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INFORMATION NOTE

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| From: | General Secretariat of the Council |
| To: | Special Committee on Agriculture/Council |
| Subject: | Proposal for a Regulation of the European Parliament and of the Council fixing the adjustment rate provided for in Regulation (EU) No 1306/2013 for direct payments in respect of calendar year 2015 - Outcome of the European Parliament's first reading (Strasbourg, 8 June to 11 June 2015) |

I. INTRODUCTION

In accordance with the provisions of Article 294 of the TFEU and the joint declaration on practical arrangements for the codecision procedure¹, informal contacts took place between the Council, the European Parliament and the Commission with a view to reaching an agreement on this dossier at first reading, thereby avoiding the need for second reading and conciliation.

These informal contacts resulted in an agreement to take over the Commission's proposal, once revised to include legal-linguistic changes.

In this context, the Committee on Agriculture and Rural Development presented to the Parliament's plenary session a legal-linguistically revised text for the proposal for a Regulation.

¹ OJ C 145, 30.6.2007, p.5

II. VOTE

When it voted on 9 June 2015, the plenary adopted the Committee's proposed text. This text constitutes the Parliament's first-reading position which is contained in its legislative resolution as set out in the Annex hereto².

The Parliament's position reflects what had been previously agreed between the institutions. The Council should therefore be in a position to approve the Parliament's position.

The act would then be adopted in the wording which corresponds to the Parliament's position.

² The version of the Parliament's position in the legislative resolution has been marked up to indicate the changes made by the amendments to the Commission's proposal. Additions to the Commission's text are highlighted in ***bold and italics***. The symbol "■" indicates deleted text.

Adjustment rate for direct payments in respect of 2015 *I**

European Parliament legislative resolution of 9 June 2015 on the proposal for a regulation of the European Parliament and of the Council fixing the adjustment rate provided for in Regulation (EU) No 1306/2013 for direct payments in respect of calendar year 2015 (COM(2015)0141 – C8-0083/2015 – 2015/0070(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2015)0141),
 - 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 (C8-0083/2015),
 - 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 Committee³,
 - having regard to the undertaking given by the Council representative by letter of 1 June 2015 to approve Parliament's position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,
 - having regard to Rules 59 and 50(1) of its Rules of Procedure,
 - having regard to the report of the Committee on Agriculture and Rural Development (A8-0174/2015),
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.

³ Opinion of 22.4.2015 (not yet published in the Official Journal).

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Position of the European Parliament adopted at first reading on 9 June 2015 with a view to the adoption of Regulation (EU) 2015/... of the European Parliament and of the Council fixing the adjustment rate provided for in Regulation (EU) No 1306/2013 for direct payments in respect of the calendar year 2015

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 43(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee⁴,

Acting in accordance with the ordinary legislative procedure⁵,

⁴ Opinion of 22.4.2015 (not yet published in the Official Journal).

⁵ Position of the European Parliament of 9 June 2015.

Whereas:

- (1) Article 25 of Regulation (EU) No 1306/2013 of the European Parliament and of the Council⁶ provides that a reserve intended to provide additional support for the agricultural sector in the case of major crises affecting agricultural production or distribution is to be established by applying, at the beginning of each year, a reduction to direct payments with the financial discipline mechanism referred to in Article 26 of that Regulation.
- (2) Article 26(1) of Regulation (EU) No 1306/2013 provides that, in order to ensure that the annual ceilings set out in Council Regulation (EU, Euratom) No 1311/2013⁷ for the financing of the market-related expenditure and direct payments are respected, an adjustment rate for direct payments is to be determined when the forecasts for the financing of the measures financed under that sub-ceiling for a given financial year indicate that the applicable annual ceilings will be exceeded.
- (3) The amount of the reserve for crises in the agricultural sector, to be included in the Commission 2016 Draft Budget, totals EUR 441,6 million in current prices. To cover that amount, the financial discipline mechanism has to apply to direct payments under the support schemes listed in Annex I to Regulation (EU) No 1307/2013 of the European Parliament and of the Council⁸ in respect of the calendar year 2015.

⁶ Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008 (OJ L 347, 20.12.2013, p. 549).

⁷ Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020 (OJ L 347, 20.12.2013, p. 884).

⁸ 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 73/2009 (OJ L 347, 20.12.2013, p. 608).

- (4) The preliminary forecasts for the direct payments and market-related expenditure to be determined in the Commission 2016 Draft Budget indicate that there is no need for any further financial discipline.
- (5) Article 26(2) of Regulation (EU) No 1306/2013 requires the Commission to present a proposal to the European Parliament and to the Council concerning the adjustment rate no later than 31 March of the calendar year in respect of which that adjustment rate applies.
- (6) As a general rule, farmers submitting an aid application for direct payments for one calendar year (N) are paid within a fixed payment period falling within the financial year (N+1). However, Member States may make late payments to farmers beyond that payment period, within certain time limits. Such late payments may be made in a subsequent financial year. When financial discipline is applied for a given calendar year, the adjustment rate should not be applied to payments for which aid applications have been submitted in calendar years other than the calendar year for which the financial discipline applies. Therefore, in order to ensure equal treatment of farmers, it is appropriate to provide that the adjustment rate is to be applied only to payments for which aid applications have been submitted in the calendar year for which the financial discipline is applied, irrespective of when the payment to farmers is made.

- (7) Article 8(1) of Regulation (EU) No 1307/2013 provides that the adjustment rate applied to direct payments determined in accordance with Article 26 of Regulation (EU) No 1306/2013 is to apply only to direct payments in excess of EUR 2 000 to be granted to farmers in the corresponding calendar year. Furthermore, Article 8(2) of Regulation (EU) No 1307/2013 provides that, as a result of the gradual introduction of direct payments, the adjustment rate is to apply to Bulgaria and Romania only from 1 January 2016 and to Croatia only from 1 January 2022. The adjustment rate to be determined by this Regulation should therefore not apply to payments to farmers in those Member States.
- (8) Until 1 December 2015, the adjustment rate fixed by this Regulation may be adapted by the Commission, on the basis of new information in its possession, pursuant to Article 26(4) of Regulation (EU) No 1306/2013,

HAVE ADOPTED THIS REGULATION:

Article 1

1. For the purpose of fixing the adjustment rate in accordance with Articles 25 and 26 of Regulation (EU) No 1306/2013, and in accordance with Article 8(1) of Regulation (EU) No 1307/2013, the amounts of direct payments under the support schemes listed in Annex I to Regulation (EU) No 1307/2013 to be granted to farmers in excess of EUR 2 000 for an aid application submitted in respect of the calendar year 2015 shall be reduced by an adjustment rate of 1,393041 %.
2. The reduction provided for in paragraph 1 shall not apply in Bulgaria, Croatia and Romania.

Article 2

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

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

Done at ...,

For the European Parliament
The President

For the Council
The President
