



European Union
Agriculture and Rural Development

Report

Simplification of Agricultural Legislation

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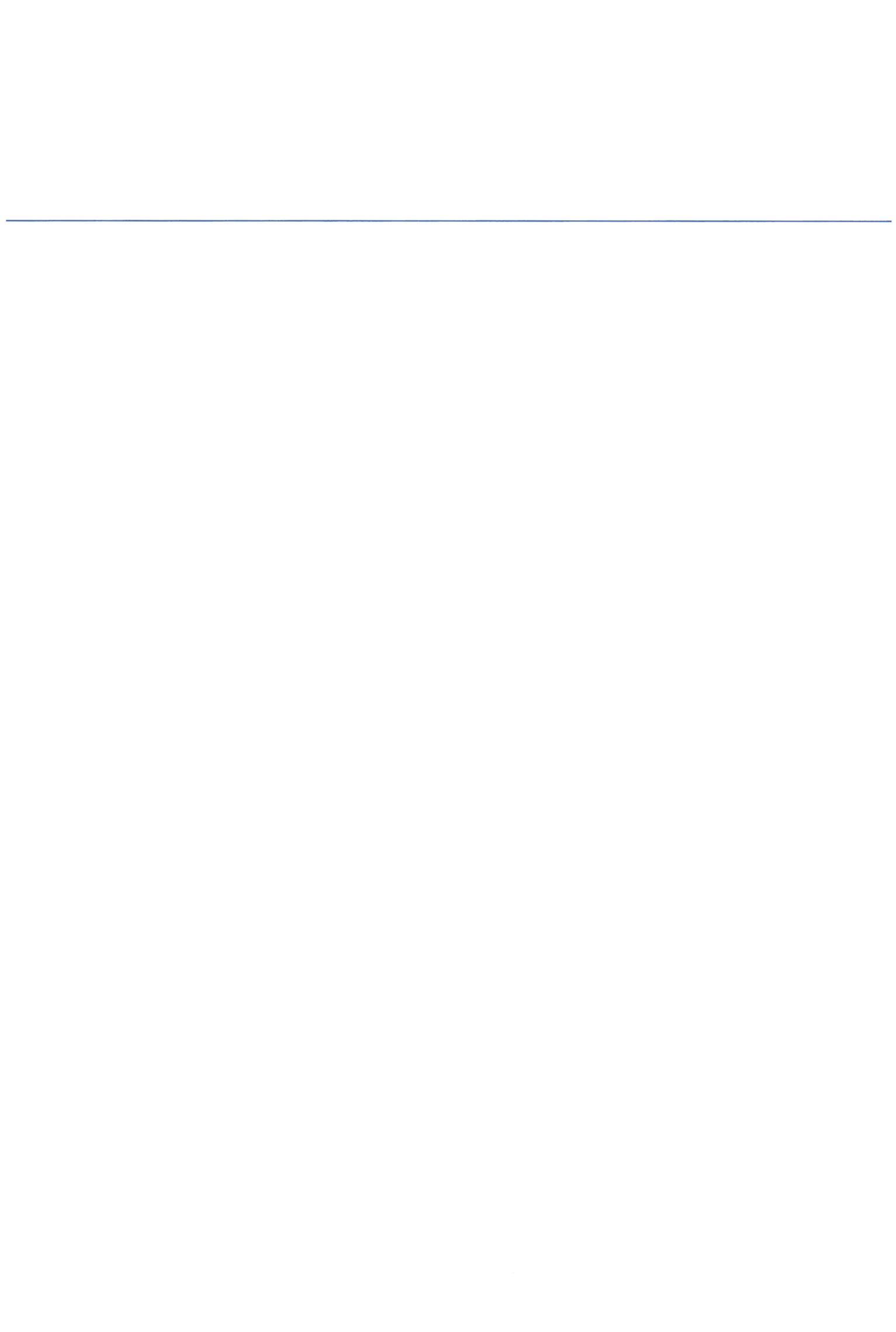
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Commission Report to the European Parliament and the Council

Drafted by Unit VI.A.1.2: Relations with the budgetary and financial authorities and simplification of agricultural legislation





Explanatory Memorandum

European agricultural legislation has been often criticised for being too complex. The Commission has acknowledged that this criticism is often justified and has, together with the Council, expressed on several occasions the importance it attaches to simplification.

Simple, clear legislation is vital for sound and efficient management of limited resources, both human and financial. The more ambiguous and complex the rules, the more difficult and costly - in terms of administrative and human resources - will they be to implement, to manage and to control and the more scope will there be for fraud.

Over the past few years the Commission has undertaken a number of important and concrete initiatives in order to improve the situation. The present report intends to make the state of play of the work on simplification of Community agricultural legislation which has been carried out by the Commission up to now.

Introduction

The purpose of this report is to inform the European Parliament and the Council of the work going on in the Commission to simplify Community agricultural legislation.

Since its introduction in the sixties, the common agricultural policy (CAP) has contributed substantially to European integration. It has, however, become increasingly complex over time. In its agricultural strategy paper to the European Council in Madrid in 1995, the Commission already acknowledged that simplification at Community level deserved consideration. It concluded that such a reflection should encompass the whole range of agricultural policy fields, such as market policy, structures' policy, veterinary, hygiene and phyto-sanitary policies.

In recent years the Commission has made simplification one of the guiding principles in its considerations on CAP reform. Examples are the agricultural sections of its Agenda 2000 proposal where simplification was mentioned as one of the main objectives of the reform. In particular, substantial simplification was proposed for the Rural Development Regulation and for the Arable Crops Regime. Other examples are the proposals to reform the Common market organisations for Wine and Olive oil. The latter proposal has already been adopted by the Council.

The Commission has also taken certain other initiatives to simplify agricultural legislation. These initiatives will be described in this report.

Before elaborating the measures taken and the work going on in the Commission to simplify the CAP, a few words should be added on what should be understood by "Simplification" in this context. The concept of simplification can be given various interpretations. The Commission has chosen to focus at this stage on the following aspects:

- agricultural legislation should be as clear, transparent and easily accessible as possible;
- the administrative workload imposed by the CAP on farmers, together with EU and national authorities, should be reduced to only what is strictly necessary.

1. Simplification aspects contained in various reforms of the CAP

a) Agenda 2000

As mentioned above simplification was one of the objectives of Agenda 2000. The Commission proposals represented a clear effort to simplify the rules. However, in the final agreement reached at the Berlin summit not all simplification proposals were retained. As a result the reform, in this respect, does not go as far as the Commission would have wished. In addition, new elements in the arable crops, beef and milk sectors have been introduced setting limits to simplification. Nevertheless, the reform contains some important aspects of simplification.

In the arable crops sector, the current regime will be simplified by abolishing some schemes and exceptions proving very difficult to manage and control by the national authorities or not proving to be as efficient as expected. In particular, the rules concerning penalties, set aside and the oilseeds regime have been simplified. In addition, Council Regulation (EEC) No 1765/92, establishing a support system for producers of certain arable crops, has been recast which will imply a simpler access to legislation and facilitate reading and comprehension of its provisions.

Regarding rural development, simplification concerns, in particular, the concentration of rural development measures in one single regulation. Within the structural funds there are two main simplification aspects: reducing the number of objectives under the structural funds from the current 7 to 3; reducing the number of Community initiatives from the current 13 to 4. Moreover, wherever possible, rules for aid eligibility and maximum amounts to be granted have been simplified. Where appropriate, detailed rules have been left for decision at Commission level. Lastly, a huge effort was invested in drafting legislation, using clear language.

In the beef sector, simplification measures concern various aspects. A simpler intervention regime has been introduced. Since this new regime will most probably be used rarely i.e. only in case of serious market crisis the administrative burden imposed so far to the authorities concerned by intervention should considerably be reduced. The marketing year has been removed. The calf processing premium has been abolished. The basic Council Regulation has been recast which will imply a simpler access to legislation and facilitate reading and comprehension of the rules. Finally, several regulations have been repealed.

In the milk sector, the unrestricted public intervention regime has been repealed and definitively replaced by the more restrictive regime that is applied – on a temporary basis- since 1987. As regards the support measures for the internal market, several regulations will be repealed, which will result in a substantial simplification of legislation to be applied in this sector. In addition, the target price for milk and the intervention prices for butter and skimmed-milk powder are now fixed in the basic regulation on a pluri-annual basis. Moreover, the new text of the basic Council Regulation and the amended regulation on milk quotas are presented in a more tidy form and their obsolete provisions have been deleted.

In the wine sector, the proposed new Council Regulation will replace 23 existing Council Regulations. This will greatly clarify and ease more direct access to the system. In the new COM for wine, the approach and procedures will be radically changed, in the sense that the main principles of the COM would be established at Council level and most of the other aspects would be left to the Commission and the Member States. Once implemented, this will imply a great degree of delegation and simplification of management. An important case of simplification will be the abolition of the obligatory distillation to be replaced by a voluntary crisis distillation.

b) Olive oil

The olive oil COM as modified by the Council in June 1998 contains some important elements for simplification, including the abolition of both consumption aid and intervention purchases. The new system also abolishes the specific regime for small producers. All these elements will facilitate the management of the system and its controllability.

2. Simplification of hygiene directives for animal products

Over the last couple of years, the Commission has worked on a major simplification of the legislation concerning animal and public health problems governing the placing on the market of products of animal origin. This simplified legislation will provide a similar or a higher level of health protection as the existing legislation.

At present, these questions are governed by 16 different Directives according to the type of product (i.e. fresh meat, meat products, milk and milk products, game meat etc.). A number of procedures and requirements contained therein are identical, almost identical or of a similar nature. By regrouping them, a set of rules common to all products can be identified, thus avoiding the repetitions, overlaps and inconsistencies which occur in the present Directives. Rules specific to a particular product will be maintained under product specific annexes.

At the same time, the rules will be up-dated to bring them into line with modern principles and techniques. The basic objective is that the hygiene of products of animal origin must be ensured from the stable to the table guaranteeing a high level of consumer protection.

The recast will create more transparency and coherence in Community legislation, thus contributing substantially to simplification.

In addition, the general hygiene rules contained in Directive 93/43/EEC are being merged with the veterinary hygiene rules. This will result in a common hygiene regulation for all food. It will cover food safety from primary production up to and including the offering for sale of foodstuffs to the consumer. It is the Commission's intention to present a final proposal during the second half of 1999.

3. Commission initiatives to increase transparency and access to agricultural legislation

The Commission has taken three initiatives to make agricultural legislation clearer and more easily accessible:

a) Repeal of obsolete and unnecessary acts

In the interest of clarity, the Commission has been reviewing agricultural legislation in force with a view to identifying what is still relevant and what is unnecessary or obsolete and could therefore be deleted. Such a clarification aims at improving access to relevant agricultural legislation for any potential user. This exercise has shown that quite a number of legal acts, still formally in force and therefore mentioned in the Directory of Community legislation, are in reality obsolete and unnecessary.

In order to clarify the situation, two different types of measures have been taken. On the one hand, the Commission decided to simply remove from the Directory of Community legislation those obsolete acts having explicitly or implicitly a limited period of application. On the other hand, all other obsolete acts will be formally repealed.

So far, 27 obsolete Commission Regulations covering various products have been formally repealed and seven more are about to be repealed. In addition, some 258 Commission obsolete acts having explicitly or implicitly a limited period of application concerning a wide range of sectors have been removed from the Directory of Community legislation. During the course of 1999 work will continue in other sectors in order to complete the exercise as far as Commission acts are concerned while proceeding at the same time also with obsolete Council acts.

b) Informal consolidation of agricultural legislation

In order to render agricultural legislation more transparent and more easily accessible, the Commission has launched a project to produce informal consolidations of agricultural legislation in all official languages of the Community. The consolidated acts will be continuously up-dated and will also be available to the general public and to national administrations via Internet. The work, which has started at the beginning of 1999, is expected to take around three years to complete but the project will continuously produce results as more and more consolidations will be made available. A first set of consolidated acts are already available.

Although the informal consolidations are not legally binding, they will substantially facilitate the quest for relevant rules by all those concerned by the CAP, for example farmers' unions, national administrations, trade and industry, controllers, consumer organisations and universities. In particular, thanks to consolidation the EAGGF paying agencies and control bodies will always have access to correct and up-dated versions of the regulations, which by minimising the risk for misinterpretation, will improve control and limit the possibilities for fraud and irregularities.

c) Simplification concerning export refund publications

Different systems are currently used in the sectors to indicate destinations in connection with the fixing of export refunds. A code used in one sector to indicate a specific destination might, in another sector, be used for a different country or group of countries. The present systems are often complex and they make the regulations on export refunds difficult to read and understand which implies a distinct risk of misunderstandings and errors. Furthermore, they do not facilitate electronic transfer of information between the Commission and the Member States.

In order to overcome such problems the Commission is currently working on a project aiming at standardising Commission publications covering export refunds. Once adopted the new system should facilitate the exchange of data and information between the Commission and the Member States while making the implementation of relevant rules by the national administrations and private companies less burdensome and more transparent.

4. Other administrative simplifications: proposals from the national paying agencies

The Commission is working on proposals covering a wide range of areas, put forward by the national paying agencies, at the request of the Commission, for the simplification of administrative rules and procedures. This exercise does not cover issues of a political nature. Work focuses on suggestions of an administrative nature concerning the existing policy framework only.

On the one hand, some of the proposals from the paying agencies have been covered by Agenda 2000 and the olive oil reform (see the above section on simplification aspects contained in various reforms of the CAP) or have been the subject of a Commission decision. On the other hand, a number of proposals are currently being considered by the Commission which might lead to proposals for simplification in the near future.

The following section gives an overview of the situation.

a) Proposals already acted upon by the Commission

Arable crops

According to the two years' rule, in order to be considered for eligibility under the set-aside scheme, the areas set aside had to be farmed by the applicant in the course of the previous two years. This rule was burdensome and difficult to manage for the EAGGF national paying agencies. It was therefore proposed that it should be abolished.

The Commission abolished this rule in Commission Regulation (EC) n° 1981/98.

Durum wheat

It was suggested that the administration of quotas should be simplified.

Individual quotas have been abolished. The new regime, based on a maximum guaranteed surface, will apply from 1999 onwards.

Flax and hemp

It was suggested that the control for these sectors should take place in connection with control of crops under the arable crop regime. It was also suggested that sanctions should be harmonised with those of the arable crops regime.

These suggestions will be fulfilled by the inclusion of both sectors in the Integrated Administration and Control System as from the next marketing year. However the regime itself and the basic regulation should be modified to allow further simplifications. The control of the present system lead to a complicated network of crosschecks, which cannot be avoided without risk of premium hunting.

Beef meat

Simplification of provisions on livestock premia statistics was proposed.

Commission Regulation (EC) No 2316/97 has acted on this point.

Sheep meat

It was suggested that Regulation (EEC) No 3013/89 on the common organisation of the market in sheep meat and goat meat should be consolidated and simplified.

The regulation has been recast. Council Regulation (EC) No 2467/98 has replaced the old Regulation.

**b) Proposals under consideration
by the Commission or in the process
of being carried out**

EAGGF

Bookkeeping year

Several EAGGF paying agencies have suggested that the EAGGF bookkeeping year, which currently runs from 16 October to 15 October the following year, should be changed so that it runs until the end of a month. Under the present system, the expenses for the month of October have to be divided and allocated to two different financial years implying additional work, both for the paying agencies and for the Commission.

The Commission agrees that changing the EAGGF bookkeeping year to comprise the period from 1 November – 31 October, would imply real simplification both for the paying agencies and for the Commission. However this would mean that the financial year in which the changeover is made would be 12.5 months long. This, in turn, would imply an “one off” additional budgetary cost of approximately 800 million EUR.

Near to the end of the discussions in Council about the proposed modification of the regulation concerning the financing of the CAP, the idea came up to come to a bookkeeping year ending the 31 of October by a Commission regulation to be adopted according to the Fund-Committee procedure. This could be done when at the end of a given bookkeeping year it becomes evident that the "one off additional budgetary costs" of approximately 800 mio EUR could be covered by the underspending of the year. According to that same procedure, the necessary small adaptations

of certain delays of payments should also be made. A legal base for this way of changing the bookkeeping year has to be foreseen in the proposed Council regulation concerning the financing of the CAP. Unfortunately this idea came too late and could not be introduced in due time into the Presidency compromise of the Agriculture Council on 11 March 1999. The Commission might intend to propose to amend the new council regulation concerning the financing of the CAP in that sense at a later stage.

Secondary category expenditure

A further harmonisation of the rules for calculation of this type of expenditure, which concerns public and private storage, has been suggested.

In spite of much progress in recent years, criteria applied to questions such as reimbursements, rejections, withdrawals etc. still differ from sector to sector, causing difficulties for the paying agencies. The methods for calculating the physical stocks for cereals and alcohol should also be changed. Furthermore, the penalties for non-respect of the time limit for de-stocking products bought from intervention stocks should be harmonised between the sectors. The penalties also have to be fixed at a level which will ensure a penalty for non- respect of the time limit. This is not always the case today. The Commission is considering these proposals.

**Penalties, interest rate for undue payments
and minimum amounts to pay or recover**

At present, rules on penalties applied to producers who do not fulfil the requirements vary from sector to sector. The same is true concerning interest claims on aids unduly paid and the rules for recovery of small amounts. It has been sug-

gested that these rules should be harmonised between sectors and simplified.

The Commission will examine these matters further with the view to propose clear and simple rules applicable to all sectors.

Sugar

It was suggested that Council Regulation (EEC) n° 1785/81 should be codified, given that it has been amended more than thirty times.

A proposal for a recast of the regulation has been presented by the Commission to the Council and it is currently under examination.

Trade mechanisms

Several paying agencies suggested that the provisions of Commission Regulation (EEC) No 3665/87 on export refunds should be codified and simplified.

The Commission has adopted a recast of this Regulation which takes on board some of the proposals put forward by the paying agencies.

5. Concluding remarks

The Commission is actively striving to simplify the CAP by reducing as far as possible the administrative work load caused by this policy and by rendering the agricultural legislation more clear, more transparent and easily accessible.

As this report shows, work is proceeding simultaneously in several areas. Although this is not an easy task, the Commission is determined to continue the efforts and to achieve a substantially simplified CAP.

User Guide: Collected Community agricultural acts (consolidated version)

The Commission is making available on the Internet an up-to-date version - in every official language of the Community and including the latest amendments - of its agricultural acts. The project, which is in keeping with the Commission's aim of simplifying the legislation, will make the latter more accessible and make it easier to consult the rules in force.

The collected consolidated agricultural acts comprise texts which, over the years, have been amended on one or more occasions ("consolidated" means that the amendments have been incorporated in the basic instruments). The collected acts, which are available in every official language of the European Community, are intended for all potential users of agricultural legislation: farmers, businesses and professionals operating in the sector, national and European administrations, academics, etc.

The consolidation work, which began early in 1999, is expected to be completed towards the end of 2001. The acts concerned will be made available to users as the consolidation progresses. The estimates are that a sizeable proportion of the agricultural legislation will have been consolidated by the end of 1999, going on to reach about 50% by the end of next year. The first consolidated regulations are already available. Any amendments to acts that have already been consolidated will automatically be included.

The Commission cannot be held liable for any information contained in the database. Presented in this form the texts have no legally binding value and are intended solely to assist users. In the event of any doubt, only texts published in the Official Journal may legally be invoked against a third party.

Those interested in the collected acts should consult the *chronological index*, which can be found at the two following addresses:

1. http://europa.eu.int/comm/dg06/consleg/index_lg.htm (*)

The Internet home page of Directorate-General VI (Agriculture) of the European Commission

2. http://europa.eu.int/celex/consleg/home_lg.htm (*)

The Internet home page of the Office for Official Publications of the European Communities

(*) Always replace "lg" by the abbreviation for the language (en, es, da, de, el, fr, it, nl, pt, fi or sv).

If you are looking for **a specific act** and already know its reference number, you can access the consolidated version direct by including the relevant details in the following address:

<http://europa.eu.int/celex/consleg/yyTnnn/lg/cov.htm>

"yy" the year (e.g. 1995 = 95);

"T" the type of instrument (R for a regulation, L for a directive and D for a decision);

"nnnn" the number of the act;

"lg" the abbreviation for the language (see above).

The address for the consolidated English version of Regulation (EEC) No 2081/92, for instance, is accordingly:

<http://europa.eu.int/celex/consleg/92R2081/en/cov.htm>

