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#### NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Proper implementation of the Area Monitoring System to ensure the objective of simplification and reduction of administrative burden - <i>Information from the Czech delegation, supported by the Bulgarian, Croatian, Cyprus, Danish, Estonian, Finnish, French, Greek, Hungarian, Luxembourg, Latvian, Lithuanian, Maltese, Polish, Slovak and Swedish delegations</i>

With a view to an 'Any other business' item at the Council ('Agriculture and Fisheries') on 23 January 2024, delegations will find in the Annex a note from the Czech delegation on the above-mentioned subject.

**Proper implementation of the Area Monitoring System to ensure the objective of simplification and reduction of administrative burden**

*Information from the Czech delegation, supported by the Bulgarian, Croatian, Cyprus, Danish, Estonian, Finnish, French, Greek, Hungarian, Luxembourg, Latvian, Lithuanian, Maltese, Polish, Slovak and Swedish delegations*

In 2023, the Area Monitoring System (AMS) was launched in accordance with Article 70 of Regulation (EU) 2021/2116 as **one of the conditions of the reformed Common Agricultural Policy (CAP)**.

The introduction of this system was made possible by technological advances and the free operational availability of a new type of satellite data from the Copernicus and Galileo programmes. The AMS monitors and evaluates activities in agricultural areas using satellite imagery in a automated way, utilising machine learning and artificial intelligence. This allows for checking the subsidy applicant's compliance with the conditions to which it has agreed and should also make it possible to **reduce the administrative burden and simplify** the whole control system.

**Regarding simplification**, the whole CAP control system was significantly changed with the mandatory introduction of the AMS. One of the promised benefits of the system was to replace the previously used on-the-spot controls and **reduce the overall control burden**. The implementation of the AMS should have led to **savings through cost reductions and operational efficiencies** in the CAP subsidy control process.

However, the expected reduction in number of controls and the overall control burden did not happen in 2023. On the contrary, there was **a significant increase in the number of inspections** by tens of percent, including delegated on-the-spot controls in line with the scope of competence of organisations involved.

**To avoid increase of the administration and financial risks**, the interpretation and final implementation of the AMS must be **clarified**, in particular the extent of controlling samples concerning the level of the whole farm. Furthermore, **local and farm specificities** regarding the size and structure of the farm need to be considered to avoid multiple and repetitive controls of same farmers in a given year and probably every year. Similarly, the **risk selection** for measures falling under the AMS need to be clarified (Article 60(1) of Regulation (EU) 2021/2116), in this case the extension represents a further increase in the scope of controls compared to the original expectation.

**To ensure proper implementation** of the new controlling mechanism fulfilling the expected balanced approach and based on the above stated information, Czechia, Bulgaria, Croatia, Cyprus, Denmark, Estonia, Finland, France, Greece, Hungary, Luxembourg, Latvia, Lithuania, Malta, Poland, Slovakia and Sweden request from the Commission:

- to revise the guideline European Commission, Overview of the IACS quality assessment in 2023, Union level methodology, Brussels, 2023;
- to reduce the disproportionate control burden and
- to continue discussions to ensure mutual understanding of the AMS implementation processes.

Regarding the possible financial impact of non-compliance with the guidelines in the implementation of QA and the late sending of QA results on level of member states and CAP allocation under the current MFF, Czechia, Bulgaria, Croatia, Cyprus, Denmark, Estonia, Finland, France, Greece, Hungary, Luxembourg, Latvia, Lithuania, Malta, Poland, Slovakia and Sweden recall the request of 27 member states to consider year 2023 as a trial year without financial consequences.