

Commissioner Hogan's speaking notes on Simplification

EP Committee of Agriculture

24th March 2015

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Chairman, members of the committee, I want to thank you for organising this political debate on the simplification of the Common Agricultural Policy. As you know, I have made simplification as my priority for 2015 and 2016. Like you, I attach great importance to reducing the administrative burden for European farmers.

The new CAP is now in place for nearly three months and I'm sure that we're all aware that this is a challenging time for farmers as they adjust to the new policy.

It is important to emphasise that simplification is a shared responsibility of the EU institutions and Member States and we all have a role to play to make sure that we deliver genuine simplification for the benefit of European farmers.

During the negotiations on the new CAP, MS were loud in their demand for flexibility, in many cases reflecting the specific circumstances that apply in different MS. This was particularly so in their implementation choices in the areas of direct payments and rural development. I would recall that, during the negotiations, the Commission frequently reminded MS that any additional flexibility would inevitably have a bearing on the complexity of the CAP for farmers and other beneficiaries.

A first analysis of the implementation choices made shows that Member States are not using all of the simplification elements available to them under the reformed CAP and, for political reasons, quite often put in place support schemes which appear complex to manage and difficult to control, with potential consequences for beneficiaries and administrators alike.

I want to thank you for your extensive response (110 pages) to my invitation to share ideas for simplifying the CAP. Your submission is a particularly valuable contribution to the debate and one to which I am giving very careful consideration.

Your submission covers a wide range of CAP related areas. Recurring issues are eligibility criteria for payments connected with production in the animal sector, greening, controls and sanctions related to greening, flexibility, active farmers, small and young farmers, state aid and the fruit and vegetable sector scheme.

My services are analysing all proposals as well as the proposals from stakeholders as part of the on-going screening exercise of the entire agricultural acquis. MS and stakeholders share many of your concerns and priorities. Discussions are also ongoing within the reformed Civil Dialogue Groups (CDGs) to gather information from grassroots across all EU regions and diverse economic and non-economic interests.

As MEPs, I know that many of you are in direct and regular contact with your constituents and it is this experience which leaves you so well placed to contribute to the objective of simplifying the CAP. I look forward, therefore, with great interest to the views you will express today and indeed later on the priority areas for simplification.

Allow me to recall the three guiding principles that should, in my view, inform our work:

- The basic political decisions taken in the 2013 reform should be respected.
- Proposals for simplification should not lead to a weakening of sound financial management or to any increase in errors in CAP expenditure.
- Priority should be given to those areas about which farmers and other beneficiaries are most concerned.

I would like to underline the importance of these guiding principles for our discussion today. Farmers need stability to implement the reform on the ground and constant changes would not make their task simpler. Stability is also essential for those farmers who are making decisions about investment in their enterprises.

Let me now set out for you the areas on which I intend to focus for the coming months:

The first is **greening**: it comes as no surprise that many of your suggestions with regard to direct payments concern greening. This confirms the need for a review after one year of implementation to which I have already committed myself. This review will of course include the EFA requirements but may also extend to other elements.

Some of your proposals would, however, re-open the political agreement on greening. These proposals thus go clearly beyond this simplification exercise. However, that is not to say that there are improvements that cannot be made without revisiting the basic act.

A second set of proposals concern **market measures**. I'm pleased to say that a process has already been put in place which will deal with many of your suggestions. A CMO taskforce was created in 2014 in DG AGRI which follows a simplification and error rate agenda when looking into aligning the Commission level regulations.

This work is carried forward together with specialists from Member States and EP in CMO expert groups and with Member States in the CMO committee. We are looking at over 200 regulations in total and I expect the result of this work, that is to say a reduced number of much simplified and streamlined legal texts, to materialise during 2015-2016.

Examples of simplification are public intervention and private storage aid measures, the fruit and vegetable scheme and marketing standards. Public intervention, for example, is an instrument which is only infrequently used and should therefore be simple to deploy in case of need.

The third area to which we have turned our attention is the question of **reporting**. This has been quoted as a source of administrative burden, and changes in this field would have effects on beneficiaries and national administrations alike.

More generally, I would like to make the point that simplification is and will continue to be an ongoing process, where we have the responsibility to identify and act together as rapidly as we can while respecting the three principles I indicated above.

A good example of rapid action that the Commission can take is to act on two very concrete points for which I see no reason to wait:

The first point is one that many of you [and MS] have called for and that is for the Commission to **amend the rules for the identification and registration of animals** concerning their eligibility under the national voluntary coupled support schemes.

I am ready to propose this technical change which requires amending a delegated act. For this to happen, I would ask for your cooperation so we can have the change approved rapidly.

Secondly, I am aware of some concerns regarding the **final date of aid application for direct and area-based payments in 2015**.

This extension acknowledges the challenges presented by the implementation of the new CAP. Farmers should not suffer because national administrations are not ready on time in the first year of implementation.

For this reason, I have made a proposal to give Member States the option to extend the final date of submission of applications for direct aid and area-based payments in Pillar II until 15th June.

Chairman, let me please conclude by recalling what I have mentioned earlier: we should be pragmatic and flexible in our approach. Simplification does not come overnight, but as a constant flow of smaller and larger actions aimed at making the lives of farmers and other operators easier and simpler.

Some of the proposals made are inevitably easier to implement than others. In order that this is a meaningful initiative that delivers on the objective of simplifying the lives of farmers and other beneficiaries, we should implement those measures wherever and as soon as it is possible. We must avoid losing precious time for our agricultural sector to become more competitive and more profitable.

I look forward to a fruitful debate this morning that will allow us to put further concrete proposals on the table soon. I want to assure you of my commitment to remain in close touch with you following my very careful assessment of all the proposals received. I look forward to an ongoing and constructive engagement with you as this process develops.

In that regard, the Agriculture Council is set to produce conclusions on simplification; it goes without saying that I would welcome any similar initiatives on your side, including the possibility of undertaking an Own Initiative report. In such a case, a timing of around the summer break would allow for a further focused and constructive engagement in September.

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