



CONTRIBUTION TO THE *EUROPEAN TRANSPARENCY INITIATIVE*
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Chapter 3

The *European Transparency Initiative* addresses the issue of disclosing the beneficiaries of EU funds under shared management. It constitutes thus a crucial step in the necessary reform of the Common Agricultural Policy (CAP) which still absorbs almost half of the EU budget and involves a growing number of beneficiaries since the 2004 EU enlargement.

Increasing CAP legitimacy and restoring a faltering trust is impossible in a Europe which would remain opaque. The need of transparency is so strong that even subsidy beneficiaries recognize it. The President of *Fédération Nationale des Syndicats d'Exploitants Agricoles* (FNSEA, the largest French farmers' union) called for "full transparency".¹ National and regional leaders of *Confédération Paysanne* (the second largest French farmers' union) published the detailed amounts of the farm subsidies they received.² The *Transparency Initiative* will contribute to go beyond such nice intentions and fragmented information.

By generating legitimacy, transparency helps to build better public policies. Systematic information on the beneficiaries of so complex subsidy schemes is needed for a thorough understanding of the European farm structures. It is a prerequisite for designing, during the European budget's 2008-2009 review, an economically sound CAP reform that will also meet social, territorial and environmental constraints. This is precisely with this goal in mind that GEM launched more than one year ago its research program "*CAP Efficiency, Equity and Transparency*".³

Such research is even more necessary as many distortions generated by CAP are not fully captured by existing official data. For instance, in every French *département*, tight regulations are imposed on newcomers and on the sales and purchases of farm land. Such a micromanagement favours vested interests and farmers skillful enough to build ownership structures allowing to bypass rural regulations. As a result, official data give a distorted idea of the situation of the French agriculture, especially of the real farms' size, a crucial efficiency parameter.

Lacking a European framework for providing data would maintain heterogeneous transparency situations, including within a given Member State.⁴ For instance, the French Ministry of Agriculture and Fisheries released the names of the 2004 top 20 major beneficiaries of crop and livestock subsidies. Such a discriminatory information makes an exhaustive disclosure legally inevitable. But the French authorities refuse to provide any additional information, even though the French *Commission d'Accès aux Documents*

¹ Le Parisien Newspaper, November 4, 2005.

² Confédération paysanne, *Les vérités sur les aides à l'agriculture*, Press release, October 13 and November 2, 2005.

³ The following policy briefs are available, in English and in French, on the GEM website : *The Common Agricultural Policy : Moment of Truth in France?* (November 7, 2005), *Export Subsidies: an Endangered Species* (December 19, 2005), *A Flood of Euros for Irrigated Fields* (January 9, 2006), and a full report on farm subsidies distribution (available in French only), *Les réalités de la distribution des subventions agricoles en France* (November 10, 2005).

⁴ Cf. Farmsubsidy.org website.

Administratifs (CADA⁵) specified that regarding “support paid for economic and cultural activities, or in order to improve the environment, independently of the personal situation of a natural person, [...] the name of recipients of such support, being natural or legal persons, is not covered by the secret of private life, nor by business confidentiality. It works the same for the amount received, provided that the release of such amount does not enable the inference of information covered by the commercial and industrial secret such as turnover or investment figures. [CADA] notices that the support paid out [...] is operating support which amount is not determined by the personal situation of the recipient. [...] The list of beneficiaries of such support, associated with the global amount received by each recipient, is therefore available to anyone who requests the information according to the article 2 of the law of 17 July 1978”.⁶

The Ministry of Agriculture and Fisheries justifies its opposition to more transparency by the fact that there is no centralized database giving, by farm, the amount paid by the various Agencies in charge of paying CAP subsidies. It argues that creating such a database would be costly. This argument is not acceptable. From December 2006, the Single Farm Payments (SFPs) will be paid by a single Agency. The creation of this latter is part of a process aiming at gathering French Agencies in charge of paying the first CAP pillar subsidies. Regarding the second CAP pillar support (rural development measures), the *Centre National pour l'Aménagement des Structures et des Exploitations Agricoles* (CNASEA) will be the only one in charge of their payment in France from next year on. Last but not least, an unique body will ensure the payment of all the CAP subsidies (first and second pillars) by January 1, 2013 at the latest.⁷

It is essential that all Member States publish under a common format the amount paid to each farm for all the measures under shared management (from the first and second CAP pillars). This obligation should be extended to national measures in order to guarantee a level playing field in European farm markets. Such information should allow the identification of natural and legal person for getting a thorough knowledge of the European current farm structures. Moreover, a sound rural development policy requires the release of recipients localisation. Finally, all this information should be made available to any EU citizen through a single website endorsed by both the Commission and Member States.

Economic efficiency, public policies legitimacy, social justice, sustainable development, territorial harmony, all these aspects argue for the best possible transparency in farm subsidy management. It is an absolute prerequisite for a rigorous diagnosis leading to an appropriate reform to be designed during the European budget's 2008-2009 review.

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⁵ The Committee of Access to Administrative Document (CADA) is an independent administrative authority in charge of ensuring the freedom of access to administrative documents. The CADA is not a jurisdiction, it gives opinions on the communicable character of administrative documents after a previous denial by the requested administration.

⁶ CADA, *opinion n°20055081-FP*, January 19, 2006.

⁷ Cf. *Loi n°2006-11 du 5 janvier 2006 d'orientation agricole*, article 95.