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WORKING PAPER

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WORKING DOCUMENT

From:	General Secretariat of the Council
To:	Working Party on Horizontal Agricultural Questions (CAP Reform)
N° Cion doc.:	9645/18 + COR 1 + ADD1
Subject:	Proposal for a Regulation on CAP Strategic Plans (Presidency drafting suggestions) - Comments from the Swedish delegation

Delegations will find attached the comments from the Swedish delegation on the Presidency's drafting suggestions on the abovementioned proposal issued on 4 December 2019 (14824/19 + ADD1).



23 December 2019 N/2018/00370/JL

Ministry of Enterprise and Innovation

SE comments on the Strategic Plan Regulation and Horizontal Regulation art 86

The comments are based on, but sometimes go beyond, the revised text in WK 14824/2019 INIT+ ADD 1. Sweden generally supports the revised text. Thus, in our written comments we focus only on issues that needs further consideration.

TITLE I Subject matter and scope applicable provisions and definitions

Article 4.1(c) (ii) eligible hectare

Based on the current state of knowledge, the most effective method to significantly reduce greenhouse gas emissions from carbon rich soils is to restore these to wetlands if conditions on the site is appropriate, that is if there is enough water and no negative consequence such as leakage of phosphorus or rewetting of nearby land.

However, this means a loss of agricultural land. In respect of that not all land is suitable to rewet and to respect the ownership of the land, there must be enough incentives for the owner of the land where it would be suitable to participate. Such projects are expensive, and Sweden suggests that there should be a possibility to keep the income support on eligible land if rewetted and under the condition there is a commitment for the management in pillar 2. This would make it easier for the farmer to decide on, and it would facilitate to allocate more resources for the intervention as the money in the income support just remains, no political reallocations decision would be needed.

Thus Concerning 4(1) (c) (ii) SE would like to add the possibility for hydration.

- for duration of a commitment to create a wetland or rehydrate an area, by the individual farmer pursuant to article 65 of this Regulation, based on a decision by Member State

TITLE II Objectives and indicators

Article 7 Indicators

Sweden believes there is still work to be done as regards the indicators. We think it is important that the indicators are thoroughly discussed before the final agreement on the new CAP in order to avoid an unnecessary administrative burden in the implementation of the New Delivery Model. At the same time, we also want to make sure the indicators properly reflect the objectives of the CAP and that the recommendations from the Court of Auditors¹ are taken into account. Therefore, we think that the work on the indicators should be intensified during spring at both expert group and council working party level.

One of the horizontal aspects that remains to be solved is how we find the right balance when it comes to how many result indicators an intervention should contribute to.

Further comments on the indicators can be found in Annex I.

TITLE III Common requirements and types of interventions – Chapter II Direct payments

Article 15 Reduction of payments

Sweden would like capping of direct payments to be voluntary for Member States, or alternatively to apply degressive reductions. We are aware that this is a part of the MFF negotiations. Although Sweden suggests that some technical issues like the wording of article 15.2 concerning deduction of labor costs, could be discussed in working parties within the sectorial negotiations. It is important that if applied 15.2 should be changed in order to increase efficiency and to avoid an extensive administrative burden.

In the Commission's proposal Member States can use the average standard salaries linked to agricultural activity. Sweden proposes, that Member States should also be able to calculate standard work units for different agricultural

¹ Annual report of the Court of Auditors on the implementation of the budget concerning the financial year 2018 (2019/C 340/01), chapter 7

activities, for example 8 hours per hectare of arable production and x hours per animal etc. Thus, the whole calculation of the deduction, would be based on standard factors and could be done by the Paying Agency, based on the production on the individual farm.

15.2. Before applying paragraph 1, Member States shall <u>may</u> subtract from the amount of direct payments to be granted to a farmer pursuant to this Chapter in a given calendar year:

(a) (i) the salaries linked to an agricultural activity of declared by the farmer, including taxes and social contributions related to employment; and
(ii) the equivalent cost of regular and unpaid labour linked to an agricultural activity practiced by persons working on the farm concerned who do not receive a salary, or who receive less remuneration than the amount normally paid for the services rendered, but are rewarded through the economic result of the farm business;-or

<u>(b) the cost based on the standard work-units linked to the agricultural activity of</u> <u>the actual farm</u>

To calculate the amounts referred to in points a) and b), Member States shall use the <u>method as further specified in their CAP Strategic plans</u> <u>and may use</u> average standard salaries linked to an agricultural activity at national or regional level multiplied by the number of <u>standard</u> annual work units declared by the farmer concerned.

Article 28 Eco-schemes

The European consumers are increasingly interested in the welfare of farm animals and demand better information and more transparency. The future CAP aims to improve the response of EU agriculture to societal demands on food and health, including safe, nutritious and sustainable food, as well as animal welfare (article 6). Laws and practices differ among Member States and some have more stringent legislation than required by EU law. For example, several Member States have stricter legislation on stocking density for poultry and pigs and additional measures on slaughter. The EU should encourage farmers and Member States who want to go beyond the requirements in EU regulations and thereby helping to ensure competitiveness of farms who already invested in better health and welfare for animals. Progressive practices and more stringent national rules can inspire the progression of animal welfare in other member states. Sweden proposes following amendments to the text:

28.3 Member states shall establish the list of agricultural practices beneficial for the climate and the environment <u>or animal welfare</u>.

28.5.b go beyond the **relevant** minimum requirements for the use of fertilisers and plant protection products, animal welfare, as well as other **relevant** mandatory requirements established by national and Union law; **ba) go beyond the minimum requirements for animal welfare, as established by** <u>Union law;</u>

Article 29 General rules (coupled support)

Sweden is concerned with the proposal to abolish the requirement that coupled support should be granted in the form of production-limiting programs. It would not be in line with increased the market-orientation achieved through previous CAP reforms and would risk destabilizing EU markets. Regardless of future coupled support being notified as blue or amber box support, the EU should not take steps to reverse the reform path towards more market-orientation that we started many years ago. The Commission has on previous occasions explained that the intention is still that coupled support should continue to be a production limiting scheme. We would therefore like to suggest adding the following text in article 29.2, to clarify this.

29.2. The Member States' interventions shall help the supported sectors and productions or specific types of farming therein listed in Article 30 addressing the difficulty or difficulties they undergo by improving their competitiveness, their sustainability or their quality and may only be granted for as long as the concerned production does not increase.

Article 65.5.b Environmental, climate and other management commitments

Increasing **animal welfare** is a key issue for Swedem and should be considered an important societal expectation on CAP.

Currently and in the proposal, Member States cannot compensate farmers for higher ambitions if it is done by way of stricter national rules on farmers. This is a disincentive for those Member States who want to be frontrunners on animal welfare. National rules should therefore, not be part of the common baseline for additional payments within Pillar II.

Proposed amendments to the text.

65.5.b) go beyond the relevant minimum requirements for the use of fertilizer and plant protections products, animal welfare as well as other relevant mandatory requirements established by national and union law

ba) <mark>go beyond the relevant minimum requirements for animal welfare</mark> as well as other relevant mandatory requirements established by union <u>law.</u>

TITLE IV Financial Provisions

Article 85.1 EAFRD contribution rates

Sweden would like more flexibility for Member States when it comes to contribution rates for interventions in the EAFRD. For Sweden, this flexibility is essential in order to manage the budget if new national funding is added to the plan for specific interventions or if the exchange rate is fluctuating in combination with differing payment rates between interventions. Therefore, Sweden proposes the following modifications (in yellow):

85.1 The CAP Strategic Plans shall establish a single EAFRD contribution rates applicable to all-the different interventions.

Article 86.5 Minimum and maximum financial allocations

Sweden believes that coupled support should be reduced and in the longer term be phased out. The Commission's proposal for a common ceiling at 10% [+ 2% for protein crops] would be a minimum step in the right direction to reduce coupled support.

TITLE V CAP Strategic Plan

Article 89 Variation of the unit amount

Sweden believes that an important way of achieving an increased environmental and climate ambitions is to give both Member States and beneficiaries incentives to use the eco schemes in the first pillar. We think that the Presidency's proposal on financial flexibility for direct payments goes in the right direction. At the same time, we would prefer something which properly secures the stable financing of eco schemes.

We therefore propose the following addition (in yellow) to the article:

89.1 (...)

For each intervention in the form of direct payments, the realised average or uniform unit amount shall never be lower than the minimum unit amount or the planned unit amount after application of the lower percentage of variation, unless the realised output exceeds the planned output as established in the CAP Strategic Plan <u>or for the purpose of</u> <u>maintaining the planned unit amount for interventions under article</u> <u>28.</u> Where the realised output exceeds the planned output, the realised average or uniform unit amount may decrease below the minimum unit amount or the planned unit amount after application of the lower percentage of variation provided that this decrease is proportionate to the additional realised output.

Sweden also proposes to clarify the text when it comes to the financial flexibility for interventions in the second pillar. To that end, we would propose new wording (in yellow), similar to the text on direct payments, just before the second paragraph.

<mark>89.1</mark> (...)

For intervention under articles 65-67, the realised average or uniform unit amount shall never be lower than the minimum unit amount or the planned unit amount after application of the lower percentage of variation, unless the realised output exceeds the planned output as established in the CAP Strategic Plan. Where the realised output exceeds the planned output, the realised average or uniform unit amount may decrease below the minimum unit amount or the planned unit amount after application of the lower percentage of variation provided that this decrease is proportionate to the additional realised output.

Article 121 Follow-up of unit amounts for non-IACS interventions

The key issue for the new delivery model is to get sufficient assurance from a model that is based on indicators. In order to get assurance, we want to make sure that too much money is not paid out for the measures in the member states.

We do, however, disagree when it comes to the manner in which this is to be carried out. We believe the latest proposal from the Presidency will lead to a lot of unnecessary administrative burden and at the same time, it is not clear to us why this proposal is better from an assurance point of view compared to "Option 1b" that we have supported in the working party.

We are wondering what risks to the EU-fund that will not be detected with "Option 1b" compared to the Presidency proposal.

Therefore, Sweden still supports "Option 1b" as described in working documents WK 11736/2019 INIT and WK 13632/2019 INIT.

Annex I Impact, result, context and output indicators

Physical area based on claim year instead of financial year

Sweden proposes that physical area in all output and result indicators should be reported only for payments that relate to claims made January 1 to October 15, year N-2 in relation to the performance report, irrespective of the financial year² in which the payment was made. Sweden believes this will be a simplification compared to basing the physical area on a certain financial year, as proposed by the Commission in the indicator fiches. It will also make the indicators more understandable.

The Problem

According to the fiches and cover note, output indicators for area-based

² However not later than 15 October year N-1 in relation to the APR year N.

interventions entails reporting both per unit amount and aggregated values in the same indicator. In the aggregated values, there should be no double counting of area, and the resulting value is called "physical area". The result indicators for area-based interventions should also be reported as physical area in many cases.

The definitions of the indicators with physical area, as proposed by the Commission, are based on the financial year. For example, the definition of *O.13 Number of ha (excluding forestry) covered by environment/climate commitments*, is:

"The total number of hectares (excluding forestry) covered by environment/climate commitments specified in the CAP Strategic Plans for which a payment was made in the Financial Year concerned."

Even though the majority of payments that are made in the same financial year (the financial year that ends on 15 October year N-1) will relate to areas from one claim year only (N-2), this may not always be the case (Figure 1). A small number of payments relating to claim year N-2 may be delayed and will then be paid the financial year that starts on the 16th of October year N-1. There could also be early advance payments that will be paid before 16 October year N-2 and that will hence not be paid in the same financial year as the majority of cases from that claim year, but the financial year before.



Figure 1. Example of a situation when different claim years are reported together as suggested in the commission fiches and cover note. Three parcels are shown that received payment during the financial year 2025. The two blue striped parcels to the left were covered by the same type of intervention 2024, the two pink parcels to the right were covered by another type of intervention 2023. The parcel in the middle was thus covered by different interventions in different years. The two blue striped parcels were claimed 2024, like most other reported parcels in the APR 2026. The two pink ones were claimed 2023. However, at the same time, their payment was delayed one year. The physical area, or aggregated value, reported in the APR 2026 will thus be 3 hectares.

The fact that not all payments in a financial year correspond to the same claim year causes an increase in complexity if the physical area is to be reported according to the Commission fiche. Each claim year and intervention will need to be combined with data of all other interventions and claim years. This will be particularly complex for indicators such as O.13 and O.31 that contain a large number of interventions.

The solution

Sweden's proposal to limit the reporting to payments relating to one claim year only would reduce the number of connections in the IT system between claim years and interventions (needed to determine whether land parcels overlap or not) and thus reduce the technical complexity of the indicator.

Very late payments from earlier claim years would be excluded, but they constitute a very small part of the money since only a maximum of an additional 5% of the money may be paid after June 30 (Figure 2). At the end of the financial year, 15 October, an even smaller part would be left unpaid.

As to the early advance payments for rural development interventions that can be made before 16 October, Sweden considers that these should be reported as if they were paid on 16 October, so that payments from the same claim year are reported together (Figure 3).

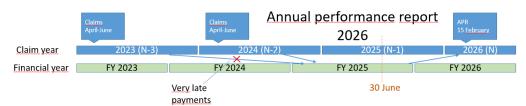


Figure 2. Sweden believes very late payments should not be included in indicators with physical area.

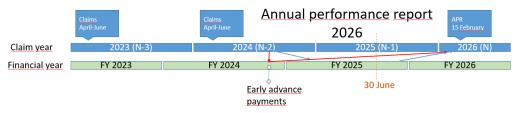


Figure 3. Sweden believes advance payments made before 16 October, should be reported as if payed 16 October for the indicators with physical area.

A more logical and understandable way of reporting

Limiting the indicator to one claim year would contribute to a more understandable indicator, since all the land in the indicator would be managed during the same year

Sweden considers this to be a more logical way of reporting physical area in a system that is focused on results. It shifts the focus from when the payment was made to when the result was taking place. It is certainly also important to connect the area to the money that was paid a certain financial year. This is, however, followed up per unit amount in the output indicators. We do not think that it has to be reported as physical area. With the Swedish proposal, we will have an answer to the question "How much land was managed with support 2024?". With the Commission's proposal we can only answer the question "How much land was paid for 16 October 2024 to 15 October 2025?". We believe the former will be easier for EU citizens to relate to.

Suggested change to the cover note

• Concerning output indicators, we propose the addition of the following point in Cover note, page 4, 2.3.3 Output-values not used for performance clearance, Aggregated values of output indicators:

"For values with physical area, only area belonging to claims made from 1 January to 15 October year N-2 should be reported. Advance payments paid before 16 October year N-2 should be reported as if they were paid 16 October "

• Concerning result indicators, we propose the addition of the following point in Cover note, page 7-8,3.3 Methodology:

"For result indicators with physical area, only area belonging to claims made from 1 January to 15 October year N-2 should be reported. Advance payments paid before 16 October year N-2 should be reported as if they were paid 16 October "

General simplification of indicators for direct payments

This suggestion aims to simplify some indicators connected to direct payments by easing the administrative burden through reducing the amount of data to be reported. Consequently, this would make the set of indicators clearer. Common for indicator R.4, O.4 and O.5 is that they contain aggregated values.

For indicator R4, we suggest that the area for BISS should represent the area that receives direct payments. We think that it is unnecessarily complicated to calculate the total area that is covered by direct payments by aggregating all direct payments and eliminating double counting. We do not understand what the aggregated values add when all or almost all of the area or applicants will be covered by BISS.

Similarly, for indicators O.4 and O.5 we think that it is unnecessary to report aggregates, except for total area and total number of applicants for BISS. Instead, we suggest that the area and number of applicants for BISS should be viewed as the total area and the total number of applicants for direct payments.

O.29 Number of training and advice actions carried out for farmers and nonfarmers (excluding actions reported under O.2)

The fiche dated 20190903 suggests that the unit is "number of information, training and advice actions". In the latest draft of annex 1 from the Finnish presidency the unit is "number of training and advice actions". Sweden welcomes this change as information actions are not possible to measure since they can be websites, newsletters and other digital applications.

O.31 Remove reporting on GAEC:s from the indicator

Sweden proposes that the reporting on GAEC should be removed from this indicator. Since the GAEC:s probably will cover all agricultural areas in one way or another it will make the indicator hard to use for any purposes. We believe it can be useful to combine the other interventions mentioned, but it should be enough to have the aggregated indicator in O.32 for monitoring the GAEC:s.

O.32 report eligible areas with requirement of having buffer strips under GAEC 4

Sweden proposes to report the areas with requirement of having buffer strips under GAEC 4 instead of reporting the actual buffer strips under this indicator. Member States do not keep a registry of the buffer strips in the current programming period and to be able to create such a registry in the new period, the farmers will have to report additional information to the authorities. This will add to the administrative burden for both the farmers and the authorities in the next period. A better way to follow up the requirement is to report the eligible areas with requirements of having buffer strips and only control the actual buffer strips within the 1 % control sample under conditionality.

R.2 Linking advice and knowledge systems: Number of advisors integrated within Agricultural Knowledge and Innovation Systems (AKIS)

The fiche dated 20190903 suggests that the unit is number of days. In this period the unit is "number of advisors integrated within Agricultural Knowledge and Innovation Systems (AKIS)". In GREXE 20191203, the Commission mentioned that the advisors should have a reference number in AKIS. Sweden would like it to be clarified how this is to be interpreted. Should we set up a register of advisors in each Member State? Is the indicator supposed to include all advisors, even those not benefitting from CAP support? If that is the case, Sweden objects to this proposal. What would be the purpose of such a register? What kind of requirements should be set on the advisors in this register?

Or is the indicator for measuring "the number of advisors benefitting from support from the CAP provided to advisors"? Sweden would prefer this and suggests that the name is changed to:

"R.2 Linking advice and knowledge systems: Number of advisors benefitting from support provided to advisors from relevant CAP interventions

effectively contributing to integrate them in the Agricultural Knowledge and Innovation Systems (AKIS)"

R.16 "Enhancing energy efficiency: Energy savings by means of supported actions"

Sweden understands from the fiche and information in GREXE on the 3rd of December 2019 that this indicator measures energy savings only, is this correct? In that case, Sweden suggests that the words "energy efficiency" is deleted in the name and the fiche. The new name would be "Energy savings by means of supported actions (T.o.e)"

R.22 Change the name "Sustainable water use: Share of irrigated land under commitments to improve water balance" to "Share of agricultural land under commitments to improve water balance"

Indicator R22 Sustainable water use is defined as follows: Share of irrigable land under supported commitments to improve water balance. According to the fiche the aim of indicator R22 is To quantify the coverage of commitments to improve water balance with CAP support. The Swedish suggestion for the name of indicator R22 is to change **irrigable land** to **agricultural land**. With the current name, the indicator is limited to consider the relationship between commitments to improve the water balance and the irrigable area. We think it would be more beneficial if the indicator is expanded to show what is being done for the water balance overall. To achieve this, we suggest that the denominator changes from Total Irrigable Area to Total Utilised Agricultural Area. With this change, we think that the indicator would better fulfill the stated purpose. Furthermore, it would make the indicator comparable with other indicators that are linked to water-related interventions.

R.28 Supporting Natura 2000 Share of area in Natura 2000 sites under supported commitments for protection maintenance and restoration

Sweden would like to split this indicator into two sub indicators, alternatively two separate indicators, for agriculture and forestry. This would result in more relevant numbers to follow up.

R.30 Change name and unit from "Number of young farmers" to "number of beneficiaries"

Sweden proposes to change the name of indicator R.30 in the following way:

Current indicator name:

"R.30 Generational renewal: Number of young farmers setting up with support from the CAP "

Proposed indicator name:

"R.30 Generational renewal: Number of **beneficiaries** young farmers setting up with support from the CAP "

We also think that the unit of measurement should be "Number of beneficiaries". The present wording "Number of young farmers" suggests that it is number of individuals that should be measured. But it could also be a company that receives the support. Our suggestion would simplify the measurement of the indicator and gives us better ability to avoid double counting.

R.33 Digitalizing the rural economy: Share of rural population covered by a supported Smart Villages strategy

Sweden understands from the fiche and information in GREXE on the 3rd of December 2019 that a Smart village strategy may include actions that are not linked to digitalisation. If this is correct, Sweden suggests that the word "Digitalizing" is replaced by "Developing":

"**Developing** the rural economy: Share of rural population covered by a supported Smart Villages strategy"

R.35 Promoting social inclusion: Share of rural population covered by supported social inclusion projects

In GREXE on the 3rd of December 2019 Sweden and many other Member States expressed concern about the handling of personal data related to minority and/or vulnerable groups. The handing of personal data would indeed be necessary if double counting is to be avoided. The Commission signalled at the meeting that they understood the challenge and would review the indicator and the fiche. Sweden would like to wait to comment further until this review is available.

New indicators

There are a number of indicators that have not been described in fiches. SE would like to wait to comment further until these fiches are available. These are:

- R.9a Promoting internationally EU agri-food products: Number of third country markets targeted with promotion and information actions supported with sectorial types of interventions
- R.17a Investment support to the forest sector: Total investment to improve the performance of the forestry sector
- R.22a Environmental performance in the livestock sector: Share of livestock units under supported commitments to improve environmental sustainability
- R.23a Environment/climate-related performance through investment in rural areas: Number of operations contributing to environmental sustainability, climate mitigation and adaption goals in rural areas
- R.31a Enhancing human capital: Share of rural population covered by LEADER local development strategies
- R.38a Informing EU citizens on agri-food products: Number of days with promotion and information actions in the EU supported with sectorial types of interventions

C.19 Farming in Natura 2000 areas

Sweden notes that the proposed indicator is based on a definition that would include very large numbers of natural grasslands (Corine Land Cover nomenclature category 321) that are located in very large Natura 2000-areas in the far northern and mountain regions. Large areas of natural grasslands (category 321) consist of areas that are de facto not farming areas and are not grasslands that depend on agricultural farming activity such as grazing. Including such large areas in the definition undermines the usefulness of the indicator. Including the vast areas of natural grassland in the far north of Sweden in this indicator would mean that any changes in, for example, the relatively smaller actual agricultural areas (such as meadows and pastures that depend on farming activity) are not shown in changes in this indicator. Sweden would therefore prefer being able to adapt what is included in the denominator of this indicator, in order to increase its usefulness and usability.

C.21 (I.20) Agricultural land covered with landscape features

Sweden notes that a number of small-scale landscape elements cannot be monitored through the method suggested in this indicator, therefore potentially reducing the usefulness of the indicator to follow the development of small-scale biotopes in the agricultural landscape.

C.38 (I.15) Improving water quality

Sweden suggests that the Commission investigates if indicator C.38 could also be applied on a more detailed geographic level, using existing environmental monitoring data. A more detailed geographic level would permit the tracking of changes in water quality in areas with deficiencies in this respect. Changes within a member state that cancel out each other (e.g. a positive change in one region and a negative change in another) would also become easier to identify with a higher geographic resolution. However, a more detailed geographic indicator should in any case have to be based on existing reporting and data and not lead to additional reporting requirements for the Member States.

C. 44 (I.9) Improving farm resilience

Sweden wants to express its doubts about the usefulness of this indicator and the readiness of the fiche and methodology. The indicator is an index that includes a number of other CAP indicators, as well as other data. The index does not weigh the included values specifically (i.e. they are given equal prominence), and the fiche does not provide a reasoning for or rationale behind this. It is therefore unclear what role all the included elements are supposed to have in relation to the adaptability to climate change. For evaluation purposes, the indicator has extremely limited value, as an evaluator would in any case need to revert to the included index elements to attempt to indicate what changes have occurred and what the impact of CAP interventions is. As an I-indicator (I.9) it is therefore, in its current form, not useful.

C.43, C.46, C.47, C.48 (I.10, I.14, I.26, I.27)

Sweden would prefer if these indicators were expressed as ratios or shares rather than total numbers, provided that such a change would not lead to any additional data collection or reporting requirements for Member States. Total numbers (of GHG/ammonia emissions, pesticide use, antimicrobials use) would, in many cases, merely indicate the size of the agricultural sector in the member state. An indicator that is a ratio of the emissions or pesticide/antimicrobial use per hectare, value, LU or other relevant denominator would allow for a better comparison between Member States.

I.1 Sharing knowledge and innovation

Sweden would like to point out that this indicator cannot be used for evaluation. The indicator shows the share of the CAP budget that is allocated to knowledge sharing and innovation. Evaluation of the CAP means, inter alia, to evaluate what impacts CAP has had on an I-indicator, i.e. investigating how CAP interventions have contributed to changes in I-indicator values. For indicator I.1, it would make little logical sense to evaluate how much CAP interventions have contributed to a change in the CAP budget share allocation.

I.24 A fairer CAP

The fiche states that the purpose of this indicator is to measure the impact of redistributive support, capping, etc. Sweden would like to point out that the suggested indicator seems to be a very crude and indirect way to measure the impacts of these and as such does not work as an impact indicator. The indicator fiche also states that the overall aim of the indicator is to measure "fairness" but seems to assume that CAP "fairness" merely relates to the distribution of certain forms of support. This could be seen as an oversimplified view of the concept of fairness. Rather than fairness, the indicator measures the share of support that goes to large beneficiaries.

Annex III Conditionality - SMR 7-9 Identification and registration of animals/

Sweden supports the deletion of SMR 7, 8, 9, as they do cause administrative penalties that are not in proportion to the severity of the non-compliance. In the eye of the public it is important that serious offences have an effect on the support. However, as the penalty system for conditionality is designed, the SMR 7, 8, 9 causes penalties for minor mistakes and the penalties for those mistakes can be very high as they are related to the size of the support, rather than to the mistake itself.

Another effect from the SMR 7-9, is loss of biodiversity and especially in areas where there is mainly arable farming. Larger arable farmers do not dare to take the economic risk of a few animals to graze natural pastures. To persuade these farmers to keep some animals either SMR 7-9 should remain deleted or there should be very delimitations to minor non- compliances in art 86 HzR.