

ASPECTS REGARDING SYSTEM OPTIMIZATION OF CROSS-COMPLIANCE IN SINGLE PAYMENTS FOR FARMERS

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Abstract

The aim of the paper is to analyse cross-compliance as a component of the CAP (Common Agricultural Policy) which conditions the provision of financial support from European and national funds to farmers, so that they comply with basic rules related to the environment, climate change, good agricultural conditions, public health, animal and plant health, animal welfare. The paper also examines the rules of cross-compliance as well as the application of administrative sanctions to reduce payments or exclusion from payment, for one or more years, in case of non-compliance with the rules of cross-compliance. Cross-compliance rules aimed at cultivating the farmer and the land he manages and applies to the entire agricultural area of the farm, including land ineligible for payment or not used for production purposes. An analysis of the evolution of the common agricultural policy (CAP) highlights the continuity and evolving nature of the European agricultural and rural development policy based on specific objectives, implementation mechanisms and defined financial instruments. Any farmer applying direct payments on agricultural land, agri-environment payments, LFA support payments for the first afforestation of agricultural areas, wine support and other schemes and support measures from EU funds and the national budget must comply with cross-compliance rules. Failure results in the exclusion of payment or payments in relation to the extent, severity, persistence, repetition and deliberate nature of the failure. Moreover, the allocation of all payments in the European financial package for direct payments to farmers in 2014-2020 will continue to be linked to compliance with cross-compliance rules in accordance with regulations.

Keywords: cross-compliance, support, CAP, agriculture, funds

Cross-compliance is a key component of the link between CAP payments to farmers (direct payments, measures to support rural development, the market) and the implementation of the environment, climate change, public health, animal and plant health, animal welfare. and maintaining the condition of the earth. Cross-compliance rules aimed at cultivating the farmer and the land he manages and applies to the entire agricultural area of the farm, including land ineligible for payment or not used for production purposes.

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continue to be linked to compliance with cross-compliance rules in accordance with regulations.

This led to a large number of non-compliances and sanctions for certain standards / requirements (approximately 23,029 cases of non-compliance, i.e. 25.86% of farmers' control and penalties totaling € 1,412,690 for the period under review), the negative impact on use of European funds for agriculture. In response to these issues, you propose simplifying cross-compliance, reducing the number of mandatory standards and requirements for farmers in the new model of effective implementation, management and control, and an action plan on informing farmers under cross-compliance.

MATERIAL AND METHOD

The aim of the research was the diagnostic analysis of the results obtained by agricultural farms and the impact of cross-compliance in the context of integration into the European Union. The analysis shows the existence of a large number of

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standards of good agricultural and environmental conditions (GAEC) and legal management conditions (SMR) in continuous review, difficult to understand by surveyors and farmers who have to comply.

The theoretical support of the research focused on the study of important scientific papers in the field of economy and management, with reference to the fiscal administration and the current problems in the public finances.

RESULTS AND DISCUSSIONS

The agricultural sector has always been the focus of European Union decision - makers, so that, since the establishment of the European Economic Community in 1957, ten of the articles of the Treaty of Rome refer to the creation of a Common Agricultural Policy (CAP). (Darie C., 2020).

From the perspective of allocated financial resources, the CAP has long been one of the first places in Community policies, but successive reforms have led to a continuous decline in financial resources allocated to this sector (about 45% percent of the European budget in 2015 compared to 70% in 1984).

The first legal regulation on cross compliance appears in a European document in 1991 - "Council of Europe Regulation no. 2092/91 is regarding the vegetal production", so that later Regulation no. 1804/99 concerned animal

production. Three terms are used to define this system of agriculture with the same meaning: the term *organic* in Great Britain and Ireland, the *biological* term in France, Italy, Belgium, Greece, etc. and the *ecological* term in Germany, Austria, Spain, Denmark and Romania, etc.

Formal recognition of environmental issues has allowed it to expand faster in many European countries and has been followed by other global initiatives.

In 1972, the International Federation of Organic Agriculture Currents (I.F.O.A.M.) was created, and later - 1998, to adopt "Specifications - Framework for cross-compliance and Transformation".

Regulation 2092/91 may apply to processed and unprocessed agricultural products as well as to other agri-food products composed mainly of ingredients of vegetable origin.

The granting of these payments is not conditioned by the realization of the production, the eligible land being used for the purpose of production or, as the case may be, maintained in good agricultural and environmental conditions.

This regulation is a crucial step in the official recognition of environmental issues at European and even global level. In the case of the new Member States, the single payment on agricultural land and complementary national direct payments apply for a specified period (*figure 1*).

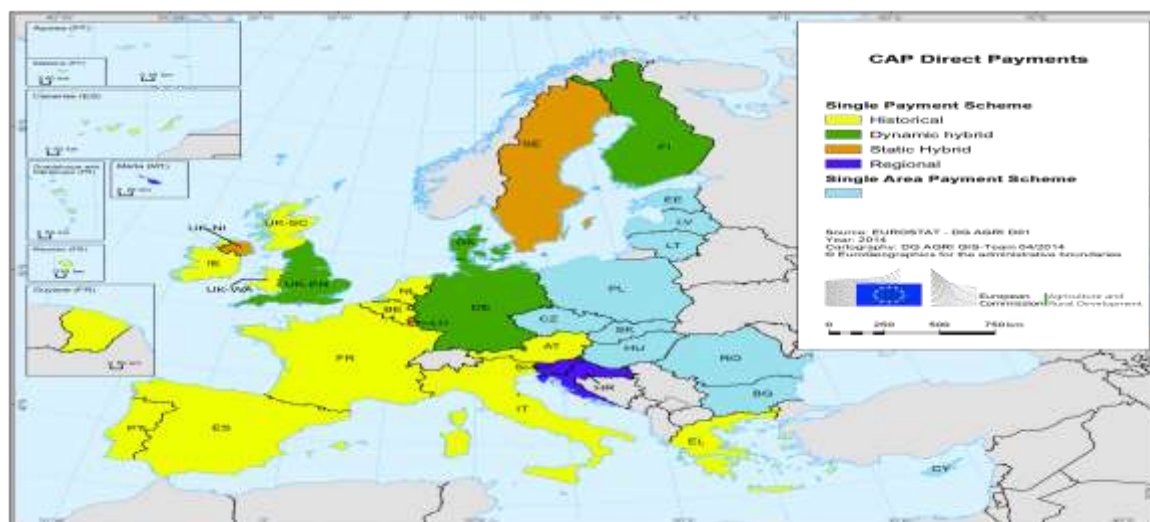


Figure 1 Application of direct payments on agricultural land at EU level (SPS / SAPS map)

A new CAP reform "Proportion Reform - Simplification of the CAP" was adopted in June 2003, substantially changing the way agriculture is supported in EU Member States. The common agricultural policy will be consumer- and taxpayer-oriented, while giving EU farmers the freedom to produce in response to concrete market demands.

The single agricultural land payment scheme (SPS) is introduced for farmers in the European Community, independent production - decoupling payments. Breaking the link between subsidies and production will make EU farmers more competitive and market-oriented, while providing the necessary income stability. In order to avoid

abandonment of production, Member States may choose to maintain a link between subsidies and production, the conditions being well defined and within clear limits. Certain coupled elements are maintained.

Direct payment is linked to compliance with environmental standards, food safety, plant and animal health and keeping the land in good agricultural and environmental condition "cross compliance". The 2003 CAP reform provides for a

strong development policy with large budget allocations, new measures to promote the environment, animal quality and welfare and to help farmers meet EU production standards (Caldeira V., 2015).

A reduction in direct - modular payments is foreseen for large farms. There is a review of market policy. Reforms of the sectors are established: rice, durum wheat, hazelnuts, starch potatoes, dried fodder. (table 1).

Table 1

Evaluation of direct payments and market measures for Romania

Evaluated products	Negotiation results	European regulatory acts	Support for the horizon 2016 (million euros)
Arable crops Base surface Reference yield	7,012,666 ha 2.65 t/ha	EC 1258/1999 EC 1782/2003 EC 1251/1999	Plăți directe 1181
Rice: Base area Reference productivity	501 ha 1,681 t/ha	EC 1882/2001	0.063
Sugar Beet sugar quota: - Cota A - Cota B	109,164 t 99,240 t 9,924 t	EC 1260/2001	68.93
Linen and hemp National guaranteed quantity: - Long fibers - Short fibers	963 t 42 t 921 t	EEC 1164/89 EC 2316/1999 EC 1683/2000	0.091
Tobacco National guaranteed quantity: - Virginia - Burley - Oriental and semi-oriental	12,312 t 4,648 t 2,380 t 5,295 t	EEC 2085/92	32.126
Milk and dairy products National reference quota, from which: - Processing deliveries - Direct sales - Special reserve of restructuring (since 2009)	3,058,000 t (fat 35.93 g/kg) 1,093,000 t 1,964,000 t 188,400 t	EEC 3950/92 EC 1888/2003 EC 1255/1999 EC 1882/2003	162
Beef ceilings - for the first special for fattening bulls - for the first special for lactating cows - for slaughter or export Global amount for additional payments	452,000 cap. 150,000 cap. 1,233,000 cap. from which: 1,148,000 cows and 85,000 calves 858,260 EURO	EC 1254/1999 EEC 1208/81 EC 1860/2000 EC 1825/2000 EC 1254/1999 EC 1254/1999 EC 1254/1999 EC 1254/1999	222

Source: Council Regulation (EC) no. 1882/2003, amended by Council Regulation (EC) no. 83/2019

Complementary national payments

In addition to the SAPS payment scheme, Romania, according to EU regulations, can supplement, during the transition period, the level of direct payments on agricultural land financed from EU sources, with complementary allocations from the national budget. This procedure can only be applied with the prior approval of the European Commission.

The common framework for the application of the Complementary Direct Payments Scheme

(CNDP) provides for the main restrictions arising from the common framework and which concern the elements detailed below.

Complementary national payments shall apply under the same eligibility conditions as the single area payment scheme (SAPS). This provision means, in fact, that any support scheme, depending on the objectives of the national agricultural policy, must comply with the principles of the Community agricultural policy (CAP).

Complementary national payments may not exceed 30% of the level of direct payments in the EU 15 in the first year, and the amount of the allowances, consisting of the single farm payment scheme (SAPS) and the complementary direct payments scheme (CNDP), may not exceed: 55 % of the amount of direct payments due in the first year after accession, 60% in the second year, 65% in the third year, etc.

The CNDP scheme is part of the compromise reached with the 10 new member states that joined the EU in May 2004. Within the principle of equal treatment, the CNDP also applied to Romania and Bulgaria. In view of the

evolution of payments between 1993 and 2010 the European Commission published on 20 November 2008 a report on the health assessment of the Common Agricultural Policy, which highlighted that the health assessment will modernize, simplify and streamline the CAP and remove restrictions on farmers, thus helping them to better respond to market signals and meet new challenges. The proposed measures include the elimination of the obligation to remove arable land from the agricultural circuit, the gradual increase of milk quotas until their abolition in 2015 and the transformation of market intervention into a real safety net. (*table 2*).

Table 2

Legal requirements for management - SMR (common implementation framework)

Domain specification and objectives		Legal basis
Domain A	Medium	
	SMR 1. Protection and conservation of wild birds	Direction 89/409/CEE
	SMR 2. Protection of groundwater against pollution caused by certain hazardous substances	Direction 80/68/CEE
	SMR 3. Soil protection in case of use of sewage sludge in agriculture	Direction 86/288/CEE
	SMR 4. Protection of agricultural land waters against nitrate pollution from agricultural sources	Direction 91/686/CEE
	SMR 5. Protection and conservation of natural habitats and species of wild fauna and flora	Direction 92/43/CEE
	Identification and registration of animals	
	SMR 13. Establishment of Community measures to combat foot-and-mouth disease	Direction 85/511/CEE
	SMR 14. Community measures to control animal diseases and specific measures against swine vesicular disease	Direction 92/119/CEE
	SMR 15. Establishment of specific provisions on measures to combat and eradicate bluetongue	Direction 2000/85/CE
Domain C	Animal welfare	
	SMR 16. Establishment of minimum standards for the protection of calves	Direction 91/629/CEE
	SMR 18. Establishment of minimum standards for the protection of pigs	Direction 91/630/CEE
	SMR 18. Minimum standards for the protection of farm animals	Direction 98/58/CE

Source: Council Regulation (EC) no. 83/2019

However, the biggest challenge for Romania was that in order to carry out the study on the application of cross-compliance rules in direct payments for farmers in Romania, some of the relevant indicators on eligibility, compliance and impact were analysed. Increasing the absolute contribution of agriculture to economic growth depends on many factors. The application of desert reduction measures could increase overall production. Equally important is the increase in output - a qualitative factor, resulting from the action of several elements (natural conditions,

technologies, application of scientific research to production, farm management, marketing of products, etc.). (*table 3*).

Any farmer requesting direct payments on agricultural land from European funds or the national budget must comply with good agricultural and environmental conditions (GAEC) and legal management conditions (SMR), in accordance with the rules of the common agricultural policy.

Good agricultural and environmental conditions (GAEC), including the obligation to

maintain a permanent grassland area at national level and legal management conditions (SMR), mean cross-compliance rules in direct payments to

farmers and cover the farmer's agricultural activity and the land it manages (*table 3*).

Table 3

Relevant indicators on eligibility, compliance and the impact of cross compliance

Specification (indicator category)	Relevant indicators
Eligibility	Number of applicants (number of payment requests) Payment request amount (total value of payment requests) The value of payment claims subject to administrative and field control Area declared by farmers (area for which payments are requested) Area determined for payment (area eligible for SAPS control) Penalties for reduction of payments or exclusion from payment for non - compliance with the eligibility conditions
	Defining standards for good agricultural and environmental condition (GAEC) and legal requirements for management (SMR), in relation to the common regulatory framework on cross-compliance. Compliance with implementation procedures: selection of farmers for control (sampling), monitoring compliance with standards.
Conformity	Number of cases of non-compliance (non-compliance with GAEC standards and SMR environmental requirements and identification / registration of animals). Severity, magnitude and persistence of non-compliance in cross compliance.
Environmental and public health impact	Number of sanctions applied under cross compliance (reduction of payments or exclusion from payment). Amount of sanctions for reduction of payments and exclusion from payment (use of European funds)

Source: Council Regulation (EC) no. 83/2019

The introduction of cross-compliance rules, as an obligation for farmers requesting direct payments, has been made progressively as follows: good agricultural and environmental conditions (GAEC) have been applied since 1 January 2014, and legal management conditions (SMR) on the environment and the identification and registration of animals, starting with January 1, 2019.

As a result, the Romanian authorities have taken measures to revise some GAEC standards, in the sense of those recommended by the European

authorities, as follows: in 2015 they reformulate GAEC 7 by completing the table of contents; in 2017 several additions / modifications are made (*table 3*), as follows: reformulation of GAEC 6 (which was identical to GAEC 2) by modifying the content, reformulating GAEC 7 by completing the content, removing the obligation for permanent pastures from the list of GAEC standards and introducing a new standard for the management of water used for irrigation in agriculture, GAEC (*table 4*).

Table 4

Calculation of the reference report 2014– 2020

Calculation formula	$R_{reference(2014)} = (S_{permanent\ meadows} / S_{arable\ land}) * 100$
Reference report (2014)	$R_{reference(2014)} = 2,029,603 / 9,411,557 \times 100 = 21.57 \%$
Annual report 2015	$R_{2015} = 2,011,191 / 9,394,140 \times 100 = 21.41 \%$
Annual report 2016	$R_{2016} = 2,030,704 / 9,706,945 \times 100 = 20.92 \%$
Annual report 2017	$R_{2017} = 1,899,414 / 9,631,098 \times 100 = 19.72 \%$
Annual report 2018	$R_{2018} = 2,389,817 / 9,769,906 \times 100 = 24.45 \%$
Annual report 2019	$R_{2019} = 2,359,620 / 9,894,771 \times 100 = 23.84 \%$
Annual report 2020	$R_{2020} = 2,395,944 / 9,980,397 \times 100 = 24.00 \%$

In the future, most subsidies will be paid regardless of the volume of production. The fact that there is a tendency to integrate the European market into the world market can cause the bankruptcy of medium-sized farms, due to price and income instability. The move towards an environmentally friendly agricultural Europe is costly and can have a long-term effect. The trend towards a rigorous organization of the markets, promoted by the model of the Common Agricultural Policy, is already overcome by the liberalization of trade and the increase of the export capacity of European agriculture. The system of flat - rate aid (flexible payments) will be insufficient to limit the effects of the fall in world agricultural prices.

CONCLUSIONS

The analysis of the evolution of the CAP highlights the continuity of the European Union's policy in the field of agriculture and rural development in an evolving way, by setting the objectives to be achieved in a certain period, the instruments and mechanisms of implementation, as well as financial resources. Mechanisms to promote sustainable agriculture in the European Union are based on two pillars: pillar 1 - market policy and pillar 2 - structural policy, with a stronger focus on pillar 2.

Cross-compliance is the basic instrument of the CAP, which ensures the link between payments to farmers and compliance with environmental conditions, public health, animal and plant health, animal welfare and the maintenance of areas in good condition. agricultural state. Thus, the application of the cross-compliance system can lead to the achievement of at least two important objectives of the CAP, such as: developing sustainable agriculture by respecting relevant requirements in areas of public interest and increasing the credibility of the CAP in relation to societal expectations in general, by directing payments to farmers providing basic public services.

The main function of agriculture, which gives this sector a special status in the policies of the European Union, is the function of supplier of agri-food products for human consumption. This function underpins all approaches to the development, justification and financing of the CAP.

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