



COMMISSION OF THE EUROPEAN COMMUNITIES

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2007/0217 (CNS)

Proposal for a

COUNCIL DECISION

adapting Annex VIII to the Act of Accession of Bulgaria and Romania

(presented by the Commission)

EXPLANATORY MEMORANDUM

Section IV of Annex VIII to the Act of Accession of Bulgaria and Romania established the financial contribution of the Community for rural development at 85% for agri-environment and animal welfare measures and 80% for all other measures.

Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) has introduced changes to the *acquis* on which the accession negotiations with Bulgaria and Romania were based. Article 70 of Regulation (EC) No 1698/2005 has introduced a new financial architecture, under which co-financing rates are no longer set at the level of the measure, but at axis level.

Council Decision 2006/664/EC of 19 June 2006 consequently adapted the Act of Accession of Bulgaria and Romania by replacing the previous text with a paragraph introducing financial contributions at axis level.

Annex II of Commission Regulation (EC) No 1974/2006 of 15 December 2006 laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), as amended by Commission Regulation (EC) No 434/2007 by reason of Accession of Bulgaria and Romania to the European Union, provides for an indicative financial breakdown by rural development axis and measure, including the measure "complements to direct payments", in the programmes.

The measure "Complements to direct payments" was established in the Act of Accession as a transfer to Pillar I of the CAP of a limited proportion of Pillar II resources, for the years 2007, 2008 and 2009. As a transfer to Pillar I, it falls outside the architecture of the four rural development axes, and therefore is not covered by the co-financing rates per axis now specified in the Act of Accession. However, a maximum co-financing rate of 80% as originally established for this measure in the Act of Accession should be maintained.

The Act of Accession of Bulgaria and Romania should therefore be adapted to specify that the maximum financial contribution of the Community to the measure "complements to direct payments" is 80%, the same as for axes 1 and 3 and for technical assistance. The co-financing rate for axis 2 has been established at 82% by Council Decision of 19 June 2006 adapting Annex VIII to the Act of Accession of Bulgaria and Romania. Article 70(3)(b) of Regulation (EC) No 1698/2005 fixes the co-financing rate for axis 4 at 80%.

The guiding principles followed in preparing this adaptation has been that the fundamental character and principles of the accession negotiation results should be maintained and that the adaptations should be limited to what is absolutely necessary.

This proposal has no financial implications for the Community budget.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty of Accession of Bulgaria and Romania,

Having regard to the Act of Accession of Bulgaria and Romania, and in particular Article 34(4) thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament¹,

Whereas:

- (1) Article 70 of Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)² establishes the percentages of the Community financial contribution at the axis level.
- (2) Section IV of Annex VIII to the Act of Accession of Bulgaria and Romania, as amended by Council Decision 2006/664/EC of 19 June 2006 adapting Annex VIII to the Act of Accession of Bulgaria and Romania³, establishes, by way of derogation from Article 70 of Regulation (EC) No 1698/2005, the percentages per axis of the Community support granted in Bulgaria and Romania for rural development under the EAFRD. Such contribution may amount to 80% for axis 1, axis 3 and technical assistance and to 82% for axis 2.
- (3) The co-financing rates specified per axis cannot apply to the amounts that, as provided for in Section I, sub-section E, of Annex VIII to the Act of Accession of Bulgaria and Romania, may be granted to farmers eligible for complementary national direct payments or aids under Article 143c of Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support under the common agricultural policy and establishing certain support schemes for farmers⁴.

¹ OJ C ..., ..., p.

² OJ L 277, 21.10.2005, p. 1. Regulation as last amended by Regulation (EC) No 2012/2006 (OJ L 384, 29.12.2006, p. 8).

³ OJ L 277, 9.10.2006, p. 4.

⁴ OJ L 270, 21.10.2003, p. 1. Regulation as last amended by Commission Regulation (EC) No 552/2007 (OJ L 131, 23.5.2007, p. 10).

- (4) The maximum financial contribution of the Community to complements to direct payments amounts needs to be specified also for the purpose of application of Commission Regulation (EC) No 1974/2006 of 15 December 2006 laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)⁵ which provides, in Annex II, for an indicative financial breakdown by rural development axis and measure, including the measure 'complements to direct payments'.
- (5) With view to maintain the results of the accession negotiations and the consistency of the co-financing rates system after technical adaptations has been done to the regulations concerning rural development, the maximum financial contribution of the Community to complements to direct payments amounts should be fixed at the same percentage as for axis 1 and 3 as well as for the technical assistance,

HAS DECIDED AS FOLLOWS:

Article 1

In Annex VIII to the Act of Accession of Bulgaria and Romania, Section IV is replaced by the following:

“By way of derogation from Article 70(3)(a) of Regulation (EC) No 1698/2005, the financial contribution of the Community may amount to 80% for axis 1 and 3, technical assistance as well as for the complements to direct payments.

By way of derogation from Article 70(3)(b) of Regulation (EC) No 1698/2005, the financial contribution of the Community may amount to 82% for axis 2.”

Article 2

This Decision shall take effect on the day following that of its publication in the *Official Journal of the European Union*.

Done at Brussels, ...

For the Council
The President

⁵ OJ L 368, 23.12.2006, p. 15. Regulation as amended by Regulation (EC) No 434/2007 (OJ L 104, 21.4.2007, p. 8).