

**ALLIANCE ENVIRONNEMENT**  
Groupement Européen d'Intérêt Economique

**EVALUATION OF THE APPLICATION OF CROSS  
COMPLIANCE AS FORSEEN UNDER REGULATION  
1782/2003**

**SYNTHETIC SUMMARY**

**Deliverable prepared  
for DG Agriculture**

**July 2007**

This study has been conducted by *Alliance Environnement* and financed by the European Commission. *Alliance Environnement* takes full responsibility for the content of the study. The conclusions, recommendations and opinions presented in the study reflect those of *Alliance Environnement* and do not necessarily reflect the opinion of the European Commission.

*Alliance Environnement* comprises the following partners:



**Institute for European Environmental  
Policy (IEEP)**

David Baldock, Executive Director  
28 Queen Anne's Gate, London,  
SW1H 9AB, UK  
Tel: + 44 20 7799 2244  
Fax: + 44 20 7799 2600  
[kparrott@ieep.eu](mailto:kparrott@ieep.eu)

**Oréade-Brèche Sarl**

Thierry Clément, Gérant  
64 Chemin del Prat,  
31320 Auzeville, FRANCE  
Tel.: + 33 5 61 73 62 62  
Fax: + 33 5 61 73 62 90  
[oreade-breche@oreade-breche.fr](mailto:oreade-breche@oreade-breche.fr)

## **Introduction**

Cross compliance was introduced as part of the 2003 reform of the Common Agricultural Policy (CAP) as a compulsory measure. In order to avoid any possible reduction in the total level of direct aid received from certain CAP schemes, farmers must comply with 19 Statutory Management Requirements (Annex III of Regulation 1782/2003)<sup>1</sup> and a number of minimum requirements for ensuring the 'good agricultural and environmental condition' (GAEC) of agricultural land (Annex IV of Regulation 1782/2003). Member States must also maintain the extent of permanent pasture (as at a specified reference year) and establish a comprehensive advisory system to support cross compliance.

## **The evaluation study and methodology**

Between July 2006 and June 2007, Alliance Environnement carried out an evaluation of the application of cross compliance for DG Agriculture (Evaluation Unit) as foreseen under Regulation 1782/2003. The results of this evaluation, according to five evaluation themes, are summarised as follows:

### ***Theme 1: Definitions of Good Agricultural and Environmental Conditions and Permanent Pasture Levels***

Member States have defined wide-ranging obligations within the framework provided by Annex IV. These obligations are mostly appropriate and likely to contribute to the intended effects (assuming farmers comply with them). As a result of implementation of specific permanent pasture rules, the overall extent of permanent pasture at national level is likely to be maintained. However, in many Member States it seems unlikely that a decline is an immediate threat; this situation could change in future as a result of current higher arable crop prices or other market factors. Since only the share of permanent grassland has to be maintained, the effects of the rules can be limited from a biodiversity point of view as site-specific environmental considerations (such as botanical value) are not taken into account. So far, in most Member States, the majority of GAEC obligations have either no, minor or moderate impacts on farm incomes and production costs. Where more substantive costs are reported, these mainly arise from newly introduced obligations which require more substantial changes in farming practice.

### ***Theme 2: Information, control and reduction system***

Member States have put in place effective systems to inform farmers about their cross compliance obligations. Overall, information provision has contributed to increasing farmers' awareness about obligations with respect to SMRs, GAEC and permanent pasture. All Member States have established workable systems for the control of cross compliance. These systems are largely an evolution of pre-existing control systems and the policy appears to have led to greater co-ordination between existing control bodies. In Member States applying full cross compliance (SMRs and GAEC), the main non-compliances related to: the identification and registration of cattle (71% of breaches); GAEC (13% of breaches); and, the Nitrates Directive (10% of breaches). While all Member States have applied payment reductions, a number have taken more lenient approaches and made use of warning letters for minor, unintentional non-compliances (an approach not currently allowed under the legislation).

---

<sup>1</sup> A transitional derogation (applicable until 31/12/2008) from the application of SMRs was granted to the new Member States applying the single area payment scheme (SAPS). All new Member States applying the SAPS (i.e. all new Member States except Malta and Slovenia) have made use of this derogation which applies to both first and second pillar.

***Theme 3: Achievement of global objectives***

Overall, there appears to be some evidence to indicate that the application of the policy is likely to promote sustainable agriculture. However, given the number of component parts of the policy and the variations in implementation for each of these between the Member States, this global objective is not likely to be uniformly promoted.

***Theme 4: Efficiency analysis***

There is evidence to suggest that the cross compliance system is having a positive effect in terms of ensuring compliance with obligations. This compliance is not achieved without imposing some costs on farmers and the authorities although some of these may be considered as start-up costs which will reduce once the system is fully up and running. There is some evidence that cross compliance can have certain advantages compared to legal enforcement of obligations (administrative/legal costs), agri-environment schemes (budgetary costs), and advisory/information based approaches (levels of compliance). In general, the costs of introduction of new obligations through GAEC appear broadly proportional to the intended effects. Efficiency could be improved in those cases where GAEC obligations are imposed at national level but environmental problems are localised (e.g. obligations for soil erosion in several Member States). The permanent pasture rules have had little effect to date at farm level and the costs have consequently been low. In future, the costs are likely to be proportional to the intended effects in many Member States.

***Theme 5: Other impacts***

Since cross compliance does not result in widespread new on-farm costs for farmers, there is likely to be limited or no significant impact of cross compliance on competitiveness in the internal market. Cross compliance has improved farmers' awareness of their obligations but been less successful in developing farmers' understanding of those obligations, and of sustainable agriculture more generally. Some negative attitudes among farmers towards the policy are reported in some Member States. Following the intervention logic of the policy, the inputs to cross compliance as applied in many Member States are contributing to underpinning the integrity of EU legislation.

**Recommendations**

1. Member States should be allowed to establish GAEC issues and standards going beyond the scope of the current framework, if these are relevant to national needs and priorities;
2. Where relevant, the application of farmers' obligations to address localised problems should be limited to the respective areas;
3. Where relevant, the rules for the maintenance of permanent pastures should better reflect site-specific environmental considerations, also taking into account the role of other more specific measures outside the cross compliance policy;
4. Regular monitoring of farmers' awareness against baselines could develop a more accurate understanding of farmers' awareness of cross compliance obligations, thus supporting targeted provision of information;
5. Beyond supporting the understanding of cross compliance obligations by farmers, the Farm Advisory System should be implemented in a manner that helps to enhance farmers' understanding of the purpose and rationale of cross compliance;
6. Shared knowledge and experiences among Member States in the areas of risk analysis and scoring system could increase the level of harmonisation in the application of controls and payment reductions throughout the EU.