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from: Presidency
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Subject: Proposal for a Regulation of the European Parliament and of the Council
establishing rules for direct payments to farmers under support schemes within the
framework of the common agricultural policy (*CAP Reform*)
- Final Presidency suggested amendments to Articles 18, 21 and 22

Delegations will find attached in Annex the final amendments suggested by the Presidency to address the remaining outstanding concern whereby Member States applying Article 18(3) should be allowed to allocate new entitlements on any extra land declared in the first year of the new scheme.

All changes to the Commission proposal are shown in ***bold and italics*** and ~~strikethrough~~.

TITLE III
BASIC PAYMENT SCHEME AND RELATED PAYMENTS

CHAPTER 1
BASIC PAYMENT SCHEME

SECTION 1
SETTING UP OF THE BASIC PAYMENT SCHEME

Article 18

Payment entitlements

1. Support under the basic payment scheme shall be available to farmers:
 - (a) who ~~if they~~ obtain payment entitlements under this Regulation through **allocation pursuant to Article 17b(4)**, first allocation pursuant to Article 21, from the national reserve pursuant to Article 23 or by transfer pursuant to Article 27, **or***
 - (b) who hold payment entitlements in a Member State which has decided, in accordance with paragraph 3, to keep its existing payment entitlements.*
2. (...)
3. *By way of derogation from paragraph 2, and without prejudice to Article 21(2e), Member States which operate the single payment scheme on a regional or regional hybrid basis laid down in Article 59 of Regulation (EC) No 1782/2003 may, by 1 August 2013, decide to maintain the payment entitlements allocated in accordance with Regulation (EC) No 1782/2003 and/or with Regulation (EC) No 73/2009.*

When the number of payment entitlements established in accordance with Regulation (EC) No 1782/2003 and with Regulation (EC) No 73/2009 which a farmer holds on the date to be set in accordance with point (d) of Article 78 of Regulation (EU) No [...] [HRZ] exceeds the number of eligible hectares which the farmer declares in 2014 in accordance with Article 26(1), the number of payment entitlements exceeding the number of eligible hectares shall expire on [the before mentioned day].

Article 21

First allocation of payment entitlements

1. ~~Subject to paragraph 2, p~~Payment entitlements shall be allocated to farmers if they apply for allocation of payment entitlements under the basic payment scheme by ~~15 May 2014 the date in 2014 to be set in accordance with point (d) of Article 78 of Regulation (EU) No[...] [HRZ]~~ except in case of *force majeure* ~~or and~~ exceptional circumstances. *The number of payment entitlements shall be equal to the number of eligible hectares which they declare in accordance with Article 26(1) of this Regulation. Entitlements shall only be allocated to farmers who are entitled to be granted direct payments in accordance with Article 9 of this Regulation.*
2. (...)
- 2a. Except in the case of *force majeure* or exceptional circumstances, the number of payment entitlements allocated per farmer shall be equal to the number of eligible hectares, ~~within the meaning of Article 25(2), which~~ the farmer declares in accordance with Article 26(1) for 2014.

2b. *By way of derogation from paragraph 2a, where the total number of hectares declared in a Member State in accordance with Article 26(1) for 2014 entails an increase of more than 35% of the total number of eligible hectares declared in 2009, or in the case of Croatia the total number of eligible hectares declared in 2013, in accordance with Article 35 of Regulation (EC) No 73/2009, Member States may limit the number of payment entitlements to be allocated in 2014 to either 135% or 145% of the total number of hectares declared in 2009, or in the case of Croatia the total number of eligible hectares declared in 2013, in accordance with Article 35 of Regulation (EC) No 73/2009.*

When using this option, Member States shall allocate a reduced number of payment entitlements to farmers that shall be calculated by applying a proportional reduction to the additional number of eligible hectares declared by each farmer in 2014 compared to the number of eligible hectares in accordance with Article 34(2) of Regulation (EC) No 73/2009 he indicated in his aid application in 2011, or in the case of Croatia the total number of eligible hectares declared in 2013, in accordance with Article 19 of Regulation (EC) No 73/2009.

2c. *By way of derogation from paragraph 2a, a Member State may decide to apply, for the purpose of establishing a number of payment entitlements a farmer shall receive, a reduction coefficient if eligible hectares declared by a farmer in accordance with Article 26(1) consist of permanent grassland located in areas with difficult climate conditions, especially due to altitude, and other natural constraints like poor soil quality, steepness and water supply.*

2d. *By way of derogation from paragraph 2a, a Member State may decide that the number of payment entitlements shall be equal to the number of eligible hectares which the farmer declares in accordance with Article 26(1) and which were not hectares of vineyards in the calendar years 2011 or 2012.*

- 2e. *By way of derogation from paragraphs 1, 2, 2a, 2b, 2c and 2d, in Member States applying Article 18(3), payment entitlements shall be allocated to farmers if they apply for such allocation by the date in 2014 to be set in accordance with point (d) of Article 78 of Regulation (EU) No [...] [HRZ] except in case of force majeure or exceptional circumstances.*

The number of payment entitlements allocated per farmer shall be equal to the difference between the number of eligible hectares which they declare in 2014 in accordance with Article 26(1) and the number of payment entitlements established in accordance with Regulation (EC) No 1782/2003 and with Regulation (EC) No 73/2009 which the farmer holds on the date referred to in the first subparagraph.

3. - 4. (...)

Article 22

Value of payment entitlements and convergence

1. For each relevant year, the unit value of payment entitlements shall be calculated by dividing the national or regional ceiling established ~~under in accordance with~~ Articles 19 or 20, after application of the linear reduction provided for in Article 23(1) *or, where applicable, in Article 23(2)*, by the number of payment entitlements *allocated in 2014 or, in Member States applying Article 18(3), by the number of payment entitlements allocated and existing in 2014*, at national or regional level ~~in accordance with according to Article 21(2) for 2014~~. *The number of payment entitlements shall be expressed in hectares.*

2. - 7. (...)
