



2019/2055(DEC)

23.1.2020

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 2018, Section III – Commission and executive agencies
(2019/2055(DEC))

Rapporteur for opinion: Attila Ara-Kovács

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. Welcomes the findings of the Court of Auditors concerning the financial year 2018; takes note of the Court of Auditors' remarks regarding the regularity of transactions, where 77 % of the transaction examined were error free (point 7.8 of the Court of Auditors' annual report) with an overall error rate under 'Natural Resources' of 2,4 %; highlights that direct payments under the European Agricultural Guarantee Fund were free from material errors and that most of the other errors were generated by complex eligibility rules, in particular in rural development activities; asks that addressing this issue be a priority in the next reform; notes, furthermore, that the risk implied by errors is adequately covered under the corrective capacity of the Commission (1,90 % of significant expenditure);
2. Stresses the need to increase the efficiency of the certification bodies as they are key elements for ensuring the regularity of common agricultural policy (CAP)
3. Notes that most rural development actions which were audited produced the expected results; asks the Commission and Member States to improve their performance framework where needed and to introduce further simplification measures, such as simplified cost options; notes that a common, measurable and fully developed set of result and output indicators and milestones is to be the basis for the proposed new delivery model; however notes also that the Commission has taken steps that should address those weaknesses in its legislative proposals for the future CAP;
4. Is satisfied with the overall execution rate of the budget (96,92 % for commitment appropriations and 97,21 % for payments appropriations); welcomes the fact that the findings of the Commission's Directorate-General for Agriculture and Rural Development on error rate is consistent with the conclusion of the Court of Auditors; however, asks the Commission and Member States to improve the execution rate for rural development (93,97 % in 2018) and to do their utmost to facilitate the absorption of the European Agricultural Fund for Rural Development;
5. Highlights the Court of Auditors' view expressed in its audits that the integrated administration and control system (IACS), which incorporates the Land Parcel Identification System (LPIS) has helped to bring down the level of errors in direct payments, with the LPIS making a particularly significant contribution; notes the potential of digitalisation, innovative methods and technology under the new delivery model in further reducing the error rate and administrative burden;
6. Emphasises the positive contribution made by digitalisation in increasing efficiency and reducing errors and red tape;
7. Calls on the Commission to continue to closely monitor ongoing trade agreements with third countries with respect to the application of food safety, environmental and animal welfare standards along with environmental degradation associated with lower

environmental standards; urges the Commission to make sure that there is a strong sustainability chapter in all trade agreements and that trade partners comply fully with requirements provided for therein; notes the need for a level playing field also in terms of environmental standards, and calls on the Commission to further develop legislation on due diligence in the supply chain to ensure that standards in Union agriculture are not undermined or compromised;

8. Expresses its concern at the alleged cases of high-level conflicts of interest and land-grabbing by oligarchs with possible facilitation by governments and public authorities; invites the Member States to apply good legislative practices aimed at restricting land grabs; calls on the Commission to increase efforts to prevent and detect fraud; is of the opinion that capping, with the introduction of labour offset before capping, that takes effect in the proposed new CAP reform, cannot adequately address those issues alone; urges Member States, together with the Commission, to develop proper legal instrument to avoid land-grabbing;
9. Calls on the Commission to differentiate land-grabbing from land concentration and consolidation, which, due to historical land ownership patterns or reorganisation in some Member States, resulted in the need of small farmers to assemble a number of plots to create economically productive units to ensure viability;
10. Calls on the Commission to make use of, and combine, the systems and databases at its disposal in order to identify the ultimate beneficial owners in the case of agricultural holdings which form part of a larger corporate structure; notes the development of a Union-wide business register which could be combined with information from IACS, thereby linking farm holdings with a unique business identifier at Union level, to better distinguish the final destination of CAP funds; calls on the Commission to also establish an observatory service for the collection of information and data on farmland concentration and tenure throughout the Union;
11. Urges the Commission to be extra vigilant on rule of law matters as regards CAP funds; suggests that CAP payments must benefit those working the land and also the farming community; stresses that Union agriculture is best served when funding encourages ownership for those active in agricultural production; calls on the Court of Auditors to draft a special report on land-grabbing and its potential impact on the CAP;
12. Reminds the Commission that there is a significant difference in types of errors, for example between unintentional omissions and cases of fraud; recalls that most of the beneficiaries are small and medium-sized farms and complex regulation increases the risk of unintentional omissions, which should also be taken into account while estimating the actual error rate;
13. Highlights that the proper implementation of the CAP interventions is strictly related to the beneficiaries' compliance with the commitments set out at Union level; stresses that the increased flexibility of Member States in allocating CAP subsidies could lead to short-term national political interests, risks further aggravating abuses, and urges, therefore, the Commission to avoid renationalisation of the CAP, in particular the system for monitoring compliance by individual beneficiaries with the rules on eligibility for support, in order to maintain the Union's credibility in managing one of its

key public policies;

14. Is concerned that a system for eligibility of expenditures solely based on outputs does not contribute in terms of either simplification or performance of the CAP, and puts at risk the equal treatment of farmers and Member States, as ensured by the current compliance system; considers it possible that a more results-based CAP based on strategic plans could lead to new types of irregularities and therefore calls on the Commission to take this into account when evaluating the national strategic plans and the measures they contain;
15. Reiterates the importance of harnessing all possible measures to safeguard the CAP budget against fraud; considers anti-fraud policy to be the yardstick for assessing sound financial management of the CAP budget; urges, therefore, that awareness-raising continue in the Member States, and within the Commission, to tighten up fraud prevention and develop fraud detection capacities; considers it essential, in this context, to provide assistance to Member States in the prevention and detection of fraud by strengthening cooperation with the European Anti-Fraud Office (OLAF);
16. Stresses that support from the CAP to young farmers and new farmers is essential; further stresses the importance of a clear definition of active or genuine farmer; insists that better access to financing for investing in the latest digitisation and digitisation technologies be ensured; encourages the Commission to ensure the profitability of agriculture in rural areas, which is applicable to all parts of the food supply chain, and to avoid imposing any additional burdens; underlines that digitalisation of agriculture can be an important tool for the revitalisation of rural services making rural areas more attractive to young farmers;
17. Encourages the Commission to move towards a greener CAP in line with the Paris Agreement and Union Biodiversity Strategy, which would increase efficiency in the allocation of appropriate budgetary resources to encourage the introduction of more adequate programmes that would shift focus to prevention rather than cure; notes that adequate funding for research and development of new technologies and innovation is required to enhance the environmental performance of the CAP;
18. Points out the importance of fairness and stresses that fair distribution of funds within and among Member States is essential.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	22.1.2020
Result of final vote	+: 38 -: 7 0: 0
Members present for the final vote	Mazaly Aguilar, Clara Aguilera, Álvaro Amaro, Eric Andrieu, Attila Ara-Kovács, Carmen Avram, Adrian-Drăgoș Benea, Benoît Biteau, Mara Bizzotto, Daniel Buda, Isabel Carvalhais, Asger Christensen, Angelo Ciocca, Ivan David, Paolo De Castro, Jérémy Decerle, Herbert Dorfmann, Luke Ming Flanagan, Dino Giarrusso, Martin Häusling, Martin Hlaváček, Krzysztof Jurgiel, Elsi Katainen, Gilles Lebreton, Norbert Lins, Mairead McGuinness, Marlene Mortler, Ulrike Müller, Juozas Olekas, Maxette Pirbakas, Sheila Ritchie, Bronis Ropė, Bert-Jan Ruissen, Anne Sander, Simone Schmiedtbauer, Veronika Vrecionová, Sarah Wiener, Juan Ignacio Zoido Álvarez
Substitutes present for the final vote	Atidzhe Alieva-Veli, Franc Bogovič, Balázs Hidvéghi, Pär Holmgren, Peter Jahr, Petros Kokkalis, Zbigniew Kuźmiuk, Ivan Vilibor Sinčić, Massimiliano Smeriglio

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

38	+
ECR	Mazaly Aguilar, Krzysztof Jurgiel, Bert-Jan Ruissen, Veronika Vrecionová
NI	Dino Giarrusso
PPE	Álvaro Amaro, Franc Bogovič, Daniel Buda, Herbert Dorfmann, Balázs Hidvéghi, Peter Jahr, Norbert Lins, Mairead McGuinness, Marlene Mortler, Anne Sander, Simone Schmiedtbauer, Juan Ignacio Zoido Álvarez
Renew	Atidzhe Alieva-Veli, Asger Christensen, Jérémy Decerle, Martin Hlaváček, Elsi Katainen, Ulrike Müller, Sheila Ritchie
S&D	Clara Aguilera, Eric Andrieu, Attila Ara-Kovács, Carmen Avram, Adrian-Drago Benea, Isabel Carvalhais, Paolo De Castro, Juozas Olekas, Massimiliano Smeriglio
Verts/ALE	Benoît Biteau, Pär Holmgren, Martin Häusling, Bronis Rop, Sarah Wiener

7	-
GUE/NGL	Luke Ming Flanagan, Petros Kokkalis
ID	Mara Bizzotto, Angelo Ciocca, Ivan David, Gilles Lebreton, Maxette Pirbakas

0	0

Key to symbols:

+ : in favour

- : against

0 : abstention