



Commission du contrôle budgétaire

8.5.2018

DOCUMENT DE TRAVAIL

sur le rapport spécial n° 10/2018 de la Cour des comptes européenne (décharge 2017) intitulé «Régime de paiement de base en faveur des agriculteurs – le système fonctionne, mais il a un impact limité sur la simplification, le ciblage et la convergence des niveaux d’aide»

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Introduction

The 2013 reform of the Common Agricultural Policy introduced a new basic payment scheme (BPS) for farmers, which is applied in 18 Member States. BPS, like its predecessor, the Single Payment Scheme (SPS), aims to provide a basic income support to farmers and thus contribute to viable food production in the EU, without distorting production decisions. With an annual expenditure of around 18 billion euro granted to some 4 million farmers it is the EU's biggest income support scheme for farmers.

Audit scope and approach

The objective of the ECA audit was to determine whether in 2015 the Commission and the Member States introduced the BPS in line with the EU legal framework and the objectives of the CAP. In this context, the Court also reviewed features resulting from the design of the BPS as a scheme providing decoupled income support for farmers. The Court sought to answer the following main audit question:

Basic payment scheme for farmers - did the Commission and the Member States set the scheme properly on track?

In order to answer this question, the Court checked whether:

- the Member States' control systems mitigated the risk of BPS payment entitlements being calculated incorrectly;
- the Commission adequately supported the Member States' introduction of the basic payment and sufficiently supervised and audited Member States;
- the introduction of the BPS contributed to simplification for both farmers and administrations and was in line with the objectives of the CAP.

The Court carried out its audit between September 2016 and April 2017 and it included:

- a survey sent to all 18 Member States which had introduced the BPS to obtain key data and information on their set-up and implementation;
- visits to the European Commission - Directorate General for Agriculture and Rural Development - and to six Member States (Germany (Niedersachsen), Greece, Spain, France, Italy and the United Kingdom (England and Scotland))¹;
- the audit of a sample of 400 files of farmers' payment entitlements from claim year 2015.²

In addition, the Court considered the results of its work for the 2016 statement of assurance.

¹ Selected on the basis of their share of the EU budget available for the BPS and the specific model they had chosen for implementing the scheme. We carried out interviews, analysed procedures and data and examined relevant documents;

² The Court selected them partly at random and partly on the basis of a risk assessment in order to review the calculations of BPS entitlements and the key controls applied.

Findings and observations

1. The Court concludes that the scheme is operationally on track, but that its impact on simplification, targeting and the convergence of aid levels is limited.

The introduction of the BPS required substantial efforts by the national authorities, because they had to establish and allocate BPS entitlements to some four million farmers. Overall, most Member States met these challenges. They largely mitigated risks of incorrect calculation, and support payments were not affected by a material level of error. However, in 2017, in several Member States, BPS entitlement values were still calculated only provisionally, based on estimates or affected by calculation errors, and some paying agencies we visited faced particular difficulties in key controls and identification of eligible areas.

2. The Court found that overall, the Commission had well supervised the implementation of the BPS but this could not always ensure a consistent interpretation of the complex calculation rules. Also, some Member States had not duly submitted key information which made the Commission's monitoring of the scheme more difficult (paragraphs 34 and 35).

Overall, the Commission's own audits yielded good results, but it could have demanded more from the certification bodies in their checks of key controls on the allocation of BPS entitlements, and of the accuracy of the annual calculation of BPS entitlements.

3. The Court found that the overall objective of simplification has not been achieved: Complex rules for the calculation of BPS payment entitlements and the range of options and exceptions chosen by some Member States for the eligibility of land and the design of regions increased the burden on national administrations.
4. For the Member States that applied a convergence approach¹ for the BPS, a specific risk arose of farmers being overcompensated by the introduction of the BPS, because they had significantly reduced the number of hectares farmed between the reference period (2014) and 2015. This made it possible to concentrate the reference amount derived from a larger area on a smaller area, enabling these farmers to realise a windfall profit.

Member States could claw back the windfall profit. Seven Member States, out of 13 where it was applicable, used this option, which also enabled them to reallocate these funds more effectively, for example by allocating BPS entitlements to young farmers. However, in Italy the authorities did not properly identify all farmers who had made windfall profits, or applied the rules in other cases incorrectly. In France, the authorities initially decided to apply the windfall profit clause, but were unable to do so in practice.

5. The new rules aimed at better targeting BPS support and other direct payments at active farmers. While some Member States achieved good results, the implementation of the 'active farmer' rules was only partly effective, caused a significant administrative burden and could result in differing treatment of similar applicants, without delivering

¹ Convergence: The process of adjusting payment entitlements to more equitable values per hectare. By 2019, payment entitlements will be adjusted to a national or regional average value (internal convergence). In parallel, the values of BPS payment entitlements will be adjusted, as a result of the EU's decision to seek a more equitable distribution of direct support between Member States (external convergence).

the expected results. As a result, Council and Parliament agreed that – as from 2018 – Member States can decide whether they reduce the criteria by which applicants can demonstrate their ‘active farmer’ status or discontinue the application of the ‘negative list’.

6. The 2013 reform of the CAP extended the categories of land on which support is payable and enabled Member States to take measures reducing the risk of speculative claims. In an attempt to better target support at agricultural land, however, it created difficult implementation problems.
7. The 2013 reform of the CAP represented a move towards more equal support levels per hectare. Under the reform, as a general rule, all payment entitlements activated in 2019 in a Member State or in a region should have a uniform unit value. As a derogation, Member States were allowed to take historical factors into account when calculating the value of payment entitlements which farmers should have in 2019, an option known as partial convergence. Six of the 18 Member States applying the scheme will pay a uniform value per hectare for the whole or a major part of their territory by 2019 (France decided to introduce a flat-rate system only for the region Corsica which accounts for just 0.6 % of the French budgetary ceiling for the BPS) and a seventh by 2020. The remaining eleven Member States opted for partial convergence. Member State choices have had a significant impact on the degree of redistribution of support and farmers could in some cases freeze particularly high support levels resulting from past levels of subsidy.
8. The allocation of BPS entitlements in 2015 was in general proportional to the areas farmed in that year. Convergence towards more uniform rates per hectare had a significant impact on the distribution of support among farmers. As a scheme essentially related to areas, the BPS tends to favour larger farms. Due to the design of the BPS and other area related support payments, the Commission expects that the 2013 CAP reform will be associated with a further increase of the capitalisation of decoupled support in land values, which benefits owners of agricultural land.
9. BPS support is a significant source of income for many farmers but has inherent limitations. It does not take account of market conditions, use of agricultural land or the individual circumstances of the holding, and is not based on an analysis of the overall income situation of farmers.
10. The objective of the Treaty to ensure a fair standard of living of farmers and the general CAP objectives of viable food production and farmers’ incomes have not been translated into measurable targets yet and there is no baseline to which the results achieved could be compared. In a future scenario of reduced budgets, this makes it difficult to measure the performance of the support and establish whether the objectives could be achieved by other distributions of support and at lower budgetary costs.

Replies of the Commission

The Commission recalls that its original proposal aimed at the simplification of the direct payments scheme and stresses that the original Commission proposal contained fewer options and was therefore more straightforward. However during the co-legislation process other options were added, which made the rules more complex. The Commission can accept

several specific recommendations issued by the Court but recalls that in accordance with the principle of shared management, it is the responsibility of Member States to apply a consistent interpretation of the BPS legal framework.

Recommandations:

Le Parlement européen recommande ce qui suit:

1. La Commission devrait veiller à ce que les États membres mettent en œuvre des contrôles clés de manière appropriée et qu'ils rectifient les DPB lorsque la non-application des règles pertinentes et l'absence d'informations actualisées sur l'utilisation des terres ont des répercussions notables sur la valeur de ces derniers.

Délai de mise en œuvre recommandé: 2018

2. La Commission devrait:
 - a) revoir ses systèmes de diffusion des informations auprès des États membres et faire le point sur leur efficacité, avec pour objectif de parvenir à une interprétation et une application plus uniformes du cadre juridique du RPB;
 - b) examiner comment la future législation pourrait imposer aux États membres de transmettre les informations clés sur la mise en œuvre des régimes de soutien direct;
 - c) clarifier les rôles respectifs de la Commission et des organismes de certification concernant la vérification de l'existence de contrôles clés efficaces et le calcul centralisé de ces droits.

Délai de mise en œuvre recommandé: 2018

3. Avant d'effectuer quelque proposition que ce soit concernant la future configuration de la PAC, la Commission devrait évaluer la situation relative aux revenus de tous les groupes d'agriculteurs et analyser leurs besoins en matière de soutien au revenu, en prenant en considération la répartition actuelle du soutien national et de l'Union, le potentiel agricole des terres, les différences entre les terres principalement concernées par la production agricole ou par le maintien dans de bonnes conditions, le coût et la viabilité de l'activité agricole, les revenus provenant de la production alimentaire et autre production agricole ainsi que d'autres sources non agricoles, les facteurs relatifs à l'efficacité et la compétitivité des exploitations, ainsi que la valeur des biens publics fournis par les agriculteurs. La Commission devrait, dès le départ, établir un lien entre les mesures proposées et les objectifs opérationnels appropriés, ainsi que des données de référence permettant d'évaluer la performance du soutien.

Délai de mise en œuvre recommandé: 2019