Recital 1

Text proposed by the Commission

(1) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled 'The Future of Food and Farming' of 29 November 2017 concludes that the Common Agricultural Policy (hereinafter ‘CAP’) should continue to step up its response to future challenges and opportunities, by boosting employment, growth and investment, fighting and adapting to climate change and bringing research and innovation out of the laboratories and onto fields and markets. The CAP should furthermore address citizens' concerns regarding sustainable agriculture production.

Amendment

(1) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled 'The Future of Food and Farming' of 29 November 2017 concludes that the Common Agricultural Policy (hereinafter ‘CAP’) should continue to step up its response to future challenges and opportunities, by boosting employment, growth and investment, raising labour standards, fighting and adapting to climate change adapting them and transferring research and innovation from the laboratories to fields and markets. The CAP should furthermore address citizens' concerns regarding sustainable agriculture production and rural development.
Amendment 209
Pina Picierno
on behalf of the S&D Group

Report
Ulrike Müller
Financing, management and monitoring of the common agricultural policy

Proposal for a regulation
Recital 49 a (new)

Text proposed by the Commission

(49a) The Communication from the Commission “A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system” issued on 20 May 2020 calls on the importance of ensuring that the key principles enshrined in the European Pillar of Social Rights (EPSR) are respected. The considerations of workers’ social protection, working and housing conditions as well as protection of health and safety will play a major role in building fair, strong and sustainable food systems. The CAP should be one of the tools to further the objectives of the EPSR.

Or. en
Amendment 210
Pina Picierno
on behalf of the S&D Group

Report
Ulrike Müller
Financing, management and monitoring of the common agricultural policy

Proposal for a regulation
Recital 55

Text proposed by the Commission

(55) Conditionality is an important element of the CAP, in particular with regard to its environmental and climate elements but also concerning public health and animal related issues. This implies that controls should be carried out and, where necessary, penalties should be applied to ensure the effectiveness of the conditionality system. To have a level playing field between beneficiaries in different Member States, certain general rules on conditionality controls and penalties should be introduced at Union level.

Amendment

(55) Conditionality is an important element of the CAP, which ensures that payments promote a high degree of sustainability and ensure a level playing field for farmers within and between Member States, in particular with regard to its social, environmental and climate elements but also concerning public health and animal welfare. This implies that controls should be carried out and, where necessary, penalties should be applied to ensure the effectiveness of the conditionality system. To ensure such a level playing field between beneficiaries in different Member States, certain general rules on conditionality, and controls and penalties related to non-compliance should be introduced at Union level.
Amendment 211  
**Pina Picierno**  
on behalf of the S&D Group

**Report**  
**Ulrike Müller**  
Financing, management and monitoring of the common agricultural policy  

**Proposal for a regulation**  
**Article 84**

*Text proposed by the Commission*

Article 84  
Control system for conditionality

1. Member States shall *set up* a control system to ensure that beneficiaries *of the aid referred to in Article 11 of Regulation (EU)...[CAP Strategic Plan Regulation] and in Chapter IV of Regulation (EU) No 228/2013 and in Chapter IV of Regulation (EU) No 229/2013 respectively*, comply with the obligations referred to in Section 2 of Chapter 1 of Title III of Regulation (EU).../[CAP Strategic Plan Regulation].

*Amendment*

Article 84  
Control system for conditionality

1. Member States shall *have* a control system *in order* to ensure that the following beneficiaries comply with the obligations referred to in Section 2 of Chapter 1 of Title III of Regulation (EU).../[CAP Strategic Plan Regulation]:

(a) beneficiaries receiving direct payments under Chapter II of Title III of Regulation (EU).../[CAP Strategic Plan Regulation];

(b) beneficiaries receiving annual payments in accordance with Articles 65, 66 and 67 of Regulation(EU).../[CAP Strategic Plan Regulation];

(c) beneficiaries receiving support in accordance with and in Chapter IV of Regulation (EU) No 228/2013 and in Chapter IV of Regulation (EU) No 229/2013.

Member States may make use of their existing control systems and administration to ensure compliance with the rules on...
those systems shall be compatible with the control system referred to in the first subparagraph of this paragraph.

In order to ensure compliance with the applicable working and employment conditions resulting from relevant collective labour agreements and social and labour law at national, Union and international levels, Member States shall ensure cooperation between competent national authorities responsible for labour inspections and the control system referred to in the first subparagraph. In cross-border situations coordination and cooperation shall also be ensured with the European Labour Authority (ELA) whose functioning is regulated by Regulation (EU) 2019/1149 of the European Parliament and of the Council of 20 June 2019.

Member States shall conduct a yearly review of the control system referred to in the first subparagraph in light of the results achieved.

2. For the purposes of this Chapter, the following definitions shall apply:

(a) "requirement" means each individual statutory management requirement under Union law referred to in Article 11 of Regulation (EU) …/[CAP Strategic Plan Regulation] within a given act, differing in substance from any other requirements of the same act;

(b) "act" means each of the individual Directives and Regulations referred to in Article 11 of Regulation (EU) …/[CAP Strategic Plan Regulation].

(ba) "reoccurrence of a non-compliance" means the non-compliance with the same requirement or standard determined more than once, provided that the beneficiary has been informed of a previous non-compliance and, as the case may be, has had the possibility to take the necessary measures to remedy that non-compliance.
3. In their control system referred to in paragraph 1 Member States:

(a) shall include on-the-spot checks to verify compliance by beneficiaries with the obligations laid down in Section 2 of Chapter 1 of Title III of Regulation (EU) …/… [CAP Strategic Plan Regulation];

(b) may decide, depending on the requirements, standards, acts or areas of conditionality in question, to use the checks carried out under the control systems applicable to the respective requirement, standard, act or area of conditionality, provided the effectiveness of these checks is, at least, equal to the on-the-spot checks referred to in point (a);

(c) may, where appropriate, make use of remote sensing or the area monitoring system to carry out the on-the-spot checks referred to in point (a);

(d) establish the control sample for the checks referred to in point (a) to be carried out each year on the basis of a risk analysis and shall include a random component and shall provide the control sample to cover at least 1% of beneficiaries receiving the aid provided for in Section 2 of Chapter 1 of Title III of Regulation (EU) …/… [CAP Strategic Plan Regulation].

(da) For checks to verify compliance by beneficiaries with the applicable working and employment conditions resulting from relevant collective labour agreements and social and labour law at national, Union and international levels referring to [CAP Strategic Plan Regulation] the control sample referred to in point (d) should cover at least 10% of the beneficiaries receiving the aid provided for in Section 2 of Chapter 1 of Title III of Regulation (EU) …/… [CAP Strategic Plan Regulation];

(ba) shall establish an early warning system;
3a. Member States shall establish the control sample for the checks referred to in point (a) of paragraph 3 of this Article to be carried out each year on the basis of a risk analysis, for which they may apply weighting factors, and a random component, and shall ensure that the control sample covers at least 1% of the beneficiaries receiving aid under Section 2 of Chapter 1 of Title III of Regulation (EU) ...../... [CAP Strategic Plan Regulation].

3b. The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules on simplified checks for farmers participating in the schemes referred to in Article 25 of Regulation (EU) ...../... [CAP Strategic Plans Regulation].

3c. The Commission shall adopt, by means of implementing acts, rules on the carrying out of checks referred to in this Article, including rules ensuring that risk analysis takes account of the following factors:

(a) the participation of farmers in the farm advisory services system provided for in Article 13 of Regulation (EU) ...../... [CAP Strategic Plan Regulation];

(b) the participation of farmers in a certification system as provided for in Article 12(3a) of Regulation (EU).../... [CAP Strategic Plan Regulation] once the Regulation covers the requirements and standards concerned.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

[Am. 191]
Amendment 212
Pina Picierno
on behalf of the S&D Group

Report
Ulrike Müller
Financing, management and monitoring of the common agricultural policy

Proposal for a regulation
Article 85 – paragraph 1

Text proposed by the Commission

1.
Member States shall set up a system providing for the application of administrative penalties to beneficiaries referred to in Article 11 of Regulation (EU) …/[CAP Strategic Plan Regulation] who do not comply, at any time in the calendar year concerned, with the rules on conditionality as laid down in Section 2 of Chapter 1 of Title III of that Regulation ("penalty system").

Under that system, the administrative penalties referred to in the first subparagraph shall only apply where the non-compliance is the result of an act or omission directly attributable to the beneficiary concerned; and where one or both of the following conditions are met:

(a) the non-compliance is related to the agricultural activity of the beneficiary;
(b) the area of the holding of the beneficiary is concerned.

With regard to forest areas, however, the administrative penalty referred to in the first subparagraph shall not apply where no support is claimed for the area concerned in accordance with Articles 65 and 66 of

Amendment

1.
Member States shall set up a system providing for the application of administrative penalties to beneficiaries referred to in Article 11 of Regulation (EU) …/[CAP Strategic Plan Regulation] who do not comply, at any time in the calendar year concerned, with the rules on conditionality as laid down in Section 2 of Chapter 1 of Title III of that Regulation ("penalty system").

Under that system, the administrative penalties referred to in the first subparagraph shall only apply where the non-compliance is the result of an act or omission directly attributable to the beneficiary concerned; and where one, two or all of the following conditions are met:

(a) the non-compliance is related to the agricultural activity of the beneficiary;
(b) the area of the holding of the beneficiary is concerned.

(ba) the non-compliance affects the working and employment conditions of the workers employed by the beneficiary.

With regard to forest areas, however, the administrative penalty referred to in the first subparagraph shall not apply where no support is claimed for the area concerned in accordance with Articles 65 and 66 of
Regulation (EU) …/[CAP Strategic Plan Regulation].

Regulation (EU) …/[CAP Strategic Plan Regulation].

Or. en
Amendment 213
Pina Picierno
on behalf of the S&D Group

Report
Ulrike Müller
Financing, management and monitoring of the common agricultural policy

Proposal for a regulation
Article 85 – paragraph 2 – point a – paragraph 2 a (new)

Text proposed by the Commission

Amendment

This point doesn’t apply to employer obligations arising from article XX of Regulation (EU) …/[CAP Strategic Plan Regulation].

Or. en
Amendment
Pina Picierno
on behalf of the S&D Group

Report
Ulrike Müller
Financing, management and monitoring of the common agricultural policy

Proposal for a regulation
Article 86

Text proposed by the Commission

86 Calculation of the penalty

1. The administrative penalties provided for in Section 2 of Chapter 1 of Title III of Regulation (EU) …/…[CAP Strategic Plan Regulation] shall be applied by means of reduction from or exclusion of the total amount of the payments listed in that Section of that Regulation granted or to be granted to the beneficiary concerned in respect of aid applications he has submitted or will submit in the course of the calendar year of the finding.

For the calculation of those reductions and exclusions, account shall be taken of the severity, extent, permanence, reoccurrence or intentionality of the non-compliance determined. The penalties imposed shall be dissuasive and proportionate, and compliant with the criteria set out in paragraphs 2 and 3 of this Article.

2. In the case of non-compliance due to negligence, the percentage of reduction shall be as a general rule 3% of the total amount of the payments referred to in paragraph 1 of this Article.

Amendment

86 Calculation of the penalty

1. The administrative penalties shall be applied by means of reduction from or exclusion of the total amount of the payments listed Article 84(1) granted or to be granted to the beneficiary concerned in respect of aid applications he has submitted or will submit in the course of the calendar year of the finding.

For the calculation of those reductions and exclusions, account shall be taken of the severity, extent, permanence, reoccurrence or intentionality of the non-compliance determined. The penalties imposed shall be effective, dissuasive and proportionate, and compliant with the criteria set out in paragraphs 2 and 3 of this Article.

2. In the case of non-compliance due to negligence, the percentage of reduction shall be as a general rule 3% of the total amount of the payments referred to in paragraph 1 of this Article. The reduction shall be determined on the basis of the assessment of the severity of the non-compliance, based on the criteria set out...
Member States may set up an early warning system that applies to individual cases of non-compliance occurring for the first time and which, given their minor severity, extent and permanence, shall not lead to a reduction or exclusion. Where a subsequent check within three consecutive calendar years establishes that the non-compliance has not been remedied, the reduction pursuant to the first subparagraph shall be applied retroactively.

However, cases of non-compliance which constitute a direct risk to public or animal health shall always lead to a reduction or exclusion.

Member States may provide mandatory training under the farm advisory system provided for in Section 3 of Chapter 1 of Title III of Regulation (EU) to the beneficiaries who have received an early warning.

2a. Notwithstanding paragraph 2, for cases of non-compliance with the applicable working and employment conditions resulting from relevant collective agreements and social and labour law at national, Union and international levels as referred to in (EU) due to negligence, employers shall remedy and repair the breach as soon as possible according to national law and practice in order to avoid a reduction of at least 20% of the total amount of the payments referred to in paragraph 1 of this Article. The penalty will continue for the following calendar years until the breach has not been remedied and repaired.

3. In case of reoccurrence, the percentage reduction shall be higher than

 Member States shall set up and use the early warning system referred to in Article 84(3) that applies to individual cases of non-compliance occurring for the first time and which, given their minor severity, extent and permanence, shall not lead to a reduction or exclusion. The relevant authority shall notify the beneficiary of the obligation to take remedial action and propose corrective measures that have to be taken to remedy the non-compliance. Where a subsequent check within three consecutive calendar years establishes that the non-compliance has not been remedied, the reduction pursuant to the first subparagraph shall be applied retroactively.

However, cases of non-compliance which constitute a direct risk to public or animal health shall always lead to a reduction or exclusion.

Member States may provide mandatory training under the farm advisory system provided for in Section 3 of Chapter 1 of Title III of Regulation (EU) to the beneficiaries who have received an early warning.

3. In the case of reoccurrence of a non-compliance, the percentage reduction
the one to be applied in case of non-compliance due to negligence and sanctioned for the first time.

4. In case of intentional non-compliance, the percentage shall be higher than the one applied in case of reoccurrence pursuant to paragraph 3 and may go as far as total exclusion from payments and may apply for one or more calendar years.

In the case of subsequent reoccurrences, and if no justified reason is provided, the beneficiary shall be considered to have acted intentionally within the meaning of paragraph 4.

4. In the case of intentional non-compliance, the percentage reduction shall be at least 15% of the total amount of the payments referred to in 1 and may amount to the total exclusion from payments and may apply for one or more calendar years. For cases of intentional non-compliance with the applicable working and employment conditions resulting from relevant collective agreements and social and labour law at national, Union and international levels as referred to in (EU)…/[CAP Strategic Plan Regulation], Member States shall reduce at least the 50% of the total amount of payments. Depending on the severity of the intentional non-compliance, the percentage can be higher and may go as far as total exclusion from payments and shall apply for one or more calendar years until the breach has not been remedied and repaired.

5. In order to ensure a level-playing field between Member States and the effectiveness and dissuasive effect of the penalty system, the Commission shall be empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with further rules on the application and calculation of penalties.

5. In order to ensure a level-playing field between Member States and the effectiveness and dissuasive effect of the penalty system, the Commission shall be empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with further rules on the application and calculation of penalties.