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THE EUROPEAN UNION**

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NOTE

from: General Secretariat
to: Special Committee on Agriculture
No Cion prop.: 7935/13 - COM(2013) 159 final
Subject: Proposal for a Regulation of the European Parliament and of the Council on fixing an adjustment rate to direct payments provided for in Regulation (EC) No 73/2009 in respect of calendar year 2013

1. On 25 March 2013, the Commission adopted a proposal for "financial discipline" in accordance with Article 11 of Regulation (EC) No 73/2009.
2. Discussions within the Working Party on Financial Agricultural Questions (AGRIFIN) on 12 April 2013 and written comments submitted by delegations (doc. 8309/13 + ADD 1 to 6) indicated the absence of a qualified majority in favour of the Commission's proposal, but also for the alternative suggestion of lowering the threshold for the adjustment of direct payments to farmers from EUR 5 000 to EUR 2 000 in line with the Council's general approach for the draft direct payments regulation.

3. On 12 June 2013, the European Parliament adopted its opinion. This proposes to maintain the EUR 5 000 threshold but to lower the adjustment rate significantly, so as not to prejudge the outcome of negotiations between the European Parliament and the Council on the multi-annual financial framework for 2014 to 2020.

 4. In these circumstances, it seems clear that the European Parliament and the Council will not be able to reach agreement by 30 June. Consequently, the Commission will be able to set the adjustment rate pursuant to Article 18(4) of Council Regulation (EC) No 1290/2005.
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