



EUROPEAN COMMISSION

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Dear President,

The Commission would like to thank you for the Bundesrat's Opinion regarding the Commission's legislative proposals on the Common Agricultural Policy (CAP) after 2013 {COM(2011) 625_626_627_628_629_630_631 final}, and apologises for the very long delay in replying.

The Commission is pleased that the Bundesrat supports the objectives formulated by the Commission for the future of the CAP. In response to some of the specific issues raised by the Bundesrat, the Commission would like to make the following comments:

On financing the CAP:

The Commission agrees that the challenges the CAP is confronted with require sufficient financial resources. The Commission has proposed to keep the CAP budget until 2020 at its nominal level in 2013. Significant differences between individual Member States with regards to their payments per hectare are however no longer justifiable. For this reason, the Commission suggests a moderate convergence of the payments per hectare between Member States. The integration of the programmes for rural development into a common strategic framework with other structural funds should generate synergy effects and a more efficient use of the existing financial means.

On simplification:

The Commission agrees that the administrative burden linked to the implementation of the CAP needs to be simplified as much as possible. Already in the past, the Commission has made proposals for administrative simplification, such as the initiative for better legislation. We are convinced that our proposals for the CAP after 2013 reflect this spirit.

Especially with regards to the rules on controls to which the Bundesrat is objecting, the Commission proposes a significant simplification. Member States with a functioning control system and low error rates would be permitted to reduce the number of on-the-spot controls. The Commission proposes a substantial reduction and simplification of the rules under cross-compliance. In the future, there would be 13 Statutory Management Requirements (SMR) instead of 18. The number of obligations for a Good Agricultural and Environmental Condition (GAEC) would be reduced from 15 to 8.

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In this context, greening should be seen as an additional measure. The requirements of greening do not overlap with cross-compliance. It should be noted though that the Commission has designed the proposals on greening in such a way that the environmental impact is maximised while minimising additional costs for implementation and control.

According to the Commission proposals, the CAP would be simplified in other areas too. For instance, the introduction of a specific scheme for small farmers means an important reduction of the administrative burden. 30% of the beneficiaries should benefit from this scheme.

On direct payments:

The Commission understands the Bundesrat's demand to connect direct payments even more with concrete environmental measures. The proposals of the Commission aim to strike a balance between the need for food security and for sustainability. Last but not least, the greening measures have to be simple to implement for farmers and easy to control for authorities. In this context, the Commission refers to its concept paper on greening, which has been presented to the Council in May 2012.

It is increasingly difficult to justify to the public, both politically and in terms of the efficiencies of scale available to the largest farms, the high direct payments going to some individual beneficiaries. Hence the Commission made its proposal on capping. It should be noted that the greening component in the direct payment will be exempted from capping.

On rural development:

The introduction of ex-ante conditionality does not only refer to the EAFRD, but would generally be introduced for all structural funds. This should lead to more transparency and consistency concerning the distribution of funds. Finally, the Commission needs to ensure that the money it has been entrusted with is spent in a targeted and responsible manner.

On the delimitation of naturally handicapped areas, it should be noted that the Commission has discussed extensively with the Member States and the Joint Research Centre on methods to ensure a harmonised delimitation in all Member States. The harmonised method would lead to greater fairness.

The EAFRD is part of the Common Agricultural Policy; hence it is logical that the use of the fund is limited to agriculture and forestry. At the same time, the common strategic framework would offer Member States new possibilities to pursue a holistic development approach in both rural and semi-urban areas.

The question as to whether private resources could be included into the national co-financing is currently being discussed in the course of the ongoing negotiations. A decision will be taken in the framework of the consultations on the multiannual financial framework 2014-2020.

On the common market organisation:

The new Single CMO Regulation will not extend Commission powers in respect of the adoption of marketing standards. The empowerment has rather become more specific, but still broad enough to react swiftly in the event of a crisis, for not all eventualities can be covered by the basic act. Finally, this is also in line with the demand of the Bundesrat that the safety net should become simpler, more flexible and more efficient.

The Commission fully agrees that Article 290 TFEU allows the Legislator to delegate to the Commission powers to supplement or amend certain non-essential elements, but that essential elements should not be regulated via delegated acts and this principle has been fully observed in its proposal for a new Single CMO Regulation.

The proposals on the so-called "milk package" have been developed by a high level group with substantial contributions from German associations. They reflect a balance between the need to stabilize the sector, on the one hand, and the need to ensure compliance with competition rules, on the other.

On wine:

Elimination of planting rights was one of the key measures of the 2008 reform. It is considered to be an important element to make the sector more competitive and better adapted to the market. Furthermore, it reduces administrative burden and costs for producers and newcomers. However, the Commission has established a "High Level Group" (HLG) on wine planting rights, following the growing concerns of producing Member States, numerous stakeholders at national and EU level, as well as a number of European Parliament Members. In the next months, the conclusions of the HLG should be integrated in the reform.

On avoiding double-funding:

The agro-environmental measures in the second pillar can be supported only to the extent that they go beyond the requirements of the first pillar. This double-funding will be avoided.

The Commission hopes that these clarifications address the concerns of the German Bundesrat and looks forward to continuing our dialogue on these important issues in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-President*