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COVER NOTE

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

date of receipt: 17 July 2014

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

No. Cion doc.: C(2014) 3006 final

Subject: COMMISSION DELEGATED REGULATION (EU) No .../.. of 13.5.2014
amending Annexes VIII and VIIIc to Council Regulation (EC) No 73/2009,
Annex I to Regulation (EU) No 1305/2013 of the European Parliament and
of the Council and Annexes II, III and VI to Regulation (EU) No 1307/2013
of the European Parliament and of the Council

Delegations will find attached document C(2014) 3006 final.

Encl.: C(2014) 3006 final

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE DELEGATED ACT

Articles 136a(3) and 140a of 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 empower the Commission to adopt delegated acts to adapt financial ceilings following certain notifications by Member States.

Articles 6(3) and 7(3) of Regulation (EU) No 1307/2013 of the European Parliament and the Council of 17 December 2013 establishing rules for direct payment 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 73/2009² empower the Commission to adopt delegated acts to adapt the national and net ceilings set following the developments relating to the total maximum amounts of direct payments that may be granted. Furthermore, Article 20(6) of the same Regulation empowers the Commission to adapt the amounts laid down in Annex VI of that Regulation which are relevant for the minimum requirements for receiving direct payments in Croatia as well as the level up to which complementary national direct payments can be granted.

Article 58(7) of Regulation (EU) No 1305/2013 of the European Parliament and the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005³ empowers the Commission to adopt delegated acts to take account of developments relating to the annual breakdown of Union support to Rural Development.

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 a joint Expert Group of Direct Payments and Rural Development. A meeting held on 12 February 2014 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 amends the annual national ceilings for direct payments in Regulation (EC) No 73/2009 for calendar year 2014 further to the notifications from Member States on the flexibility between pillars. Such amendment is without prejudice to any amendment of Annex VIII of Regulation (EC) No 73/2009 pursuant to Article 57a of Regulation (EC) No 73/2009 for the same calendar year.

¹ OJ L 30, 31.1.2009, p. 16.

² OJ L 347, 20.12.2013, p. 608.

³ OJ L 347, 20.12.2013, p. 487.

Furthermore, the act amends the annual national ceilings and the annual net ceilings in Annexes II and III of Regulation (EU) No 1307/2013 for the following reasons:

- Notifications made by Member States on flexibility between pillars in accordance with Article 136a of Regulation (EC) No 73/2009 and Article 14 of Regulation (EU) No 1307/2013;
- the notification made by Croatia pursuant to Article 57a(9) of Regulation (EC) No 73/2009 on the area of land de-mined and returned to use for agriculture in 2013 and the corresponding budgetary envelope;
- the notification made by Croatia pursuant to Article 57a(9) of Regulation (EC) No 73/2009 on the area of land de-mined and returned to use for agriculture in the years 2005 to 2012 and the corresponding budgetary envelope which was not available when Annex II and III were established; and
- the definitive wine transfers notified by certain Member States by 1 August 2013 which differ from the estimated wine transfers which were included in the Annexes to the Commission 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 policy⁴.

In addition, certain financial provisions for Croatia in Annex VI of Regulation (EU) No 1307/2013 are amended, further to the notifications from Croatia on the area of land de-mined and returned to use for agriculture in 2013 and earlier years and the corresponding budgetary envelopes.

The act also amends the annual breakdown of Union support to rural development set out in Annex I of Regulation (EU) No 1305/2013 to take account of:

- flexibility between pillars as notified to the Commission by the Member States in accordance with Article 136a of Regulation (EC) No 73/2009 and Article 14 of Regulation (EU) No 1307/2013;
- amounts to be transferred to EAFRD in accordance with Articles 136 and 136b of Regulation (EC) No 73/2009;
- voluntary adjustment fixed in Commission Implementing Decision 2013/146/EU pursuant to Article 10b of Regulation (EC) No 73/2009, to be added to the annual breakdown in accordance with Article 10c(2) of the same Regulation;
- amounts to be transferred to EAFRD in accordance with Article 66(1) of Regulation (EU) No 1307/2013.

⁴

COM(2011) 625 final/3, COM(2012) 552 final, COM(2013)226).

4. BUDGETARY IMPLICATIONS

As regards the flexibility between pillars, following the Member States' notifications by 31 December 2013, the proposed adaptation of the annual national ceilings for direct payments in Regulation (EC) No 73/2009 for calendar year 2014 and annual national ceilings and the annual net ceilings for direct payments in Regulation (EU) No 1307/2013 as well as the corresponding adaptation of the annual breakdown by Member State of the Union support for rural development in Annex I to Regulation (EU) No 1305/2013 have a neutral financial impact for the Union budget.

The total transfer of the amounts from direct payments ceilings for the calendar years 2014-2019 to rural development programming for the financial years 2015-2020 is 3 884 million EUR. The total transfer of the amounts from rural development programming for the financial years 2015-2020 to direct payments ceilings for the calendar years 2014-2019 is 2 989 million EUR.

The financial impact of the proposed adaptation of the annual national ceilings and the annual net ceilings for direct payments in Regulation (EU) No 1307/2013 following the notifications from Croatia on the area of land de-mined and returned to use for agriculture in 2013 and in the years 2005 to 2012 and the corresponding budgetary envelope will result in additional expenditure of 21 million EUR for the financial years 2015-2020. This additional expenditure was already taken into account in the overall amounts for the market related expenditure and direct payments in the Multiannual Financial Framework 2014-2020.

The definitive wine transfers have a neutral financial effect for the Union budget, as they only imply a shift of the amounts foreseen for direct payments to market related expenditure. The total amount of these wine transfers for calendar years 2015-2019 (financial years 2016-2020) is 80 million EUR.

The adaptation of certain financial provisions for Croatia in Regulation (EU) No 1307/2013 has no budgetary implications as it relates to setting the minimum requirements for receiving direct payments and the ceilings for the complementary national direct payments. As for the amendments to the annual breakdown of Union support to rural development set out in Annex I of Regulation (EU) No 1305/2013 other than the flexibility between pillars, i.e. transfers in accordance with Articles 136 and 136b of Regulation (EC) No 73/2009 for financial years 2014-2015, voluntary adjustment fixed in Commission Implementing Decision 2013/146/EU pursuant to Article 10b of Regulation (EC) No 73/2009 for financial year 2014 and amounts to be transferred in accordance with Article 66(1) of Regulation (EU) No 1307/2013 for financial years 2014-2020, they have a neutral financial impact for the Union budget. This total transfer from the amounts foreseen for the market related expenditure and direct payments in the Multiannual Financial Framework 2014-2020 to the EAFRD is 428 million EUR.

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

of 13.5.2014

amending Annexes VIII and VIIIc to Council Regulation (EC) No 73/2009, Annex I to Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Annexes II, III and VI to Regulation (EU) No 1307/2013 of the European Parliament and of the Council

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 Articles 136a(3) and 140a thereof,

Having regard to Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005⁶, and in particular Article 58(7) 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 payment 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 73/2009⁷, and in particular Articles 6(3), 7(3) and 20(6) thereof,

Whereas:

- (1) In accordance with Article 103n of Council Regulation (EC) No 1234/2007⁸, Spain, Luxembourg, Malta and the United Kingdom have notified by 1 August 2013 their intention to definitively transfer part or all of the amount available for the support programmes for the wine sector referred to in Annex Xb to that Regulation in order to increase their national ceilings for direct payments for the claim year 2014 and onwards. Accordingly, Annex VIII to Council Regulation (EC) No 73/2009 has been

⁵ OJ L 30, 31.1.2009, p. 16.

⁶ OJ L 347, 20.12.2013, p. 487.

⁷ OJ L 347, 20.12.2013, p. 608.

⁸ Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation) (OJ L 299, 16.11.2007, p. 1).

amended by Commission Implementing Regulation (EU) No 929/2013⁹. Those definitive transfers also need to be reflected in Annexes II and III to Regulation (EU) No 1307/2013.

- (2) In accordance with Article 136a(1) of Regulation (EC) No 73/2009 and Article 14(1) of Regulation (EU) No 1307/2013, France, Latvia and the United Kingdom notified the Commission by 31 December 2013 of their decision to transfer a certain percentage of their annual national ceilings for calendar years 2014 to 2019 to rural development programming financed under the European Agricultural Fund for Rural Development (EAFRD) as specified under Regulation (EU) No 1305/2013. In accordance with Article 136a(2) of Regulation (EC) No 73/2009 and Article 14(2) of Regulation (EU) No 1307/2013, Croatia, Malta, Poland and Slovakia notified the Commission by 31 December 2013 of their decision to transfer to direct payments a certain percentage of the amount allocated to support for measures under rural development programming financed under the EAFRD in the period of 2015 to 2020 as specified in Regulation (EU) No 1305/2013. Annexes VIII and VIIIc to Regulation (EC) No 73/2009, Annex I to Regulation (EU) No 1305/2013 and Annexes II and III to Regulation (EU) No 1307/2013 should therefore be amended accordingly.
- (3) In accordance with Article 57a(9) of Regulation (EC) No 73/2009, Croatia has notified the Commission by 31 January 2014 of the area of land which has been de-mined and returned to use for agricultural activities in 2013. That notification also included the corresponding budgetary envelope for the claim year 2014 and onwards. In addition, in accordance with that Article, Croatia has notified the area of land which has been de-mined and declared by farmers in the aid applications submitted in respect of the claim year 2013 and returned to use for agricultural activities between 1 January 2005 and 31 December 2012. Annex VIII to Regulation (EC) No 73/2009 has been therefore amended by Implementing Regulation (EU) No 929/2013. On the basis of the schedule of increments referred to in Article 17 of Regulation (EU) No 1307/2013, Annexes II, III and VI to that Regulation should therefore be amended accordingly.
- (4) The amount for financial year 2014 resulting from voluntary adjustment of direct payments in calendar year 2013 in the United Kingdom pursuant to Article 10b of Regulation (EC) No 73/2009, the amounts resulting from the application of Articles 136 and 136b of that Regulation for financial years 2014 and 2015, as well as the amounts resulting from the application of Article 66(1) of Regulation (EU) No 1307/2013 should be added to the annual breakdown of Union support to rural development. Annex I to Regulation (EU) No 1305/2013 should therefore be amended accordingly.
- (5) Regulation (EU) No 1307/2013 only applies as of 1 January 2015. The amendments to that Regulation should therefore only apply from the same date,

⁹ Commission Implementing Regulation (EU) No 929/2013 of 26 September 2013 amending Annex VIII to Council Regulation (EC) No 73/2009 establishing common rules for direct support schemes for farmers under the common agricultural policy (OJ L 255, 27.9.2013, p. 5).

HAS ADOPTED THIS REGULATION:

Article 1

Annexes VIII and VIIIc to Regulation (EC) No 73/2009 are amended in accordance with Annex I to this Regulation.

Article 2

Annex I to Regulation (EU) No 1305/2013 is amended in accordance with Annex II to this Regulation.

Article 3

Annexes II, III and VI to Regulation (EU) No 1307/2013 are amended in accordance with Annex III to this Regulation.

Article 4

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

Article 3 shall apply from 1 January 2015.

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

Done at Brussels, 13.5.2014

For the Commission
The President
José Manuel BARROSO