

This measure has been funded by the European Commission, DG Agriculture and Rural Development. The sole responsibility for the content and information of this measure lies on the author, therefore the European Commission is not responsible for their use.

How the CAP takes the challenges of Lisbon strategies

International Meeting

20 February 2008, Istituto Sperimentale Zootecnico per la Sicilia,
Fondo Luparello, Palermo

***“Cross-compliance of aids in agriculture:
a resource for the development
of quality agriculture”***

International Meeting

*20 February 2008, Istituto Sperimentale Zootecnico per la
Sicilia, Fondo Luparello Palermo*

**"Cross-compliance of aids in agriculture:
a resource for the development of quality
agriculture "**



*Euromed Carrefour Sicilia, Europe Direct relay, would like to acknowledge Dr. **Dario Cartabellotta**, General Executive of the Regional Ministry of Agriculture and Forestry, Department for Infrastructural Assistance, and all his staff for the active support provided in favour of this initiative, which is part of a collaboration started some years ago. Thanks to his contribution, it has been possible to bring Sicilian people closer to the "European dimension" and to a theme which is generally reserved for a specialist target group.*

Moreover, we would like to express a sincere acknowledgement to the participants from the EU countries involved, who have contributed to enrich this initiative with ideas and points of view.



Come la PAC raccoglie le sfide della strategia di Lisbona

Introduction

The project **"How the CAP takes on the challenges of the Lisbon strategy"**, promoted by Euromed Carrefour Sicilia, Europe Direct relay, is funded by the Directorate-General for Agriculture and Rural Development of the European Commission within the financing framework of the **"Support in favour of information actions on the CAP"** and by the Regional Ministry of Agriculture and Forestry, Department for Infrastructural Assistance.

The project entails activities to deepen knowledge of and exchange views on the CAP for professionals as well as information campaigns for the general public.

More specifically, the project includes:

1. *An international workshop on "The rural development policy in the framework of the CAP: increasingly integrated strategies to ensure overall development of rural areas" which was attended by representatives from six EU countries (17th-18th December 2007) and broadcast via video-conferencing to several Sicilian rural districts;*
2. *An international workshop with a video-conferencing link (both to the EU countries and Sicilian districts involved) pertaining to "Cross-compliance of aids in agriculture: a resource for the development of quality agriculture" (20th February 2008).*
3. *An international workshop on "Improvement of living conditions in rural areas and diversification of rural economies: how the CAP is contributing to the achievement of these objectives" with the participation of experts from 6 European countries (22nd -23rd April 2008) and broadcast via video-conferencing to several Sicilian rural districts.*
4. *A large-scale initiative to disseminate information to the general public entitled "The new CAP in Agribus: food*

quality and safety, consumer guarantees, sustainable development and environmental protection": AGRIBUSI-CILIA, a travelling educational/informative room will be moved across many Sicilian squares to provide information on the project and CAP as well, by courtesy of Euromed.

5. *The production of TV reports and programmes on the topics dealt with at the conferences.*
6. *Publication and dissemination of conference proceedings and results in printed form and in two languages as well as through some dedicated pages on the web site www.carrefoursicilia.it.*
7. *Information dissemination at different levels: dedicated web pages, publicity campaigns, radio programmes, newspaper articles, etc.*

Countries and Institutions involved

Italy:

Euromed Carrefour Sicilia - Europe Direct relay

Regional Ministry of Agriculture and Forestry, Department for Infrastructural Assistance

INEA - Italian National Institute for Agricultural Economics

Spain:

Maestrazgo Development Association

Ministry of Agriculture, Department for Analysis and Perspectives

Europe Direct Relay of Molinos

Portugal:

Europe Direct relay of Northern Alentejo

Latvia:

Rural Advisory and Training Centre, District of Jelgava

Romania:

Faculty of Agricultural Management, Banat University, Timisoara

Bulgaria:

University of National and World Economy - Sofia

Slovakia:

Faculty of Agriculture, Nitra Region



Come la PAC raccoglie le sfide della strategia di Lisbona

Dr. Dario Cartabellotta

General Executive, Department for Infrastructural Assistance

For the purpose of complying with the objectives set in Lisbon and Göteborg (on competitiveness and environment respectively), EU policies and particularly the Common Agricultural Policy (CAP) are aimed at improving sustainability of agroecosystems.

The interaction between nature and agriculture has always been a deep one. It is no coincidence that a great range of important semi-natural habitats have been created and preserved thanks to agriculture. Today, these habitats characterise most European landscapes and provide shelter to many wildlife species. Besides, one should not neglect the economic significance that agriculture represents as a source of income for rural communities.

The new CAP has been designed to prevent the risk of environmental degradation. At the same time, it encourages farmers to play a positive role in landscape and environment protection by means of rural development measures aimed at guaranteeing agricultural profitability across EU regions.

If the protection of many habitats has been linked to extensive farming, it is also true that some farming practices can adversely affect natural resources. Soil, air and water pollution, habitat fragmentation along with the disappearance of wild fauna are just some examples of improper land management.

Provided that the agricultural sector pays attention to environmental issues, one of the most relevant political factors supporting agriculture is the implementation of cross-compliance, by which farmers are obliged to abide by specific statutory management requirements and to use farming techniques ensuring good agricultural and environmental conditions. If they fail to do so, the direct payments to be granted in the calendar year in which the non-compliance occurs will be reduced or cancelled. The statutory management requirements regard public health, animal and plant health, environment and animal welfare.

Farmers are committed to comply with two main categories of



standards, namely the:

- Statutory management requirements (SMRs)
- Good agricultural and environmental conditions (GAEC).

Starting from 2005, the Ministry of Agriculture and Forestry issued a yearly national law decree containing the complete list of SMRs and GAEC to be fulfilled within the following year. Moreover, regions can issue similar provisions to implement it in regional law according to the peculiarities of their own land.

The Region of Sicily has issued regional law decrees on CAP and cross-compliance defining the statutory management requirements and the good agricultural and environmental conditions that Sicilian farmers who are beneficiaries of CAP payments must comply with, in accordance with Reg. 1782/03. The latest is the Regional Decree on CAP and cross-compliance for 2008 (D.D.G.n. 3220 of 28 December 2007). One of the key features of the new CAP and high-quality agricultural production entails binding aid schemes in agriculture to compliance with standards of environmental protection and animal welfare by farmers. However, the compliance with these standards proved to be difficult in those areas of our region where agriculture is facing a crisis.

Moreover, it is essential to unveil the deep meaning of cross-compliance to farmers, who have experienced its introduction only as a punitive measure. On the one hand, cross-compliance enables us to release funds to support the rural development policy and to provide consumers/individuals with adequate answers with regard to food quality and environmental protection, on the other.

This conference represents an opportunity to meet and analyse the various aspects connected with the new idea of cross-compliance. Hence, it is very important that both the new CAP strategy and the enormous effort made by farmers to comply with it, especially in the most disadvantaged areas, are fully perceived and understood. What may look like constraints on agricultural holdings at first, should actually be considered with a positive attitude, as they provide an opportunity to implement the model multifunctional farming which is currently one of our main

objectives.

Furthermore, within the framework of the regional development, the CAP reform ensures suitable instruments through which Regions can support farmers by means of the new Rural Development Programmes. More specifically, actions can be carried out to finance guidance on cross-compliance as well as to cover the possible negative impact of cross-compliance on the competitiveness of agricultural firms due to the newly-introduced environmental constraints.

Dr. Graziano Scardino

Regional Coordinator, CAA-CIA

Cross-compliance: from hurdle to opportunity

Cross-compliance is a complex system of requirements that makes the granting of aid contingent on compliance by farmers, but it often proves to be too strict.

Cross-compliance affects the entire Single Payment Scheme and, since 2007, also the application of rural development plans. Failure to comply with these obligations entails a cut in or exclusion from payments of aid to non-complying farmers.

Cross-compliance refers to the entire farm including those areas not involved in direct aid. These are the basic principles of cross-compliance rules.

The concern that the approach to cross-compliance and its organisation reflects two perceptions that are both negative:

Farmers perceive as a coercive instrument;

Administrations perceive it as a new field for applying a control-oriented rationale that does not take into account the new scenario in which farms are operating in the 21st century.

Cross-compliance, as it is organised today, seems to be too tilted towards a vision of environmental protection more appropriate for application in protected areas and extended to production areas without carefully assessing agricultural practices consolidated over the years which have defined in the course of



time production processes and agronomical methods aimed at times also at environmental protection and sustainable development.

Cross-compliance cannot be imagined as a sort of system of rules and documents burdening farms in an aseptic and coercive manner without favouring a virtuous self-regulation within a framework of monitoring capable of identifying those are not worthy of aid without hitting those active in farming with great commitment and sacrifice.

Cross-compliance cannot be an obligation aloof from a farming system rationale aimed at enhancing production activities and hence self-regulation customized to cater for specific business dynamics based on the informed and active participation of farmers.

CROSS-COMPLIANCE must change from being a negative perception to a positive stimulus. In order to do so, it must have 3 main characteristics:

It must no longer be a burden but an opportunity for farmers up to 2013;

It must be an effective stimulus to sustainable quality agriculture; However, it must also simplify the framework of the health check, In this regard, it is widely acknowledged that there is a need for simplification:

- a in order to be a useful too, cross-compliance must meet society's needs;
- b it must strike the right balance between the costs and benefits of the single criteria

It is hence necessary to target the criteria for application in a more targeted manner:

- a to limit the Statutory Management Requirements eliminating provisions not connected to the objectives of cross-compliance;
- b to review and, if necessary, change the SMR and GAEC list to better pursue the objectives of cross-compliance.

In the light of these prerequisites, the CIA, the Italian Farmers' Confederation, needs to set up a national network of expert consultants, who, starting from the rules on cross-compliance, can become true technical and agronomical consultants for

the modern farming business.

Business consultancy, a tool envisaged to support the farm in the consistent and functional application of the set of rules set forth by cross-compliance, an essential element in applying the envisaged discipline. The lack of a similar tool makes the reference framework incomplete and excessively tilted towards a coercive interpretation of the discipline.

I am convinced as well as aware that farmers must be able to declare cross-compliance participating actively and mindfully in defining a discipline functional to practice. A discipline which does set limits, but which is practical in the mindful attitude of farmers.

The farmers must be able to identify, through business consultancy, his cross-compliance and declare it in the light of their business strategy, history and his development prospects changing the restraints into a strategic resource to develop quality agriculture. This is the scenario which farming businesses and the consulting system are dealing with today and this is where the Se.T.A. - Telematic Services for Farmers - project. The project, co-funded by the Ministry of Agricultural Policies, not only envisages the training of expert technicians nationally within the framework of the confederation bodies, but also reaches its top expression in the implementation of two cutting-edge technical tools that are rather unique in this field:

Checklist System

Integrated Countryside Notebook

Besides these two main instruments, other instruments essential to a modern farming business will be implemented.

SETA

Checklist System (Management of Cross-Compliance)

Integrated Countryside Notebook (online application with graphic support)

Business Plan

Risk Management

Work

E-commerce

The **Checklist** defines the farm's cross-compliance, i.e. using the data from the farm's file and the interview with the farmer, it



identifies the farm's non-conformities with regard to the rules and it provides a Harmonization Plan to meet criteria.

It is composed of a set of Reports, which, on the one hand, trace out the farm's non-conformities within the frameworks of various documents and regulations on cross-compliance and, on the other, outline what the farmer must do to achieve compliance and what conduct needs to be adopted to address the non-conformities in a Harmonisation Plan designed for the farm. Therefore, the checklist customizes the requirements and allows the farmer to comply with the rules.

In addition, it ensures zootechnical consistency and the conduct of the farm with regard to the nitrates and animal well-being directive; it provides other information on company changes, the traceability of the raw materials produced, information on credit, labour, taxation, workplace safety, organic crops, and holiday farms.

It is also used to create statistical targets on the basis of more than 25 query keys and it is also applied in the RDP:

Agroambiente - Agri-environment - defines and certifies the farm's compliance with the basic requirements (e.g. management of plant protection products (DOC. B9), storage (DOC. B11), management of livestock manure (DOC. A4 and extra-ZVN)

Filiera corta - short chain - tracks direct sales and analyzes links to taxation and credit.

Piani di investimento - investment plans - favours a collective use of this Measure and more correct use for the single farm.

Benessere animale - animal welfare - allows a detailed analysis of the harmonisation needs of farms.

The **Integrated Countryside Notebook** is an essential tool not only for management and compliance with some cross-compliance requirements, but also a tool for simplification, which may replace part of the farm logbooks required by Public Administration. In particular, it manages the data from the farm file via web service with SIAN, it manages the warehouse and it generates the following reports:

Treatments logbook

Fertilizers logbook

Interventions logbook

Graphic support (GIS) has also been implemented.

It also manages animal husbandry data via web service with the checklist system linked to the BDN in Teramo.

It generates support means for filling out the AUP and notices for farms in the NVZ and manages the databases (plant protection products, fertilizers, etc.)

It keeps track of all the farm's production activities: farm UAS, parcel size, production plots (with macro-use), processing, sowing, treatments, harvest.

It manages the warehouse tracking: farm's products, purchases, sales, processing, and assigns lots.

It generates the AUP and it keeps track of the livestock manure management.

It allows defining the fertilisation plans linked to defining the AUP.

It allows the graphic representation of production plots.

It allows the farm to participate in quality enhancement processes through lot traceability.

It traces the warehouse, farm production, purchases and sales.

It allows tracking farm animal rations (origin and administration).

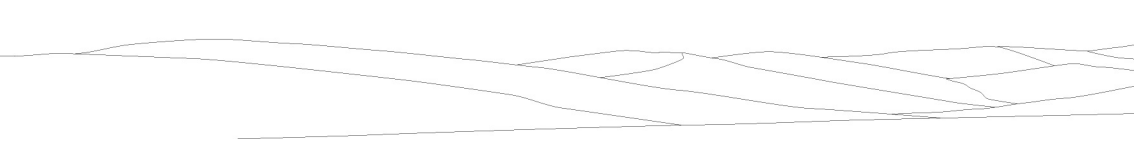
I believe that this project is ambitious yet useful to help farmers, on the one hand, to comply with the rules set forth within the framework of cross-compliance, but, on the other, to set up a consulting system for the overall development of the farm business.

The main tools (Checklist and Countryside Notebook) are necessary for the modern farming business capable of tackling the challenges of the future with effective, immediate and complete means to provide answers to the many questions on quality and simplification.

Dr. G. Marsolo

Coldiretti

Cross-compliance plays a crucial role in the framework of a reformed CAP, which aims at devising an agricultural policy in line with the interests and expectations of society. Its relevance goes beyond the tangible contribution it can make to guiding



farmers' behaviour towards suitable goals. It can become an actual turning point in the logic guiding the distribution of funding to agriculture and consequently in the strengthening of all European Community policies. By doing so, the economic support to agriculture can recover legitimacy in the eyes of the public opinion.

As a matter of fact, while the decoupling system does away with productivity as an excuse for financial support, cross-compliance provides new elements to 'couple' support itself by using it as an incentive for farmers to adopt (or maintain) a virtuous behaviour. In this regard, it is to be underscored how all the requirements (namely environment protection, food safety and animal welfare) are aimed at meeting the goals that achieve a broad and growing consensus among European citizens.

This is important because if the demand for complying with the imposed requirements is properly publicised it can build up the trust of the consumers towards the 'European model' of agriculture. Consequently, there can be a positive impact on the market conditions with a possible increase of the demand for European productions.

It becomes then evident how cross-compliance is a major step forward to be favourably received and enhanced, also because that instrument is being extended to other EU regulations and customised in order to deal with other sets of problems.

However, it is suitable to differentiate what is required for the Compulsory Management Criteria and for the Good Agricultural and Environmental Conditions. As for the former, it is clear how cross-compliance, which was introduced by the reform, simply consolidates the incentives to comply with the binding EU regulations that are enforced at a national level, although not completely. In this respect, the principle of cross-compliance in itself will hardly meet additional goals. As for the Good Agricultural and Environmental Conditions, on the contrary, the point is exactly to identify additional requirements to be defined according to specific local needs when possible.

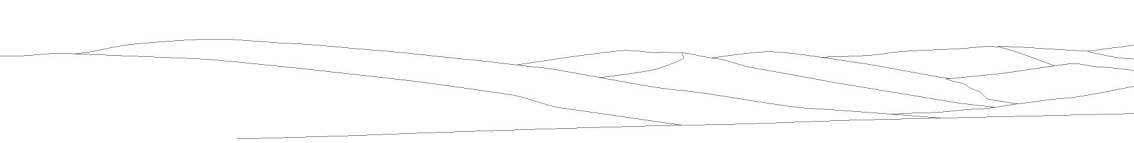
It goes without saying that in this case as well what the farmers are asked will have to be proportionate to the penalties, which can go as far as totally suspending aid. This issue, in particular,

brings to light a drawback of the cross-compliance approach, since it is ineffective for the businesses that do receive little or no direct payment.

Yet, the cross-compliance Fischler devised in her reform has different characteristics, which are more powerful and complex in comparison to the more timid version of the cross-compliance Agenda 2000 brought in. On the one hand, it is implemented on a very large scale since it impacts on all the CAP direct payment schemes and compliance with all the requirements is requested for all agricultural activities (whether they receive payments or not). On the other hand, the large number of requirements bears witness to a very complex type of intervention from a technical and procedural point of view. For this reason, the implementation of cross-compliance is likely to require further efforts both by local authorities and groups of agricultural producers.

In this respect, the national authorities must observe an extremely complex and dense list of activities. First of all, the requirements needed in the framework of cross-compliance -especially with regard to the Good Agricultural and Environmental Conditions- will have to be defined within the framework of the various local agricultural situations by providing qualitative and quantitative indicators. In addition, the management and monitoring system will have to be adapted to the new tasks by devising new procedures that do not increase too much the administrative burden the farmers and local authorities are already bearing. In order to avoid costly overlapping, it seems reasonable not to establish new monitoring authorities but to employ those already in place, and to adjust the existing procedures in order to meet the requirements of cross-compliance implementation. In particular, it will be necessary to programme an efficient system for concentrating the results of the different kinds of monitoring in the monitoring committee, which will then submit them to the competent authority granting the payments.

The authorities will also have further assignments since they will try to support the businesses during the adjustment process that will lead them to complying with the requirements. In this respect, it seems important to soon start surveys aimed at asses-



sing the present situation of the businesses as for: the respect of the Compulsory Management Criteria; the identification of the main environmental problems and methods to tackle them through the Good Agricultural and Environmental Conditions; and also the evaluation of the extent and the cost the various national production units may encounter to adjust to cross-compliance implementation. As a matter of fact, a well-timed analysis of those aspects can allow to identify the requirements that can improve environmental conditions without enormous adaptation costs for agricultural businesses. In particular, in order to keep those costs down it is crucial to use a strategy that identifies the goals but leaves the producers a wide choice on how to attain them.

Finally, a special focus has to be placed on the synergies between cross-compliance and rural development policies. Well-balanced programmes concerning the main adaptation problems need to be provided for with the aim of helping the rural businesses to meet the requirements. And, if on the one hand the time available seems to be very short, it is also true that the same set of reforms -in the framework of the rural development policies- provides for new measures aimed at helping producers in their adaptation process towards meeting the standards. Considering this framework of an increasing legislative and technical complexity, the new farm advisory service becomes potentially crucial. However, this instrument needs to receive adequate funding so that it can support farmers in tackling the concrete farm requirements.

Dr. Ignacio Atance Muñiz (connected by videoconference)

*Coordinator, Ministry of Agriculture, Fishery and Food,
Department for Analysis and Perspectives, Spain*

Cross-compliance in 2003 Reform

The 2003 CAP reform has officially introduced a new principle in

granting subsidies to farmers in article n. 3 of the Council Regulation 1782/2003. I will here try to illustrate how this principle has become one of the new CAP key elements, that is cross-compliance in subsidies.


In fact, the new support scheme has severed the link between subsidies and type of production (both in agriculture and husbandry) although farmers will still have access to the single payment scheme. Yet, they must comply with a series of legal requirements for the management of their farms (article n. 4 of the above mentioned Council Regulation) and they must maintain in good agricultural and environmental condition the areas involved in support schemes.

As for the specific conditions, Annex III of the Council Regulation 1782/2003 provides the statutory management requirements the farmers shall respect for the land object of subsidies in different sectors:

- Environmental protection
- Identification and registration of animals
- Public, animal and plant health
- Notification of diseases
- Animal welfare

Annex IV articulates the concept of Good agricultural and environmental condition in the following activities: protecting soil from erosion (minimum soil cover, retaining terraces, minimum land management reflecting site-specific conditions, etc.), maintenance of organic soil matter (crop rotation, arable stubble management), maintenance of soil structure (appropriate machinery use) and ensuring a minimum level of maintenance to avoid the deterioration of natural habitats (minimum livestock stocking rates, protection of permanent pasture, retention of landscape features, avoiding the encroachment of unwanted vegetation on agricultural land, etc.).

Where it is found that the farmer does not comply with the above listed requirements, the payment or part of the payment granted will be subject to reduction or cancellation. The per-



centage of reduction depends on the severity of the infraction and shall range from 1 to 15% in cases of intentional non-compliance. Since penalties can be accumulated, farmers can be excluded from different payments if the infraction occurs in different plots of land or is repeated.

Undoubtedly, if on the one hand such a high number of requirements ensure a very wide range of benefits to society, they represent on the other hand a challenge to the management of farming activities both for the farmers and for the authorities in charge of monitoring rules compliance.

In the case of Spain, the FEAGA has made public the results for the first year of application, 2005, with 8.831 on-the-spot checks carried out (1.69% of total number of subsidies applications) and 949 (10.75% of the total controls) infractions recorded, although most of them are minor. So in 74% of the cases there were no penalties or they were lower than 1%; only in 11% of the cases the reduction was 5% or more.

The Commission published a report with the Council in March 2007 on the application of the system of cross-compliance (COM 2007, 147 final) assessing the administrative burdens arising from cross-compliance. The study highlighted the positive impact of cross-compliance on the quality of farm management and effectiveness of public funding, and also the administrative burden stemming from the system.

Consequently, the Commission has already passed a draft document to simplify that instrument and by doing so it has anticipated the 'health check' of the of CAP enforcement. The document provides for the exemption of small amounts of reduction (50 Euro); the standardization of the on-the-spot-checks among the Member States; advance notice of the inspections to the farmer (if compatible with the object of the control); the increase of the inspections' effectiveness and granting of an adjustment period for new members.

A crucial instrument for a reformed Agricultural Policy
Before thinking about the future of this instrument, it is worth it

analyzing more in detail its philosophy and the reason the title of the article recites that cross-compliance has become the key element in the new logic of the EU agricultural policy.

It is a fact that the old concepts and parameters of the CAP are no longer valid in assessing it after the 2003 reform. The CAP no longer encourages farmers to produce regardless of market demand, with a consequent need to stock their productions, thereby distorting farmers' decisions through subsidies that alter the reality of the markets. Aid is no longer aimed at compensating market instability, which was the reason for price reduction under the fixed ceilings.

The current decoupling system of subsidies gives the farmer the freedom to produce only in reaction to the market demands and conditions. Therefore, according to a market-oriented farming, the farmer shall decide if and what to grow. However, if he decides to produce he shall comply with the set of rules and regulations that reflect the demands of the European citizens regarding their agriculture. If the farmer decides not to produce, the same set of rules will guarantee society that that choice will not affect the environmental quality of non-productive areas. Obviously, this kind of approach makes the European productive model more expensive in comparison to 'competing' third countries; that is why subsidies are still granted, to avoid a collapse of our model or even a deterioration of its social and environmental benefits, as a result of an exclusive search for the highest competition in terms of production costs.

Therefore, conditionality and the decoupling system of payment become the crucial pillar of the commitment, or the agreement, made between society in general and farmers. Cross-compliance then lays down the requirements fixed by the society in exchange for basic support granted to farmers, support that becomes -in economic terms- a level of reference for distributing the property rights between the producer and the society. And additional aid can be added (such as agro-environmental aid, a compensatory allowance, or the funding under the Natura 2000 Network) as compensation for further costs besides





those arising from cross-compliance.

In conclusion, a good definition and enforcement of the conditionality principle is the better way to guarantee that one of the most urgent demands of CAP is met, that is, the legitimization of subsidies. Only by means of a proper enforcement of cross-compliance we can guarantee that the citizens will receive a benefit in return for their money (that spent to finance the CAP), the renowned concept of value for money, very popular in relation to European policies in general and to CAP in particular. The citizens' benefits will be maximizing as we get closer to a total decoupling of subsidies.

The future of cross-compliance

In the near future, cross-compliance, like all the other tools and measures of the CAP, will undergo many changes stemming from the 'One vision, two steps' approach, as the Commissioner Fischer-Boel calls it. The steps will be the CAP 'health check' and the EU process of budget revision. And the task will still be the combination between competitiveness and environment, in line with what was already outlined in the 2003 Reform.

As for cross-compliance, in its communication of November 2007, with which it formally launched the health check of the CAP (COM (2007) 722 final), the European Commission proposed to simplify its enforcement and review the regulation. Over the last years many voices have raised against the complexity of cross-compliance, coming also from countries such as Denmark, which traditionally tend to include environmental issues in the CAP. The reply of the Commission has been clear: the rationalization of the tool must be studied but not its elimination or 'misrepresentation', since it is a central pillar of the 2003 Reform that allows the EU to legitimate the subsidies and is very well valued by the citizens, according to the data the Commission has gathered.

Therefore, in its document, the Commission proposes a revision of the cross-compliance tools so that they might be capable of meeting the social needs and give a remarkable and factual contribution to the development of a more sustainable agricul-

ture. Then it proposes an in-depth analysis of the Statutory Management Requirements and Good Agricultural and Environmental Conditions, and the inclusion of rules for water management and climate change.

So the idea is to further explore the concept of a social agreement between society and farmers, in which society is willing to introduce new regulations for the new challenges that would strengthen at the same time the justification, legitimacy and effectiveness of subsidies to the agricultural sector.

The second step, that is the Budget Revision, has been also launched by the Commission (General Directorate of Budget) by means of a public consultation that anticipates the Revision timeline (2010/2011: proposal for the next financial perspectives), its objectives (the changing EU in a changing world needs a reformed budget), its scope -which influences the structure of spending (policies, objectives)-, ways of implementation (management, co-financing, etc.) and the form of financing (resources).

Already from the first documents and debates about this process emerges the recurrence of a strong idea: in the present context, with a limited budget, the EU needs policies that can have a positive impact on different objectives (external effects, externalities, spillovers), that can bring the maximum benefits possible to the European citizens financing those policies (the concept of 'value for money' again). For example, that process was officially launched in our country with a meeting organized by the European Commission in Madrid last 23 January, with the title 'Reforming the European budget, changing Europe'.

It is beyond doubt that the CAP can bring about these effects, and so the maintenance of its legitimacy and its presence in the European budget depends essentially on cross-compliance, the bridging element that transfers the CAP benefits to horizontal objectives such as environment, food safety and animal welfare.





Dr O. Goleanu (connected by videoconference)
Centre for Rural Assistance, Timisoara, Romania

Cross-compliance in Romania - obligations barely known by farmers and administration

The cross-compliance (CC) is a new set of obligations for the Romanian farmers receiving direct payments insufficiently promoted as administration preferred to talk on what is given and not on the obligations which are coming with.

The first transfer in terms of direct payments it is on its way (expected to occur these weeks) as last year Romania recorded a serious delay in collecting and verifying the SAPS (Single Area Payment Scheme) direct payments claims (operation finalised in December 2007). The preliminary situation of the eligible areas was sent at 31.01.2008 to the EC. A total of 1.240.000 farmers claimed direct payments in 2007 and according to APIA, a number of 445.000 farmers claimed payments on over-estimated plots! 58.000 farmers were object of random checks. The area continues to be larger than the total reference area at the end of the accession negotiations situation, which could drive to a proportional reduction of all payments.

The knowledge and the understanding of the farmers related to the CC is limited or absent as complete, coherent and understandable information critically lacks in rural areas. However this situation does not exonerate the obligations which farmers have induced to themselves buy claiming direct payments. The GAEC (Good Agricultural and Environmental Condition) is sometimes not known even by the people working in agricultural administration and even more by those working in extension services.

The information is available on the Payment Agency website but we could imagine how many farmers do access that page! A number of conditions and obligations from GAEC could be filled easier if a series of measures from the National Rural Development Programme (NRDP) would be available. The NRDP is still under consultations and it could be signed by EC right on

the time of this videoconference. Agro-environment measures and certain measures from the Competitiveness Axe 1 could contribute to enforce the capacity of the farmers to comply with the GAEC.

Although we still do not have sufficient official information about the first round of payments it seems that a number of verifications conducted to the need of applying the reduction and exclusion of payments. The indirect information is coming from the demand of the Agency for Payment and Interventions in Agriculture, which now requires training for its personnel to recover the undue payments, including the court orders.

The Romanian IACS (Integrated Administration and Control System) still has severe operational issues as most efforts were spent in enabling the agency and developing the internal administrative capacity as part of EC conditions in granting access to the direct payments. The on-spot checks were concentrated on the declared area size and the cultivated crops and almost never on the environmental conditions, such as covered slopes during winter.

Not all areas which could positively benefit from CC are covered as not all properties are agriculturally exploited, which means not all agricultural area is covered by direct payments and so this land is excluded from a good maintenance. Moreover, in most situations these areas are encountering soil or landscape handicaps and natural threads, reasons for which the owners withdraw farming practices on it. In other situations, the age of the owners, the relatively high price of renting-in agricultural land (twice higher as in Bulgaria, for example), the remote residence (living far from the property), or most often, the lack of capital determined the owners to resume their activities and so the unmaintained land is excluded from direct payments and respectively from the cross-compliance.



Index

<i>Dr. D. Cartabellotta</i>	<i>p. 7</i>
<i>Dr. G. Scardino</i>	<i>p. 9</i>
<i>Dr. G. Marsolo</i>	<i>p. 13</i>
<i>Dr. I. A. Muñiz</i>	<i>p. 16</i>
<i>Dr. O. Goleanu</i>	<i>p. 22</i>

All powerpoint presentations can be found at
Site www.carrefoursicilia.it / sito_pac in the section presentations

Printed March 2008