The REFIT Platform has considered the issue raised by the European Environmental Bureau regarding the need to increase the effectiveness and efficiency of the CAP.

The Stakeholder group recommends that the Commission complements existing evaluation plans by carrying out a more strategic review (i.e. ‘fitness check’) of the CAP as a matter of priority to supplement the evidence base and inform any future reform on an appropriate timescale.

A few members of the Government group support this recommendation. A majority of members firmly object to any review of the CAP framework this soon after the last revision given that 2015 has been the first year of the application of this new CAP and no evaluation results are available so far.

Furthermore, the REFIT Platform must serve, only and exclusively, to try to achieve simplification, burden reduction and regulatory improvement, and this suggestion may go beyond simplification and it is a proposal of a review of the whole CAP.

Decisions over this policy must be taken in the respective and appropriate political forums.

Detailed Opinion

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1 Submission I.4.a 'Effectiveness and Efficiency of the CAP'' by the European Environmental Bureau

Under the CAP around 53 billion EUR per year is given to farmers which represents approximately 40% of the EU budget. With almost 50% of the EU land area under farming, improving agricultural practices are crucial to achieving existing EU policy goals. Despite successive reforms however including the last one, there continues to be widespread evidence of significant inefficiencies across a range of indicators. For example it is meant to provide income support to all farmers yet 70% goes to 20% of farmers, mostly cereal. The state of nature in Europe is worst for farming dependent ecosystems, with for instance a 53% decline of common farmland birds since the 80s. The recently reformed CAP is unlikely to change much in this regard with first evidence that Member States are unlikely to be using the already weak greening measures put in place.

A Fitness Check of the CAP is the only way to ensure a rigorous fact based and un-biased review of the available evidence on how the new CAP is delivering towards the objectives of viable food production, sustainable management of natural resources and balanced territorial development. This could yield significant gains either in terms of reduced expenditure for achieving the same goals or achieving more ambitious goals for the same amount of money.

2 Policy context

The implementation of the new CAP started on 1 January 2015. In line with its overall objectives laid down in the Treaty on the Functioning of the European Union (Article 39), the new Common Agricultural Policy (CAP) has three key objectives:

• Viable food production
• Sustainable use of resources
• Balanced territorial development

In order to fulfil these key objectives the CAP disposes over several complementary instruments which for explanatory reasons are often divided in what is called the "two pillar structure".

Pillar 1, made of:
• Direct Payments conceived to provide support to farm income and to remunerate farmers for public goods (normally not paid for by the markets such as landscape care); these are paid annually and on a per hectare basis;
• Market measures conceived to provide support in case of market crisis.

Pillar 2 or the "Rural Development Policy" whereby Member States and/or regions obtain pre-allocated multiannual budget for which they (together with the Commission services) develop programmes in line with their strategic needs by choosing from a menu of common measures conceived to benefit farm competitiveness, environment and climate action and activities linked to the wider development of rural areas

With a view to the sustainability objective the CAP disposes over several instruments:
• Cross compliance: For both Direct Payments and Rural Development Policy farmers are required to respect certain rules: statutory management requirements (laid down in a number of EU directives and regulations concerning public health,
animal and plant health etc.) and good agricultural and environmental conditions (protection of soil against erosion etc.; exact specifications are decided by Member States).

- Greening: For Direct Payments the 2013 reform introduced for the first time the requirement that 30% of the national direct payments envelopes are spent for three environmental and resource friendly production methods: maintaining permanent grassland, crop diversification, ecological focus areas (EFA). The basic acts of the 2013 reform were published only in December 2013; in order to allow for a proper preparation – there are several choices for Member States regarding the design of greening (including allowing for practices which are already taking place and considered as "equivalent") – the full implementation of greening only kicked off in January 2015.

For the Rural Development Policy at least 30% of the EU-budget for each rural development programme must be reserved for a series of measures benefitting the environment or the fight against climate change (such as Agri-environment climate measure, organic farming, support for areas with natural constraints, Natura 2000, forestry measures and investments beneficial for the environment or climate). For the period 2014-2020 a total of 51% of the EAFRD has been earmarked to these measures.

3 Opinion of the REFIT Platform

3.1 Considerations of the REFIT Platform Stakeholder group

The REFIT Platform Stakeholder group recommends that a Fitness Check of the CAP should be a short term priority for inclusion in the European Commission’s 2017 Work Programme in order to inform the next round of CAP reform for the period post-2020 and the design of future interventions.

‘Agriculture and Rural Development’ has been identified by the Stakeholder Group as one of three priority policy areas for the REFIT Platform to address, and most of these suggestions relate directly to the CAP.

Undertaking a Fitness Check of the CAP now is the best way to identify the scope for reducing regulatory burdens whilst also improving value for money and ensuring the achievement of the objectives pursued particularly in relation to Pillar 1.

A Fitness Check would provide the comprehensive and holistic evaluation needed to critically assess the CAP in time to inform the next round of reform considering the complexity of the CAP and integration with other policy areas and the priority ascribed to agriculture by the REFIT Platform

Furthermore a Fitness Check is needed to complement existing evaluation plans and provide the results necessary to inform decisions on future reform of the CAP and the prioritisation of the next Multi-annual Financial Framework on an appropriate timescale.

A sufficient range of existing evidence and decades of experience in conjunction with the
first two years of the 2014-2020 CAP implementations provides a solid basis for an informed and thorough evaluation.

A Fitness Check would ground truth to the current CAP relative to the 2011 Impact Assessment and Intervention Logic which both relate to the initial Commission proposals rather than the final agreement.

Given the range of Union objectives and policy initiatives that the CAP needs to deliver against such as the objective of territorial cohesion, it is essential that the coherence of the CAP with these is assessed as soon as possible.

A Fitness Check is the best tool to ensure that the CAP – which continues to absorb nearly 40% of the EU budget – is effectively and efficiently delivering on its objectives. It is also important to the legitimacy and credibility of the Fitness Check approach that such a policy is subject to a full evaluation using this tool.

Attachment

3.2 Considerations of the REFIT Platform Government group

The submission by the EEB calls upon the Commission to carry out a full Fitness Check of the CAP in order to ensure a rigorous fact-based and unbiased review of the available evidence on how the new CAP is delivering against its objectives.

Given some criticism that the most recent CAP Reforms have received from some Member States, farming organisations and environmental stakeholders, a few members of the Government group are of the opinion that a Fitness Check would provide an opportunity to assess all the evidence and also analyse whether or not the recent simplification measures adopted have delivered genuine cost and burden reductions for farmers and administrators.

Overall the 2014 – 2020 CAP budget is less than the previous MFF with just under 40% of the EU Budget (€54 billion in 2014) but the administrative burden associated with direct payments is expected to increase by 15 %. According to one Member State, with so much of the EU budget spent through the CAP it is legitimate to carry out such an exercise in order to assure EU citizens and taxpayers that the CAP is successfully achieving its objectives whilst delivering genuine value for money.

Further views from Member States:

A majority of Member States do not agree with the proposal that REFIT should be used to carry out a full fitness check of the CAP for a number of reasons including that there is already provision in the CAP regulations to review the CAP. There is also likely to be further CAP Reform and any fitness check should be done through these already established methods. They firmly believe in using these established methods, the farmers as well as the administrations need predictability and legal certainty. A simplification exercise is already underway. However, some Member States do support the proposal. Although one Member State has said that the proposal should focus on simplification rather than a review of the policy. That Member State has also added that the Commission, as part of the extended common monitoring and evaluation of CAP policy instruments, has to present a report on the
performance of the CAP by 31 December 2018 and a second report by 31 December 2021, according to regulation 1306/13, Art 110 (5). That Member State recommends that the Commission should take a fresh look at, and fundamentally reassess, the Integrated Admin Control System (IACS) regime as set out in the Opinion I.2a on Cross-compliance rules.

A majority of Member States firmly objects to any CAP review in such a short time since its last revision. 2015 has been the first year of the new CAP’s application and reliable evaluation results are not yet available.

When basic rules for the new CAP were approved, coherent and appropriate deadlines for reporting the CAP’s performance were set at the end of 2018 and 2021. Changing these deadlines is actually a review in the European policies in less than two years, which means placing citizens and Administrations in continuing uncertainty. There is no economic activity able to deal such a level of uncertainty without undergoing considerable burdens or damages.

Furthermore, this suggestion may go beyond simplification and it seems to some extent to introduce legislative changes on key policy features and regulations within the European policies, justifying them on partisan and discrestional proposals, and eventually leading to a full review of the CAP. Simplification must not deviate from its objectives.

Decisions over this policy must be taken in the corresponding political forums, in particular, the Agriculture Council and the Special Committee on Agriculture. Discussions about the CAP, its legitimacy, financial sources, and fitness to the European Union goals were already widely argued for many years to set the Multiannual Financial Framework 2014 – 2020. These discussions ended up with highly detailed compromises among the highest Government representatives, Heads of States and Prime Ministers, and then ratified by the European Institutions by means of rather complex agreements. Reopening the debate over and over again should be avoided.