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From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	1 April 2020
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
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Subject:	COMMISSION DELEGATED REGULATION (EU) .../... of 1.4.2020 amending Annexes II and III to Regulation (EU) No 1307/2013 of the European Parliament and of the Council

Delegations will find attached document C(2020) 1894 final.

Encl.: C(2020) 1894 final



Brussels, 1.4.2020
C(2020) 1894 final

COMMISSION DELEGATED REGULATION (EU) .../...

of 1.4.2020

**amending Annexes II and III to Regulation (EU) No 1307/2013 of the European
Parliament and of the Council**

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE DELEGATED ACT

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 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 73/2009¹, empower the Commission to adopt delegated acts to adapt the national and net ceilings following the developments relating to the total maximum amounts of direct payments that may be granted.

1.1. Reduction of payments

According to Article 11(1) and without prejudice to Article 11(3) of Regulation (EU) No 1307/2013, Member States shall reduce the amount of direct payments to be granted to a farmer for a given calendar year, pursuant to Chapter 1 of Title III of that Regulation, by at least 5 % for the part of the amount exceeding EUR 150 000. In accordance with Article 7(2) of Regulation (EU) No 1307/2013, the estimated product of reduction shall be made available as additional support for measures under rural development.

In accordance with Article 11(6) of Regulation (EU) No 1307/2013, Member States shall notify the Commission of their decisions on the reduction of payments for calendar year 2020 and of any estimated product of reduction by 31 December 2019.

Bulgaria, Czechia, Denmark, Estonia, Ireland, Spain, Italy, Latvia, Hungary, the Netherlands, Poland, Portugal, Slovakia, Finland, Sweden and the United Kingdom notified an estimated product of reduction bigger than zero.

1.2. Flexibility between pillars

Article 14(1) of Regulation (EU) No 1307/2013 provides that Member States can decide to make a certain share of their annual national ceilings for direct payments available as additional support under the European Agricultural Fund for Rural Development (EAFRD). For calendar year 2020, the sixth subparagraph of Article 14(1) provides that Member States shall notify the Commission their decision by 31 December 2019.

Belgium, Denmark, Germany, Greece, France, the Netherlands and the United Kingdom notified the Commission of their decision to transfer for calendar year 2020 a certain percentage of their annual national ceilings for direct payments as additional support financed under the European Agricultural Fund for Rural Development (EAFRD) in 2021.

Article 14(2) of Regulation (EU) No 1307/2013 provides that Member States can make available as direct payments a certain amount of their EAFRD allocations. For calendar year 2020, the sixth subparagraph of Article 14(2) provides that Member States shall notify the Commission their decision by 8 February 2020.

Croatia, Hungary, Malta and Poland notified the Commission of their decision to make available as direct payments for calendar year 2020 a certain amount of the 2021 EAFRD

¹ OJ L 347, 20.12.2013, p. 608.

allocation to be set by Union legislation adopted after the adoption by the Council of the relevant Regulation pursuant to Article 312(2) TFEU.

The aim of the present amendment is to take aboard the notified Member States' decisions as far as the national and net ceilings for direct payments are concerned.

Moreover, in accordance with the second subparagraph of Article 137(1) of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, Regulation (EU) No 1307/2013 as applicable in the year 2020 does not apply in the United Kingdom for claim year 2020. Therefore, there is no need to set new ceilings for the year 2020 in respect of the United Kingdom.

2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT

Consultations, involving experts from all the 27 Member States and from the European Parliament, have been carried out within the Expert Group of Direct Payments. A meeting held on 18/02/2020 allowed for a full presentation of the Commission's draft provisions and the context of the proposal. Experts did not ask questions or raise comments.

3. LEGAL ELEMENTS OF THE DELEGATED ACT

The act amends the annual national ceilings and the annual net ceilings in Annexes II and III to Regulation (EU) No 1307/2013 based on the Member States' decisions and notifications duly received:

- by EUR 58.2 million as regards the estimated product of the reduction for the calendar year 2020, in accordance with Article 11(6) of Regulation (EU) No 1307/2013;
- by EUR 695.8 million as regards the flexibility between pillars in accordance with the 6th subparagraph of Article 14(1) and (2) of Regulation (EU) No 1307/2013.

4. BUDGETARY IMPLICATIONS

The proposed adaptations of the annual national ceilings and the annual net ceilings for direct payments in Regulation (EU) No 1307/2013 reflect the Member States' decisions and notifications duly received to reduce the amount of direct payments and the estimated product of the reduction, as well as the Member States' decisions on the flexibility between pillars for calendar year 2020.

The amendments will have a neutral financial impact (in commitment appropriations) for the Union budget.

The net effect of the flexibility decisions as notified by Member States is a reduction of the national ceilings in Annex II and Annex III to Regulation (EU) No 1307/2013 for calendar year 2020 of EUR 695.8 million. This results from a transfer of EUR 1 114.2 million from direct payments to the 2021 EAFRD allocations and a transfer of EUR 418.5 million from the 2021 EAFRD allocations to direct payments.

As a consequence of the transfer of the estimated product of reduction, the direct payments net ceiling, referred to in Article 7 of Regulation (EU) No 1307/2013 and laid down in Annex III to the same regulation, is reduced by EUR 58.2 million in calendar year 2020.

The total amounts to be deducted from the direct payments net ceilings laid down in annex III for the calendar year 2020 is EUR 753.9 million.

The corresponding amount (EUR 753.9 million) will be included in the 2021 EAFRD allocations at a later stage.

COMMISSION DELEGATED REGULATION (EU) .../...

of 1.4.2020

amending Annexes II and III 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 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 73/2009², and in particular Articles 6(3) and 7(3) thereof,

Whereas:

- (1) In accordance with Article 11(1) of Regulation (EU) No 1307/2013, Member States are to reduce the amount of direct payments to be granted to a farmer for a given calendar year, pursuant to Chapter 1 of Title III of that Regulation, by at least 5 % for the part of the amount exceeding EUR 150 000, unless they apply paragraph 3 of that Article. In accordance with Article 7(2) of that Regulation, the estimated product of that reduction is to be made available as additional support for measures under rural development.
- (2) In accordance with the third subparagraph of Article 11(6) of Regulation (EU) No 1307/2013, the Member States notified the Commission by 31 December 2019 of their decision with regard to the reduction of the amount of direct payments and the resulting estimated product of reduction for calendar year 2020. The notifications of Bulgaria, Czechia, Denmark, Estonia, Ireland, Spain, Italy, Latvia, Hungary, the Netherlands, Poland, Portugal, Slovakia, Finland, Sweden and the United Kingdom indicated an estimate bigger than zero.
- (3) Pursuant to Article 14(1) of Regulation (EU) No 1307/2013 Member States could opt to make a certain percentage of their annual national ceilings for direct payments available as additional support for measures under rural development programming.
- (4) In accordance with the sixth subparagraph of Article 14(1) of Regulation (EU) No 1307/2013, Belgium, Denmark, Germany, Greece, France, the Netherlands and the United Kingdom notified the Commission of their decision to make available as additional support under the European Agricultural Fund for Rural Development (EAFRD) in 2021 a certain percentage of their annual national ceiling for direct payments for calendar year 2020.

² OJ L 347, 20.12.2013, p. 608.

- (5) Pursuant to Article 14(2) of Regulation (EU) No 1307/2013 Member States could make available as direct payments for calendar year 2020 a certain amount of the support to be financed under the EAFRD in financial year 2021.
- (6) In accordance with the sixth subparagraph of Article 14(2) of Regulation (EU) No 1307/2013, Croatia, Hungary, Malta and Poland notified the Commission of their decision to make available as direct payments for calendar year 2020 a certain amount of their 2021 EAFRD allocation.
- (7) It is therefore necessary to adapt Annexes II and III to Regulation (EU) No 1307/2013 in order to incorporate the proposed amendments to the annual national ceilings and the annual net ceilings for direct payments.
- (8) In accordance with the second subparagraph of Article 137(1) of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, Regulation (EU) No 1307/2013 as applicable in the year 2020 does not apply in the United Kingdom for claim year 2020. Therefore, there is no need to set new ceilings for the year 2020 in respect of the United Kingdom.
- (9) Annexes II and III to Regulation (EU) No 1307/2013 should therefore be amended accordingly.
- (10) As the amendments made by this Regulation affect the application of Regulation (EU) No 1307/2013 for the year 2020, this Regulation should apply from 1 January 2020,

HAS ADOPTED THIS REGULATION:

Article 1

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

Article 2

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 from 1 January 2020.

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

Done at Brussels, 1.4.2020

For the Commission
The President
Ursula VON DER LEYEN