



**2020/2140(DEC)**

25.2.2021

## **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 2019, Section III – Commission and executive agencies  
(2020/2140(DEC))

Rapporteur for opinion: Giuseppe Milazzo

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## 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. Recalls that the Common Agricultural Policy (CAP) accounts for 98 % of expenditure on ‘natural resources’; notes that the level of error is below materiality for ‘natural resources’, taking into consideration the Court’s estimated level of error (1,9 %); notes that direct payments, representing 70 % of ‘natural resources’ expenditure, were significantly below the materiality threshold;
2. Welcomes the confirmation that the Integrated Administration and Control System, and in particular the system for the identification of agricultural parcels, actively contributes to ensuring that direct aid payments are not affected by material error;
3. Notes that the level of error was material for the spending areas that the Court had identified as higher risk, including rural development, market measures, environment and climate action; points out, however, that the error rate of 2,7 % for rural development represents a considerable improvement on the situation in previous years; calls on the Commission and the Member States to further reduce the error rate and financial corrections;
4. Observes that high-risk expenditure mainly concerned reimbursement-based payments, for instance in the fields of cohesion and rural development, where Union spending is managed by Member States; understands that high-risk expenditure is often subject to complex rules and eligibility criteria;
5. Stresses the need to eliminate undue administrative burdens, in particular in the context of the next Multiannual Financial Framework, that hinder the implementation of investments through the CAP, and the need to simplify to the extent possible the obligations resulting from the new green architecture;
6. Stresses that the current CAP controls and audit system has proven very efficient in ensuring the protection of the Union's financial interests, regulatory stability and equal treatment among farmers and other beneficiaries; highlights that the proper implementation of the CAP interventions is strictly related to the beneficiaries’ compliance with the commitments set out at Union level;
7. Stresses the need, in accordance with the single audit principle, to increase the efficiency of the certification bodies and the scope of their tasks, as they are key elements for providing independent assurance of the proper financial management of CAP funds and to protect the Union budget against fraud and financial irregularities;
8. Is concerned that the increased flexibility proposed under the new delivery model and to be granted to Member States in designing their own national control system and rules could lead to divergence of national practices and aggravate misuse and abuse of Union funds, and urges therefore the Commission to avoid “renationalisation” of the CAP; is also strongly concerned that this new delivery model may not contribute in terms of

either simplification or performance of the CAP, and could put at risk the equal treatment of farmers and Member States; considers, moreover, that it could lead to additional complexity and increased reductions of payments related to inadequate budgetary planning and further administrative burden, thus putting at risk the financial credibility of the CAP; believes, therefore, that sufficient safeguards should be introduced to ensure the robustness of the CAP delivery model in terms of financial management;

9. Is satisfied that the level of expenditure on direct payments, compared to the net ceilings laid down in Regulation (EU) No 1307/2013, have reached 99 % since 2017; notes that, for the European Agricultural Fund for Rural Development (EAFRD), execution had reached a satisfactory rate at an average of 50 % of the total envelope by the end of 2019; asks the Commission to publish the expenditure on direct payments and the level of drawing from the EAFRD per Member State;
10. Is concerned, at the same time, that the new requirements for sustainable farming, in particular with regard to the 2030 climate and environmental objectives, together with the reduction in the overall CAP budget for 2021-2027, may hamper the implementation of the budget under the EAFRD, especially in the early period of its implementation, and risk damaging the profitability for small farms in particular; stresses that the introduction of new CAP requirements must be accompanied by adequate funding at Union level;
11. Considers that, in view of the lack of specific CAP instruments to balance the functioning of the food supply chain, the pressing priority is to continue legislating so that farmers are no longer the weakest link in the chain;
12. Stresses that investments contributing to a resilient, sustainable and digital economic recovery in line with the agri-environment-climate objectives pursued under the European Green Deal are fundamental for the social and economic development of rural areas;
13. Emphasises the role of basic income support in the CAP and its contribution to the maintenance of agricultural and livestock activity, curbing the rural exodus and promoting a vibrant and dynamic rural environment;
14. Highlights that CAP support to young farmers has proven to be an essential tool, and should be further strengthened; believes that digitalisation and innovation, and investments to develop short supply chains and direct sales to consumers, could be decisive instruments for the revitalisation of rural areas making them more attractive to young farmers; considers that sufficient and accessible support, along with simplification for final beneficiaries, in particular for young, new and small farmers, should be a priority for Member States when carrying out their strategic planning; stresses the need to introduce procedures, at the implementation stage of the national strategic plans, that are tailored to specific needs;
15. Reiterates the importance of harnessing all possible measures to safeguard the CAP budget against fraud; such as for example a mechanism whereby farmers confronted with unfair treatment concerning the commitment or disbursement of public funds can directly complain to the Commission;

16. Recalls that both the Commission and the Member States are responsible for addressing fraud in CAP spending; encourages them to step up their efforts to prevent and detect fraud, in cooperation with EPPO and the anti-fraud office (OLAF), and stresses the need for increased cooperation between the Commission and Member State authorities with a view to disseminating information on the most frequent types of CAP fraud; invites them to publish statistics on closed cases of detected fraud in CAP spending per Member State;
17. Recalls its concern at the alleged cases of conflict of interests and land-grabbing by oligarchs, with possible involvement by governments and public authorities, receiving high levels of direct payments in the form of decoupled aid per hectare, thus weakening the efficiency of public funds; urges the Commission to be extra vigilant on rule of law matters as regards CAP funds;
18. Invites therefore the Commission to further intensify the controls, to make use of and combine the systems and databases at its disposal in order to identify and ensure transparency on the ultimate beneficial owners; welcomes the Commission's continuous encouragement of the paying agencies to use the Arachne tool - launched in 2019 - to identify high fraud risk beneficiaries, conflicts of interest and irregularities; notes that, as of March 2020, only 12 paying agencies in nine Member States were participating in the Arachne pilot project; calls on the Commission to update its analysis of CAP fraud risks more frequently; encourages the Commission to assess Member States' fraud prevention measures, sharing best practices;
19. Points out that the agricultural sector was particularly affected by the COVID-19 outbreak last year, increasing the risk of instability in farmers' basic income; therefore, in the years ahead, considers that particular emphasis should be placed under the new CAP delivery model on ensuring the regularity of payments to final beneficiaries of the CAP;
20. Highlights how well voluntary coupled payments generally work to support sectors at serious risk of abandonment;
21. Points out that promotional funds are essential for opening and consolidating new markets; calls on the Commission to ensure that the ecological model is promoted in the same way as other equally sustainable models, such as integrated production or precision farming;
22. Notes that a greener CAP, in line with the Paris Agreement and the European Green Deal, would not only support the Union in achieving its targets, but also increase efficiency in the use of public money, by limiting the negative externalities linked to agricultural practices and shifting focus to prevention rather than cure;
23. Regrets that there have been, as yet, no reliable indicators measuring the results and impacts of direct payment schemes and rural development programmes in relation to biodiversity in the Commission's tracking of CAP spending; highlights that, in tracking climate expenditure under the CAP, the margin of approximation is very high and tends to overestimate the likely significance of the contribution of the CAP instrument or measure to climate mitigation and adaptation objectives; emphasises that the Commission must develop reliable biodiversity and climate indicators to assess the

impacts of the CAP, in order to develop more effective CAP payment schemes and instruments; stresses that, if the proposed shift to a performance-based CAP is to be achieved, it will require the development of a comprehensive set of common result indicators and the thorough application of those indicators;

24. Warns that public CAP spending risks being misperceived by the European taxpayer if the same environmental and food safety laws in force in the Union do not apply to products imported from third countries; calls on the Commission to review the operation of safeguard clauses in trade agreements to facilitate and extend their application beyond temporary market situations;
25. Calls on the Commission to continue to closely monitor ongoing and future trade agreements with third countries with respect to food safety and environmental and animal welfare 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 animal welfare, 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.

## INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	24.2.2021
<b>Result of final vote</b>	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; padding-right: 10px;">+:</div> <div>33</div> </div> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; padding-right: 10px;">-:</div> <div>8</div> </div> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; padding-right: 10px;">0:</div> <div>4</div> </div>
<b>Members present for the final vote</b>	<p>Mazaly Aguilar, Clara Aguilera, Atidzhe Alieva-Veli, Eric Andrieu, Attila Ara-Kovács, Carmen Avram, Adrian-Dragoş Benea, Benoît Biteau, Mara Bizzotto, Daniel Buda, Isabel Carvalhais, Asger Christensen, Angelo Ciocca, Ivan David, Paolo De Castro, Salvatore De Meo, Herbert Dorfmann, Luke Ming Flanagan, Dino Giarrusso, Martin Häusling, Martin Hlaváček, Pär Holmgren, Krzysztof Jurgiel, Jarosław Kalinowski, Elsi Katainen, Gilles Lebreton, Norbert Lins, Chris MacManus, Colm Markey, Alin Mituța, Ulrike Müller, Maria Noichl, Juozas Olekas, Pina Picierno, Maxette Pirbakas, Bronis Ropé, Bert-Jan Ruissen, Anne Sander, Petri Sarvamaa, Simone Schmiedtbauer, Annie Schreijer-Pierik, Veronika Vrecionová, Sarah Wiener, Juan Ignacio Zoido Álvarez</p>
<b>Substitutes present for the final vote</b>	Petros Kokkalis

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

33	+
ECR	Mazaly Aguilar, Krzysztof Jurgiel, Bert-Jan Ruissen, Veronika Vrecionová
ID	Mara Bizzotto, Angelo Ciocca
PPE	Daniel Buda, Salvatore De Meo, Herbert Dorfmann, Jarosław Kalinowski, Norbert Lins, Colm Markey, Anne Sander, Petri Sarvamaa, Simone Schmiedtbauer, Annie Schreijer-Pierik, Juan Ignacio Zoido Álvarez
Renew	Atidzhe Alieva-Veli, Martin Hlaváček, Alin Mituța
S&D	Clara Aguilera, Eric Andrieu, Attila Ara-Kovács, Carmen Avram, Adrian-Dragoș Benea, Isabel Carvalhais, Paolo De Castro, Maria Noichl, Juozas Olekas, Pina Picierno
The Left	Luke Ming Flanagan, Petros Kokkalis, Chris MacManus

8	-
ID	Ivan David, Gilles Lebreton, Maxette Pirbakas
Verts/ALE	Benoît Biteau, Martin Häusling, Pär Holmgren, Bronis Ropé, Sarah Wiener

4	0
NI	Dino Giarrusso
Renew	Asger Christensen, Elsi Katainen, Ulrike Müller

Key to symbols:

+ : in favour

- : against

0 : abstention