



**COUNCIL OF
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NOTE

from: General Secretariat

to: Delegations

No. prev. doc.: 7185/13

No. Cion prop.: 15396/11 + REV 1, REV 2 (NL), REV 3 - COM(2011) 625 final/3,
14483/12 - COM(2012) 552 final

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*)
- *financial discipline: joint memorandum of Germany, France, United Kingdom,
the Czech Republic, Sweden, Denmark and Luxembourg*

With a view to the Council ("Agriculture and Fisheries") on 18-19 March 2013, delegations will find attached in Annex a joint memorandum of Germany, France, United Kingdom, the Czech Republic, Sweden, Denmark and Luxembourg on a method for financial discipline.

Method for financial discipline

**Joint memorandum of Germany, France, United Kingdom, the Czech Republic, Sweden,
Denmark and Luxembourg**

The Irish Presidency tabled a paper setting out a number of suggested amendments to the respective Regulations of the CAP-reform package in order to reflect the conclusions of the European Council on the MFF (doc. 7185/13).

The Presidency did not suggest any amendment to Article 8 (financial discipline) of the proposed Direct Payments Regulation, which provides that the Financial discipline “*shall only apply to direct payments in excess of EUR 5 000 to be granted to farmers in the corresponding calendar year*”.

However, Germany, France, United Kingdom, the Czech Republic, Sweden, Denmark and Luxembourg regard as indispensable to amend of Article 8 paragraph 1 within the application of the mechanism of financial discipline and the funding of the new reserve for crisis in the agricultural sector in order to correctly implement the decision of the European Council.

Suggested Amendment:

“Article 8

Financial discipline

1. The adjustment rate determined in accordance with Article 25 of Regulation (EU) No [...] [HZR] shall ~~only~~ apply to all direct payments ~~in excess of EUR 5 000~~ to be granted to farmers in the corresponding calendar year.”

Justification:

- The European Council concluded with a view to ensuring that the amounts for the financing of the CAP comply with the annual ceilings set in the multiannual financial framework, the financial discipline mechanism currently provided for in Article 11 of the Regulation 73/2009 should be applied (Number 66 in doc. EUCO 37/13).
- Article 11 of the Regulation 73/2009 provides for an “*adjustment of the direct payments*”. In contrast to Article 8 of the Commission’s proposal on a Regulation for Direct payments this Article does not mention any threshold of direct payments to be applied within the Method for financial discipline. e.g. direct payments above 5.000 Euro per farm).
- It is our understanding that the European Council by referring to Article 11 of Regulation 73/2009 instead of Article 8 of the Commission’s proposal for direct payments expresses clearly its wish for an equal treatment of all farmers within the method of the financial discipline.
- Since this mechanism will also apply to fund the new reserve for crisis in agriculture it is of major importance to ensure a linear reduction of all direct payments in order to ensure an equal treatment of all farmers.
