error rate for agricultural expenditure (doc. 16798/14);
2. WELCOMING the priority that the Commission is giving to a thorough simplification exercise and the fact that it has already proposed or will soon propose the simplification of certain Commission acts;
3. RECALLING the commitments made by the Commission to review the provisions on greening after the first year of implementation as well as paragraph 67 of the European Council conclusions of February 2013 (doc. EUCO 37/13);
4. STRESSING that the simplification of the CAP constitutes an objective shared by the European institutions, national administrations, stakeholders, farmers and other beneficiaries alike; and NOTING that they all have a responsibility for achieving that objective;
5. CALLING on the Commission to continue and deepen the discussion on draft Commission acts with regard to simplification before they are adopted, since the ex-ante approach is the most effective in avoiding administrative burden;
6. EMPHASISING that, in implementing the CAP, 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;
 - taking due account of specific national and regional situations;
 - reducing administrative burden and associated costs for farmers, other beneficiaries, producer organisations and national administrations;

7. STRESSES that CAP simplification should respect the following principles:
- preserving the policy objectives and the main elements of the reformed CAP, as well as ensuring legal stability for farmers, thus simplification would not lead to deregulation or restricted access to CAP support;
 - not jeopardising the sound financial management of EU funds;
 - focusing on areas where those implementing the CAP as well as its beneficiaries would benefit most in terms of reduced administrative burden e.g. related to information, control and reporting requirements;
 - improving the clarity of legislation and its consistency, particularly between the first and second pillars, where appropriate, as well as between basic acts, Commission acts and Commission guidelines;
8. As mentioned in the Council conclusions of 15 December 2014, IS AWARE that 2015, as the first year of full implementation of the CAP, will be difficult for farmers and national administrations, especially as regards putting into effect the new direct payment schemes and new rural development measures. Therefore, flexibility should be applied, consistent with the legal framework, as regards the first year of CAP implementation; and INVITES the Commission to focus on advice and preventive measures;
9. While taking note of the detailed summary of delegations' simplification suggestions prepared by the Presidency (see doc. 8483/15), and being aware that some issues are relevant to more than one policy area, NOTES in particular the following issues of a horizontal nature with a high simplification potential:
- **Guidance** issued by the European Commission as well as **Commission acts** should genuinely help with the implementation of the CAP legislation and should in no case go beyond the scope of the legal provisions agreed by the co-legislators by creating additional obligations. Furthermore, greater transparency is needed as regards further interpretation of legal provisions provided by the Commission to Member States, in particular in rural development policy;

- The need to ensure the cost-effectiveness of **reporting** requirements, paying particular attention to "zero reporting";
10. HIGHLIGHTS the following short- and medium- term priorities:
- concerning Direct Payments: the **greening** measures, particularly the application of the rules on permanent grassland, requirement for a period of crop diversification, definitions of the types of ecological focus areas (EFAs) and requirement for a potential EFA in the EFA layer, and the requirements for equivalent practices, where there is scope for simplification by giving more flexibility to Member States regarding implementation taking better into account the natural conditions and allowing more targeted controls; **active farmers** as regards the practical application of the definition ; assessing the modalities for implementing **payment entitlements**; **young farmers** as regards *inter alia* the need to give greater flexibility to Member States concerning legal persons' eligibility for the scheme; the need for more flexibility within the **small farmers** scheme and for voluntary **coupled support**;
 - concerning Common Market Organisation, taking account of the work of the CMO task force: avoiding unnecessary **reporting requirements**; streamlining **marketing standards** in order to eliminate unnecessary burdens, acknowledging the significant simplification already carried out under the reform in the fruit and vegetable sector in 2008; streamlining the requirements for **operational programmes and producer organisations** in the fruit and vegetable sector to avoid undue burdens (revising provisions concerning environmental framework, simplification of annual reports, monitoring and evaluation of operational programmes, national strategies, etc.); providing greater flexibility for Member States' implementation and removing unnecessary rules and procedures concerning **safety net measures** such as private storage and public intervention, as well as modernising the system of **trade mechanisms**; assessing the legal feasibility of making the application of **crisis instruments** optional for Member States when only small volumes of products are involved;

- concerning Rural Development: the programming and approval of **rural development programmes** should be simplified and their monitoring and evaluation made less burdensome. No conditions should be added during the programme approval process which are not foreseen in the applicable legislation. Efforts should be made to harmonise EAFRD provisions regarding programming and reporting with those existing for other ESI funds. As regards **State aid**, clearance should be given along with the approval of the programme to the extent possible, striving for a one-stop shop approach;
- concerning Horizontal Provisions: a more proportional and risk-based approach should apply to **controls**, with the intensity of control taking account of the risk and amounts involved, cost-effectiveness and the different objectives and outcomes being sought; avoidance of multiple controls of **greening** requirements as well as other support schemes and measures; proportional reductions and administrative penalties in cases of greening non-compliance, in particular regarding minor infringements. The calculation of those penalties should be simplified; the control and penalty system for cross-compliance should also be revised in relation to proportionality; exploring the possibility of allowing **payments**, including advance payments, after the completion of administrative checks; the methodology for the calculation of **error rates** should be harmonised;

11. Given the need to achieve simplification as rapidly as possible and in line with the above principles, RECOMMENDS that the short-term focus be on steps that require the most urgent attention, such as revising delegated and implementing acts (and Commission acts adopted before the entry into force of the Lisbon Treaty), improving guidance notes, provision of technical assistance and facilitating cooperation and exchange of good practices between administrations, while noting that, in the longer term, based on the experience gained during the first years of full CAP implementation, simplification efforts should also be made as regards the basic acts;

12. DECIDES to carry out regular monitoring to ensure proper follow-up to the simplification process and, in particular:

- INVITES the Commission to present simplification initiatives in the autumn of 2015 taking into account the present Council conclusions and to consider further simplification initiatives in due course; and
 - COMMITS itself to assessing in 2016, on the basis of Commission input, the progress made regarding CAP simplification.
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