



**COUNCIL OF  
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**INFORMATION NOTE**

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from: General Secretariat  
to: Permanent Representatives Committee / Council  
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  
- Outcome of the European Parliament's first reading  
(Strasbourg, 10 to 13 June 2013)

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**I. INTRODUCTION**

The Rapporteur, Mr Luis Manuel CAPOULAS SANTOS (S&D - PT), presented a report consisting of four amendments to the proposal for a Regulation, on behalf of the Committee on Agriculture and Rural Development. Further amendments were tabled as follows:

- the ECR political group tabled three amendments (amendments 5-7);
- the ALDE political group tabled two amendments (amendments 8-9); and
- 40+ MEPs collectively tabled three amendments (amendments 10-12).

## II. DEBATE

The Rapporteur opened the debate, which took place on 11 June 2013, and:

- expressed his surprise that the Commission had, in submitting the proposal, acted on the assumption that the European Council's budget figures of 8 February 2013 for the 2014-20 MFF were definitive. That was to ignore the Parliament's part in setting the MFF; and
- supported the proposed exemption for farms receiving less than €5,000 per annum.

Commissioner CIOLOŞ:

- recalled that the Commission had submitted the proposal after its calculations for the 2014 budget had shown a short-fall for market measures;
- explained that the Commission had decided on grounds of prudence to respond to the Council's budget proposal, which had been adopted by the European Council. Europe's farmers need to know what they can expect to receive next year;
- nevertheless recognised that these figures were still under negotiation with the Parliament. The Commission would ultimately work on the figures that the Council and the Parliament would finally decide together; and
- explained that the Commission was proposing an exemption of €5,000 in order to ensure a more balanced allocation of direct aid and to facilitate calculation. He recalled that the Commission already applies a modulation for payments over €5,000.

Mr Giovanni LA VIA (EPP – IT) recognised the need for an adjustment, but argued that it should be made by means of a letter of rectification at the time of the adoption of the 2014 budget.

Mr Peter JAHR (EPP - DE) opposed the exemption for small farms that receive less than €5,000 per annum and instead called for a linear cut for all farms across all Member States.

Mr Paolo DE CASTRO (S&D - IT):

- stated that the Parliament could not accept a cut in direct payments simply on the basis of the European Council's conclusions of 7-8 February 2013. Those figures had not been approved by the Parliament - as provided for by the Treaty. Yet, he stated, the Parliament is the institution with the greatest democratic legitimacy;
- called for the cut in the level of direct payments to be based on the maximum figure for 2014 indicated by the Commission in its proposal for the MFF. That would be consistent with the negotiating mandate which the Parliament had granted in its plenary session for the direct payments regulation; and
- supported the exemption for farms receiving less than €5,000.

Mrs Britta REIMERS (ALDE - DE) called for a linear cut for all farms across all Member States and opposed the exemption for farms receiving less than €5,000 per annum. Budgetary discipline cannot be enforced if some farmers are treated less harshly than others. The burden of cuts should be shared equally. Even small farms should plan for reduced subsidies in the future.

Mr James NICHOLSON (ECR - UK) opposed the exemption for farms receiving less than €5,000 per annum. That would discriminate against the 20% of farms which receive more than this level.

Mr Younous OMARJEE (EUL/NGL - FR) opposed the application of the proposed cut to farmers in peripheral regions and in the Aegean. He therefore called for support for amendment 12, which he and 40 of his colleagues had tabled.

Mr Dimitar STOYANOV (NA - BG) called for equal treatment for all European farmers, regardless of their nationality. French farmers should not be treated better than Polish and Bulgarian farmers.

Mr Herbert DORFMANN (EPP - IT):

- emphasised that the sums in question are not large - the EU average is €10-15 per hectare;
- called for an appropriate political signal consistent with the desire for small farms to survive; and
- supported the exemption for farms receiving less than €5,000 per annum.

Mrs Kristiina OJULAND (ALDE - EE):

- stated that the Commission's proposal for a reduction of almost 5% of direct payments for farmers receiving more than €5,000 per annum would result in a total reduction of almost €1,500,000,000 - almost double the shortfall which the Commission had initially set out to cover; and
- supported both the Rapporteur's and the Commission's original proposal to cut payments by 0.7% - and then only for farmers receiving more than €5,000.

Mr Hynek FAJMON (ECR – CZ):

- argued that a 5% cut was excessive. A 1% cut would suffice; and
- called for an equal cut across the board, regardless of the size of farms. Small farmers would otherwise receive an unfair advantage.

Mr Gabriel MATO ADROVER (EPP - ES) called for peripheral regions to be exempted from the provisions of the proposed Regulation.

Mr Eric ANDRIEU (S&D – FR):

- disapproved of the Commission's proposal, given that the Parliament and the Council had not yet jointly fixed the MFF;
- opposed the 5% cut that had been proposed; and
- opposed any cut for peripheral regions.

Mr Spyros Danellis (S&D - GR) emphasised the fact that many small farms are situated in economically challenged regions.

Mr Seán KELLY (EPP - IE) called for exemptions for small farms.

Commissioner CIOLOŞ once more took the floor and:

- emphasised the fact that the current proposal was not a mark of disrespect towards the Parliament, but simply a precautionary measure;
- noted that the proposed Regulation would not be required should the Parliament and the Council ultimately decide to restore the budget figure initially proposed by the Commission;
- argued that it made sense to propose a realistic reduction now, rather than have to submit a new proposal for a further reduction several months further down the line;
- noted that (as Mr La Via had stated), a letter of rectification could reverse the proposed reduction should this prove to be appropriate in the future;
- disagreed with the view that the proposed reductions would be taken away from the farming sector as a whole. They would be used to create a crisis reserve. If the sums in question are not used in 2014 for a crisis, they will be returned to farmers;
- acknowledged Mr Nicholson's point that 80% of farmers would be exempted by the application of the €5,000 limit, but noted that the 20% of farmers who would be affected collectively receive 80% of direct payments. He also noted that the €5,000 limit would eliminate 80% of the administration costs that would be required;
- argued that the current regulation for peripheral regions already ensures that modulation is not applied for those regions; and
- noted that the Parliament and the Council must act on the current proposal before 30 June 2013. If they do not, the financial regulation currently in force provides that the Commission will be obliged to table a new proposal.

### **III. VOTE**

When it voted on 12 June 2013, the plenary adopted five amendments to the proposal for a Regulation (amendments 1-4 and 12).

The text of the adopted amendments and the European Parliament's legislative resolution are set out in the Annex hereto.

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**Adjustment rate to direct payments provided for in Regulation (EC) No 73/2009 in respect of calendar year 2013 \*\*\*I**

**European Parliament legislative resolution of 12 June 2013 on the 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 (COM(2013)0159 – C7-0079/2013 – 2013/0087(COD))**

**(Ordinary legislative procedure: first reading)**

*The European Parliament,*

- having regard to the Commission proposal to Parliament and the Council (COM(2013)0159),
  - having regard to Article 294(2) and Article 43(2) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C7-0079/2013),
  - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
  - having regard to the opinion of the European Economic and Social Committee of 23 May 2013<sup>1</sup>,
  - having regard to Rule 55 of its Rules of Procedure,
  - having regard to the report of the Committee on Agriculture and Rural Development and the opinion of the Committee on Budgets (A7-0186/2013),
1. Adopts its position at first reading hereinafter set out;
  2. Calls on the Commission to refer the matter to Parliament again if it intends to amend its proposal substantially or replace it with another text;
  3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

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<sup>1</sup> Not yet published in the Official Journal.

## Amendment 1

### Proposal for a regulation

#### Recital 2

*Text proposed by the Commission*

*(2) The forecasts for the direct payments and market related expenditure determined in the preparation of the 2014 Draft Budget show that the annual ceiling for the European Agricultural Guarantee Fund (EAGF) in respect of financial year 2014 is likely to be exceeded taking into account the need to establish the reserve for crises referred to in the Conclusions of the European Council (7/ 8 February 2013) on the Multiannual Financial Framework. An adjustment rate to the direct payments listed in Annex I to Regulation (EC) No 73/2009 should therefore be determined.*

*Amendment*

*(2) Pending the adoption of a regulation laying down the multiannual financial framework on the basis of Article 312(2) of the Treaty on the Functioning of the European Union, the level of the applicable ceiling for the year 2014 remains uncertain. Until there is clarity on the level of the applicable ceiling, it is not possible to determine whether an adjustment of the direct payments for 2013 is necessary and, if so, what the rate should be. The amount of financial discipline required should be revised by the budgetary authority in the framework of the adoption of the Budget 2014 on the basis inter alia of the Amending letter to the Draft General Budget 2014 by which the Commission provides updated estimated needs on market related expenditures and direct payments.*

## Amendment 2

### Proposal for a regulation

#### Article 1 – paragraph 1

*Text proposed by the Commission*

1. The amounts of direct payments within the meaning of Article 2(d) of Regulation (EC) No 73/2009 to be granted to a farmer in excess of EUR 5000 for an aid application submitted in respect of calendar year 2013 shall be reduced by **4.981759** %.

*Amendment*

1. The amounts of direct payments within the meaning of Article 2(d) of Regulation (EC) No 73/2009 to be granted to a farmer in excess of EUR 5000 for an aid application submitted in respect of calendar year 2013 shall be reduced by **0,748005** %.

## Amendment 3

### Proposal for a regulation

#### Article 1 – paragraph 1 a (new)



*Text proposed by the Commission*

*Amendment*

***1a. In the event of non-agreement on the multiannual financial framework 2014-2020, no financial discipline for the 2014 financial year shall apply, since the total amount will be calculated on the basis of the 2013 budget figures, plus 2 % inflation.***

## **Amendment12**

### **Proposal for a regulation**

#### **Article 1 - paragraph 2 a (new)**

*Text proposed by the Commission*

*Amendment*

***2a. The reduction provided for in paragraph 1 shall not apply to the outermost regions which are the subject of Article 349 of the Treaty on the Functioning of the European Union or to the smaller Aegean islands as defined in Article 1(2) of Regulation(EC) No 229/2013 of the European Parliament and of the Council of 13 March 2013 laying down specific measures for agriculture in favour of the smaller Aegean islands.***

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***OJ L 78, 20.3.2013, p. 41.***

## **Amendment 4**

### **Proposal for a regulation**

#### **Article 1 a (new)**

*Text proposed by the Commission*

*Amendment*

#### ***Article 1a***

***1. The provisions of Articles 1 and 2 are adopted without prejudice to the subsequent adoption of Regulation (EU) No [XX/XX of ... laying down the multiannual financial framework for the years 2014-2020] and the Inter-institutional agreement between the***

***European Parliament, the Council and the Commission on cooperation in budgetary matters and sound financial management.***

***2. In the event that a correction to the adjustment rate defined in Article 1(1) is required as a consequence of the adoption of the Regulation and Inter-institutional agreement referred to in paragraph 1, the Commission shall submit a proposal to the European Parliament and to the Council concerning the fixing of a new adjustment rate.***

***3. The amount of financial discipline required shall be revised by the budgetary authority in the framework of the adoption of the Budget 2014 on the basis inter alia of the Amending letter to the Draft General Budget 2014 by which the Commission provides updated estimated needs on market related expenditures and direct payments.***