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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 on the voluntary extension of SAPS
until 2017*

Delegations will find attached in Annex the final amendments suggested by the Presidency on the voluntary extension of SAPS until 2017.

The changes compared with the Presidency consolidated draft Regulation (doc. 7183/13 + ADD 1) are marked in ***bold and italics and underlined***.

TITLE I
SCOPE AND DEFINITIONS

Article 1

Scope

This Regulation establishes:

- (a) common rules on payments granted directly to farmers under the support schemes listed in Annex I (hereinafter referred to as "direct payments");
- (b) specific rules concerning:
 - (i) a basic payment for farmers (hereinafter referred to as the "basic payment scheme" and a *transitional simplified scheme (hereinafter referred to as the 'single area payment scheme')*);
 - (ia) - (viii) (...)

TITLE II
GENERAL PROVISIONS ON DIRECT PAYMENTS
CHAPTER 1
Common rules on direct payments

Article 6

National ceilings

1. (...)

1a. *By way of derogation from paragraph 1, for each Member State applying the single area payment scheme and each year, the national ceiling comprising the ceilings fixed in accordance with Articles 28c, 33, 35, 37 and 39 shall be as set out in Annex II.*

2. (...)

CHAPTER 2

Provisions applying to Bulgaria, *Croatia* and Romania

Article 17

Complementary national direct payments and direct payments in Bulgaria and Romania

1. In 2014 and 2015, Bulgaria and Romania may use national direct payments in order to complement payments granted under the basic payment scheme *or the single area payment scheme* referred to in Chapter 1 of Title III and, in the case of Bulgaria, also to complement payments granted under the crop specific payment for cotton referred to in Chapter 2 of Title IV.
2. The total amount of complementary national direct payments to the basic payment scheme *or to the single area payment scheme* which may be granted in respect of 2014 and 2015 shall not exceed the amounts set out in *point B of Annex V-B* for each of those years.
3. - 4. (...)

TITLE III
BASIC PAYMENT SCHEME, SINGLE AREA PAYMENT SCHEME AND RELATED
PAYMENTS

CHAPTER 1
BASIC PAYMENT SCHEME AND SINGLE AREA 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 or 21f, 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. (...)

Article 20

Regional allocation of the national ceilings

1. (...)
 - 1a. By way of derogation from the first sentence of the previous sub-paragraph, Member States applying Article 28c may decide, by 31 July of the year of implementation of Article 28d, to apply the basic payment scheme at regional level.**
2. - 5. (...)

SECTION 2
NATIONAL RESERVE

Article 23

Establishment and use of the national reserve

1. Each Member State shall establish a national reserve. For that purpose, in the first year of application of the basic payment scheme, Member States shall proceed to a linear percentage reduction of the basic payment scheme ceiling at national level in order to constitute the national reserve. This reduction shall not be higher than 3 % except, if required, to cover the allocation needs laid down in *points (aa) and/or (a) of paragraph 45* for the year 2014 *or, for Member States applying Article 28c, for the year of implementation of Article 28d.*

2. - 8. (...)

SECTION 4

SINGLE AREA PAYMENT SCHEME

Article 28c

Single area payment scheme

1. Member States applying in the year 2013 the single area payment scheme laid down in Chapter 2 of Title V of Regulation (EC) No 73/2009 may under the conditions set out in this Regulation continue the application of that scheme until 31 December 2017 at the latest. During the period of application of the single area payment scheme, sections 1, 2 and, with the exception of Article 25(2), section 3 of this Chapter shall not apply to these Member States.
- 1a. The single area payment shall be granted on an annual basis for each eligible hectare declared by the farmer in accordance with Article 73(1)(a) of Regulation (EU) No [...] [HZR]. It shall be calculated each year by dividing the annual financial envelope established in accordance with paragraph 2 of this Article by the total number of eligible hectares declared in the respective Member State in accordance with Article 73(1)(a) of Regulation (EU) No [...] [HZR]
2. For each Member State applying the single area payment scheme, the Commission shall, by means of implementing acts, set the annual national ceiling for the single area payment scheme by deducting from the annual national ceiling established in Annex II the annual amounts to be set in accordance with Articles 33, 35, 37 and 39. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 56(2).

3. *Except in the case of force majeure or exceptional circumstances, the hectares referred to in paragraph 1a shall be at the farmer's disposal on a date fixed by the Member State which shall be no later than the date fixed in that Member State for amendment of the aid application as referred to in Article 73(1)(a) of Regulation (EU) No [...] [HZR].*
4. *The Commission shall be empowered to adopt delegated acts in accordance with Article 55 concerning rules on eligibility and the access in respect of the single area payment scheme of farmers.*

SECTION 5

**IMPLEMENTATION OF THE BASIC PAYMENT SCHEME IN THE MEMBER STATES
HAVING APPLIED THE SINGLE AREA PAYMENT SCHEME**

Article 28d

**Introduction of the basic payment scheme in the Member States having applied
the single area payment scheme**

Save as otherwise provided for in this section, this Title shall apply to the Member States having applied the single area payment scheme provided for in section 4 of this Chapter.

Article 21 and 22 shall not apply.

Article 28e

First allocation of payment entitlements

- 1. Payment entitlements shall be allocated to farmers referred to in paragraph 2 if they apply for allocation of payment entitlements under the basic payment scheme by a date to be set in accordance with point (d) of Article 78 of Regulation (EU) No... [HZR] in the first year of implementation of the basic payment scheme, except in case of force majeure or exceptional circumstances.**

- 2. Farmers who, in 2011, claimed support under the single area payment scheme in accordance with Regulation (EC) No 73/2009, shall receive payment entitlements the first year of application of the basic payment scheme provided they are entitled to be granted direct payments in accordance with Article 9.**

By way of derogation from the first subparagraph, farmers shall receive payment entitlements the first year of application of the basic payment scheme, provided they are entitled to be granted direct payments in accordance with Article 9 and that in 2011 under the single area payment scheme, they did not claim any support and had only agricultural land that was not in good agricultural conditions on 30 June 2003 as provided for in Article 124(1) of Regulation (EC) No 73/2009.

3. 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), the farmer declares in accordance with Article 73(1)(a) of Regulation (EU) No [...] [HZR] for the first year of application of the basic payment scheme.
4. The Commission shall be empowered to adopt delegated acts in accordance with Article 55 for the purpose of laying down further rules on the introduction of the basic payment scheme in Member States having applied the single area payment scheme
5. The Commission shall, by means of implementing acts, adopt rules on applications for allocation of payment entitlements submitted in the year of allocation of payment entitlements where those payment entitlements may not be definitively established yet and where that allocation is affected by specific circumstances.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 56(2).

Article 28f

Value of payment entitlements

1. For each relevant year, the unit value of payment entitlements shall be calculated by dividing the national or regional ceiling established under Article 19 or 20, after application of the linear reduction provided for in Article 23(1), by the number of payment entitlements allocated at national or regional level according to Article 28e in the first year of implementation of the basic payment scheme.

CHAPTER 2

PAYMENT FOR AGRICULTURAL PRACTICES BENEFICIAL FOR THE CLIMATE AND THE ENVIRONMENT

Article 29

General rules

1. Farmers entitled to a payment under the basic payment scheme **or the single area payment scheme** ~~referred to in Chapter 1~~ shall observe on their eligible hectares ~~as defined in Article 25(2)~~ ***declared in accordance with Article 26(1) either the following agricultural practices beneficial for the climate and the environment referred to in paragraph 1a or the equivalent practices referred to in paragraph 1b, or a combination of these.***

1a. - 1c. (...)

2. (...)

This payment shall take the form of an annual payment per eligible hectare declared in accordance with Article 26(1) or, in Member States applying Article 28c, of an annual payment per eligible hectare declared under the single area payment scheme, the amount of which shall be calculated annually by dividing the amount resulting from the application of Article 33(1) by the total number of eligible hectares declared, in accordance with Article 26(1), in the Member State concerned or, in Member States applying Article 28c, by the total number of eligible hectares declared under the single area payment scheme.

(...)

3. - 6. (...)

CHAPTER 3
PAYMENT FOR AREAS WITH NATURAL CONSTRAINTS

Article 34

General rules

1. Member States may grant a payment to farmers entitled to a payment under the basic payment scheme **or the single area payment scheme** referred to in Chapter 1 and whose holdings are fully or partly situated in areas with natural constraints designated by Member States in accordance with Article 33(1) of Regulation (EU) No [...] [RDR].
2. (...)
3. Without prejudice to paragraph 2 and to the application of financial discipline, progressive reduction and capping, linear reduction ~~as referred in~~ ***in accordance with*** Article 7, and any reductions and exclusions imposed pursuant to Article 65 of Regulation (EU) No [...] [HZR], the payment referred to in paragraph 1 ***of this Article. It*** shall be granted annually per eligible hectare situated in the areas to which ***a*** Member States ***has*** decided to grant a payment in accordance with paragraph 2 of this Article and shall be paid upon activation of payment entitlements on those hectares held by the farmer concerned **or, in Member States applying Article 28c, for those eligible hectares which are declared under the single area payment scheme.**
4. The payment per hectare referred to in paragraph 1 shall be calculated by dividing the amount resulting from the application of Article 35 by the number of eligible hectares declared in ***accordance with*** ~~according to~~ Article 26(1) **or, in Member States applying Article 28c, by the number of eligible hectares declared under the single area payment scheme** which are situated in the areas to which ***a*** Member States ***has*** decided to grant a payment in accordance with paragraph 2 of this Article.

5. (...)

The payment at regional level shall be calculated by dividing the regional ceiling calculated in accordance with the third sub-paragraph by the number of eligible hectares declared *in accordance with ~~according to~~ Article 26(1) or, in Member States applying Article 28c, by the number of eligible hectares declared under the single area payment scheme* which are situated in the areas to which *a* Member States *has* decided to grant a payment in accordance with paragraph 2 of this Article.

CHAPTER 4
PAYMENT FOR YOUNG FARMERS

Article 36

General rules

1. Member States ~~shall~~ *may* grant an annual payment to young farmers who are entitled to a payment under the basic payment scheme *or the single area payment scheme* referred to in Chapter 1.

2. For the purposes of this Chapter, 'young farmers', shall mean *natural persons*:
 - (a) ~~natural persons~~ who are setting up for the first time an agricultural holding as head of the holding, or who have already set up such a holding during the five years preceding the first submission of an application to the basic payment scheme *or the single area payment scheme* as referred in Article 73(1) of Regulation (EU) No [...] [HZR], and
 - (b) who are *no more less* than 40 years of age ~~in at~~ the *year moment* of ~~submission~~ ~~ting~~ of the application *to the basic payment scheme* referred to in point (a).

Member States may define further objective criteria for young farmers in accordance with Article 2(1)(u) and/or Article 20(4) of Regulation (EU) No [...] [RDR] in order to be eligible for the payment referred to in paragraph 1 of this Article.

3. Without prejudice to the application of financial discipline, progressive reduction and capping, linear reductions ~~as referred in~~ *in accordance with* Article 7, and any reductions and exclusions imposed pursuant to Article 65 of Regulation (EU) No [...] [HZR], the payment referred to in paragraph 1 of this Article shall be granted annually upon activation of payment entitlements by the farmer *or, in Member States applying Article 28c, upon declaration of eligible hectares by the farmer under the single area scheme.*

4. (...)

5. (...)

By way of derogation to the first subparagraph, in Member States applying Article 28c, the amount of the payment shall be calculated by multiplying a figure corresponding to 25% of the single area payment calculated in accordance with Article 28c by the number of eligible hectares the farmer has declared under the single area payment scheme.

When applying the first **and the second** sub-paragraphs, Member States ~~may set~~ **shall respect the following** maximum limits in the number of activated payment entitlements **or eligible hectares declared under the single area payment scheme** that are to be taken into account: *These maximum limits shall be either not below 25 hectares or not below the average size of agricultural holdings in a Member State as set out in Annex VI.*

- ~~(a) — in Member States where the average size of agricultural holdings as set out in Annex VI is lower than, or equal to, 25 hectares, a maximum of 25;~~
- ~~(b) — in Member States where the average size of agricultural holdings as set out in Annex VI is higher than 25 hectares, a maximum that shall be no less than 25 and no greater than that average size.;~~

6. (...)

TITLE V

Small farmers scheme

Article 47

General rules

1. *Member States may establish a scheme in accordance with the conditions laid down in this Title (hereinafter referred to as 'small farmers scheme').*

Farmers holding payment entitlements ~~allocated in 2014 pursuant to Article 21~~ or, in Member States applying Article 28c, claiming for the single area payment scheme in 2014 pursuant to Article 28c and fulfilling the minimum requirements provided for in Article 10(1) may opt for participation in ~~a simplified this scheme under the conditions laid down in this Title, (hereinafter referred to as 'small farmers scheme').~~

2. - 4. (...)

Article 49

Amount of the payment

1. (...)

The national average referred to in point (a) of the first sub-paragraph shall be established by the Member States on the basis of the national ceiling set in Annex II for calendar year 2019 and the number of farmers having obtained payment entitlements pursuant to Article 21(1) **or having claimed for the single area payment scheme in 2014 pursuant to Article 28c.**

The national average referred to in point (b) of the first sub-paragraph shall be established by the Member States on the basis of the national ceiling set in Annex II for calendar year 2019 and the number of eligible hectares declared in accordance with Article 26 in 2014 **or of the number of eligible hectares declared under the single area payment scheme in 2014.**

1a. - 3. (...)

Article 50

Special conditions

1. During the participation in the small farmers scheme, farmers shall:
 - (a) keep at least a number of hectares corresponding to the number of entitlements held **or the eligible hectares declared under the single area payment scheme in 2014;**
 - (b) fulfil the minimum requirement provided for in Article 10(1)(b).

2. (...)

In those Member States applying Article 28c, the eligible hectares declared under the single area payment scheme in 2014 by a farmer participating in the small farmers scheme shall be considered as declared for the duration of the participation of the farmer in that scheme.

3. - 4. (...)

Article 51

Financial provisions

1. In order to finance the payment referred to in this Title, Member States shall deduct the amounts corresponding to the amounts to which the small farmers would be entitled as a basic payment ***or a single area payment*** referred to in Chapter 1 of Title III, ***as a redistributive payment referred to in Chapter 1a of Title III***, as a payment for agricultural practices beneficial for the climate and the environment referred to in Chapter 2 of Title III and, where applicable, as a payment for areas with natural constraints referred to in Chapter 3 of Title III, as a payment for young farmers referred to in Chapter 4 of Title III and as coupled support referred to in Title IV from the total amounts available for the respective payments.

The difference between the sum of all payments due under the small farmers scheme and the total amount financed in accordance with the first sub-paragraph shall be financed ***in one or more of the following ways***:

- (a) by applying ~~a linear reduction to all payments to be granted in accordance with Article 253(5) in the relevant year~~ ***or in accordance with Article 28c***;
- (b) ***by using the funds left unused in the relevant year, to finance the payment for young farmers laid down in Chapter 4 of Title III***;
- (c) ***by applying a linear reduction to all payments to be granted in accordance with Article 25.***

(...)

2. (...)

ANNEX I

List of support schemes

Sector	Legal base	Notes
Basic payment	Title III, Chapter 1 <u>Sections 1 to 3 and 5</u> of this Regulation	Decoupled payment
<u>Single area payment</u>	<u>Title III, Chapter 1 Section 4 of this Regulation</u>	<u>Decoupled payment</u>
<i>Redistributive payment</i>	<i>Title III, Chapter 1a of this Regulation</i>	<i>Decoupled payment</i>
Payment for farmers following agricultural practices beneficial for the climate and the environment	Title III, Chapter 2 of this Regulation	Decoupled payment
Payment for farmers in areas with specific natural constraints	Title III, Chapter 3 of this Regulation	Decoupled payment
Payment for young farmers	Title III, Chapter 4 of this Regulation	Decoupled payment
Voluntary coupled support	Title IV, Chapter 1 of this Regulation	
Cotton	Title IV, Chapter 2 of this Regulation	Area payment
Payment for small farmers	Title V of this Regulation	Decoupled payment
Posei	Title III of Regulation (EC) No 247/2006	Direct payments under measures established in the programmes
Aegean islands	Chapter III of Regulation (EC) No 1405/2006	Direct payments under measures established in the programmes

ANNEX V

Financial provisions applying to Bulgaria and Romania referred to in Articles 16 and 17

B. Total amount of complementary national direct payments to the basic payment scheme ***or*** ***single area payment scheme*** referred to in Article 17(2):

(in thousands EUR)

	2014	2015
Bulgaria	150 186	71 024
Romania	330 971	156 618