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COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
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To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union

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Subject:	COMMISSION DELEGATED REGULATION (EU) .../... of 19.1.2021 amending Annex I to Regulation (EU) No 1305/2013 of the European Parliament and of the Council as regards the amounts of Union support for rural development in the year 2021

Delegations will find attached document C(2021) 188 final.

Encl.: C(2021) 188 final



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

of 19.1.2021

amending Annex I to Regulation (EU) No 1305/2013 of the European Parliament and of the Council as regards the amounts of Union support for rural development in the year 2021

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE DELEGATED ACT

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 European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005, empowers the Commission to adopt delegated acts to adapt the ceilings set out in Annex I to that Regulation notably to take into account transfers by Member States to and/or from EAFRD in application of Articles 7(2) and 14(1) of Regulation (EU) No 1307/2013¹.

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

¹ 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).

Furthermore, the exceptional circumstances caused by COVID-19 outbreak and the ensuing containment measures have significant consequences for farmers. In order to mitigate these consequences, certain Member States requested to review their decisions as regards the transfers between pillars. By 18 May 2020, four Member States 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, i.e. Bulgaria, Croatia, Luxembourg and Portugal introduced a new transfer, Croatia increased its initial amount. Belgium notified the Commission of a review of their previous decision notified pursuant to the sixth subparagraph of Article 14(2) of Regulation (EU) n° 1307/2013.

In addition, on 9 June 2020, Denmark notified the Commission an increase of the percentage of its annual national ceiling for direct payments to transfer as additional support for rural development in 2021. At the same time, Denmark notified a transfer from rural development to direct payments corresponding to the amount of the increase in the other way. As a result, its national and net ceilings for direct payments in the year 2020 remain unchanged.

The aim of the present amendment is to take aboard the notified Member States' decisions as regards the allocations for year 2021 set out in Annex I to Regulation (EU) No 1305/2013.

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 Rural Development on 10 December 2020.

3. LEGAL ELEMENTS OF THE DELEGATED ACT

The act increases the Member States' allocations in Annex I to Regulation (EU) No 1305/2013 by in total EUR 557 million (EUR 753.9 million resulting from the initial notifications – EUR 196.9 million from the May 2020 review), based on the Member States' decisions and notifications duly received.

4. BUDGETARY IMPLICATIONS

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

The effect of the flexibility decisions as notified by Member States is an increase of EUR 557 million of the allocations for 2021 in Annex I to Regulation (EU) No 1305/2013. The corresponding amount has been deducted from direct payments net ceilings laid down in Annex III to Regulation (EU) No 1307/2013 for calendar year 2020².

² C(2020)4552

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

of 19.1.2021

amending Annex I to Regulation (EU) No 1305/2013 of the European Parliament and of the Council as regards the amounts of Union support for rural development in the year 2021

THE EUROPEAN COMMISSION,

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

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 1698/2005¹, and in particular Article 58(7) thereof,

Whereas:

- (1) In accordance with Article 11(1) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council², 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. 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 the European Agricultural Fund for Rural Development (EAFRD).
- (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 estimated product of reduction bigger than zero.
- (3) 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 by 31 December 2019 of their decision to make available as additional support under the EAFRD in financial year 2021 a certain percentage of their annual national ceiling for direct payments for calendar year 2020.
- (4) In accordance with the sixth subparagraph of Article 14(2) of Regulation (EU) No 1307/2013, Croatia, Hungary, Malta and Poland notified the Commission by 8 February 2020 of their decision to make available as direct payments for calendar year

¹ 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 1698/2005 (OJ L 347, 20.12.2013, p. 487).

² 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).

2020 a certain amount of the support to be financed under the EAFRD in financial year 2021.

- (5) On the basis of those notifications, Annexes II and III to Regulation (EU) No 1307/2013 were amended by Commission Delegated Regulation (EU) 2020/756³.
- (6) However, in light of the exceptional circumstances caused by the COVID-19 pandemic, Belgium, Bulgaria, Croatia, Luxembourg and Portugal subsequently modified their initial transfer request. As a result, Annexes II and III to Regulation (EU) 1307/2013 were amended again by Commission Delegated Regulation (EU) 2020/1314⁴.
- (7) It is therefore necessary to adapt the allocations for rural development laid down in Annex I to Regulation (EU) No 1305/2013 for the year 2021.
- (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 (Withdrawal Agreement), Regulation (EU) No 1307/2013 as applicable in the year 2020 does not apply in the United Kingdom for claim year 2020. Therefore, Delegated Regulation (EU) 2020/756 did not set new ceilings for the year 2020 in respect of the United Kingdom. As the ceilings for direct payments for calendar year 2020 are to be taken into account for the support financed under the EAFRD in financial year 2021, and as the transition period provided for in the Withdrawal Agreement ends on 31 December 2020, there is no need to set ceilings for financial year 2021 in respect of the United Kingdom.
- (9) Annex I to Regulation (EU) No 1305/2013 should therefore be amended accordingly.
- (10) As the amendments made by this Regulation affect the application of Regulation (EU) No 1305/2013 for the year 2021, this Regulation should enter into force on the day following that of its publication in the *Official Journal of the European Union* and should apply from 1 January 2021,

HAS ADOPTED THIS REGULATION:

Article 1

Part Two of Annex I to Regulation (EU) No 1305/2013 is replaced by the text in 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 2021.

³ 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 Commission Delegated Regulation (EU) 2020/1314 of 10 July 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 (OJ L 307, 22.9.2020, p. 1).

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

Done at Brussels, 19.1.2021

For the Commission
The President
Ursula VON DER LEYEN