



Committee on Agriculture and Rural Development

2017/2136(DEC)

24.1.2018

OPINION

of the Committee on Agriculture and Rural Development

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section III – Commission and executive agencies
(2017/2136(DEC))

Rapporteur: Karin Kadenbach

PA_NonLeg

SUGGESTIONS

The Committee on Agriculture and Rural Development calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Notes that for agriculture, the European Court of Auditors (ECA) used samples of 217 European Agricultural Guarantee Fund (EAGF) transactions in 21 countries and 163 transactions in 20 countries covering fisheries, environment/climate and rural development (European Agricultural Fund for Rural Development) and welcomes the continuing fall in the error rate to 2,5 % for 2016 (from 2,9 % in 2015) established by the ECA for “natural resources”;
2. Points out that the corrective capacity from financial corrections and recoveries has been strengthened, thereby significantly reducing the amount at risk for the common agricultural policy (CAP) by 2,04 % for 2016; notes that the error rate remains as it is (2,5 %), but its financial impact is reduced by those financial corrections and recoveries because part of the amounts paid out wrongly come back to the budget. 3. Calls on the Commission and Member States to ensure that funds allocated to the Reserve for crises in the agricultural sector in the 2016 budget which are subsequently left unspent are made available in full as direct payments in the following budgetary year;
4. Welcomes the fact that the Land Parcel Identification System (LPIS) saw further improvement and enhanced precision, which makes it a great tool in reducing the error rate as well as the administrative burden for farmers and paying agencies;
5. Calls on the Commission and Member States to monitor the significant price volatility of agricultural products, which has adverse effects on farmers’ incomes, and to react promptly and effectively when needed;
6. Notes that the first full year of ‘greening’ implementation has not apparently had an impact on the error rate, which can be considered a major achievement on the part of farmers and paying agencies given the complex nature of the greening rules; but shares the Commission’s view that it is still too early to draw conclusions on the precise environmental outcomes; notes that, notably, other factors, apart from greening, also influence the environmental performance of the agriculture sector; underlines that ‘greening’ serves as an example of the increased need for performance auditing also in the field of agriculture;
7. Welcomes the greening scheme and its aim to make Union farms more environmentally friendly through the practices of crop diversification, the maintenance of existing permanent grassland and the establishment of ecological focus areas on arable land, as outlined by the Annual Report of the ECA;
8. Notes that a small number of beneficiaries receive the largest payments and that 4 % of direct payments are divided amongst more than half of the current beneficiaries who receive less than EUR 1250 per year; believes that it is essential for the credibility of the CAP that there is convergence of payments to beneficiaries, both between Member States and within Member States;

9. Stresses, however, that the annual turnover of these farms is less than EUR 2 000 and that they are run, not on a commercial, market-oriented basis, but for food crop cultivation by farmers with second jobs and account for under 4,6 % of utilised agricultural area in the Union; considers, therefore, that it is necessary to correct a number of gross misconceptions surrounding the assertion that '20 % of farms are receiving 80 % of aid', since that figure includes all farms of 10 hectares and more, which account over 88 % of Union farmland and 90 % of Union agricultural production;
10. Notes the ECA recommendations concerning the measures seeking to lower the age of the farming community and the need for more targeted programmes for this purpose;
11. Welcomes the fall in the error rate for rural development to 4,9 % from 5,3 % in 2015, and 6 % in 2014; recognises that rural problems require complex investment programmes, and that the error rate springs from the different objectives for addressing economic, rural infrastructure, environmental, and animal health challenges, contrasting with the EAGF rate of 1,7 %; regrets therefore that the focus of simplification is on Pillar I when it is acknowledged that there is more complexity in Pillar II; believes also that rural development investments are a core part of the policy to be maintained alongside proven sound and beneficial risk management models; is concerned at falling employment in agriculture and believes that Pillar 2 investments are key for rural development and infrastructure; stresses that the method for calculating the error rate for CAP payments (in particular rural development programmes) can be improved by, inter alia, simplification and less bureaucracy .
12. Recalls that there is a significant difference in types and scale of error, i.e. between unintentional omissions, administrative in nature and cases of fraud, and that omissions do not as a rule cause any financial damage to the taxpayer, which should also be taken into account while estimating the actual error rate; reminds the Commission that the risk of unintentional errors owing to complex regulation is in the end borne by the beneficiary; regrets that, even if the investment was effective, expenditure is still judged 100 % ineligible by the ECA in the event of public procurement errors; stresses therefore that further rationalisation in the error calculation method is desirable.
13. Supports the Commission's view that rural development remains an area which needs to be closely scrutinised; welcomes the promotion of Simplified Cost Options (SCOs) by the Commission especially since using such measures would limit the risks of excessive prices and alleviate the administrative burden placed on farmers; calls on the Commission to promote the use of SCOs further, as their use is limited in the Union; welcomes the decision of the ECA to prepare a report on the use of SCOs in detail, to be completed in 2018;
14. Encourages the Commission to keep moving towards a single audit scheme that would allow for a reduction in administrative burden at all levels brought by controls, while maintaining efficient control on the legality and regularity of payments;
15. Notes that, according to Eurostat, the total value of agricultural output in 2016 was EUR 405 billion, slightly (2,8 %) down from 2015, owing to a fall in agricultural commodity prices;

16. Notes that access to data and good monitoring especially of environmental aspects is essential, considering that certain natural resources underpin long term agricultural productivity, such as soil and biodiversity.
17. Hopes that the ECA is adjusting its supervisory approach so as to give the same importance to the use of funds as to the allocation thereof;
18. Welcomes the publication of DG AGRI's annual activity report 2016, which clearly shows the contribution made by the CAP to the increase of employment rates in rural areas, specifically contributing to them returning to pre-crisis levels, with 65 % of the working age population in jobs, compared to 64,8 % in 2008 and the lowest level of 62,5 % in 2011; welcomes the fact that direct payments are now better targeted towards young farmers, small farmers or farmers in areas with natural constraints;
19. Welcomes that the overall error rates reported by the ECA and for the CAP in DG AGRI's annual activity report 2016 are very close which shows the effectiveness of remedial action plans implemented in previous years by Member States concerned, in particular with regards to improvements to their LPIS.
20. Reiterates the request of the European Parliament of 8 September 2015 (Resolution A8-0240/2015) that the Commission, the Member States and the ECA further develop risk-based audit strategies factoring in all relevant data.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	23.1.2018
Result of final vote	+: 37 -: 2 0: 0
Members present for the final vote	John Stuart Agnew, Clara Eugenia Aguilera García, Eric Andrieu, Richard Ashworth, José Bové, Daniel Buda, Nicola Caputo, Paolo De Castro, Jean-Paul Denanot, Albert Deß, Jørn Dohrmann, Herbert Dorfmann, Norbert Erd s, Luke Ming Flanagan, Martin Häusling, Esther Herranz García, Peter Jahr, Ivan Jakov i , Jarosław Kalinowski, Zbigniew Ku miuk, Philippe Loiseau, Mairead McGuinness, Ulrike Müller, James Nicholson, Maria Noichl, Marijana Petir, Lauren iu Rebega, Bronis Rop , Ricardo Serrão Santos, Czesław Adam Siekierski, Tibor Szanyi, Marc Tarabella, Marco Zullo
Substitutes present for the final vote	Franc Bogovi , Stefan Eck, Jens Gieseke, Maria Heubuch, Karin Kadenbach, Momchil Nekov, Sofia Ribeiro, Annie Schreijer-Pierik, Tom Vandenkendelaere, Thomas Waitz
Substitutes under Rule 200(2) present for the final vote	Stanisław O óg

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

37	+
ALDE	Ivan Jakovič, Ulrike Müller
ECR	Richard Ashworth, Jørn Dohrmann, Zbigniew Kuźmiuk, James Nicholson, Stanisław Odoj
EFDD	Marco Zullo
ENF	Laurentiu Rebeca
GUE/NGL	Stefan Eck, Luke Ming Flanagan
PPE	Franc Bogovič, Daniel Buda, Albert Deß, Herbert Dorfmann, Norbert Erdős, Jens Gieseke, Esther Herranz García, Mairead McGuinness, Marijana Petir, Sofia Ribeiro, Annie Schreijer-Pierik, Czesław Adam Siekierski, Tom Vandenkendelaere
S & D	Clara Eugenia Aguilera García, Eric Andrieu, Nicola Caputo, Paolo De Castro, Jean-Paul Denanot, Karin Kadenbach, Maria Noichl, Ricardo Serrão Santos, Tibor Szanyi, Marc Tarabella
VERTS/ALE	José Bové, Martin Häusling, Bronis Rop

2	-
EFDD	John Stuart Agnew
ENF	Philippe Loiseau

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-	-

Key to symbols:

+ : in favour

- : against

0 : abstention