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COVER NOTE

From: Secretary-General of the European Commission,
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 11 March 2014

To: Mr Uwe CORSEPIUS, Secretary-General of the Council of the European
Union

No. Cion doc.: C(2014) 1538 final

Subject: COMMISSION DELEGATED REGULATION (EU) No .../.. of 11.3.2014
supplementing Council Regulation (EC) No 73/2009 and Regulation (EU)
No 1307/2013 of the European Parliament and of the Council as regards the
basis of calculation for reductions to be applied to farmers by Member
States due to the linear reduction of payments in 2014 and financial
discipline for calendar year 2014

Delegations will find attached Commission document C(2014) 1538 final.

Encl.: C(2014) 1538 final



EUROPEAN
COMMISSION

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COMMISSION DELEGATED REGULATION (EU) No .../..

of 11.3.2014

**supplementing Council Regulation (EC) No 73/2009 and Regulation (EU) No 1307/2013
of the European Parliament and of the Council as regards the basis of calculation for
reductions to be applied to farmers by Member States due to the linear reduction of
payments in 2014 and financial discipline for calendar year 2014**

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE DELEGATED ACT

Council Regulation (EC) No 73/2009 of 19 January 2009 establishing common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers, amending Regulations (EC) No 1290/2005, (EC) No 247/2006, (EC) No 378/2007 and repealing Regulation (EC) No 1782/2003¹ empowers the Commission to adopt delegated acts in accordance with Article 140a of Regulation (EC) No 73/2009.

The purpose of this delegated act is to lay down rules concerning the basis of calculation for reductions to be applied to farmers by Member States due to linear reduction of payments provided for in Article 40(3) of Regulation (EC) No 73/2009 and financial discipline provided for in Article 8 of Regulation (EU) No 1307/2013.

2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT

Consultations, involving experts from all the 28 Member States and from the European Parliament, have been carried within the Expert Group of Direct Payments. A meeting held on 19 December 2013 was organised for the specific purpose of exchanging expert views on the present act. The meeting allowed for a full presentation of the Commission's draft provisions and a thorough exchange of views on all aspects of the draft. The exercise consisted in clarifying the Commission's approach, hearing experts' views and further refining the draft text accordingly.

3. LEGAL ELEMENTS OF THE DELEGATED ACT

The act provides for the application in 2014 of the linear reduction of payments referred to in Article 40(3) of Regulation (EC) No 73/2009 (a linear reduction of direct payments in respect of 2014) and of the adjustment referred to in Article 8 of Regulation (EU) No 1307/2013 (an adjustment for reasons of financial discipline). In the interest of transparency and predictability, the method of calculation of both reductions in the process of calculating the amount of the payments to be made to farmers in respect of 2014 corresponds to the method for calculating the linear reduction under Article 8(1) of Regulation (EC) No 73/2009 and to financial discipline under Article 11 of that Regulation as provided for in Article 79(1) of Commission Regulation (EC) No 1122/2009 of 30 November 2009 laying down detailed rules for the implementation of Council Regulation (EC) No 73/2009 as regards cross-compliance, modulation and the integrated administration and control system, under the direct support schemes for farmers provided for that Regulation, as well as for the implementation of Council Regulation (EC) No 1234/2007 as regards cross-compliance under the support scheme provided for the wine sector² and under Commission Delegated Regulation (EU) No 635/2013 of 25 April 2013 supplementing that same Regulation³.

¹ OJ L 30, 31.1.2009, p. 16.

² OJ L 316, 2.12.2009, p. 65.

³ OJ L 183, 2.07.2013, p. 1.

The act also clarifies that advances provided for under Article 29(5) of Regulation (EC) No 73/2009, as introduced by point (1) of Article 6 of Regulation (EU) No 1310/2013 of the European Parliament and of the Council⁴, may be granted without taking into account the financial discipline adjustment, in line with what was applicable for 2013 in accordance with Commission Regulation (EC) No 946/2013.

⁴ Regulation (EU) No 1310/2013 of the European Parliament and of the Council of 17 December laying down certain transitional provisions on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), amending Regulation (EU) No 1305/2013 of the European Parliament and of the Council as regards resources and their distribution in respect of the year 2014 and amending Council Regulation (EC) No 73/2009 and Regulations (EU) No 1307/2013, (EU) No 1306/2013 and (EU) No 1308/2013 of the European Parliament and of the Council as regards their application in the year 2014 (OJ L 347, 20/12/2013, p. 865).

COMMISSION DELEGATED REGULATION (EU) No .../..

of 11.3.2014

supplementing Council Regulation (EC) No 73/2009 and Regulation (EU) No 1307/2013 of the European Parliament and of the Council as regards the basis of calculation for reductions to be applied to farmers by Member States due to the linear reduction of payments in 2014 and financial discipline for calendar year 2014

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 73/2009 of 19 January 2009 establishing common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers, amending Regulations (EC) No 1290/2005, (EC) No 247/2006, (EC) No 378/2007 and repealing Regulation (EC) No 1782/2003⁵, and in particular Article 140a thereof,

Having regard to Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009⁶, and in particular Article 8(3) thereof

Whereas:

- (1) Article 40(3) of Regulation (EC) No 73/2009, as amended by point (2) of Article 6 of Regulation (EU) No 1310/2013 of the European Parliament and of the Council⁷, provides for a linear reduction of direct payments in respect of 2014. Article 8 of Regulation (EU) No 1307/2013 provides for an adjustment of direct payments for reasons of financial discipline. Provision should be made to ensure an optimal application of those reductions in 2014.
- (2) In the interest of transparency and predictability, it is appropriate that the method of calculation of both reductions in the process of calculating the amount of the payments to be made to farmers in respect of 2014 corresponds to the method for calculating the

⁵ OJ L 30, 31.1.2009, p. 16.

⁶ OJ L 347, 20.12.2013, p. 608.

⁷ Regulation (EU) No 1310/2013 of the European Parliament and of the Council of 17 December laying down certain transitional provisions on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), amending Regulation (EU) No 1305/2013 of the European Parliament and of the Council as regards resources and their distribution in respect of the year 2014 and amending Council Regulation (EC) No 73/2009 and Regulations (EU) No 1307/2013, (EU) No 1306/2013 and (EU) No 1308/2013 of the European Parliament and of the Council as regards their application in the year 2014 (OJ L 347, 20/12/2013, p. 865).

linear reduction of direct payments due to the application of Article 8(1) of Regulation (EC) No 73/2009 and the reduction due to financial discipline under Article 11 of that Regulation as provided for in Article 79(1) of Commission Regulation (EC) No 1122/2009⁸ and under Commission Delegated Regulation (EU) No 635/2013⁹.

- (3) Article 29(5) of Regulation (EC) No 73/2009, as amended by point (1) of Article 6 of Regulation (EU) No 1310/2013 of the European Parliament and of the Council¹⁰, provides for the possibility for Member States to pay, from 16 October 2014, advances to farmers in respect of applications made in 2014. To ensure consistency with the rules applicable in 2013 in accordance with Commission regulation (EC) No 946/2013 providing that advances may be paid without taking into account the adjustment due to financial discipline under Article 11 of Regulation (EC) No 73/2009, it is appropriate to foresee that, also in 2014, advances may be paid without taking into account the reductions due to financial discipline provided for in Article 26 of Regulation (EU) No 1306/2013 and Article 8 of Regulation (EU) No 1307/2013. The balance payment as from 1 December 2014 should take into account the adjustment rate of financial discipline applicable at that time.
- (4) Since this Regulation applies to aid applications in respect of 2014, it should enter into force on the day following that of its publication,

HAS ADOPTED THIS REGULATION:

Article 1

Reductions due to the linear reduction of direct payments in 2014 provided for in Article 40(3) of Regulation (EC) No 73/2009 as well as reductions due to financial discipline provided for in Article 8 of Regulation (EU) No 1307/2013 for calendar year 2014 shall be applied to the sum of the payments from the different support schemes listed in Annex I to Regulation (EC) No 73/2009 to which each farmer is entitled to after the application of Article 78 of Regulation (EC) No 1122/2009.

⁸ Commission Regulation (EC) No 1122/2009 of 30 November 2009 laying down detailed rules for the implementation of Council Regulation (EC) No 73/2009 as regards cross-compliance, modulation and the integrated administration and control system, under the direct support schemes for farmers provided for that Regulation, as well as for the implementation of Council Regulation (EC) No 1234/2007 as regards cross-compliance under the support scheme provided for the wine sector (OJ L 316, 2.12.2009, p. 65).

⁹ Commission Delegated Regulation (EU) No 635/2013 of 25 April 2013 supplementing Council Regulation (EC) No 73/2009 as regards the basis of calculation for reductions to be applied to farmers by Member States due to the adjustment of payments in 2013 and financial discipline for calendar year 2013 (OJ L 183, 2.07.2013, p. 1).

¹⁰ Regulation (EU) No 1310/2013 of the European Parliament and of the Council of 17 December laying down certain transitional provisions on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), amending Regulation (EU) No 1305/2013 of the European Parliament and of the Council as regards resources and their distribution in respect of the year 2014 and amending Council Regulation (EC) No 73/2009 and Regulations (EU) No 1307/2013, (EU) No 1306/2013 and (EU) No 1308/2013 of the European Parliament and of the Council as regards their application in the year 2014 (OJ L 347, 20/12/2013, p. 865).

Those reductions shall be applied before the reductions provided for in Article 79(2) of Regulation (EC) No 1122/2009 are applied.

Article 2

Advances referred to in Article 29(5) of Regulation (EC) No 73/2009 may be paid without taking into account the reductions due to financial discipline provided for in Article 26 of Regulation (EU) No 1306/2013 and Article 8 of Regulation (EU) No 1307/2013. The balance payment to be granted to beneficiaries as from 1 December 2014 shall take into account the adjustment rate of financial discipline applicable at that time for the total amount of direct payments in respect of calendar year 2014.

Article 3

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

It shall apply to aid applications lodged in respect of 2014.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 11.3.2014

For the Commission
The President
José Manuel BARROSO