

Simplification of the CAP

We fully support the initiative on simplification of the Common Agricultural Policy. We all have a common interest in simplifying the legal framework to cut red tape without losing focus on the overall political objectives.

It is of common interest to farmers, Member States and the Commission to have a clear and simple legal framework.

Administration of EU subsidies costs considerably more compared to other national subsidies. It is worth noting that the annual cost of the administrative burden in agriculture in 2014, that is prior to the new reform, was around €5.3 billion as mentioned in the [State of play Briefing](#). It is reasonable to speculate that the administrative cost has only gone up following the new reform.

There is a need to have a close look on what can be done in the short term, medium and long term on simplification. Please find below suggestions on simplification that from a Danish situation would benefit the function of the CAP through some simplification.

- **Abolish the requirement that EFA-catch crops must be established as a mixture.** Farmers risk getting their green payment reduced, as there is a large risk that one of the two crops may outperform the other. In addition, it is difficult to control the requirement, which increases the risk for the farmer (Delegated Act 639/2014, Art. 45(9)).
- **Only one control visit for basic payment, greening and cross compliance.** For the 5 % of farmers chosen for on the spot checks, each greening requirement must be controlled. As certain requirements may only be controlled at a specific time of the year, it is in many cases impossible to carry out only one control visit to a farmer. It should be possible to undertake just one inspection, which would cover both the basic payment, greening and cross compliance at the same time (Implementing Act 809/2014, Art. 31).
- **Greening reductions should be more proportional.** A farmer risks large reductions of his green payment even with a minor non-compliance. The reductions should be less severe. Today, the reduction is calculated as the ratio of difference multiplied by 50 % of the total area of arable land determined.

Instead, the ratio of difference could be multiplied by for instance 25 % of the total area of arable land determined. Also, the rule for increased reduction after non-compliance has been found for three years should be repealed (Delegated Act 640/2014, Art. 25-28).

- **2 pct. benchmark for error rates should be increased to 5 pct. for Rural Development (EAFRD).** Rules for rural development measures are complex and difficult to control. This especially applies for area-related measures, where requirements are linked to agri-environmental nature of the areas. Therefore, there is a higher risk that farmers do not comply with these rules. The current threshold set by the European Court of Auditors should be therefore increased to 5 pct. (Procedures used by the European Court of Auditors and the Commission)
- **Member States should have the possibility to set a minimum size up to 0,3 ha for EFA-areas.** It should be possible to set a minimum size per type of EFA in a differentiated way and not only for areas eligible for basic payments. It is difficult for farmers to manage EFA-areas as small as 0,01 ha correctly. A minimum size would not have a negative effect on the fund or the purpose of greening (OTSC guidelines DSCG/2014/32, section 2.2.3).
- **More flexibility than present to allow new rural development commitments to replace old commitments even if the new commitments in some aspects are less strict.** This would be much simpler for a farmer as he could choose to have only one type of commitment and requirement throughout his holding (Delegated Act 807/2014, Art. 14).
- **Revoking Cross Compliance from Pillar II**
Cross compliance penalties are applied to beneficiaries under Rural Development, alike beneficiaries under Direct Payment. It does not seem justified to include Rural Development beneficiaries under Cross Compliance rules, as support provided under RDP may only cover additional costs or income foregone that go beyond minimum standards *and* Cross Compliance (Basic Act 1306/2013, Art. 92).
- **It should be possible to make the direct payments to farmers that are not selected for control.** Control of EFA, especially catch crops makes it difficult to finish all controls as soon as previously, meaning the payments would have to be delayed to all farmers using catch crops as an EFA element (Basic Act 1306/2013, Art. 75(2)).
- **Carry over unused funds from financial discipline to next year's crisis reserve.** Simplify the rules in order to carry over unused appropriations in year n to financial year n+1 and earmarked to the crisis reserve. This would

make it possible to have a lower adjustment rate for the farmers in year n+1 (Basic Act 1306/2013, Art. 26).

- **Harmonize the rules on controls and sanctions.** It is very difficult for a farmer to understand the different rules concerning control and sanctions under the integrated administrative and control system (IACS), cross compliance and greening respectively. In the future the rules on control and sanctions should be amalgamated into one set of rules which would make it much easier for the farmer to understand.

We would also like to highlight the need to discuss long-term simplification ideas with a focus on both error rate and risks to the funds. Proportionality should be ensured between control and administration on the one hand and on the other hand the actual risk for EU budget. At the moment, the correlation between the cost of control and administration for Member States and the actual risk to the EU funds seem out of proportions.

Member States have a national envelope setting the ceiling for the payments in a Member State, the actual risk to the EU budget is very limited. It should be possible for Member States to have more flexibility to reduce the cost of control without putting the effectiveness of the policy and sound financial management at risk. If for instance, in cases where the administrative checks prove effective then it should be able to reduce the on-the-spot-checks.

Also, error rates should reflect the actual impact on expenditures. We have to ensure a transparent and trustworthy method for calculating the error rate. Today we have several layers of audit and revision in place. From my point of view the role of the certifying bodies should be strengthened and harmonized. Thus we would be in favor of introducing a common EU certifying body in order to improve the quality of the work.

Yours sincerely,