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#### COVER NOTE

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

date of receipt: 10 July 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 10.7.2020  
amending Annexes II and III to Regulation (EU) No 1307/2013 of the  
European Parliament and of the Council as regards the national and net  
ceilings for direct payments for certain Member States for calendar year  
2020

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Delegations will find attached document C(2020) 4552 final.

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Encl.: C(2020) 4552 final



Brussels, 10.7.2020  
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**COMMISSION DELEGATED REGULATION (EU) .../...**

**of 10.7.2020**

**amending Annexes II and III to Regulation (EU) No 1307/2013 of the European Parliament and of the Council as regards the national and net ceilings for direct payments for certain Member States for calendar year 2020**

## 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 73/2009<sup>1</sup>, 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.

In accordance with Article 11 and 14 of Regulation (EU) No 1307/2013, Member States notified by 31 December 2019 and 8 February 2020, their estimate of the product of reduction and their decision as regards flexibility between pillars for calendar year 2020. Based on these notifications, Commission Delegated regulation (EU) No 2020/756<sup>2</sup> adapts the national and net ceilings for direct payments. However, the exceptional circumstances caused by the COVID-19 outbreak and the ensuing containment measures have significant consequences for farmers. In order to mitigate these consequences, certain Member States have requested to review their decisions as regards the transfers between pillars.

Denmark notified the Commission of its revised decision to transfer for calendar year 2020 a certain percentage of its annual national ceiling for direct payments as additional support financed under the European Agricultural Fund for Rural Development (EAFRD) in 2021. Belgium notified the cancellation of its previous transfer decision.

Bulgaria, Denmark, Croatia, Luxembourg and Portugal notified the Commission of their revised decision to make available as direct payments for calendar year 2020 a certain amount of the 2021 EAFRD allocation to be set by Union legislation adopted after the adoption by the Council of the relevant Regulation pursuant to Article 312(2) TFEU.

As a result of the reviewed decisions notified by Denmark, its national and net ceilings for direct payments in the year 2020 remain unchanged. Therefore, it is not necessary to adapt the ceilings set out in Commission Delegated Regulation (EU) 2020/756 in respect of Denmark.

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

### **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 by written procedure from 10 to 12 June 2020. 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 as regards the flexibility between pillars in accordance with the 6<sup>th</sup> subparagraphs of Article 14(1) and (2) of Regulation (EU) No 1307/2013.

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<sup>1</sup> OJ L 347, 20.12.2013, p. 608.

<sup>2</sup> Commission Delegated Regulation (EU) 2020/756 of 1 April 2020 amending Annexes II and III to Regulation (EU) No 1307/2013 of the European Parliament and of the Council (OJ L 179, 9.6.2020, p. 1).

#### 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 updated 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 review of the flexibility decisions as notified by Member States is an increase of the national ceilings in Annex II and Annex III to Regulation (EU) No 1307/2013 for calendar year 2020 of EUR 196.9 million. This results from an additional transfer of EUR 182.2 million from the 2021 EAFRD allocations to direct payments and a reduction of the transfer from direct payments to EAFRD of EUR 14.7 million.

Taking into account the first notifications of December 2019 and February 2020, the total amount transferred from the direct payments net ceilings laid down in annex III for the calendar year 2020 is EUR 557.0 million (EUR 753.9 million resulting from the initial notifications - EUR 196.9 million from this review). The corresponding amount (EUR 557 million) will be included in the 2021 EAFRD allocations at a later stage.

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

**of 10.7.2020**

**amending Annexes II and III to Regulation (EU) No 1307/2013 of the European Parliament and of the Council as regards the national and net ceilings for direct payments for certain Member States for calendar year 2020**

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 73/2009<sup>3</sup>, and in particular Articles 6(3) and 7(3) thereof,

Whereas:

- (1) In accordance with the third subparagraph of Article 11(6) of Regulation (EU) No 1307/2013, several Member States had notified the Commission by 31 December 2019 of their decision with regard to the reduction of the amount of direct payments pursuant to Article 11(1) of that Regulation and of the resulting estimated product of reduction for calendar year 2020.
- (2) In accordance with the sixth subparagraph of Article 14(1) of Regulation (EU) No 1307/2013, several Member States had notified the Commission by 31 December 2019 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.
- (3) In accordance with the sixth subparagraph of Article 14(2) of Regulation (EU) No 1307/2013, several Member States had notified the Commission by 8 February 2020 of their decision to 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.
- (4) Based on those notifications, Commission Delegated Regulation (EU) 2020/756<sup>4</sup> adapted the national ceilings and net ceilings for direct payments set out in Annexes II and III to Regulation (EU) No 1307/2013, respectively, for calendar year 2020.
- (5) However, the exceptional circumstances caused by the COVID-19 pandemic and the ensuing containment measures adopted by Member States expose farmers to severe difficulties. In order to mitigate the consequences of those difficulties, certain Member States have requested to review their decisions as regards the transfers between pillars. In view of the unprecedented nature of the current circumstances, it appears appropriate to accept those requests under the condition that the reviewed amounts and decisions do not entail a breach of the applicants' legitimate expectations.

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<sup>3</sup> OJ L 347, 20.12.2013, p. 608.

<sup>4</sup> Commission Delegated Regulation (EU) 2020/756 of 1 April 2020 amending Annexes II and III to Regulation (EU) No 1307/2013 of the European Parliament and of the Council (OJ L 179, 9.6.2020, p. 1).

- (6) In particular, Denmark notified the Commission of a review of its previous decision notified pursuant to the sixth subparagraph of Article 14(1) of Regulation (EU) No 1307/2013. Belgium cancelled its previous transfer decision.
- (7) In addition, Bulgaria, Denmark, Croatia, Luxembourg and Portugal notified the Commission of a review of their previous decision notified pursuant to the sixth subparagraph of Article 14(2) of Regulation (EU) No 1307/2013.
- (8) It is therefore necessary to adapt the ceilings set out in Annexes II and III to Regulation (EU) No 1307/2013 again for calendar year 2020 in order to incorporate the notified reviewed amounts and decisions.
- (9) As a result of the reviewed decisions notified by Denmark, its national and net ceilings for direct payments in the year 2020 remain unchanged. Therefore, it is not necessary to adapt the ceilings set out in Delegated Regulation (EU) 2020/756 in respect of Denmark.
- (10) 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.
- (11) Annexes II and III to Regulation (EU) No 1307/2013 should therefore be amended accordingly.
- (12) As the amendments made by this Regulation affect the application of Regulation (EU) No 1307/2013 for the year 2020, this Regulation should enter into force on the day following that of its publication and 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, 10.7.2020

*For the Commission*  
*The President*  
*Ursula VON DER LEYEN*