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Subject: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulations (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products, (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs, (EU) No 251/2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products, (EU) No 228/2013 laying down specific measures for agriculture in the outermost regions of the Union and (EU) No 229/2013 laying down specific measures for agriculture in favour of the smaller Aegean islands

– *Letter to the Chair of the European Parliament Committee on Agriculture and Rural Development*

Following the Special Committee on Agriculture meeting of 23 July 2021 which endorsed the final compromise text with a view to agreement, delegations are informed that the Presidency sent the attached letter, together with its Annex, to the Chair of the European Parliament Committee on Agriculture and Rural Development.



Council of the European Union

SGS 21 / 003385

Brussels, 23 July 2021

Mr Norbert LINS, MEP
Chair, Agriculture and Rural Development

Subject: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council

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Dear Mr Lins,

Following the informal contacts between the European Parliament and the Council, Presidency compromise texts on the three abovementioned Commission proposals were agreed today by the Special Committee on Agriculture.

I am therefore now in a position to confirm that, should the European Parliament adopt its position at first reading on the three Commission proposals, in accordance with Article 294 paragraph 3 of the Treaty on the Functioning of the European Union (TFEU), in the form set out in the Annex to this letter (subject to revision by the legal linguists of both institutions), the Council would, in accordance with Article 294, paragraph 4 TFEU, approve the European Parliament's position and the three acts shall be adopted in the wording which corresponds to the European Parliament's position.

On behalf of the Council I also wish to thank you for your close cooperation which should enable us to reach agreement on this dossier at first reading.

Yours sincerely,



Ms Simona VREVC
Chair of the Special Committee on Agriculture

copy to: **Mr Frans TIMMERMANS**, Executive Vice-President, European Commission
Mr Janusz WOJCIECHOWSKI, Commissioner for Agriculture
Mr Peter JAHR, MEP, Rapporteur for the CAP Strategic Plans Regulation
Ms Ulrike MÜLLER, MEP, Rapporteur for the FMM/Horizontal Regulation
Mr Eric ANDRIEU, MEP, Rapporteur for the Amending/CMO Regulation

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council

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 42 and Article 43(2) thereof,

Having regard to the 1979 Act of Accession, and in particular paragraph 6 of Protocol No 4 on cotton attached thereto,

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 Committee¹,

Having regard to the opinion of the Committee of the Regions²,

¹ OJ C , , p. .

² OJ C , , p. .

Having regard to the opinion of the Court of Auditors,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled ‘The Future of Food and Farming’ of 29 November 2017 sets out the challenges, objectives and orientations for the future Common Agricultural Policy (CAP) after 2020. These objectives include, inter alia, the need for the CAP to be more result-driven, market-oriented, to boost modernisation and sustainability, including the economic, social, environmental and climate sustainability of the agricultural, forestry and rural areas, and to help reducing the Union legislation-related administrative burden for beneficiaries.
- (1b) In order to address the global dimension and implications of the CAP, the Commission should ensure coherence with the Union external policies and instruments, in particular in development cooperation and trade. The Union’s commitment to policy coherence for development requires the taking into account of development objectives and principles when designing policies.

- (2) Since the CAP needs to sharpen its responses to the challenges and opportunities as they manifest themselves at Union, international, national, regional, local and farm levels, it is necessary to streamline the governance of the CAP and improve its delivery on the Union objectives and to significantly decrease the administrative burden. In the CAP based on delivery of performance ('delivery model'), the Union should set the basic policy parameters, such as objectives of the CAP and basic requirements, while Member States should bear greater responsibility as to how they meet the objectives and achieve targets. Enhanced subsidiarity makes it possible to better take into account local conditions and needs and the particular nature of agricultural activity, which results from the social structure of agriculture and from structural and natural disparities between the various agricultural regions, tailoring the support to maximise the contribution to Union objectives.
- (2a) Rules on measures linking effectiveness of Union Funds to sound economic governance, on territorial development and on visibility of support from Union Funds laid down in Regulation (EU) [CPR] of the European Parliament and of the Council should also apply to support for rural development under this Regulation to ensure coherence with the Union Funds concerned on these aspects.
- (3) Member States should be given the flexibility to specify certain definitions in their CAP Strategic Plan. In order to ensure a common level playing field, a certain framework has, however, to be set at Union level constituting the necessary common elements to be included in those definitions ('framework definitions').

- (4) In order to enhance the role of agriculture in providing public goods, it is necessary to establish an appropriate framework definition of agriculture activity. Moreover, in order to ensure that the Union can respect its international obligations on domestic support as set out in the WTO Agreement on Agriculture, and in particular that the basic income support for sustainability and related types of interventions continue to be notified as ‘Green Box’ support which has no, or at most minimal, trade-distorting effects or effects on production, the framework definition for ‘agricultural activity’ should provide for both, the production of agricultural products and the maintenance of the agricultural area, while farmers should have the choice between those two types of activities. In light of adjusting to local conditions, Member States should lay down the actual definition of agricultural activity in their CAP Strategic Plans.

- (5) In order to retain essential Union-wide element to ensure comparability between Member State decisions, without however limiting Member States in reaching Union objectives, a framework definition for ‘agricultural area’ should be set out. The related framework definitions for ‘arable land’, ‘permanent crops’ and ‘permanent grassland’ should be set out in a broad way to allow Member States to further specify definitions according to their local conditions. The framework definition for ‘arable land’ should be laid down in a way that allows Member States to cover different production forms and that requires to include fallow land areas in order to ensure the decoupled nature of the interventions. The framework definition of ‘permanent crops’ should include both areas actually used for production and not, as well as nurseries and short rotation coppice to be defined by Member States. The framework definition of ‘permanent grassland’ should be set in a way that in cases where grasses and other herbaceous forage remain predominant, it does not exclude other species that can be grazed. It should also, enable Member States to specify further criteria and allow them to include species other than grasses or other herbaceous forage that may produce animal feed, whether used for actual production or not. This could encompass species of which parts of the plant, such as leaves, flowers, stems or fruits can be grazed directly or when they fall to the ground. Member states should also be able to decide whether to limit the land where grasses and other herbaceous forage are not predominant or absent in grazing areas including to land which forms part of established local practices. The framework definitions of ‘agricultural area’ should ensure that Member States cover agroforestry systems, where trees are grown in agricultural parcels on which agricultural activities are carried out to improve the sustainable use of the land.

- (6) Synergies between the EAFRD and Horizon Europe should encourage that the EAFRD makes the best use of research and innovation results, in particular those stemming from projects funded by Horizon Europe and the European Innovation Partnership (EIP) for ‘agricultural productivity and sustainability’, leading to innovations in the farming sector and rural areas.
- (7) In order to ensure legal certainty that support is paid for an agricultural area which is at the farmer's disposal and where an agricultural activity is exercised, a framework definition for ‘eligible hectare’ with the essential elements should be set out. In particular, Member States should set the conditions to determine whether the land is at the farmer’s disposal. Considering the likelihood of occasional and temporary use of agricultural land for an activity which is not strictly agricultural, and given the potential of certain non-agricultural activities to contribute to the income diversification of agricultural holdings, Member States should set appropriate conditions to include areas also used for non-agricultural activities as eligible hectares.

In view of the high environmental ambition of the CAP, the eligible area should not be reduced as a result of the implementation of certain rules of conditionality and of the schemes for the climate and the environment under direct payments. Agricultural areas should not become ineligible for direct payments when cultivated with non-agricultural products by way of paludiculture under EU schemes which contribute to one or more environmental or climate related objectives of the Union. Furthermore, agricultural areas should remain eligible for direct payments when subject to certain EU provisions relating to the environmental protection, or afforested under rural development measures, including those afforested under the compliant national schemes, or areas under certain set-aside commitments.

Also, taking into account the need of simplification, Member States should be allowed to decide that landscape features that do not significantly hamper the performance of the agricultural activity on a parcel remain part of the eligible area. When calculating the eligible area of permanent grassland, to deduct the areas occupied by ineligible features, Member States should be allowed to apply simplified methodology.

- (8) As regards the areas used for the production of hemp, in order to preserve public health and to ensure the coherence with other bodies of legislation, the use of hemp seeds varieties with tetrahydrocannabinol content below 0.3% should be part of the definition of eligible hectare.
- (9) In view of further improving the performance of the CAP, income support should be targeted to active farmers. To ensure a common approach at Union level, a framework definition for ‘active farmer’ displaying the essential elements should be set out. Member States should define in their CAP Strategic Plans which farmers are considered active farmers based on objective conditions. To reduce the administrative burden Member States should be allowed to grant direct payments to smaller farmers who also contribute to the vitality of rural areas and to establish a negative list of non-agricultural activities compared to which the agricultural activities are typically marginal. The negative list should not be the only way in which the definition is determined but should be used as a complementary tool to help identifying such non-agricultural activities, without prejudice for the persons concerned to prove that they fulfil the criteria of the definition of active farmer. To ensure a better income, strengthen the socio-economic fabric of rural areas or pursue related objectives, the definition of active farmer should not result in excluding from support pluri-active or part-time farmers, who in addition to farming are also engaged in non-agricultural activities.

- (9a) Equality between women and men is a core principle of the Union and gender mainstreaming is an important tool in the integration of that principle into to the CAP.

There should therefore be a particular focus on promoting the participation of women in the socio-economic development of rural areas, with special attention to farming, supporting women's key role. Member States should be required to assess the situation of women in farming and address challenges in their strategic plans. Gender equality should be an integral part of the preparation, implementation and evaluation of CAP interventions. Member States should also strengthen their capacity in gender mainstreaming and in the collection of sex-disaggregated data.

- (10) In order to ensure consistency between the direct payments types of interventions and rural development types of interventions when addressing the objective of generational renewal, a framework definition for 'young farmer' with the essential elements should be set out at Union level.

- (10a) In order to ensure consistency between the direct payments types of interventions and rural development types of interventions when addressing the objective of facilitating business development in rural areas, a framework definition for 'new farmer' with common elements should be set out at Union level.

- (11) In order to give substance to the objectives of the CAP as established by Article 39 of the Treaty on the Functioning of the European Union (TFEU), as well as to ensure that the Union adequately addresses its most recent challenges, it is appropriate to provide for a set of general objectives reflecting the orientations given in the Communication on ‘The Future of Food and Farming’. A set of specific objectives should be further defined at Union level and applied by the Member States in their CAP Strategic Plans, taking into account the fact that in the Member States agriculture constitutes a sector closely linked with the economy as a whole. While striking a balance across the dimensions of sustainable development, in line with the impact assessment, these specific objectives should translate the general objectives of the CAP into more concrete priorities and take into account relevant Union legislation, particularly with regard to climate, energy and environment.
- (12) A smarter, modernised and more sustainable CAP needs to embrace research and innovation, in order to serve the multi-functionality of Union agriculture, forestry and food systems, investing in technological development and digitalisation, as well as improving the uptake and effective deployment of technologies, digital technologies in particular, and the access to and increased sharing of impartial, sound, relevant and new knowledge.
- (12a) The Union needs to foster a modern, competitive, resilient and diversified agricultural sector which reaps the benefits of high-quality production and resource-efficiency, and which ensures long term food security as part of a competitive and productive agri-food sector while safeguarding the family farm model.

- (12b) In order to support viable farm income and resilience of the agricultural sector across the Union to enhance long term food security, there is a need to improve the farmers' position in the value chain in particular by encouraging forms of cooperation that involve and benefit farmers, as well as by promoting short supply chains and improving market transparency.
- (12c) The Union needs to improve the response to societal demands on food and health, including high quality, safe, and nutritious food produced in a sustainable way. In order to advance in this direction, specific sustainable farming practices, such as organic farming, integrated pest management, agro-ecology, agroforestry or precision farming will need to be promoted. Similarly, actions to promote higher levels of animal welfare and initiatives to combat antimicrobial resistance should also be stimulated.
- (13) The delivery model should not lead to a situation in which there are 27 different national agricultural policies, thus endangering the common nature of the CAP and the internal market. It should, however, leave to Member States a certain degree of flexibility within a strong common regulatory framework. This Regulation should therefore set the Union objectives and define the types of interventions as well as the common Union requirements applicable to Member States thus ensuring the common nature of the policy. Member States should be in charge of translating that Union regulatory framework into support arrangements applicable to beneficiaries using an increased level of flexibility. In that context, Member States should act in line with the Charter of Fundamental Rights, general principles of Union law and ensure that the legal framework for the granting of Union support to beneficiaries be based on their CAP Strategic plans and be in line with the principles and requirements set out under this Regulation and the [Horizontal Regulation]. They should also implement their CAP Strategic Plans as approved by the Commission.

- (14) In order to foster a smart and resilient agricultural sector, direct payments keep on constituting an essential part to guarantee a fair income support to farmers. Likewise, investments into farm restructuring, modernisation, innovation, diversification and uptake of new practices and technologies are necessary to improve farmers' market reward.
- (15) In the context of greater market-orientation of the CAP, as outlined by the Communication on 'The Future of Food and Farming', market exposure, climate change and associated frequency and severity of extreme weather events, as well as sanitary and phytosanitary crises, may lead to risks of price volatility and increasing pressures on incomes, in particular of primary producers. Thus, although farmers are ultimately responsible for designing their on-farm strategies and for improving the resilience of their farms, a robust framework should be set up to ensure appropriate risk management.
- (16) Supporting and improving environmental protection and climate action and contributing to the achievement of Union environmental- and climate-related objectives is a very high priority in the future of Union agriculture and forestry.

The CAP should play a role both in reducing negative impacts on the environment and climate, including biodiversity, and also in increasing the provision of environmental public goods –on all types of farmland and forest land (including high-nature-value areas) and in rural areas as a whole.

The architecture of the CAP should therefore reflect greater ambition with respect to these objectives. It should include elements which support or otherwise induce a wide range of action in pursuit of the objectives – within agriculture, food production, forestry and rural areas as a whole.

The best combination of types of action for addressing these objectives will vary from one Member State to another. Concurrently with the need to increase efforts on adaptation to climate change, reductions in greenhouse gas emissions and enhanced carbon sequestration, that are both important in mitigating climate change. Energy production and use supported through the CAP should concern energy which clearly displays the characteristics of sustainability including GHG. With regard to the management of natural resources, a lower dependence on chemicals such as artificial fertilizers and pesticides may be particularly helpful including for the protection of biodiversity, where lower dependence on pesticides and action to halt and reverse the decline of pollinator populations is timely needed in many parts of the Union.

As many rural areas in the Union suffer from structural problems such as lack of attractive employment opportunities, skill shortages, underinvestment in broadband and connectivity, digital and other infrastructures and essential services, as well as youth drain, it is fundamental to strengthen the socio-economic fabric in those areas, in line with the Cork 2.0. Declaration, particularly through job creation and generational renewal, by bringing the Commission's jobs and growth to rural areas, and promoting social inclusion, support for young people, greater participation by women in the rural economy, generational renewal and the development of 'Smart Villages' across the European countryside, contributing to mitigate depopulation. With a view to stabilising and diversifying the rural economy, the development, establishment and retention of non-agricultural enterprises should be supported. As indicated in the Communication on 'The Future of Food and Farming', new rural value chains such as renewable energy, the emerging bio-economy, the circular economy, and ecotourism can offer good growth and job potential for rural areas, while conserving natural resources. In this context, financial instruments and the use of the InvestEU guarantee can play a crucial role for ensuring access to financing and for bolstering the growth capacity of farms and enterprises. There is a potential for employment opportunities in rural areas for legally staying third country nationals, promoting their social and economic integration especially in the framework of Community-led Local Development strategies.

- (17) The CAP should keep ensuring food security, which should be understood as meaning access to sufficient, safe and nutritious food at all times. Moreover, it should help improving the response of Union agriculture to new societal demands on food and health, including sustainable agricultural production, healthier nutrition, food waste and animal welfare. The CAP should continue to promote production with specific and valuable characteristics, while at the same time helping farmers to proactively adjust their production according to market signals and consumers' demands.
- (18) In view of the scope of the reform that is necessary to achieve the objectives and respond to concerns, it is appropriate to provide for a new legal framework in one single Regulation that covers the Union support financed by the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD) and that replaces the arrangements currently laid in Regulation (EU) No 1305/2013 of the European Parliament and of the Council³ and Regulation (EU) No 1307/2013 of the European Parliament and of the Council⁴.

³ 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).

⁴ 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).

- (19) This Regulation should lay down the rules that apply to Union support financed by the EAGF and the EAFRD and granted in the form of types of interventions specified in a CAP Strategic Plan drawn up by the Member States and approved by the Commission.
- (20) In order to ensure that the Union can respect its international obligations on domestic support as set out in the WTO Agreement on Agriculture, certain types of interventions provided for in this Regulation should continue to be notified as ‘Green Box’ support which has no, or at most minimal, trade-distorting effects or effects on production, or to be notified as ‘Blue Box’ support under production-limiting programs and is so exempted from reduction commitments. While the provisions set out in this Regulation for such types of interventions are already in compliance with the ‘Green Box’ requirements as set out in Annex 2 to the WTO Agreement on Agriculture or the ‘Blue Box’ requirements set out in its Article 6.5, it should be ensured that the interventions planned by Member States in their CAP Strategic Plans for these types of interventions continue to respect those requirements. In particular, the crop specific payment for cotton in this Regulation should continue to be designed to respect the provisions of the "Blue Box".
- (20a) Compliance of interventions including coupled income support with the Union's international commitments should be ensured. This includes in particular the requirements of the Memorandum of Understanding between the European Economic Community and the United States of America on oilseeds within the framework of the GATT⁵,¹ as applicable subsequent to changes to the EU separate base area for oilseeds following changes to the composition of the EU. The Commission should have the power to adopt implementing acts for this purpose of laying down detailed rules in this respect.

⁵ Memorandum of Understanding between the Economic Community and the United States of America on oil seeds under GATT (OJ L147, 18/06/1993)

- (20b) The information and assessment of the performance of the CAP based on the implementation of the CAP Strategic Plans will be taken into account in the regular assessments of the Policy Coherence for Sustainable Development of the European Commission.
- (21) Building on the previous system of cross-compliance implemented until 2020, the system of new conditionality links full receipt of CAP support to the compliance by beneficiaries of basic standards concerning the environment, climate change, public health, plant health and animal welfare. The basic standards encompass in a streamlined form a list of statutory management requirements (SMRs) and standards of good agricultural and environmental conditions of land (GAECs). These basic standards should better take into account the environmental and climate challenges and the new environmental architecture of the CAP, thus delivering a higher level of environmental and climate ambition as the Commission announced in its Communications on the ‘Future of Food and Farming’ and the Multiannual Financial Framework (MFF). Conditionality aims to contribute to the development of sustainable agriculture through better awareness on the part of beneficiaries of the need to respect those basic standards. It also aims to make the CAP more compatible with the expectations of society through improving consistency of the policy with the environment, public health, plant health and animal welfare objectives. Conditionality should form an integral part of the environmental architecture of the CAP, as part of the baseline for more ambitious environmental and climate commitments, and should be comprehensively applied across the Union. For those farmers who do not comply with those requirements, Member States should ensure that proportionate, effective and dissuasive penalties are applied in accordance with [the HZR Regulation].

(22) The framework of standards of GAECs aims to contribute to the mitigation and adaptation to climate change, to tackle water challenges, the protection and quality of soil and the protection and quality of biodiversity. The framework needs to be enhanced to take into account in particular the practices set until 2022 under the greening of direct payments, the mitigation of climate change and the need to improve farms sustainability and biodiversity contribution. It is acknowledged that each GAEC contributes to multiple objectives. In order to implement the framework, Member States should define a national standard for each of the standards set at Union level taking into account the specific characteristics of the area concerned, including soil and climatic conditions, existing farming conditions, land use, farming practices and farm structures. Given the existing practices under organic farming system, no further requirement will be applicable for organic farmer as regards crop rotation. In addition for the standards on crop rotation and on minimum share of arable land for biodiversity, some exceptions may be considered by Member States to avoid excessive burden on smaller farms or to exclude some farms that already fulfil the objective of standards as a result of being covered to a significant extend by grassland or fallow land. Exception should also be provided for minimum share of arable land requirement for biodiversity in the case of predominantly forested Member States. The Commission should be empowered to adopt delegated provisions exclusively aiming at ensuring a minimum level-playing field for the implementation of GAEC 1.

(23) SMRs need to be fully implemented by Member States in order to become operational at farm level and ensure equal treatment of farmers. To ensure the consistency of the rules on conditionality in enhancing the sustainability of the policy, SMRs should encompass main Union legislation on environment, public health, plant health and animal welfare which implementation at national level imply precise obligations on individual farmers, including obligations under Council Directive 92/43/EEC⁶ and Directive 2009/147/EC of the European Parliament and of the Council⁷ or Council Directive 91/676/EEC.⁸ In order to follow up on the joint statement made by the European Parliament and the Council as annexed to Regulation (EU) No 1306/2013 of the European Parliament and of the Council,⁹ the relevant provisions of Directive 2000/60/EC of the European Parliament and of the Council¹⁰ and Directive 2009/128/EC of the European Parliament and of the Council¹¹ are included as SMRs into the scope of conditionality and the list of GAEC standards is adapted accordingly.

⁶ Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7).

⁷ Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 20, 26.1.2010, p. 7).

⁸ Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources (OJ L 375, 31.12.1991, p. 1).

⁹ 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).

¹⁰ Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1).

¹¹ Directive 2009/128/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for Community action to achieve the sustainable use of pesticides (OJ L 309, 24.11.2009, p. 71).

(23a) In order to contribute to the development of socially sustainable agriculture through better awareness, on the part of beneficiaries of CAP support, of the employment and social standards, a new mechanism integrating social concerns should be introduced.

Such a mechanism should link full receipt of CAP direct payments and payments under Articles 65, 66 and 67 to the compliance by beneficiaries with basic standards concerning working and employment conditions for farm workers and occupational safety and health; in particular certain standards under Directive 2019/1152/EU on transparent and predictable working conditions, Directive 89/391/EEC on measures to encourage improvements in health and safety of workers and Directive 2009/104/EC on minimum safety and health requirements for use of work equipment by workers. By 2025, the Commission will assess the feasibility of including Regulation 492/2011, Article 7(1) on the free movement of workers and will, if appropriate, propose legislation to that effect.

For those farmers who do not comply with those requirements, Member States should ensure that proportionate, effective and dissuasive penalties are applied in accordance with [the HZR Regulation]. Due to the principle of judicial independence it will not be possible to impose upon the judicial systems specific requirements on how decisions and convictions are made other than what is provided for under the legislation the decision/conviction is based upon.

When establishing the social conditionality mechanism, in order to respect the right of Member States to define the fundamental principles of their social and labour systems, due account should be taken of the diverse national frameworks. Therefore, the Member State's choice of enforcement methods, collective bargaining and the role of social partners, including, where applicable, in the implementation of directives in the social and employment domain, should be considered. National labour market models and the autonomy of the social partners shall be respected. This regulation shall not impose any obligations on the social partners or on Member States regarding enforcement or controls in areas which according to the national labour market models are the responsibility of the social partners.

Because of the complexity of setting up systems at national level which respect the autonomy and specificity of national systems, Member States may choose to implement social conditionality at a later date but in any event no later than 1/1/2025.

- (24) Member States should ensure farm advisory services tailored to the various types of productions for the purpose of improving the sustainable management and overall performance of agricultural holdings and rural businesses, covering economic, environmental and social dimensions, and to identify the necessary improvements as regards all measures at farm level provided for in the CAP Strategic Plans as well as for digitalisation. These farm advisory services should help farmers and other beneficiaries of CAP support to become more aware of the relationship between farm management and land management on the one hand, and certain standards, requirements and information, including environmental and climate ones, on the other hand. The list of the latter includes standards applying to or necessary for farmers and other CAP beneficiaries, including cooperatives, and set in the CAP Strategic Plan, as well as those stemming from the legislation on water, on the sustainable use of pesticides, nutrient management as well as the initiatives to combat antimicrobial resistance, the management of risks and innovation support for preparing and implementing emerging EIP Operational Groups, grasping grassroots innovative ideas. In order to enhance the quality and effectiveness of the advice, Member States should integrate all public and private advisors and advisory networks within the Agricultural Knowledge and Innovation Systems (AKIS), in order to be able to deliver up-to-date technological and scientific information developed by research and innovation.

In order to support both the agronomic and the environmental performance of farms, information on nutrient management with focus on nitrogen and phosphate which are the nutrients that from an environmental perspective can pose particular challenges and therefore deserve particular attention, will be provided with the help of a dedicated electronic Farm Sustainability Tool made available by the Member States to individual farmers. The tool should provide on-farm decision support. In order to ensure a level playing field between farmers and across the Union, the Commission may provide support to the Member States in the design of the Tool.

In order to better inform and advise farmers on their obligations towards their workers with regard to the social dimension of the CAP, the farm advisory services should inform about the requirements regarding the provision, in writing, of the information referred to in Article 4 of Directive 2019/1152 and on the health and safety standards which are applicable on farms.

- (25) In order to ensure a fairer distribution of income support, Member States should be allowed to reduce the amounts of direct payments above a certain ceiling and the product should either be used for decoupled direct payments and in priority for the complementary redistributive income support for sustainability, or be transferred to the EAFRD. In order to avoid negative effects on employment, Member States should be allowed to take into account labour when applying the mechanism.

- (25a) To avoid the excessive administrative burden caused by managing numerous payments of small amounts and to ensure an effective contribution of the support to the objectives of the CAP to which the direct payments contribute, Member States should set requirements in terms of minimum area or support-related minimum amount for receiving direct payments in their CAP Strategic Plan. When Member States decide to grant animal-related coupled income support, they should always set a threshold in terms of minimum amount to avoid penalizing farmers, who are eligible for this support, but whose area is below the threshold. Due to the very specific farming structure in the smaller Aegean Islands, Member States should be able to decide whether any minimum threshold should apply in this area.
- (25b) Considering the importance of farmers' participation in risk management tools, Member States should be allowed to assign a certain percentage of direct payments to support the farmers' contributions to such tools.
- (26) In order to guarantee a minimum level of agricultural income support for all active farmers, as well as to comply with the Treaty objective in ensuring a fair standard of living for the agricultural community, an annual area-based decoupled payment should be established as the type of intervention 'basic income support for sustainability'. In order to enhance better targeting of this support, the payment amounts can be differentiated, by groups of territories, based on socio-economic and/or agronomic conditions. In view of avoiding disruptive effects for farmers' income, Member States may choose to implement the basic income support for sustainability based on payment entitlements. In this case, the value of payment entitlements before any further convergence should be proportional to their value as established under the basic payment schemes pursuant to Regulation (EU) No 1307/2013, taking also into account the payments for agricultural practices beneficial for the climate and the environment. Member States should also achieve further convergence in order to continue to move progressively away from historical values.

- (27) When providing decoupled direct support based on the system of payment entitlements, Member States should continue to manage a national reserve or reserves per group of territories. Such reserves should be used, as a matter of priority, for young farmers and farmers commencing their agricultural activity. Rules on the use and transfers of payment entitlements are also necessary in order to guarantee a smooth functioning of the system.
- (28) Small farms remain a cornerstone of Union agriculture as they play a vital role in supporting rural employment and contribute to territorial development. In order to promote a more balanced distribution of support and to reduce administrative burden for beneficiaries of small amounts, Member States should have the option to design a specific intervention for small farmers replacing the other direct payments interventions. In order to enhance better targeting of this support, a differentiation of the payment should be possible. To enable small farmers to choose the system that best suit their needs, participation of farmers in the intervention should be optional.
- (29) In view of the acknowledged need to promote a more balanced distribution of support towards small and/or medium-sized farmers in a visible and measurable way, Member States should implement a complementary redistributive income support for sustainability and, as laid down in the provisions on minimum allocations, dedicate at least 10% of the direct payments envelope to this intervention. To allow for a better targeting of this complementary support and in view of acknowledging the differences in farm structures across the Union, Member States should have the possibility to provide different amounts of complementary support to different ranges of hectares as well as to differentiate the support by regional level or by the same groups of territories as set in their CAP Strategic Plan for the basic income support for sustainability.

- (29a) It is within the responsibility of Member States to provide for a targeted distribution of direct payments and to reinforce income support for those who need it most. Various instruments available for Member States can effectively contribute to this objective, including capping and degressivity, and interventions such as the complementary redistributive income support for sustainability and the payment for small farmers. An overview of Member States' efforts in this respect should be laid down in the respective CAP Strategic Plan. Based on the needs in terms of fairer distribution of direct payments, including needs based on specific farm structure, Member States should have the possibility to opt either for the application of a mandatory redistributive payment and the corresponding minimum percentage, or for other appropriate measures, including the redistributive payment at a lower percentage.
- (30) The creation and development of new economic activity in the agricultural sector by young farmers is financially challenging and constitutes an element that should be considered when designing the intervention strategy in the allocation and targeting of direct payments. This development is essential for the competitiveness of the agricultural sector in the Union and, for this reason, Member States may establish a complementary income support for young farmers. This type of interventions should provide young farmers with an additional income support after the initial setting up. Based on their needs assessment, Member States should be able to decide on a calculation method for the payment, either per hectare or as a lump sum, and possibly limited to a maximum number of hectares. Since it should only cover the initial period of the life of the business, such payment should only be granted during a maximum duration after the submission of aid application and shortly after the initial setting up. Where the duration of the payment goes beyond 2027, Member States should ensure that no legal expectations of beneficiaries are created for the period after 2027.

(31) The CAP should ensure that Member States increase the environmental delivery by respecting local needs and farmers' actual circumstances. Member States should under direct payments in the CAP Strategic Plan set up Eco-schemes voluntary for farmers, which should be fully coordinated with the other relevant interventions. They should be defined by the Member States as a payment granted either for incentivising and remunerating the provision of public goods by agricultural practices beneficial to the environment and climate or as a compensation for carrying out these practices. In both cases they should aim at enhancing the environmental and climate performance of the CAP and should consequently be conceived to go beyond the mandatory requirements already prescribed by the system of conditionality. To ensure efficiency, eco-schemes should in principle cover at least two areas of action for the climate, the environment, animal welfare and antimicrobial resistance. For the same purpose, while compensation should be based on costs incurred, income loss and transaction costs stemming from the agricultural practices committed, taking into account the targets set under eco-schemes, the payments additional to basic income support need to reflect the level of ambition of the practices committed, Member States may decide to set up eco-schemes for agricultural practices carried out by farmers on agricultural areas, including but not limited to agricultural activities, such as the enhanced management of permanent pastures and landscape features, rewetting of peatlands and paludiculture, and organic farming. Organic farming, as regulated by Regulation (EU) 2018/848 of the European Parliament and of the Council, is a farming system that has the potential to substantially contribute to the achievement of multiple CAP specific objectives as laid out in Article 6(1) of this Regulation; and in particular to the specific environmental- and climate-related objectives set out in points (d), (e) and (f) of Article 6(1). In view of the positive effects of organic farming on the environment and the climate, Member States may in particular consider organic farming when setting up eco-schemes for agricultural practices and assess in this context the level of support needed for agricultural land managed under the organic scheme. Eco-schemes may also include 'entry-level schemes' which may be a condition for taking up more ambitious environmental, climate and animal welfare commitments under rural development and enhanced eco-schemes to ensure simplification. Member States may also plan eco-schemes for supporting practices on animal welfare and antimicrobial resistance.

- (32) Member States should be allowed to use part of their financial ceiling available for direct payments for coupled income support in order to improve competitiveness, sustainability, and/or quality in certain sectors and productions that are particularly important for social, economic or environmental reasons and undergo certain difficulties. When designing these interventions, Member States should take their potential impact on the internal market into account.
- (32a) As it is widely recognised that production of protein crops undergoes in the EU serious difficulties, there is no need to demonstrate such difficulties in the case of coupled income support interventions that target these crops. Besides, Member States should also be allowed to use an additional part of their financial ceiling available for direct payments to grant coupled income support specifically for the support of protein crop production in order to reduce the Union's deficit in this regard. Furthermore, Member States should be able to support mix between legumes and grasses under coupled income support as long as the former remains predominant in this mixture.
- (34) In accordance with the objectives set out in Protocol No 4 on cotton attached to the 1979 Act of Accession, it is necessary to continue a ‘crop-specific payment’ per eligible hectare linked with the cultivation of cotton, as well as the support for inter-branch organisations in the cotton producing regions. However, since the budgetary allocation for cotton is fixed and cannot be used for other purposes and because the implementation of this program has a Treaty law basis, the payment for cotton should not be part of the interventions approved in the CAP Strategic Plan and should not be subject to performance clearance and performance review. Specific rules as well as derogations from Regulation (EU).../[CAP Strategic Plan Regulation] and Regulation (EU).../[HZR] should thus be laid down accordingly. For the sake of consistency, it is appropriate that they are set out in Regulation (EU).../[CAP Strategic Plan Regulation]. In order to ensure the efficient application and management of the crop-specific payment for cotton, the power to adopt certain acts should be delegated to the Commission.

(35) Types of interventions in certain sectors are needed to contribute to the CAP objectives and reinforce synergies with other CAP instruments. In line with the delivery model, minimum requirements concerning the contents and objectives for such types of interventions in certain sectors should be elaborated at Union level in order to ensure a level playing field in the internal market and avoid conditions of unequal and unfair competition. Member States should justify their inclusion in their CAP Strategic Plans and ensure consistency with other interventions at sectoral level. The broad types of interventions to be established at Union level should be laid down for the fruit and vegetables, wine, apiculture products, olive oil and table olives and hops sectors, as well as for other sectors among the sectors referred to in Article 1(2) of Regulation (EU) No 1308/2013 and sectors covering products to be listed in an Annex to this Regulation, for which the establishment of sectoral programmes is deemed to have beneficial effects on the achievement of some or all of the general and specific objectives of the CAP pursued by this Regulation. In particular, given the Union's deficit on plant protein and the environmental benefits their production brings, legumes should be included among the products listed in that Annex while respecting the EU WTO schedule on oilseeds, and these benefits to be promoted to farmers through, inter alia, the Farm Advisory Service.

(36) National financial envelopes or other limitations in form of caps are needed in order to maintain specificity of intervention and facilitate programming interventions for wine, olive oil and table olives, hops and other agricultural products to be defined in this Regulation. However, in the fruit and vegetables and apiculture sectors Union financial assistance should continue to be granted in accordance with the rules laid down in Regulation (EU) No 1308/2013 of the European Parliament and of the Council¹² in order not to undermine the achievement of the additional objectives that are specific to these types of interventions. Where Member States would introduce support for types of interventions in ‘other sectors’ in their CAP Strategic Plans, the corresponding financial allocation should be deducted from the allocation for the type of interventions in the form of direct payments of the Member State concerned in order to remain financially neutral. Where a Member State would choose not to implement sectoral interventions for hops and olive oil, the related allocations for that Member State should be made available as additional allocations for types of interventions in the form of direct payments.

¹² Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007 (OJ L 347, 20.12.2013, p. 671).

(37) For interventions for rural development, principles are defined at Union level, particularly with regard to the basic requirements for the Member States to apply selection criteria. However, Member States should have ample discretion to define specific conditions according to their needs. Types of interventions for rural development include payments for environmental, climate and other management commitments that Member States should support throughout their territories, in accordance with their national, regional or local specific needs. Member States should grant payments to farmers and other land managers who undertake, on a voluntary basis, management commitments that contribute to climate change mitigation and adaptation and to the protection and improvement of the environment including water quality and quantity, air quality, soil, biodiversity and ecosystem services including voluntary commitments in Natura 2000 and support for genetic diversity. Support under payments for management commitments may also be granted in the form of locally-led, integrated or cooperative approaches and result-based interventions.

(38) Support for management commitments may in particular include organic farming premia for the maintenance of and the conversion to organic land. Member States should, on the basis of their in depth analysis of the organic sector and taking into account the objectives they intend to achieve in relation to organic production, consider organic farming for management commitments in accordance with their specific territorial needs, allocate support to increase the share of agricultural land managed under the organic farming scheme and ensure that allocated budgets match the expected growth in organic production. Support for management commitments may also include payments for other types of interventions supporting environmentally friendly production systems such as agro-ecology, conservation agriculture and integrated production; forest environmental and climate services and forest conservation; premia for forests and establishment of agroforestry systems; animal welfare; conservation, sustainable use and development of genetic resources in particular through traditional breeding methods. Member States may develop other schemes under this type of interventions on the basis of their needs. This type of payments should cover additional costs and income foregone only resulting from commitments going beyond the baseline of mandatory standards and requirements established in Union and national law, as well as conditionality, as laid down in the CAP Strategic Plan. Commitments related to this type of interventions may be undertaken for a pre-established annual or pluri-annual period and might go beyond seven years where duly justified.

- (39) Forestry interventions should contribute to the implementation of the Union Forest Strategy and, where appropriate, to widening the use of agroforestry systems. They should be based on Member States' national or sub-national forest programs or equivalent instruments, which should build on the commitments stemming from Regulation (EU) 2018/841 of the European Parliament and of the Council¹³ and those made by the Ministerial Conferences on the Protection of Forests in Europe. Interventions should be based on sustainable forest management plans or equivalent instruments that duly consider effective carbon storage and sequestration from the atmosphere while enhancing biodiversity protection and may comprise forest area development and sustainable management of forests, including the afforestation of land, fire prevention and the creation and regeneration of agroforestry systems; the protection, restoration and improvement of forest resources, taking into account adaptation needs; investments to guarantee and enhance forest conservation and resilience, and the provision of forest ecosystem and climate services; and measures and investments in support of the renewable energy and bio-economy.
- (40) In order to ensure a fair income and a resilient agricultural sector across the Union territory, Member States may grant support to farmers in areas facing natural and other area-specific constraints, including mountain areas and island regions. As regards payments for ANC, the designation made pursuant to article 32 of Regulation (EU) N°1305/2013 should continue to apply.

¹³ Regulation (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework, and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU (OJ L 156, 19.6.2018, p. 1).

For the CAP to deliver enhanced Union added value on the environment and reinforce its synergies with the financing of investments in nature and biodiversity, it is necessary to keep a separate measure aiming at compensating beneficiaries for disadvantages related to the implementation of Natura 2000 established by Council Directive 92/43/EEC¹⁴ and of the Water Framework Directive. Support should therefore continue to be granted to farmers and forest holders to help address specific disadvantages resulting from the implementation of Directive 2009/147/EC and Directive 92/43/EEC and in order to contribute to the effective management of Natura 2000 sites. Support should also be made available to farmers to help address disadvantages in river basin areas resulting from the implementation of the Water Framework Directive. Support should be linked to specific requirements described in the CAP Strategic Plans that go beyond relevant mandatory standards and requirements. Member States should also ensure that payments to farmers do not lead to double funding with eco schemes, while at the same time allowing enough flexibility in Strategic Plans to facilitate complementarity between different interventions. Furthermore, the specific needs of Natura 2000 areas should be taken into account by Member States in the overall design of their CAP Strategic Plans.

¹⁴ Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7).

(41) The objectives of the CAP should also be pursued through support for investments, productive as well as non-productive, on farm as well as off-farm. Such investments may concern, inter alia, infrastructures related to the development, modernisation or adaptation to climate change of agriculture and forestry, including access to farm and forest land, land consolidation and improvement, agro-forestry practices and the supply and saving of energy and water. It may also cover investments in the restoration of agricultural or forestry potential following natural disasters, adverse climatic events or catastrophic events, including fires, storms, floods, pests and diseases. In order to better ensure the consistency of the CAP Strategic Plans with Union objectives, as well as a level playing field between Member States, a negative list of investment topics is included in this Regulation. Member States should make best use of the available funds for investments by aligning support to investments to the relevant Union rules in the areas of environment and animal welfare.

Young Farmers even more than others need to modernise their farms to make them viable in the long term. However they are also often facing low turn-over during the first years of business. It is therefore important that Member States facilitate and give priority to investment interventions carried out by young farmers. To this aim, Member States may set in their CAP Strategic Plans higher support rates and other preferential conditions for investments on young farmers' holdings. Member may also give increased investment support to small farms.

(41a) When providing support for investments, Member States should pay particular attention to the cross-cutting general objective of modernising the sector by fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas, and encouraging their uptake. Support for investments in installation of digital technologies in agriculture, forestry and rural areas, such as investments in precision farming, Smart Villages, rural businesses and ICT infrastructures, should be included in the description in the CAP Strategic Plans of the contribution of the Plan to the cross-cutting general objective.

- (41b) Considering the EU objective of good status for water bodies, and the need for investments to be in line with that objective, it is important to set rules as regards the support for the modernisation and the development of irrigation infrastructures so that agricultural water use does not put that objective at risk.
- (42) In the light of the need to fill the investment gap in the Union agricultural sector and improve access to finance for priority groups, notably young farmers and new entrants with higher risk profiles, use of the InvestEU guarantee and combination of grants and financial instruments should be encouraged. Since the use of financial instruments across Member States varies considerably as a result of differences in terms of access to finance, banking sector development, presence of risk capital, familiarity of public administrations and potential range of beneficiaries, Member States should establish in the CAP Strategic Plan appropriate targets, beneficiaries and preferential conditions, and other possible eligibility rules.
- (43) Young farmers and new farmers still face significant barriers regarding access to land, high prices and access to credit. Their businesses are more threatened by price volatility (for both inputs and produce) and their needs in terms of training in entrepreneurial, risk prevention and management skills are high. It is therefore essential to continue the support for the setting up of new businesses and new farms. Member States may also set in their CAP Strategic Plans preferential conditions for financial instruments for young farmers and new entrants. An increase of the maximum amount of aid for the installation of young farmers and rural business start-ups, up to EUR 100.000, which can be accessed also through or in combination with financial instrument form of support, should be established.

- (44) In the light of the need to ensure appropriate risk management tools, support to help farmers manage their production and income risks should be maintained and widened under the EAFRD. Specifically, insurances premia and mutual funds, including income stabilization tool, should remain possible, but support shall also be made available for other risk management tools. Furthermore, all types of risk management tools should have the scope to cover production or income risks, as well as be targetable to agricultural sectors or territorial areas where needed. Member States should be allowed to make use of procedural simplifications, such as relying on indexes to calculate the production and income of the farmer, while ensuring appropriate responsiveness of the tools to the farmers' individual performance and avoiding overcompensation of losses.
- (45) Support should enable the establishment and implementation of cooperation between at least two entities in view of achieving CAP objectives. Support can entail all aspects of such cooperation, such as the setting up, information and promotion activities for quality schemes; collective environmental and climate action; the promotion of short supply chain and local markets; pilot projects; Operational Group projects within the EIP for agricultural productivity and sustainability local development projects, Smart Villages, buyers' clubs and machinery rings; farm partnerships; forest management plans; networks and clusters; social farming; community supported agriculture; actions within the scope of LEADER; and the setting up of producer groups and producer organisations, as well as other forms of cooperation deemed necessary to achieve the specific objectives of the CAP.

It is important to support preparation of certain kind of cooperation, notably for Operational Groups, Leader Groups, Smart Villages Strategies.

- (46) The Communication on ‘The Future of Food and Farming’ mentions the exchange of knowledge and focus on innovation as a cross cutting objective for the new CAP. The CAP should continue to support the interactive innovation model, which enhances the collaboration between actors to make best use of complementary knowledge with a view to spreading solutions ready for practice. Farm advisory services should be strengthened within the AKIS. The CAP Strategic Plan should provide information on how advisors, researchers and the national CAP network will work together. Each Member State or region, as appropriate, in order to strengthen AKIS and in line with its AKIS strategic approach can fund a number of actions aimed at knowledge exchange and innovation, as well as at facilitating farmers to develop farm-level strategies to increase farm resilience of their holdings, using the types of interventions developed in this Regulation. In addition, each Member State will establish a strategy for the development of digital technologies and for the use of these technologies to demonstrate how digitalisation in agriculture and rural areas will be boosted.
- (47) The EAGF should continue financing types of interventions in the form of direct payments and sectoral types of interventions, whereas the EAFRD should continue financing types of interventions for rural development as described in this Regulation. The rules for the financial management of the CAP should be laid down separately for the two funds and for the activities supported by each of them, taking into account that the new delivery model gives more flexibility and subsidiarity for Member States to reach their objectives. Types of interventions under this Regulation should cover the period from 1 January 2023 to 31 December 2027.

- (48) Support for direct payments under the CAP Strategic Plans should be granted within national allocations to be fixed by this Regulation. These national allocations should reflect a continuation of the changes whereby the allocations to Member States with the lowest support level per hectare are gradually increased to close 50% of the gap towards 90% of the Union average. In order to take into account the reduction of payments' mechanism and the use of its product in the Member State, the total indicative financial allocations per year in the CAP Strategic Plan of a Member State should be allowed to exceed the national allocation.
- (49) In order to facilitate the management of EAFRD funds, a single contribution rate for support from the EAFRD should be set in relation to public expenditure in the Member States. In order to take account of their particular importance or nature, specific contribution rates should be set in relation to certain types of operations. In order to mitigate the specific constraints resulting from the level of development, the remoteness and insularity, an appropriate EAFRD contribution rate should be set for less developed regions, the outermost regions referred to in Article 349 TFEU and the smaller Aegean islands.
- (49a) Objective criteria should be established for categorising regions and areas at Union level for support from the EAFRD. To that end, the identification of the regions and areas at Union level should be based on the common system of classification of the regions established by Regulation (EC) No 1059/2003 of the European Parliament and the Council¹⁵. The latest classifications and data should be used to ensure adequate support, in particular for addressing lagging behind regions and interregional disparities inside a Member State.

¹⁵ Regulation (EC) No 1059/2003 of the European Parliament and of the Council of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS) (OJ L 154, 21.6.2003, p. 1).

- (50) EAFRD should not provide support to investments that would harm the environment. Hence it is necessary to provide in this Regulation a number of exclusion rules. Notably, the EAFRD should not finance investments in irrigation which do not contribute towards the achievement, or the preservation, of good status of the associated water body or bodies and investments in afforestation which are not consistent with climate and environmental objectives in line with sustainable forest management principles.
- (51) For the purpose of ensuring adequate financing for certain priorities, rules on minimum and maximum financial allocations for these priorities should be set. Member States should notably reserve at least an amount corresponding to 3% of their annual direct payments envelope before any transfer for interventions targeting generational renewal. Such interventions may include enhanced income support and installation support. Considering the importance of investment support for young farmers to make their farms viable in the long term and reinforce the attractiveness of the sector, a share of the expenditure for the investment interventions with higher support rate for young farmers should also count towards the minimum amount to be reserved for contributing to the specific objective 'attract young farmers and facilitate business development'.

In view of ensuring that sufficient financing is made available under the CAP to deliver on the environmental, climate and animal welfare objectives in line with the Union's priorities, a certain share of both EAFRD support, including investments, and direct payments should be reserved for these purposes. Given that the schemes for environment and climate are introduced for the first time under direct payments, certain flexibilities in terms of planning and implementation should be granted, in particular in the first two years, to allow Member States and farmers to gain experience and ensure a smooth and successful implementation, taking also the level of the environmental and climate ambitions under EAFRD into account. With a view to respect the overall environmental and climate ambition, such flexibility should be framed and subject to compensation within certain limits.

The LEADER approach for local development has proven its effectiveness in promoting the development of rural areas by fully taking into account the multi-sectoral needs for endogenous rural development through its bottom-up approach. LEADER should therefore be continued in the future and its application should remain compulsory with a minimum allocation under EAFRD.

For the sake of ensuring a level playing field between farmers, a maximum allocation should also be set for the coupled support under direct payments. Furthermore, Member States should also be allowed to use an additional part of their financial ceiling available for direct payments to grant coupled income support specifically for improving the competitiveness, sustainability, and/or quality of the protein crop production.

- (51a) Where unit amounts are not based on actual costs or income foregone, Member States should set the appropriate level of support based on the needs assessment. It has to be acknowledged that, the appropriate unit amount might be a range of appropriate unit amounts rather than one single uniform or average unit amount. For these reasons, Member States should also be allowed to lay down, in their CAP plan, a justified maximum or minimum unit amount for certain interventions without prejudice to the provisions relating to the level of payments for the relevant interventions.
- (52) Reflecting the importance of tackling climate change in line with the Union's commitments to implement the Paris Agreement and the United Nations Sustainable Development Goals, this Program will contribute to mainstream climate action in the Union's policies and to the achievement of an overall target of 30% of the EU budget expenditures supporting climate objectives. Actions under the CAP are expected to contribute 40 % of the overall financial envelope of the CAP to climate objectives. Relevant actions will be identified during the Program's preparation and implementation, and reassessed in the context of the relevant evaluations and review processes.

- (53) The transfer of responsibility to Member States for assessing needs and achieving targets goes hand in hand with an increased flexibility to set up the combination of both types of interventions in the form of direct payments, sectoral types of interventions and types of interventions for rural development. This should be supported by some flexibility to adjust the relevant national allocations of funds. When Member States estimate that the pre-allocated envelope is too low to have room for all intended measures, a certain degree of flexibility is therefore justified, while at the same time avoiding considerable fluctuations in the level of annual direct income support versus the amounts available for multi-annual interventions under EAFRD.
- (54) To enhance the Union added value and to preserve a functioning agricultural internal market, as well as to pursue the above-mentioned general and specific objectives, Member States should not take decisions according to this Regulation in isolation but in the framework of a structured process that should materialise in a CAP Strategic Plan. Union top-down rules should lay down the specific Union-wide objectives of the CAP, the main types of interventions, the performance framework and the governance structure. Such a distribution of tasks is aimed at ensuring full correspondence between financial resources invested and results achieved.

- (55) In order to ensure a clear strategic nature of these CAP Strategic Plans, and to facilitate the links with other Union policies, and notably with established long-term national targets deriving from Union legislation or international agreements such as those related to climate change, forests, biodiversity, and water, it is appropriate that there should be one single CAP Strategic Plan per Member State taking into account its constitutional and institutional provisions. The Strategic Plan may where appropriate include regionalised interventions.
- (56) In the process of development of their CAP Strategic Plans, Member States should analyse their specific situation and needs, set targets linked to the achievement of the objectives of the CAP and design the interventions which will allow reaching these targets, while being adapted to the national and specific regional contexts, including the outermost regions pursuant to Article 349 TFEU. Such process should promote more subsidiarity within a common Union framework, while compliance with the general principles of Union law and the objectives of the CAP should be ensured. It is therefore appropriate to set rules on the structure and content of the CAP Strategic Plans.

- (57) In order to ensure that the setting of targets by Member States and that the design of interventions is appropriate and maximises the contribution to the objectives of the CAP, it is necessary to base the strategy of the CAP Strategic Plans on a prior analysis of the local contexts and an assessment of needs in relation to the objectives of the CAP. It is also important that the CAP strategic plans can adequately reflect changes in Member States' conditions, structures (both internal and external) and market situations and that they can, therefore, be adjusted over time to reflect them.
- (58) The CAP Strategic Plans should aim to ensure enhanced coherence across the multiple tools of the CAP, since it should cover types of interventions in the form of direct payments, sectoral types of interventions and types of interventions for rural development. They should also ensure and demonstrate the alignment and appropriateness of the choices made by Member States to the Union priorities and objectives. In that perspective, CAP Strategic Plans should include an overview and explanation of the tools ensuring a fairer distribution and more effective and efficient targeting of income support. It is therefore appropriate that they contain a result-oriented intervention strategy structured around the specific objectives of the CAP, including quantified targets in relation to these objectives. In order to allow their monitoring on an annual basis, it is appropriate that these targets are based on result indicators.
- (59) The strategy should also highlight complementarity both between CAP tools and with the other Union policies. In particular, each CAP Strategic Plan should take account of environmental and climate legislation where appropriate, and national plans emanating from this legislation should be described as part of the analysis of the current situation ('SWOT analysis'). It is appropriate to list the legislative instruments which should specifically be referred to in the CAP Strategic Plan.

- (60) Considering that flexibility should be accorded to Member States as regards the choice of delegating part of the design and implementation of the CAP Strategic Plan at regional level on the basis of a national framework, in order to facilitate co-ordination among the regions in addressing nation-wide challenges, it is appropriate that the CAP Strategic Plans provide a description of the interplay between national and regional interventions.
- (61) Since the CAP Strategic Plans should allow the Commission to assume its responsibility for the management of the Union budget and provide Member States with legal certainty on certain elements of the Plan, it is appropriate that the plans contain a specific description of the individual interventions, including the eligibility conditions, the budgetary allocations, the planned outputs and the unit costs. A financial plan is necessary to provide an overview on all budgetary aspects and for each intervention, together with a target plan.
- (62) In order to ensure the immediate start and efficient implementation of the CAP Strategic Plans, support from the EAGF and the EAFRD should be based on the existence of sound administrative framework conditions. Each CAP Strategic Plan should therefore include the identification of all governance and coordination structures of the CAP Strategic Plan, including the control systems and penalties, and the monitoring and reporting structure.
- (63) Considering the importance of the general objective of modernising the agricultural Sector, and in view of its crosscutting nature, it is appropriate that Member States include in their CAP Strategic Plan a dedicated description of the contribution that such a Plan will make to this objective, including its contribution to the digital transition.
- (64) In view of the concerns related to administrative burden under shared management, simplification should also be subject to a specific attention in the CAP Strategic Plan.

- (65) Considering that it is not appropriate for the Commission to approve information which can be considered as background, or historical, or which is under the responsibility of the Member States, some information should be provided as Annexes to the CAP Strategic Plan.
- (66) Pursuant to paragraph 22 and 23 of the Inter-institutional agreement for Better Law-Making of 13 April 2016, there is a need to evaluate the Funds on the basis of information collected through specific monitoring requirements, while avoiding overregulation and administrative burdens, in particular on Member States. These requirements, where appropriate, can include measurable indicators, as a basis for evaluating the effects of the Funds on the ground.
- (67) The approval of the CAP Strategic Plan by the Commission is a crucial step in order to guarantee that the policy is implemented according to the common objectives. In accordance with the principle of subsidiarity, the Commission should provide the Member States with appropriate guidance in presenting coherent and ambitious intervention logics.
- (68) It is necessary to provide for the possibility for programming and revising CAP Strategic Plans, in accordance with the conditions laid down in this Regulation.

- (69) A national Managing Authority should be responsible for the management and implementation of each CAP Strategic Plan and should be the primary contact point for the Commission. However, where elements relating to rural development policy are dealt with on a regional basis, Member States should be able to establish regional managing authorities. The managing authorities should be able to delegate part of their duties while retaining responsibility for the efficiency and correctness of management and ensuring coherence and consistency of the CAP Strategic Plan and coordination with the national Managing Authority. Member States should ensure that in the Management and Implementation of CAP Strategic Plans, the financial interests of the Union are protected, in accordance with [Regulation (EU, Euratom) X] of the European Parliament and the Council [the new Financial Regulation] and Regulation (EU) X of the European Parliament and the Council [the new Horizontal Regulation].
- (70) The responsibility for monitoring the CAP Strategic Plans should be shared between the national Managing Authority and a national Monitoring Committee set up for that purpose. The national Monitoring Committee should be responsible for the monitoring of the effectiveness of the implementation of the plans. To that end, its responsibilities should be specified. Where the CAP Strategic Plan contains elements that are established by regions, Member States and the regions concerned should be able to establish and compose regional monitoring committees. In this case the coordination rules with the national committee should be clarified.

- (71) The EAFRD should support through technical assistance, at the initiative of the Commission, actions relating to the fulfilment of the tasks referred to in [Article 7 HzR]. Technical assistance may also be provided, at the initiative of Member States, for the purpose of the fulfilment of the tasks necessary for the effective administration and implementation of support in relation to the CAP Strategic Plan. An increase of the technical assistance at the initiative of Member States is only available for Member States whose EAFRD allocation is not higher than EUR 1.1 billion. The EAFRD support for technical assistance should take into account the increase in administrative capacity building as regards the new governance and control systems in the Member States.
- (72) In a context where Member States will have much more flexibility and subsidiarity in the design of interventions to reach common objectives, networks are a key tool to drive and steer policy and to promote stakeholder engagement, knowledge sharing and capacity building for Member States and other actors. The scope of networking activities will be extended from rural development to encompass both Pillars of the CAP. A single European-level CAP network should ensure better coordination between networking activities at the Union and at the national and regional levels. The European and national CAP networks will replace the current European Network for Rural Development and the EIP-AGRI Network at EU level, and the national rural networks respectively. The European CAP Network will contribute to the activities of the national CAP networks to the extent possible. The networks will provide a platform for promoting increased exchange of knowledge in order to improve the implementation of the CAP Strategic Plans and capture the results and added value of the policy at European level, including the Horizon Europe policy and its multi-actor projects. In the same perspective of improvement of the exchange of knowledge and innovation, the EIP for agricultural productivity and sustainability assisted by the CAP networks will support the implementation of the interactive innovation model in accordance with the methodology outlined in this Regulation.

- (73) Each CAP Strategic Plan should be subject to regular monitoring of the implementation and of progress towards the established targets. Such a performance, monitoring and evaluation framework of the CAP should be set up with the purpose of demonstrating the progress and assessing the impact and efficiency of policy implementation.
- (74) The result-orientation triggered by the delivery model requires a strong performance framework, particularly since CAP Strategic Plans would contribute to broad general objectives for other shared managed policies. A performance-based policy implies annual and multi-annual assessment on the basis of selected outputs, result and impact indicators, as defined in the performance monitoring and evaluation framework. To this end, a limited and targeted set of indicators should be selected in a way which reflects as closely as possible whether the supported intervention contributes to achieving the envisaged objectives. The indicators relating to environment- and climate-specific objectives may cover interventions which contribute to the commitments emanating from the Union legislation listed in Annex XI;
- (75) As part of the performance, monitor and evaluation framework, Member States should monitor and report annually to the Commission on the progress made. The information provided by the Member States are the basis on which the Commission should report on the progress towards the achievement of specific objectives over the whole programming period using for this purpose a core set of indicators.

- (76) Mechanisms should be in place to take action to protect the Union's financial interests in case the CAP Strategic Plan implementation deviates significantly from the targets set. Member States may thus be asked to submit action plans in case of significant and non-justified underperformance. This could lead to suspensions and, in the end, reductions of the Union funds if the planned results are not achieved.
- (77) In accordance with the principle of shared management, Member States, where relevant ensuring the involvement of the regions in the design of the evaluation plan and in the monitoring and evaluation of the regional interventions of the CAP plan, should be responsible for the evaluation of their CAP Strategic Plans, whereas the Commission is responsible for the syntheses at Union level of the Member States' ex-ante and for the Union level interim and ex post evaluations.
- (77a) In order to ensure a comprehensive and meaningful evaluation of the CAP at Union level, the Commission will rely on context and impact indicators. These indicators should be primarily based on established data sources. The Commission and the Member States should cooperate to ensure and further improve the robustness of the data needed for the context and impact indicators.

(78) Notifications are needed from Member States for the purpose of applying this Regulation, and for the purpose of monitoring, analysing and managing financial entitlements. In order to ensure the correct application of the rules set out in this Regulation and to make such notifications fast, efficient, accurate, cost-effective and compatible with the protection of personal data, the power to adopt certain acts should be delegated to the Commission, including notification requirements under those agreements and in respect of further rules on the nature and type of the information to be notified, the categories of data to be processed and maximum period of retention, the access rights to the information or information systems and the conditions of publication of the information.

(78a) When assessing the proposed CAP Strategic Plans, as referred to in Article 106, the Commission should assess the consistency and contribution of the proposed CAP Strategic Plans to the Union's environmental and climate legislation and commitments and, in particular, to the Union targets for 2030 set out in the Farm to Fork Strategy and the EU Biodiversity Strategy.

(78b) Member States should be required to show, through their CAP Strategic Plans, a greater overall ambition in comparison with the past in respect of the CAP's environment- and climate-related specific objectives. Such ambition should be considered as consisting in a range of elements – related, inter alia, to impact indicators, targets set against result indicators, design of interventions, intended implementation of the system of conditionality, and financial planning. Member States should be required to explain in their CAP Strategic Plans how they are displaying the greater overall ambition required, with reference to the various relevant elements. That explanation should include national contributions to achieving the Union's targets for 2030 set out in the Farm to Fork Strategy and the EU Biodiversity Strategy [full references in footnotes]

- (78c) The Commission should make a summary report on Member States' CAP Strategic Plans to assess the joint effort and collective ambition of Member States to address the specific objectives set out in Article 6(1) in the beginning of the implementation period, taking into account the Union's targets for 2030 set out in the Farm to Fork Strategy and the EU Biodiversity Strategy.
- (78d) The Commission should submit a report to the European Parliament and the Council in order to assess the operation of the new delivery model by the Member States and combined contribution of Member States strategic plans' interventions to achieve environmental and climate commitments of the Union, in particular those emerging from the European Green Deal.
- (79) Articles 107, 108 and 109 TFEU should apply to the support the types of interventions under this Regulation. Nevertheless, given the specific characteristics of the agricultural sector, those TFEU provisions should not apply to types of interventions in the form of direct payments and types of interventions for rural development concerning operations falling within the scope of Article 42 TFEU, that are carried out under and in conformity with this Regulation or to payments made by Member States, intended to provide additional national financing for types of interventions for rural development for which Union support is granted and which fall within the scope of Article 42 TFEU.
- (79a) In order to avoid a sudden and substantial decrease of support in the sectors having benefitted from transitional national aid in the period 2015-2020, Member States should be allowed to continue to grant such aid to them under certain conditions and limitations. Taking into account the transitional nature of this aid, it is appropriate to continue its phasing out by gradually reducing, on an annual basis, the sector-specific financial envelopes for this aid.

- (80) Farmers are increasingly facing risks of income volatility, partly because of market exposure, partly because of extreme weather events and frequent sanitary and phytosanitary crises affecting the Union livestock and agronomic assets. To alleviate the effects of income volatility by encouraging farmers to make savings in good years to cope with bad years, national tax measures whereby the income tax base applied to farmers is calculated on the basis of a multiannual period should be exempted from the application of the State aid rules.
- (81) Personal data collected for the purposes of the application of any provision enshrined in this Regulation should be processed in a way that is compatible with those purposes. It should also be made anonymous, be aggregated when processed for monitoring or evaluation purposes, and be protected in accordance with Union law concerning the protection of individuals with regard to the processing of personal data and on the free movement of such data, in particular Regulation (EU) 2018/1725 of the European Parliament and of the Council¹⁶ and Regulation (EU) 2016/679 of the European Parliament and of the Council¹⁷. Data subjects should be informed of such processing and of their data protection rights.

¹⁶ Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).

¹⁷ Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).

- (82) In order to supplement certain non-essential elements of this Regulation, the power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Inter-institutional Agreement of 13 April 2016 on Better Law-Making¹⁸. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.
- (83) In order to ensure legal certainty, protect the rights of farmers and guarantee a smooth, coherent and efficient functioning of types of interventions in the form of direct payments, the power to adopt certain acts should be delegated to the Commission in respect of rules making the granting of payments conditional upon the use of certified seeds of certain hemp varieties and the procedure for the determination of hemp varieties and the verification of their tetrahydrocannabinol content; rules for good agricultural and environmental condition and certain related elements in respect of the eligibility requirements; and on the content of the declaration and the requirements for the activation of payment entitlements; further rules on eco-schemes; measures to avoid that beneficiaries of coupled income support suffering from structural market imbalances in a sector, including the decision that such support may continue to be paid until 2027 on the basis of the production units for which it was granted in a past reference period; rules and conditions for the authorisation of land and varieties for the purposes of the crop-specific payment for cotton, rules on the conditions for the granting of that payment, rules in respect of criteria for the approval of inter-branch organisations and rules governing the situation where the approved inter-branch organisation does not satisfy such criteria and obligations for producers.

¹⁸ OJ L 123, 12.5.2016, p. 1.

- (84) In order to ensure that types of interventions in certain sectors contribute to the CAP objectives and reinforce synergies with other CAP instruments and in order to ensure a level playing field in the internal market and avoid unequal or unfair competition, the power to adopt certain acts should be delegated to the Commission in respect of rules for the proper functioning of sectoral types of interventions, the type of expenditure to be covered and in particular administrative and personnel costs, the basis for the calculation of Union financial assistance, including the reference periods and the calculation of the value of marketed production and of the degree of organisation of producers in certain regions, and the maximum level of Union financial assistance for certain interventions aiming to prevent market crisis and to manage risks in certain sectors; rules for the fixing of a ceiling for expenditure on the replanting of orchards, olive groves or vineyards; rules under which producers are to withdraw the by-products of winemaking, and on exceptions to that obligation in order to avoid additional administrative burden and rules for the voluntary certification of distillers, and rules for the different form of support and the minimum durability of supported investments in certain sectors as well as on the combination of funding for some interventions in the wine sector. In particular, in order to ensure the effective and efficient use of Union funds for interventions in the apiculture sector, the power to adopt certain acts should be delegated to the Commission in respect of additional requirements concerning the notification obligation and the establishment of a minimum Union contribution to the expenditure to implement those types of interventions.
- (85) In order to ensure legal certainty and to guarantee that interventions for rural development achieve their objectives, the power to adopt certain acts should be delegated to the Commission in respect of support for management commitments and for quality schemes.

- (86) In order to amend certain non-essential elements of this Regulation, the power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission in respect of the Member States' allocations for types of interventions in the form of direct payments and rules on the content of the CAP Strategic Plan.
- (87) In order to ensure uniform conditions for the implementation of this Regulation and to avoid unfair competition or discrimination between farmers, implementing powers should be conferred on the Commission as regards the fixing of reference areas for the support for oilseeds, rules for the authorisation of land and varieties for the purposes of the crop-specific payment for cotton and related notifications, the calculation of the reduction where the eligible area of cotton exceeds the base area, the Union financial assistance for distillation of by-products of wine-making, the annual breakdown by Member State of the total amount of Union support for types of interventions for rural development, rules on the presentation of the elements to be included in the CAP Strategic Plan, rules on the procedure and time limits for the approval of CAP Strategic Plans and the submission and approval of requests for amendment of CAP Strategic Plans, uniform conditions for the application of the information and publicity requirements relating to the possibilities offered by the CAP Strategic Plans, rules relating to the performance, monitoring and evaluation framework, rules for the presentation of the content of the annual performance report, rules on the information to be sent by the Member States for the performance assessment by the Commission and rules on the data needs and synergies between potential data sources. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council¹⁹.

¹⁹ Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by the Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

- (87a) In the light of the fact that indicators are already laid down in Annex I for the purpose of monitoring, evaluation and the annual performance reporting, the adoption of other indicators for the monitoring and evaluation of the CAP should be submitted to additional scrutiny by Member States. Equally, the additional information that Member States shall provide to the Commission for the monitoring and evaluation of the CAP should be subject to a positive opinion of the Common Agricultural Policy Committee. The Commission should therefore not be allowed to lay down an obligation for Member States to provide additional indicators and information on CAP implementation for the monitoring and evaluation of the CAP in case the Common Agricultural Policy Committee does not find a qualified majority for or against the Commission proposal and therefore cannot express any opinion.
- (88) The Commission should adopt immediately applicable implementing acts where, in duly justified cases relating to solving specific problems while ensuring the continuity of the direct payments system in the case of extraordinary circumstances, imperative grounds of urgency so require. Moreover, in order to solve urgent problems occurring in one or more Member States while ensuring the continuity of the direct payments system, the Commission should adopt immediately applicable implementing acts where, in duly justified cases, extraordinary circumstances affect the granting of support and jeopardise the effective implementation of the payments under the support schemes listed in this Regulation.
- (89) Regulation (EU) No 228/2013 of the European Parliament and of the Council²⁰ and Regulation (EU) No 229/2013 of the European Parliament and of the Council²¹ should remain outside the scope of this Regulation, unless where some of their provisions are explicitly referred to.

²⁰ Regulation (EU) No 228/2013 of the European Parliament and of the Council of 13 March 2013 laying down specific measures for agriculture in the outermost regions of the Union (OJ L 78, 20.3.2013, p. 23).

²¹ Regulation (EU) No 229/2013 of the European Parliament and of the Council of 13 March 2013 laying down specific measures for agriculture in favour of the smaller Aegean islands (OJ L 78, 20.3.2013, p. 41).

- (90) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States but can rather, by reason of the disparities between the various rural areas and the limited financial resources of the Member States, be better achieved at Union level through the multiannual guarantee of Union financing and by concentrating on clearly identified priorities, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union (TEU). In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.
- (91) Regulations (EU) No 1305/2013 and (EU) No 1307/2013 should therefore be repealed.
- (92) In order to facilitate the transition from the arrangements provided for in Regulations (EU) No 1305/2013 and (EU) No 1307/2013 to those laid down in this Regulation, the power to adopt certain acts should be delegated to the Commission in respect of measures to protect any acquired rights and legitimate expectations of beneficiaries.
- (93a) Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 of the Treaty on the Functioning of the European Union apply to this Regulation. These rules are laid down in the Financial Regulation and determine in particular the procedure for establishing and implementing the budget through grants, procurement, prizes, indirect implementation, and provide for checks on the responsibility of financial actors. Rules adopted on the basis of Article 322 TFEU also include a general regime of conditionality for the protection of the Union budget.
- (93b) In view of the importance of tackling the dramatic loss of biodiversity, support under this Regulation should contribute to mainstream biodiversity action in the Union policies and to the achievement of the overall ambition of providing 7,5% of annual spending under the MFF to biodiversity objectives in the year 2024 and 10% of annual spending under the MFF to biodiversity objectives in 2026 and 2027.

HAVE ADOPTED THIS REGULATION:

TITLE I
SUBJECT MATTER AND SCOPE, APPLICABLE PROVISIONS AND
DEFINITIONS

Article 1

Subject matter and scope

1. This Regulation lays down rules on:
 - (a) general and specific objectives to be pursued through Union support financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) under the Common Agricultural Policy (CAP) as well as the related indicators;
 - (b) types of interventions and common requirements for Member States to pursue these objectives as well as the related financial arrangements;
 - (c) CAP Strategic Plans to be drawn up by Member States, setting targets, ***specifying conditions for*** interventions and allocating financial resources, in line with the specific objectives and identified needs;
 - (d) coordination and governance as well as monitoring, reporting and evaluation.

2. This Regulation applies to Union support financed by the EAGF and the EAFRD for interventions specified in a CAP Strategic Plan drawn up by Member States and approved by the Commission, covering the period from 1 January **2023** to 31 December 2027 (***‘the period 2023-2027’***).

Article 2
Applicable provisions

1. Regulation (EU) [HzR] of the European Parliament and of the Council²² and the provisions adopted pursuant to that Regulation shall apply to support provided under this Regulation.
2. **Article 15**, Chapter **II** of Title **III with the exception of Article 22(c)**, and Articles 41 and 43 of Regulation (EU) [CPR] of the European Parliament and of the Council shall apply to support financed by the EAFRD under this Regulation.

Article 3
Definitions

For the purposes of this Regulation, the following definitions shall apply:

- (a) 'farmer' means a natural or legal person, or a group of natural or legal persons, regardless of the legal status granted to such group and its members by national law, whose holding is situated within the territorial scope of the Treaties, as defined in Article 52 of the Treaty on European Union (TEU) in conjunction with Articles 349 and 355 of the Treaty on the Functioning of the European Union (TFEU), and who exercises an agricultural activity as determined by Member States in accordance with Article 4(1)(a) of this Regulation;
- (b) 'holding' means all the units used for agricultural activities and managed by a farmer situated within the territory of the same Member State;
- (c) 'intervention' means a support instrument with a set of eligibility conditions as specified by Member States in the CAP Strategic Plans based on a type of intervention as provided for in this Regulation;

²² Regulation (EU) [.../...] of the European Parliament and of the Council of [date] [full title] (OJ L).

- (d) 'support rate' means the rate of public expenditure to an operation. In the case of financial instruments it refers to the gross grant equivalent of the support as defined in Article 2(20) of Commission Regulation (EU) No 702/2014²³;
- (da) 'public expenditure' means any contribution to the financing of operations the source of which is the budget of national, regional or local public authorities, the budget of the Union made available to the EAGF and the EAFRD, the budget of public law bodies or the budget of associations of public authorities or of public law bodies;
- (e) 'mutual fund' means a scheme accredited by a Member State in accordance with its national law for affiliated farmers to insure themselves, whereby compensation payments are made to affiliated farmers who experience economic losses.
- (f) 'operation' means:
- (i) a project, contract, action or group of projects or actions selected under the CAP Strategic Plan concerned;
 - (ii) in the context of financial instruments, the total eligible public expenditure granted to a financial instrument and the subsequent financial support provided to final recipients by that financial instrument;
- (g) 'intermediate body' means any public or private law body, including regional or local bodies, regional development bodies or non-governmental organisations, which acts under the responsibility of a Managing Authority or regional managing authority referred to in the second subparagraph of Article 110(1), or which carries out duties on behalf of such an authority;

²³ Commission Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (OJ, L 193/1, 1.7.2014, p. 1).

- (h) In the case of types of interventions for rural development referred to in Article 64, 'beneficiary' means:
- (i) a public or private law body, an entity with or without legal personality, a natural person or a group of natural or legal persons, responsible for initiating or both initiating and implementing operations;
 - (ii) in the context of State aid schemes, the undertaking which receives the aid;
 - (iii) in the context of financial instruments, the body that implements the holding fund or, where there is no holding fund structure, the body that implements the specific fund or, where the Managing Authority manages the financial instrument, the Managing Authority;
- (i) 'targets' means pre-established values, set by Member States in the framework of their intervention strategies referred to in point (b) of Article 95(1), to be achieved at the end of the CAP Strategic Plan period in relation to the result indicators;
- (j) 'milestones' means intermediate pre-established values, set by Member States in the framework of their intervention strategies referred to in point (b) of Article 95(1), for a specific financial year to be achieved at a given point in time during the CAP Strategic Plan period to ensure timely progress in relation to the result indicators;
- (k) 'AKIS' means the combined organisation and knowledge flows between persons, organisations and institutions who use and produce knowledge for agriculture and interrelated fields (Agricultural Knowledge and Innovation System).

Article 4

Definitions and conditions to be formulated in the CAP Strategic Plans

1. Member States shall provide in their CAP Strategic Plan the definitions of agricultural activity, agricultural area, eligible hectare, active farmers, young farmers and new farmers:
 - (a) 'agricultural activity' shall be determined in a way that it allows to contribute to the provision of private and public goods through one or both of the following:
 - the production of agricultural products which includes actions such as raising animals or cultivation including by way of paludiculture, where agricultural products means those listed in Annex I to the TFEU with the exception of fishery products, as well as cotton and short rotation coppice,
 - the maintenance of the agricultural area in a state which makes it suitable for grazing or cultivation, without preparatory action going beyond usual agricultural methods and machineries;
 - (b) 'agricultural area' shall be determined in a way that it is composed of arable land, permanent crops and permanent grassland, including when they form agroforestry systems on that area. The terms 'arable land', 'permanent crops' and 'permanent grassland' shall be further specified by Member States within the following framework:
 - (i) 'arable land' shall be land cultivated for crop production or areas available for crop production but lying fallow; in addition, it shall, for the duration of the commitment, be land cultivated for crop production or areas available for crop production but lying fallow that have been set-aside in accordance with Articles 28 or 65 or GAEC standard 9 listed in Annex III of this Regulation, or with Articles 22, 23 or 24 of Council Regulation (EC) No 1257/1999, or with Article 39 of Council Regulation (EC) No 1698/2005, or with Article 28 of Regulation (EU) No 1305/2013;

- (ii) 'permanent crops' shall be non-rotational crops other than permanent grassland and permanent pasture that occupy the land for five years or more, which yield repeated harvests, including nurseries and short rotation coppice;
- (iii) 'permanent grassland and permanent pasture' (together referred to as 'permanent grassland') shall be land used to grow grasses or other herbaceous forage naturally (self-seeded) or through cultivation (sown) and that has not been included in the crop rotation of the holding for five years or more as well as, where Member States so decide, that has not been ploughed up, or not tilled, or not reseeded with different types of grasses, for five years or more.

It may include other species such as shrubs or trees, which can be grazed and, where Member States so decide, other species such as shrubs or trees which produce animal feed, provided that the grasses and other herbaceous forage remain predominant.

Member States may also decide to consider as permanent grassland:

- land covered by any of the species as described in this point and which forms part of established local practices, where grasses and other herbaceous forage are traditionally not predominant or absent in grazing areas;
- land covered by any of the species as described in this point, where grasses and other herbaceous forage are not predominant or are absent in grazing areas;

(c) for the purpose of types of interventions in the form of direct payments, 'eligible hectare' shall be determined in a way that it is at the farmer's disposal and consists of:

(i) any agricultural area of the holding that, during the year for which support is requested, is used for an agricultural activity or, where the area is also used for non-agricultural activities, is predominantly used for agricultural activities. Where duly justified for environmental, biodiversity and climate-related reasons, Member States may decide that eligible hectares also include certain areas used for agricultural activities only every second year.

(ia) any area of the holding:

- covered by landscape features subject to the retention obligation under GAEC standard 9 listed in Annex III;
- used to attain the minimum share of arable land devoted to non-productive areas and features, including land laying fallow, under GAEC standard 9;
- which, for the duration of the relevant commitment by the farmer, is established or maintained as a result of an eco-scheme referred to in Article 28.

If Member States so decide, may contain other landscape features, provided they are not predominant and do not significantly hamper the performance of the agricultural activity due to the area they occupy. In implementing this principle, Member States may set a maximum share of the agricultural parcel covered by these other landscape features.

As regards permanent grassland with scattered ineligible features, Member States may decide to apply fixed reduction coefficients to determine the area considered eligible.

- (ii) any area of the holding that gave a right to payments under Subsection 2 of Section 2 of Chapter II of Title III of this Regulation or under the basic payment scheme or the single area payment scheme laid down in Title III of Regulation (EU) No 1307/2013, and which is not an 'eligible hectare' as determined by Member States on the basis of sub-points (i) and (ia) of this point:
- as a result of the application of Directives 92/43/EEC, 2009/147/EC or 2000/60/EC to this area;
 - as a result of area based interventions set out under this Regulation covered by the integrated system referred to in Article 63(2) of Regulation (EU) HzR allowing for the production of products not listed in Annex I TFEU by way of paludiculture or national schemes for biodiversity or greenhouse gas reductions the conditions of which comply with these area-based interventions provided that those interventions and national schemes contribute to one or more specific objectives laid down in points (d), (e) and (f) of Article 6 of this Regulation;
 - for the duration of an afforestation commitment by the farmer, pursuant to Article 31 of Regulation (EC) No 1257/1999 or to Article 43 of Regulation (EC) No 1698/2005 or to Article 22 of Regulation (EU) No 1305/2013 or to Article 65 or Article 68 of this Regulation, or under a national scheme the conditions of which comply with Article 43(1), (2) and (3) of Regulation (EC) No 1698/2005 or Article 22 of Regulation (EU) No 1305/2013 or Article 65 or Article 68 of this Regulation;
 - for the duration of a commitment by the farmer resulting in the set aside of the area, pursuant to Articles 22, 23 and 24 of Regulation (EC) No 1257/1999, to Article 39 of Regulation (EC) No 1698/2005, to Article 28 of Regulation (EU) No 1305/2013 or to Article 65 of this Regulation.

Areas used for the production of hemp shall only be eligible hectares if the varieties used have a tetrahydrocannabinol content not exceeding 0,3 %;

- (d) 'active farmers' shall be determined in such a way as to ensure that support is granted only to natural or legal persons, or to groups of natural or legal persons, engaged in at least a minimum level of agricultural activity, while not necessarily precluding from support pluri-active or part-time farmers. When determining who shall be an 'active farmer' Member States shall apply objective and non-discriminatory criteria, such as: income tests, labour inputs on the farm, company object and inclusion of their agricultural activities in national or regional registers. Such criteria may be introduced in one or more forms chosen by Member States, including through a negative list disqualifying a farmer from being considered as an active farmer. In case Member States consider as 'active farmers' those farmers who did not receive direct payments exceeding a certain amount for the previous year, such an amount shall not be higher than EUR 5 000.
- (e) 'young farmer' shall be determined in a way that it includes:
- (i) an upper age limit set between 35 years and 40 years;
 - (ii) the conditions for being 'head of the holding';
 - (iii) the appropriate training or skills required as determined by Member States.
- (ea) 'new farmer' shall be determined in such a way that it refers to a farmer other than young farmer and who is 'head of the holding' for the first time. Member States shall include further objective and non-discriminatory requirements as regards appropriate training and skills.
2. The Commission is empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation with rules making the granting of payments conditional upon the use of certified seeds of certain hemp varieties and the procedure for the determination of hemp varieties, as well as the verification of their tetrahydrocannabinol content referred to in point (c) of paragraph 1 of this Article to preserve public health.

TITLE II

OBJECTIVES AND INDICATORS

Article 5

General objectives

Based on the objectives of the CAP set out in Article 39 TFEU, on the objective to maintain the functioning of the internal market and a level playing field between farmers in the Union and on the principle of subsidiarity, support from the EAGF and EAFRD shall aim to further improve the sustainable development of farming, food and rural areas and shall contribute to achieving the following general objectives in the economic, environmental and social spheres respectively, which will contribute to the implementation of the 2030 Agenda for Sustainable Development:

- (a) to foster a smart, competitive, resilient and diversified agricultural sector ensuring long term food security;
- (b) to support and strengthen environmental protection, including biodiversity, and climate action and to contribute to achieving the environmental and climate-related objectives of the Union, including its commitments under the Paris Agreement;
- (c) to strengthen the socio-economic fabric of rural areas.

Article 6
Specific objectives

1. The achievement of the general objectives shall be pursued through the following specific objectives:
 - (a) support viable farm income and resilience of the agricultural sector across the Union to enhance long-term food security and agricultural diversity as well as ensuring the economic sustainability of agricultural production in the Union;
 - (b) enhance market orientation and increase farm competitiveness both in the short and long term, including greater focus on research, technology and digitalisation;
 - (c) improve the farmers' position in the value chain;
 - (d) contribute to climate change mitigation and adaptation, including by reducing greenhouse gas emissions and enhancing carbon sequestration, as well as promote sustainable energy;
 - (e) foster sustainable development and efficient management of natural resources such as water, soil and air, including by reducing chemical dependency;
 - (f) contribute to halting and reversing biodiversity loss, enhance ecosystem services and preserve habitats and landscapes;
 - (g) attract and sustain young farmers and other new farmers and facilitate sustainable business development in rural areas;

- (h) promote employment, growth, gender equality, including the participation of women in farming, social inclusion and local development in rural areas, including circular bio-economy and sustainable forestry;
- (i) improve the response of Union agriculture to societal demands on food and health, including high quality, safe, and nutritious food produced in a sustainable way, the reduction of food waste, as well as improving animal welfare and combatting antimicrobial resistances.

Those objectives shall be complemented and interconnected with the cross-cutting objective of modernising the sector by fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas, and encouraging their uptake by farmers, through improved access to research, innovation, knowledge exchange and training.

- 2. When pursuing the specific objectives Member States, with the support of the Commission, shall take appropriate measures to reduce the administrative burden and ensure simplification in the implementation of the CAP.

Article 7

Indicators

- 1. Achievement of the objectives referred to in Articles 5 and 6(1) shall be assessed on the basis of common indicators related to output, result, impact and context as set out in Annex I. These common indicators shall include:
 - (a) output indicators relating to the realised output of the interventions supported;

- (b) result indicators relating to the specific objectives concerned, and where relevant the cross-cutting objective of modernising the sector referred to in Article 5, and which are used for the establishment of quantified milestones and targets in relation to those specific and cross-cutting objectives in the CAP Strategic Plans and for assessing progress towards those targets. The indicators relating to environment- and climate-specific objectives may cover interventions which contribute to the commitments emanating from the Union legislation listed in Annex XI.
 - (c) impact indicators related to the objectives set out in Articles 5 and 6(1) and used in the context of the CAP Strategic Plans and of the CAP;
 - (ca) context indicators referred to in Article 103(2) and listed in Annex I.
2. The Commission is empowered to adopt delegated acts in accordance with Article 138 amending Annex I to adapt the common output, result, impact and context indicators. This empowerment shall be strictly limited to addressing technical problems raised by Member States regarding their application.

TITLE III
COMMON REQUIREMENTS AND TYPES OF INTERVENTIONS

CHAPTER I

COMMON REQUIREMENTS

Section 1

General principles

Article 8

Strategic approach

Member States shall pursue the objectives set out in Title II by specifying interventions based on the types of interventions set out in Chapters II, III and IV of this Title in accordance with their respective assessment of needs and with the common requirements set out in this Chapter.

Article 9

General principles

Member States shall design the interventions of their CAP Strategic Plans and GAEC standards referred to in Article 12 in accordance with the Charter of Fundamental Rights of the European Union and the general principles of Union law.

Member States shall ensure that interventions and GAEC standards referred to in Article 12 are set out on the basis of objective and non-discriminatory criteria, are compatible with the proper functioning of the internal market and do not distort competition.

Member States shall establish the legal framework governing the granting of Union support to beneficiaries in accordance with the CAP Strategic Plans as approved by the Commission in accordance with Articles 106 and 107 of this Regulation and the principles and requirements set out in this Regulation and Regulation (EU) [HzR]. They shall implement the CAP Strategic Plans as approved by the Commission in accordance with Articles 106 and 107 of this Regulation.

Article 10

WTO domestic support

1. Member States shall design the interventions based on the types of interventions which are listed in Annex II to this Regulation, including the definitions and conditions set out in Article 4, in such a way that they qualify under the criteria of Annex 2 to the WTO Agreement on Agriculture.

In particular, the basic income support for sustainability, the complementary redistributive income support for sustainability, the complementary income support for young farmers and the schemes for the climate and the environment shall qualify under the criteria of the paragraphs of Annex 2 to the WTO Agreement on Agriculture indicated in Annex II to this Regulation for those interventions. For other interventions, the particular paragraphs of Annex 2 to the WTO Agreement on Agriculture indicated in Annex II to this Regulation are indicative and those interventions may instead respect a different paragraph of Annex 2 to the WTO Agreement on Agriculture if that is justified in the CAP Strategic Plan.

Article 10a

Implementation of the Memorandum of Understanding on oilseeds

1. Where Member States provide for area-based interventions, other than those which comply with the provisions of Annex 2 to the WTO Agreement on Agriculture, including coupled income support under Subsection 1 of Section 3 of Chapter II of Title III, and where these interventions concern some or all of the oilseeds referred to in the Annex to the Memorandum of Understanding between the European Economic Community and the United States of America on oilseeds²⁴, the total of the support area based upon the planned outputs included in the CAP Strategic Plans of the Member States concerned shall not exceed the maximum support area for the whole Union for the purpose of ensuring compliance with its international commitments.

At the latest 6 months following the entry into force of this Regulation, the Commission shall adopt implementing acts fixing an indicative reference support area for each Member State, calculated on the basis of each Member State's share of the average cultivation area in the Union during the five years preceding the year of entry into force of this Regulation. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

2. Each Member State that intends to grant support as referred to in paragraph 1 shall indicate the respective planned outputs in terms of hectares in its CAP Strategic Plan proposal referred to in Article 106(1).

²⁴ Memorandum of Understanding between the Economic Community and the United States of America on oil seeds under GATT (OJ L147, 18.6.1993, p. 25).

If following the notification of all planned outputs by Member States the maximum support area for the whole Union is exceeded, the Commission shall calculate for each Member State that notified an excess compared to its reference area, a reduction coefficient that is proportionate to the excess of its planned outputs. This shall result in an adaptation to the maximum support area for the whole Union referred to in the paragraph 1. Each Member State concerned shall be informed about this reduction coefficient in the Commission's observations to the CAP Strategic Plan in accordance with Article 106(3). The reduction coefficient for each Member State shall be set in the implementing act by which the Commission approves its CAP Strategic Plan as referred to in Article 106(6).

The Member States shall not amend their support area on their own initiative after the date referred to in Article 106(1).

3. Where Member States intend to increase their planned outputs referred to in paragraph 1 as approved by the Commission in the CAP Strategic Plans, they shall notify the Commission of the revised planned outputs by means of a request for amendment of the CAP Strategic Plans in accordance with Article 107 before 1 January of the year preceding the claim year concerned.
4. Where appropriate, in order to avoid that the maximum support area for the whole Union as referred to in the first subparagraph of paragraph 1 is exceeded, the Commission shall set reduction coefficients or revise the existing reduction coefficients where such coefficients were set in accordance with the second subparagraph of paragraph 2, for all Member States that exceeded their reference area in their CAP Strategic Plans.

The Commission shall inform the Member States concerned about the reduction coefficients at the latest before 1 February of the year preceding the claim year concerned.

Each Member State concerned shall submit a corresponding request for amendment of its CAP Strategic Plan with the reduction coefficient referred to in the second subparagraph before 1 April of the year preceding the claim year concerned. The reduction coefficient shall be set in the implementing act approving the amendment of the CAP Strategic Plan as referred to in Article 107(8).

5. With regard to the oilseeds concerned by the Memorandum of Understanding referred to in the first subparagraph of paragraph 1, Member States shall inform the Commission of the total number of hectares for which support has been actually paid in the annual performance reports referred to in Article 121.
6. Member States shall exclude the cultivation of confectionery sunflower seed from any area-based intervention referred to in paragraph 1.

Section 2

Conditionality

Article 11

Principle and scope

1. Member States shall include in their CAP Strategic Plans a system of conditionality, under which farmers and other beneficiaries receiving direct payments under Chapter II of this Title or the annual payments under Articles 65, 66 and 67 shall be subject to an administrative penalty if they do not comply with the statutory management requirements under Union law and the GAEC standards established in the CAP Strategic Plan, as listed in Annex III, relating to the following specific areas:
 - (a) the climate and the environment, including water, soil and biodiversity of ecosystems;
 - (b) public health, animal health and plant health;
 - (c) animal welfare.

2. The rules on an effective and proportionate system of administrative penalties to be included in the CAP Strategic Plan shall respect in particular the requirements set out in Chapter IV of Title IV of Regulation (EU) [HzR].
3. The legal acts referred to in Annex III concerning the statutory management requirements shall apply in the version that is applicable and, in the case of Directives, as implemented by the Member States.
4. For the purpose of this Section, 'statutory management requirement' means each individual statutory management requirement under Union law listed in Annex III within a given legal act, differing in substance from any other requirements in the same act.

Section 2a

Social conditionality

Article 11a

Principle and scope

1. At the latest by 1/1/2025, Member States shall include in their CAP Strategic Plans that farmers and other beneficiaries receiving direct payments under Chapter II of this Title or the annual payments under Articles 65, 66 and 67 of this Regulation shall be subject to an administrative penalty if they do not comply with the requirements related to applicable working and employment conditions or employer obligations arising from the legal acts referred to in Annex XX.

2. When including a system of administrative penalties in their CAP Strategic Plans as referred in paragraph 1, on the basis of their institutional provisions, Member States shall consult relevant national social partners, representing management and labour in the agriculture sector and shall fully respect their autonomy, as well as their right to negotiate and conclude collective agreements. Where in line with national legal and collective bargaining frameworks, social partners are responsible for the implementation or enforcement of the acts referred to in Annex XX, their rights and obligations shall not be affected by the system of administrative penalties to be included in the CAP Strategic Plans.
3. The rules on an effective and proportionate system of administrative penalties to be included in the CAP Strategic Plan shall respect the relevant requirements set out in Chapter XX of Title IV of Regulation (EU) [HzR]
4. The legal acts referred to in Annex XX concerning the provisions to be subject to the system of administrative penalties as referred in paragraph 1 shall apply in the version that is applicable, and as implemented by the Member States.

Article 12

Obligations of Member States relating to good agricultural and environmental condition

1. Member States shall ensure that all agricultural areas including land which is no longer used for production purposes, are maintained in good agricultural and environmental condition. Member States shall set, at national or regional level, minimum standards for farmers and other beneficiaries for each GAEC standard listed in Annex III in line with the main objective of the standards as referred to in that Annex. In setting their standards, Member States shall take into account, where relevant, the specific characteristics of the areas concerned, including soil and climatic condition, existing farming systems, land use such as farming practices, farm size and farm structures and the specificities of outermost regions.

2. In respect of the main objectives laid down in Annex III Member States may set standards additional to those laid down in that Annex against those main objectives, provided that such additional standards are non-discriminatory, proportionate and correspond to the needs identified. However, Member States shall not set minimum standards for main objectives other than the main objectives laid down in Annex III.
3. The Commission is empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation with rules to ensure a level-playing field as regards the ratio for GAEC standard 1.

Section 3

Farm advisory services

Article 13

Farm advisory services

1. Member States shall include in the CAP Strategic Plan a system providing services for advising farmers and other beneficiaries of CAP support on land management and farm management ('farm advisory services') which may build upon existing systems.
2. The farm advisory services shall cover economic, environmental and social dimensions, taking into account existing farming practices, and deliver up to date technological and scientific information developed by research and innovation, including as regards the provision of public goods.

Through these services, appropriate assistance shall be offered along the cycle of the farm development, including for the setting up for the first time, conversion of production pattern towards consumer demand, innovative practice, agricultural techniques for resilience to climate change, including agroforestry and agroecology, improved animal welfare, and where necessary safety standards and social support.

The services shall be integrated within the interrelated services of farm advisors, researchers, farmer organisations and other relevant stakeholders that form the AKIS.

3. Member States shall ensure that the farm advice given is impartial and that advisors are suitably qualified, appropriately trained and have no conflict of interest.
4. The farm advisory services shall be adapted to the various types of productions and farms and shall cover at least the following:
 - (a) all requirements, conditions and management commitments applying to farmers and other beneficiaries set in the CAP Strategic Plan, including requirements and standards under conditionality and conditions for interventions as well as information on financial instruments and business plans established under the CAP Strategic Plan;
 - (b) the requirements as laid down by Member States for implementing Directive 2000/60/EC, Directive 92/43/EEC, Directive 2009/147/EC, Directive 2008/50/EC, Directive (EU) 2016/2284, Regulation (EU) 2016/2031, Regulation (EU) 2016/429, Article 55 of Regulation (EC) No 1107/2009 of the European Parliament and of the Council²⁵ and Directive 2009/128/EC;
 - (c) farm practices preventing the development of antimicrobial resistance as set out in the Communication "A European One Health Action Plan against Antimicrobial Resistance"²⁶;
 - (d) risk prevention and management;
 - (e) innovation support in particular for preparing and for implementing Operational Group projects of the European Innovation Partnership for agricultural productivity and sustainability as referred to in Article 114;

²⁵ Regulation (EC) No 1107/2009 of the European Parliament and of the Council of 21 October 2009 concerning the placing of plant protection products on the market and repealing Council Directives 79/117/EEC and 91/414/EEC (OJ L 309, 24.11.2009, p. 1).

²⁶ "A European One Health Action Plan against Antimicrobial Resistance (AMR)" (COM(2017) 339 final).

- (f) digital technologies in agriculture and rural areas as referred to in Article 102(b);
- (fa) sustainable management of nutrients, including at the latest as from 2024 use of a Farm Sustainability Tool for Nutrients. This tool shall be any digital application that at least provides:
 - a balance of the main nutrients at field scale,
 - the legal requirements on nutrients,
 - soil data, based on available information and analyses,
 - IACS data relevant for nutrient management.
- (faa) conditions of employment and employer obligations as well as occupational health and safety and social care in farming communities.

CHAPTER II

TYPES OF INTERVENTIONS IN THE FORM OF DIRECT PAYMENTS

Section 1

Types of interventions, reduction and minimum requirements

Article 14

Types of interventions in the form of direct payments

1. The types of interventions under this Chapter may take the form of decoupled and coupled direct payments.
2. Decoupled direct payments shall be the following:
 - (a) the basic income support for sustainability;
 - (b) the complementary redistributive income support for sustainability;

- (c) the complementary income support for young farmers;
 - (d) the schemes for the climate, the environment and animal welfare.
3. Coupled direct payments shall be the following:
- (a) the coupled income support;
 - (b) the crop-specific payment for cotton.

Article 15

Capping and degressivity of payments

1. Member States may cap the amount of direct payments to be granted to a farmer pursuant to Subsection 2 of Section 2 of this Chapter for a given calendar year. Member States that choose to introduce capping shall reduce by 100 % the amount exceeding EUR 100 000.
- 1a. Member States may choose to reduce the amount of direct payments to be granted to a farmer pursuant to Subsection 2 of Section 2 of this Chapter for a given calendar year, exceeding EUR 60 000 by up to 85%.

Member States may set additional tranches above EUR 60 000, and specify the percentages of reduction for these additional tranches. They shall ensure that the reduction for each tranche is equal to or higher than for the previous tranche.

2. Before applying paragraph 1 or 1a, Member States may subtract from the amount of direct payments to be granted to a farmer pursuant to Subsection 2 of Section 2 of this Chapter in a given calendar year:
- (a) all the salaries linked to an agricultural activity declared by the farmer, including taxes and social contributions related to employment;

- (b) the equivalent cost of regular and unpaid labour linked to an agricultural activity practiced by persons working on the farm concerned who do not receive a salary, or who receive less remuneration than the amount normally paid for the services rendered, but are rewarded through the economic result of the farm business;
- (c) the labour cost element of the contracting costs linked to an agricultural activity declared by the farmer.

To calculate the amounts referred to in point (a), Member States shall use salary costs actually incurred by the farmer. In duly justified cases, farmers may request to use standards costs to be determined by the Member State concerned according to a method to be further specified in its CAP strategic plan based on the average standard salaries linked to an agricultural activity at national or regional level multiplied by the number of annual work units declared by the farmer concerned.

To calculate the amounts referred to in point b, Member States shall use standard costs to be determined by the Member State concerned according to a method to be further specified in its CAP strategic plan based on the average standard salaries linked to an agricultural activity at national or regional level multiplied by the number of annual work units declared by the farmer concerned.

- 2a. In the case of a legal person, or a group of natural or legal persons, Member States may apply the reduction referred to in paragraphs 1 and 1a at the level of the members of those legal persons or groups where national law provides for the individual members to assume rights and obligations comparable to those of individual farmers who have the status of a head of holding, in particular as regards their economic, social and tax status, provided that they have contributed to strengthening the agricultural structures of the legal persons or groups concerned.

3. The estimated product of the reduction of payments shall primarily be used to contribute to the financing of the complementary redistributive income support for sustainability, where relevant, and thereafter of other interventions belonging to decoupled direct payments.

Member States may also use all or part of the product to finance types of interventions under the EAFRD as specified in Chapter IV by means of a transfer. Such transfer to the EAFRD shall be part of the CAP Strategic Plan financial tables and may be reviewed in 2025 in accordance with Article 90. It shall not be subject to the maximum limits for the transfers of funds from the EAGF to the EAFRD established under Article 90.

4. The Commission may adopt delegated acts in accordance with Article 138 supplementing this Regulation with rules establishing a harmonised basis for the calculation for the reduction of payments laid down in paragraphs 1 and 1a to provide detailed rules for the distribution of funds to the entitled farmers.

Article 15a

Minimum requirements

1. Member States shall set a minimum area and not grant direct payments to active farmers whose eligible area of the holding for which direct payments are claimed is lower than this minimum area.

Alternatively, Member States may set a minimum amount of direct payments that may be paid to a farmer.

3. Where a Member State has decided to set a minimum area in accordance with the first subparagraph, it shall nevertheless set a minimum amount in accordance with the second subparagraph for those farmers receiving an animal-related coupled support who hold fewer hectares than that minimum area.

When setting the minimum area or minimum amount, Member States shall aim at ensuring that direct payments may only be granted to active farmers if:

- (a) the management of the corresponding payments does not cause excessive administrative burden, and
- (b) the corresponding amounts make an effective contribution to the objectives set out in Article 6 to which direct payments contribute.

4. The Member State concerned may decide not to apply this Article to the smaller Aegean Islands.

Article 15b

Contribution to risk management tools

1. By way of derogation from Article 42(1) of Regulation (EU) [HzR], a Member State may decide to assign up to 3% of the direct payments to be paid to a farmer for the farmer's contribution to a risk management tool.

Member States that decide to implement this provision shall apply it to all farmers receiving direct payments in a given year.

Section 2

Decoupled direct payments

Subsection 1

General provisions

Article 16

General requirements for receiving decoupled direct payments

Member States shall grant decoupled direct payments to active farmers under the conditions set out in this Section and as further specified in their CAP Strategic Plans.

Subsection 2

Basic income support for sustainability

Article 17

General rules

1. Member States shall provide for a basic income support for sustainability ('basic income support') under the conditions set out in this Subsection and as further specified in their CAP Strategic Plans.
2. Member States shall provide for a basic income support in the form of an annual decoupled payment per eligible hectare.
3. Without prejudice to Articles 19 to 24, the basic income support shall be granted for each eligible hectare declared by an active farmer.

Article 18

Amount of support per hectare

1. Unless Member States decide to grant the basic income support based on payment entitlements as referred to in Article 19, the support shall be paid as a uniform amount per hectare.
2. Member States may decide to differentiate the amount of the basic income support per hectare amongst different groups of territories faced with similar socio-economic or agronomic conditions, including traditional forms of agriculture as determined by Member States, such as traditional extensive alpine pasture. In accordance with Article 97(2)(ca), the amount of basic income support per hectare may be reduced taking into account support under other interventions in the CAP Strategic Plan.

Article 19

Payment entitlements

1. Member States having applied the basic payment scheme as laid down in Section 1 of Chapter I of Title III of Regulation (EU) No 1307/2013, may decide to grant the basic income support based on payment entitlements in accordance with Articles 20 to 24 of this Regulation.
2. Where Member States having applied the basic payment scheme as laid down in Section 1 of Chapter I of Title III of Regulation (EU) No 1307/2013 decide to no longer grant the basic income support based on payment entitlements, the payment entitlements allocated under Regulation (EU) No 1307/2013 shall expire on 31 December of the year preceding the year from which the decision is to apply.

Article 20

Value of payment entitlements and convergence

1. Member States shall determine the unit value of payment entitlements before convergence in accordance with this Article by adjusting the value of payment entitlements proportionally to their value as established in accordance with Regulation (EU) No 1307/2013 for claim year 2022 and the related payment for agricultural practices beneficial for the climate and environment provided for in Chapter III of Title III of that Regulation for claim year 2022.
2. Member States may decide to differentiate the value of payment entitlements in accordance with Article 18(2).
3. Each Member State shall, by claim year 2026 at the latest, set a maximum level for the value of individual payment entitlements for the Member State or for each group of territories referred to in Article 18(2).
4. Where the value of payment entitlements as determined in accordance with paragraph 1 is not uniform within a Member State or within a group of territories as referred to in Article 18(2), the Member State concerned shall ensure a convergence of the value of payment entitlements towards a uniform unit value by claim year 2026 at the latest.
5. For the purposes of paragraph 4, each Member State shall ensure that, for claim year 2026 at the latest, all payment entitlements have a value of at least 85% of the planned average unit amount as referred to in Article 89(1) for the basic income support for claim year 2026 as laid down in its CAP Strategic Plan for the Member State or for the group of territories as referred to in Article 18(2).

6. Member States shall finance the increases in the value of payment entitlements needed to comply with paragraphs 4 and 5 by using any possible amounts that become available through the application of paragraph 3, and, where necessary, by reducing the difference between the unit value of payment entitlements determined in accordance with paragraph 1 and the planned unit amount as referred to in Article 89(1), for the basic income support for claim year 2026 as laid down in the CAP Strategic Plan for the Member State or for the group of territories referred to in Article 18(2).

Member States may decide to apply the reduction to all or part of the payment entitlements with a value determined in accordance with paragraph 1 exceeding the planned unit amount as referred to in Article 89(1) for the basic income support for claim year 2026, as laid down in the CAP Strategic Plan for the Member State or for group of territories referred to in Article 18(2).

7. The reductions referred to in paragraph 6 shall be based on objective and non-discriminatory criteria. Without prejudice to the minimum value set in accordance with paragraph 5, such criteria may include the fixing of a maximum decrease that may not be lower than 30%.
- 7a. Member States shall ensure that the adjustment of the payment entitlement values in accordance with paragraphs 3 to 7 of this Article starts from 2023.

Article 21

Activation of payment entitlements

1. Member States which have decided to grant support based on payment entitlements shall grant basic income support to active farmers holding owned or leased-in payment entitlements upon activation of those payment entitlements. Member States shall ensure that for the purpose of the activation of payment entitlements, active farmers declare the eligible hectares accompanying any payment entitlement.

2. Member States shall ensure that payment entitlements, including in the case of actual or anticipated inheritance, be activated only in the Member State or within the group of territories referred to in Article 18(2) where they were allocated.
3. Member States shall ensure that activated payment entitlements give a right to payment based on the amount fixed therein.

Article 22

Reserves for payment entitlements

1. Each Member State deciding to grant the basic income support based on payment entitlements shall manage a national reserve.
2. By way of derogation from paragraph 1, where Member States decide to differentiate the basic income support in accordance Article 18(2), they may decide to have a reserve for each group of territories referred to in that Article.
3. Member States shall ensure that payment entitlements from the reserve be only allocated to active farmers.
4. Member States shall use their reserve as a matter of priority to allocate payment entitlements to the following farmers:
 - (a) young farmers who have newly set up a holding for the first time;
 - (b) new farmers.
5. Member States shall allocate payment entitlements to, or increase the value of the existing payment entitlements of active farmers who are entitled by virtue of a definitive court ruling or by virtue of a definitive administrative act of the competent authority of a Member State. Member States shall ensure that those active farmers receive the number and value of payment entitlements established in that ruling or act at a date to be fixed by the Member State.

6. Member States shall ensure that the reserve be replenished by a linear reduction of the value of all payment entitlements where the reserve is insufficient to cover the allocation of payment entitlements in accordance with paragraphs 4 and 5.
7. Member States may lay down additional rules for the use of the reserve, including additional categories of farmers to be served from the reserve, provided the priority groups referred to in paragraphs (4) and (5) have been served and for the cases that would trigger the replenishment of the reserve. Where the reserve is replenished by linear reduction of the value of payment entitlements, such linear reduction shall apply to all payment entitlements at national level or, where Member States apply the derogation provided for in paragraph 2, at the level of the relevant group of territories referred to in Article 18(2).
8. Member States shall fix the value of new payment entitlements allocated from the reserve at the national average value of payment entitlements in the year of allocation or at the average value of payment entitlements for each group of territories referred to in Article 18(2) in the year of allocation.
9. Member States may decide to increase the value of the existing payment entitlements up to the national average value in the year of allocation or up to the average value for each group of territories referred to in Article 18(2).

Article 24

Transfers of payment entitlements

1. Except in the case of transfer by actual or anticipated inheritance, payment entitlements shall be transferred only to an active farmer established in the same Member State.
2. Where Member States decide to differentiate the basic income support in accordance with Article 18(2) payment entitlements shall only be transferred within the group of territories where they were allocated.

Article 25

Payments for small farmers

Member States may grant a payment to small farmers, as determined by Member States, by way of a lump sum or of amounts per hectare replacing direct payments under this Section and Section 3 of this Chapter. Member States shall design the corresponding intervention in the CAP Strategic Plan as optional for the farmers.

The annual payment for each farmer shall not exceed EUR 1 250.

Member States may decide to set different lump sums or amounts per hectare linked to different area thresholds.

Subsection 3

Complementary income Support

Article 26

Complementary redistributive income support for sustainability

1. Member States shall provide for a complementary redistributive income support for sustainability ('redistributive income support') under the conditions set out in this Article and as further specified in their CAP Strategic Plans.

By derogation to the first subparagraph and Article 86(x), Member States may address the need of redistribution of income support by other instruments and interventions financed by the EAGF pursuing the objective of fairer distribution and more effective and efficient targeting of income support, provided they can demonstrate in their CAP Strategic Plan that such need is sufficiently addressed.

2. Member States shall ensure redistribution of direct payments from larger to smaller or medium-sized holdings by providing for a redistributive income support in the form of an annual decoupled payment per eligible hectare to farmers who are entitled to a payment under the basic income support referred to in Article 17.
3. Member States shall establish at national or regional level, which may be the groups of territories referred to in Article 18(2), an amount per hectare or different amounts for different ranges of hectares, as well as the maximum number of hectares per farmer for which the redistributive income support shall be paid.
4. The amount per hectare planned for a given claim year shall not exceed the national average amount of direct payments per hectare for that claim year.
5. The national average amount of direct payments per hectare is defined as the ratio of the national ceiling for direct payments for a given claim year as laid down in Annex IV and the total planned outputs for the basic income support for that claim year, expressed in number of hectares.
- 5a. In the case of a legal person, or a group of natural or legal persons, Member States may apply the maximum number of hectares referred to in paragraph 3 at the level of the members of those legal persons or groups where national law provides for the individual members to assume rights and obligations comparable to those of individual farmers who have the status of a head of holding, in particular as regards their economic, social and tax status, provided that they have contributed to strengthening the agricultural structures of the legal persons or groups concerned.

In the case of farmers being part of a group of affiliated legal entities, as determined by Member States, Member States may apply the maximum number of hectares referred to in paragraph 3 at the level of this group under conditions to be determined by Member States.

Article 27

Complementary income support for young farmers

1. Member States may provide for complementary income support for young farmers determined in accordance with the criteria laid down in point (e) of Article 4(1), under the conditions set out in this Article and as further specified in their CAP Strategic Plans.
2. As part of their obligations to attract young farmers in line with the objective set out in point (g) of Article 6(1) and to dedicate to this objective in accordance with Article 86(4) at least an amount as set out in Annex X, Member States may provide a complementary income support for young farmers who have newly set up for the first time and who are entitled to a payment under the basic income support as referred to in Article 17.

Member States may decide to grant the support under this Article to farmers who have received support under Article 50 of Regulation (EU) No 1307/2013 for the remainder of the period referred to in paragraph 5 of that Article.

3. The complementary income support for young farmers shall be granted for a maximum duration of five years, starting from the first year of submission of the application for the payment for young farmers, and subject to the conditions to be determined by the CAP legal framework applicable for the period after 2027 when the duration of five years goes beyond 2027. Member States shall ensure that no legal expectations of beneficiaries are created for the period after 2027.

That support shall take the form either of an annual decoupled payment per eligible hectare or of a lump-sum payment per young farmer.

Member States may decide to grant the support under this Article only to a maximum number of hectares per young farmer.

- 3a. In the case of a legal person, or a group of natural or legal persons such as group of farmers, producer organisations or cooperatives, Member States may apply the maximum number of hectares referred to in paragraph 3 of this Article at the level of the members of those legal persons or groups:
- (a) who comply with the requirements of "young farmer" as determined in accordance with criteria laid down in point (e) of Article 4(1) and
 - (b) where national law provides for the individual members to assume rights and obligations comparable to those of individual farmers who have the status of a head of holding, in particular as regards their economic, social and tax status, provided that they have contributed to strengthening the agricultural structures of the legal persons or groups concerned.

Subsection 4

Schemes for the climate and the environment

Article 28

Schemes for the climate, the environment and animal welfare

1. Member States shall establish and provide support for voluntary schemes for the climate, environment and animal welfare ('eco-schemes') under the conditions set out in this Article and as further specified in their CAP Strategic Plans.
2. Member States shall support under this Article active farmers or groups of active farmers who make commitments to observe agricultural practices beneficial for the climate, the environment, animal welfare and combatting antimicrobial resistance.

3. Member States shall establish a list of agricultural practices beneficial for the climate, the environment and animal welfare and addressing antimicrobial resistance. Those practices shall be designed to meet one or more of the following:
 - (a) the specific environmental and climate-related objectives laid down in points (d), (e) and (f) of Article 6(1);
 - (b) to improve animal welfare and address antimicrobial resistance objectives laid down in point (i) of Article 6(1).

4. Each eco-scheme shall in principle cover at least 2 of the following areas of actions for the climate, the environment, animal welfare and antimicrobial resistance:
 - (a) climate change mitigation, including reduction of GHG emissions from agricultural practices, as well as maintenance of existing carbon stores and enhancement of carbon sequestration;
 - (b) climate change adaptation, including actions to improve resilience of food production systems, and animal and plant diversity for stronger resistance to diseases and climate change;
 - (c) protection or improvement of water quality and reduction of pressure on water resources;
 - (d) prevention of soil degradation, soil restoration, improvement of soil fertility and of nutrient management and soil biota;
 - (e) protection of biodiversity, conservation or restoration of habitats or species, including maintenance and creation of landscape features or non-productive areas;

(f) actions for a sustainable and reduced use of pesticides, particularly pesticides that present a risk for human health or environment;

(g) actions to enhance animal welfare or address antimicrobial resistance.

5. Under this Article, Member States shall only provide payments covering commitments which:

(a) go beyond the relevant statutory management requirements and GAEC standards established under Section 2 of Chapter I of this Title;

(b) go beyond the relevant minimum requirements for the use of fertiliser and plant protection products, animal welfare, as well as other relevant mandatory requirements established by national and Union law;

(c) go beyond the conditions established for the maintenance of the agricultural area in accordance with point (a) of Article 4(1);

(d) are different from commitments in respect of which payments are granted under Article 65.

For commitments referred to under point (b) of the first subparagraph, where national law imposes new requirements which go beyond the corresponding/related minimum requirements laid down in Union law, support may be granted for commitments contributing to compliance with those requirements for a maximum of 24 months from the date on which they become mandatory for the holding.

5a. Pursuant to paragraph 5, Member States may, for the description of the commitments to be fulfilled by the beneficiary of eco-schemes referred to in this Article, build upon one or more of the requirements and standards established under Section 2 of Chapter I, provided that the obligations of the eco-schemes go beyond the relevant statutory management requirements and the minimum standards for good agricultural and environmental condition of land established by Member States under Section 2 of Chapter I of this Title.

Without prejudice to Article 85(1) of the Horizontal Regulation, active farmers or groups of active farmers participating in eco-schemes established in accordance with the first subparagraph shall be deemed to comply with the relevant requirements and standards referred to in Annex III, provided that they fulfil the commitments under the eco-scheme concerned.

Member States that establish eco-schemes in accordance with the first subparagraph may ensure that their management and control systems do not duplicate checks where the same requirements and standards apply both under those eco-schemes and the obligations set in Annex III.

6. Support for a particular eco-scheme shall take the form of an annual payment for all eligible hectares covered by the commitments. Payments shall be granted as either:
 - (a) payments additional to the basic income support as set out in Subsection 2 of this Section; or
 - (b) payments compensating active farmers or groups of active farmers for all or part of the additional costs incurred and income foregone as a result of the commitments made which shall be calculated in accordance with Article 76 and taking into account the targets for eco-schemes. These payments may also cover transaction costs.

By way of derogation from the first subparagraph, payments granted in accordance with point (b) of the first subparagraph for animal welfare commitments, commitments addressing antimicrobial resistance and, if duly justified, commitments for practices beneficial for climate, may also take the form of an annual payment for the livestock units.

- 6a. Member States shall demonstrate how the agricultural practices committed under eco-schemes respond to the needs referred to in Article 96 and how they contribute to the environmental and climate architecture referred to in Article 97(2)(a) and to animal welfare and reducing antimicrobial resistance. They shall use a rating or scoring system or any other appropriate methodology to ensure the effectiveness and efficiency of the eco-schemes to deliver on the targets set. When establishing the level of payments for different commitments under the eco-schemes under point (a) of the first subparagraph of paragraph 6, Member States shall take into account the level of sustainability and ambition of each eco-scheme, based on objective and transparent criteria.
7. Member States shall ensure that interventions under this Article are consistent with those granted under Article 65.

Section 3

Coupled direct payments

Subsection 1

Coupled income support

Article 29

General rules

1. Member States may grant coupled income support to active farmers under the conditions set out in this Subsection and as further specified in their CAP Strategic Plans.
2. The Member States' interventions shall help the supported sectors and productions or specific types of farming therein listed in Article 30 addressing the difficulty or difficulties they undergo by improving their competitiveness, their sustainability or their quality. By way of derogation for protein crops Member States are not required to demonstrate the difficulties they undergo.

3. Coupled income support shall take the form of an annual payment per hectare or animal.

Article 30

Scope

Coupled income support may only be granted to the following sectors and productions or specific types of farming therein where these are important for socioeconomic or environmental reasons:

- (a) cereals,
- (b) oilseeds excluding confectionary sunflower seeds as laid down in Article 10a(5),
- (c) protein crops, also including legumes and mix between legumes and grasses provided that legumes remain predominant in this mixture,
- (d) flax,
- (e) hemsps,
- (f) rice,
- (g) nuts,
- (h) starch potatoes,
- (i) milk and milk products,
- (j) seeds,
- (k) sheep meat and goat meat,
- (l) beef and veal,

- (m) olive oil and table olives,
- (n) silk worms,
- (o) dried fodder,
- (p) hops,
- (q) sugar beet, cane and chicory roots,
- (r) fruit and vegetables,
- (s) short rotation coppice.

Article 31

Eligibility

1. Member States may grant coupled income support in the form of a payment per hectare only for areas they have determined as eligible hectares.
2. Where the coupled income support concerns bovine animals or sheep and goats, Member States shall set as eligibility conditions for the support the requirements to identify and register the animals in compliance with Regulation (EC) No 1760/2000 of the European Parliament and of the Council²⁷ or Council Regulation (EC) No 21/2004²⁸ respectively. However, without prejudice to other applicable eligibility conditions, bovine animals or sheep and goats shall be considered as eligible for support as long as the identification and registration requirements are met by a certain date in the claim year concerned to be fixed by the Member States.

²⁷ Regulation (EC) No 1760/2000 of the European Parliament and of the Council of 17 July 2000 establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products and repealing Council Regulation (EC) No 820/97 (OJ L 204, 11.8.2000, p. 1).

²⁸ Council Regulation (EC) No 21/2004 of 17 December 2003 establishing a system for the identification and registration of ovine and caprine animals and amending Regulation (EC) No 1782/2003 and Directives 92/102/EEC and 64/432/EEC (OJ L 5, 9.1.2004, p. 8).

Article 32

Delegated powers

The Commission is empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation with measures to avoid beneficiaries of coupled income support suffering from structural market imbalances in a sector. Those delegated acts may allow Member States to decide that coupled income support may continue to be paid until 2027 on the basis of the production units for which such support was granted in a past reference period.

Subsection 2

Crop-specific payment for cotton

Article 34

Scope

The Member States referred to in Article 36 shall grant a crop-specific payment for cotton to active farmers producing cotton falling within CN code 5201 00 under the conditions laid down in this Subsection.

Article 35

General rules

1. The crop-specific payment for cotton shall be granted per hectare of eligible area of cotton. The area shall be eligible only if it is located on agricultural land authorised by the Member State for cotton production, sown with varieties authorised by the Member State and actually harvested under normal growing conditions.
2. The crop-specific payment for cotton shall be paid for cotton of sound, fair and marketable quality.

3. Member States shall authorise the land and the varieties referred to in paragraph 1 in accordance with any rules and conditions adopted pursuant to paragraph 4.
- 3a. For the interventions covered in this Subsection:
 - (a) the eligibility of the expenditure incurred shall be determined on the basis of Article 35(a) of Regulation (EU) No .../... [HzR];
 - (b) for the purposes of Article 11(1) of Regulation (EU) No .../... [HzR], the opinion to be provided by the certification bodies shall cover points (a), (b) and (d) of Article 11(1), as well as the management declaration.
4. The Commission is empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation with rules and conditions for the authorisation of land and varieties for the purposes of the crop-specific payment for cotton.
5. The Commission shall adopt implementing acts laying down rules on the procedure for the authorisation of land and varieties for the purposes of the crop-specific payment for cotton and on the notifications to the producers related to this authorisation. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

Article 36

Base areas, fixed yields and reference amounts

1. The following national base areas are established:
 - Bulgaria: 3 342 ha
 - Greece: 250 000 ha
 - Spain: 48 000 ha
 - Portugal: 360 ha

2. The following fixed yields in the reference period are established:
 - Bulgaria: 1,2 tonne/ha
 - Greece: 3,2 tonne/ha
 - Spain: 3,5 tonne/ha
 - Portugal: 2, 2 tonne/ha
3. The amount of the crop-specific payment per hectare of eligible area shall be calculated by multiplying the yields established in paragraph 2 with the following reference amounts:
 - Bulgaria: EUR 636,13,
 - Greece: EUR 229,37,
 - Spain: EUR 354,73,
 - Portugal: EUR 223,32.
4. If the eligible area of cotton in a given Member State and a given year exceeds the base area established in paragraph 1, the amount referred to in paragraph 3 for that Member State shall be reduced proportionately to the overrun of the base area.
5. The Commission is empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation with rules on the conditions for the granting of the crop-specific payment for cotton, on the eligibility requirements and on agronomic practices.
6. The Commission may adopt implementing acts laying down rules on the calculation of the reduction provided for in paragraph 4. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

Article 37

Approved interbranch organisations

1. For the purpose of this Subsection, an 'approved interbranch organisation' means a legal entity made up of farmers producing cotton and at least one ginner, carrying out activities such as:
 - (a) helping to better coordinate the way cotton is placed on the market, particularly through research studies and market surveys;
 - (b) drawing up standard forms of contract compatible with Union rules;
 - (c) orienting production towards products that are better adapted to market needs and consumer demand, particularly in terms of quality and consumer protection;
 - (d) updating methods and means to improve product quality;
 - (e) developing marketing strategies to promote cotton via quality certification schemes.
2. The Member State where the ginner is established shall approve interbranch organisations that satisfy any criteria laid down pursuant to paragraph 3.
3. The Commission is empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation with rules on:
 - (a) criteria for the approval of interbranch organisations;
 - (b) obligations for producers;
 - (c) the situation where the approved interbranch organisation does not satisfy the criteria referred to in point (a).

Article 38
Granting of the payment

1. Farmers shall be granted the crop-specific payment for cotton for hectares that are eligible as established in Article 36.
2. In the case of farmers who are members of an approved interbranch organisation, the crop-specific payment for cotton for hectares that are eligible within the base area laid down in Article 36(1) shall be increased by an amount of EUR 2.

Article 38a
Derogations

1. Articles 88 and 89 and Chapters I, II, III, IV and V of Title VII shall not apply to the crop-specific payment for cotton laid down in this subsection.
2. The crop-specific payment for cotton shall not be included in any of the sections of the CAP Strategic Plan referred to in Articles 96 to 102, except as regards point (a) of the first subparagraph of Article 100(2) relating to the financial plan.
3. The second and the third subparagraphs of Article 53(1) of Regulation (EU) No .../... [HzR] shall not apply to the interventions referred to in this Subsection.

CHAPTER III

TYPES OF INTERVENTIONS IN CERTAIN SECTORS

Section 1

General provisions

Article 39

Scope

This Chapter lays down rules concerning the types of interventions:

- (a) in the fruit and vegetables sector, as referred to in point (i) of Article 1(2) of Regulation (EU) No 1308/2013;
- (b) in the apiculture products sector, as referred to in point (v) of Article 1(2) of Regulation (EU) No 1308/2013;
- (c) in the wine sector, as referred to in point (l) of Article 1(2) of Regulation (EU) No 1308/2013;
- (d) in the hops sector, as referred to in point (f) of Article 1(2) of Regulation (EU) No 1308/2013;
- (e) in the olive oil and table olives sector, as referred to in point (g) of Article 1(2) of Regulation (EU) No 1308/2013;
- (f) in the other sectors set out in points (a) to (h), (k), (m), (o) to (t) and (w) of Article 1(2) of Regulation (EU) No 1308/2013 and sectors covering products listed in Annex XIII of this Regulation.

Article 40

Mandatory and optional types of interventions

1. The types of interventions in the fruit and vegetables sector referred to in point (a) of Article 39 shall be mandatory for Member States with producer organisations in that sector recognised under Regulation (EU) No 1308/2013.
Where a Member State without recognised producer organisations in the fruit and vegetables sector at the moment of submitting its strategic plan, recognises a producer organisation in that sector under Regulation (EU) No 1308/2013 during the programming period, this Member State shall submit a request for amendment of the CAP Strategic Plan in accordance with Article 107 in order to include interventions in the fruits and vegetable sector.
- 1a. The types of interventions in the apiculture sector referred to in point (b) of Article 39 shall be mandatory for every Member State.
2. The types of interventions in the wine sector referred to in point (c) of Article 39 shall be mandatory for the Member States listed in Annex V.
3. Member States may choose in their CAP Strategic Plan to implement the types of interventions referred to in points (d), (e) and (f) of Article 39.
4. The Member State referred to in Article 82(3) may implement in the hops sector the types of interventions referred to in point (f) of Article 39 only if that Member State decides in its CAP Strategic Plan not to implement the types of interventions referred to in point (d) of Article 39.
5. The Member States referred to in Article 82(4) may implement in the olive oil and table olives sector the types of interventions referred to in point (f) of Article 39 only if those Member States decide in their CAP Strategic Plans not to implement the types of interventions referred to in point (e) of Article 39.

Article 40a
Forms of support

1. In the sectors referred to in Article 39, support may take any of the following forms, as appropriate:
 - (a) reimbursement of eligible costs actually incurred by a beneficiary;
 - (b) unit costs;
 - (c) lump sums;
 - (d) flat-rate financing.

2. The amounts for the forms of support referred to under point (b), (c) and (d) of paragraph 1, shall be established in one of the following ways:
 - (a) a fair, equitable and verifiable calculation method based on:
 - (i) statistical data, other objective information or an expert judgement; or
 - (ii) verified historical data of beneficiaries; or
 - (iii) the application of usual cost accounting practices of beneficiaries;
 - (b) draft budgets established on a case-by-case basis and agreed ex-ante by the body approving the operation;
 - (c) in accordance with the rules for application of corresponding unit costs, lump sums and flat rates applicable in Union policies for a similar type of intervention;
 - (d) in accordance with the rules for application of corresponding unit costs, lump sums and flat rates applied under support schemes funded entirely by the Member State for a similar type of intervention.

Article 41

Delegated powers for additional requirements for types of interventions

The Commission shall be empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation with requirements additional to those laid down in this Chapter in particular as regards:

- (a) ensuring the proper functioning of types of interventions laid down in this Chapter, in particular with a view to avoid distortions of competition in the internal market;
- (ab) the type of expenditure covered by the interventions laid down in this Chapter, including, by way of derogation to Article 20 of Regulation No .../... [HrZ], the eligibility of administrative and personnel costs of producer organisations or other beneficiaries when implementing these interventions;
- (b) the basis for the calculation of Union financial assistance referred to in this Chapter, including the reference periods and the calculation of the value of marketed production, and for the calculation of the degree of organisation of producers for the purpose of the national financial assistance referred to in Article 47;
- (c) the maximum level of Union financial assistance for types of interventions referred to in points (a), (c), (e), (f), (g) and (h) of Article 41b(2) and for the types of interventions referred to in points (c), (d) and (i) of Article 52(1), including packaging and transport rates for products withdrawn for free distribution and processing costs prior to delivery for that purpose;
- (d) the rules for the fixing of a ceiling for expenditure and for measuring of the eligible area for the purpose of the types of interventions referred to in point (d) of Article 41b(2) and in point (a) of Article 52(1);

- (e) the rules under which producers are to withdraw the by-products of winemaking, and on exceptions to that obligation in order to avoid additional administrative burden and rules for the voluntary certification of distillers.
- (f) the conditions to be applied for the use of forms of support listed in Article 40a(1).
- (g) the rules on minimum durability requirement for productive and non-productive investments supported by interventions included in this Chapter;
- (h) rules on the combination of funding for investments pursuant to point (b) in Article 52(1) of this Regulation and for promotion pursuant to point (h) in Article 52(1) of this Regulation.

Article 41a

Objectives in the fruit and vegetables sector, the hops sector, the olive oil and table olives sector and in the other sectors referred to in point (f) of Article 39

The objectives in the sectors referred to in points (a), (d), (e) and (f) of Article 39 shall be the following:

- (a) planning and organisation of production, adjusting production to demand, particularly in terms of quality and quantity, optimisation of production costs and returns on investments, stabilising producer prices; those objectives relate to the specific objectives set out in points (a), (b), (c) and (i) of Article 6(1);
- (b) concentration of supply and placing on the market of the products concerned, including through direct marketing; those objectives relate to the specific objectives set out in points (a), (b) and (c) of Article 6(1);
- (c) improvement of medium and long term competitiveness, in particular through modernisation; that objective relates to the specific objective set out in point (c) of Article 6(1);

- (d) research into, and development of sustainable production methods, including pest resilience, animal disease resistance and climate change resilience and mitigation, innovative practices and production techniques boosting economic competitiveness and bolstering market developments; those objectives relate to the specific objectives set out in points (a), (b), (c) and (i) of Article 6(1);
- (e) promoting, developing and implementing:
 - (i) production methods and techniques that are respectful of the environment;
 - (ii) pest and disease resilient production practices;
 - (iii) animal health and welfare standards going beyond minimum requirements established under Union and national law;
 - (iv) reduction of waste and environmentally sound use and management of by-products, including their re-usage and valorisation;
 - (v) protection and enhancement of biodiversity, and sustainable use of natural resources, in particular protection of water, soil and air.

Those objectives relate to the specific objectives set out in points (e), (f) and (i) of Article 6(1);

- (f) contributing to climate change mitigation and adaptation, as set out in point (d) of Article 6(1);
- (g) boosting products' commercial value and quality, including improving product quality and developing products with a protected designation of origin or with a protected geographical indication or covered by Union or national quality schemes recognised by Member States; those objectives relate to the specific objective set out in point (b) of Article 6(1);

- (h) promotion and marketing of the products; those objectives relate to the specific objectives set out in points (b), (c) and (i) of Article 6(1);
- (i) increasing consumption of the products of the fruit and vegetables sector, whether in a fresh or processed form; that objective relates to the specific objective set out in point (i) of Article 6(1);
- (j) crisis prevention and risk management, aimed at avoiding and dealing with crises in the markets of the relevant sector; those objectives relate to the specific objectives set out in points (a), (b) and (c) of Article 6(1).
- (k) improving the conditions of employment and enforce the employer obligations as well as occupational health and safety in line with Directives 1152/2019/EU (transparent and predictable working conditions), 89/391/EEC and 2009/104/EC (on occupational safety and health).

Article 41b

Types of interventions in the fruit and vegetables sector, the hops sector, the olive oil and table olives sector and in the other sectors referred to in point (f) of Article 39

1. For each objective chosen among those referred to in points (a) to (i) of Article 41a, Member States shall choose in their CAP Strategic Plans one or more of the following types of interventions in the sectors referred to in points (a), (d), (e) and (f) of Article 39:
 - (a) investments in tangible and non-tangible assets, research and experimental and innovative production methods and other actions, in areas such as:
 - (i) soil conservation, including the enhancement of soil carbon and soil structure, and the reduction of contaminants;
 - (ii) improvement of the use of and sound management of water, including water saving, water conservation and drainage;

- (iii) preventing damage caused by adverse climatic events and promoting the development and use of varieties, breeds and management practices adapted to changing climate conditions;
 - (iv) increasing energy saving, energy efficiency and the use of renewable energy;
 - (v) ecological packaging only in the field of research and experimental production;
 - (vi) biosecurity, animal health and welfare;
 - (vii) reducing emissions and waste, improving the use of by-products, including their re-usage and valorisation, and the management of waste;
 - (viii) improving resilience against pests, reducing risks and impacts of pesticide use, including implementing Integrated Pest Management techniques;
 - (ix) improving resilience against animal disease and reducing the use of veterinary medicines including antibiotics;
 - (x) creating and maintaining habitats favourable to biodiversity;
 - (xi) improving product quality;
 - (xii) improving genetic resources.
 - (xiii) improving the conditions of employment and employer obligations as well as occupational health and safety in line with Directives 1152/2019/EU (transparent and predictable working conditions), 89/391/EEC and 2009/104/EC (on occupational safety and health);
- (b) advisory services and technical assistance, in particular concerning sustainable pest and disease control techniques, sustainable use of plant protection and animal health products, climate change adaptation and mitigation, and conditions of employment and employer obligations as well as regarding occupational health and safety.

- (c) training including coaching and exchange of best practices, in particular concerning sustainable pest and disease control techniques, sustainable use of plant protection and animal health products, and climate change adaptation and mitigation, as well as the use of organised trading platforms and commodity exchanges on the spot and futures market;
 - (d) organic or integrated production;
 - (e) actions to increase the sustainability and efficiency of transport and of storage of products;
 - (f) promotion, communication and marketing including actions and activities aimed in particular at raising consumer awareness about the Union quality schemes and the importance of healthy diets, and at diversification and consolidation of markets;
 - (g) implementation of Union and national quality schemes;
 - (h) implementation of traceability and certification systems, in particular the monitoring of the quality of products sold to final consumers;
 - (i) actions to mitigate climate change and to adapt to climate change.
2. As regards the objective referred to in point (j) of Article 41a, Member States shall choose in their CAP Strategic Plans one or more of the following types of intervention in the sectors referred to in points (a), (d), (e) and (f) of Article 39:
- (a) setting up, filling and refilling of mutual funds by producer organisations and by associations of producer organisations recognised under Regulation (EU) No 1308/2013 or under Article 60a(7) in the cotton sector;

- (b) investments in tangible and non-tangible assets making the management of the volumes placed on the market more efficient including for collective storage;
- (c) collective storage of products produced by the producer organisation or by members of the producer organisation, including where necessary collective processing to facilitate such storage;
- (d) replanting of orchards or olive groves where that is necessary following mandatory grubbing up for health or phytosanitary reasons on the instruction of the Member State competent authority or to adapt to climate change;
- (da) restocking with livestock after compulsory slaughter for health reasons or because of losses resulting from natural disasters;
- (e) market withdrawal for free-distribution or other destinations, including where necessary processing to facilitate such withdrawal;
- (f) green harvesting consisting of the total harvesting on a given area of unripe non-marketable products which have not been damaged prior to the green harvesting, whether due to climatic reasons, disease or otherwise;
- (g) non-harvesting consisting of the termination of the current production cycle on the area concerned where the product is well developed and is of sound, fair and marketable quality, excluding destruction of products due to a climatic event or disease;
- (h) harvest and production insurance that contributes to safeguarding producers' incomes where there are losses as a consequence of natural disasters, adverse climatic events, diseases or pest infestations and at the same time ensuring that beneficiaries take necessary risk prevention measures;

- (i) coaching to other producer organisations and associations of producer organisations recognised under Regulation (EU) No 1308/2013 or under Article 60a(7) in the cotton sector or to individual producers;
- (j) implementation and management of third-country sanitary and phytosanitary requirements in the territory of the Union to facilitate access to third-country markets;
- (l) communication actions aiming at raising awareness and informing consumers.

Article 41c

Planning, reporting and performance clearance at operational programme level

Point (a) of Article 7(1), Article 89, points (f), (g) and (h) of Article 99, point (b) of the second subparagraph of Article 100(2) and Article 121 shall apply for the types of interventions in the sectors referred to in point (a) and in points (d), (e) and (f) of Article 39 at the level of operational programmes, instead of at the level of intervention. The planning, reporting and performance clearance for these types of interventions shall also be carried out at the level of operational programmes.

Section 2

the fruit and vegetables sector

Article 42

Objectives in the fruit and vegetables sector

Member States shall pursue one or more of the objectives set out in points (a) to (j) of Article 41a in the fruit and vegetables sector referred to in point (a) of Article 39. The objectives set out in points (g), (h) and (i) of Articles 41a shall cover the products whether in a fresh or processed form, while the objectives set out in the other points of that Article shall cover only products in fresh form.

Member States shall ensure that the interventions correspond to the types of interventions chosen in accordance with Article 41b.

Article 44

Operational programs

1. The objectives referred to in Article 41a and the interventions in the fruit and vegetables sector set out by the Member States in their CAP Strategic Plans shall be implemented through approved operational programs of producer organisations [and/or]/[or] associations of producer organisations recognised under Regulation (EU) No 1308/2013, under the conditions laid down in this Article.
2. Operational programs shall have a minimum duration of three years and a maximum duration of seven years.
- 2a. Operational programs shall pursue at least the objectives referred to in points (b), (e) and (f) of Article 41a.
3. For each objective selected, the operational programs shall describe the interventions selected from among those set out by the Member States in their CAP Strategic Plans.
4. Producer organisations or associations of producer organisations recognised under Regulation (EU) No 1308/2013 shall submit operational programs to Member States for approval and, if approved, shall implement them.
6. Operational programs of associations of producer organisations shall not cover the same interventions as operational programs of member organisations. Member States shall consider operational programs of associations of producer organisations together with operational programs of member organisations.

To that end Member States shall ensure that:

- (a) interventions under operational programs of an association of producer organisations are entirely financed, without prejudice to point (b) of Article 45(1), by contributions of those member organisations of that association and that such funding is collected from the operational funds of those member organisations;
- (b) interventions and their corresponding financial share are identified in the operational program of each member organisation.
- (c) there is no duplication of funding.

7. Member States shall ensure that:

- (a) at least 15% of expenditure under operational programs covers the interventions linked to the objectives referred to in points (e) and (f) of Article 41a;
- (aa) operational programmes include three or more actions linked to the objectives referred to in points (e) and (f) of Article 41a.
Where at least 80% of the members of a producer organisation are subject to one or more identical agri-environment-climate or organic farming commitments provided for in Chapter IV of Title III of this Regulation, each of these commitments shall count as an action for the minimum of three referred to in this point.
- (b) at least 2% of expenditure under operational programs covers the intervention linked to the objective referred to in point (d) of Article 41a;

- (c) the interventions within the types of interventions referred to in paragraph 2 points (e), (f) and (g) of Article 41b do not exceed one third of the total expenditure under operational programs.
8. Operational programmes may set out the actions proposed to ensure that workers in the sector enjoy fair and safe working conditions.

Article 45

Operational funds

1. Producer organisations in the fruit and vegetables sector or their associations may set up an operational fund. The fund shall be financed by:
- (a) financial contributions from:
 - (i) members of the producer organisation [and/or]/[or] the producer organisation itself; or
 - (ii) associations of producer organisations through the members of those associations;
 - (b) Union financial assistance, which may be granted to producer organisations or to their associations where those organisations or associations present an operational program.
2. Operational funds shall be used only to finance operational programs that have been approved by the Member States.

Article 46

Union financial assistance to the fruit and vegetables sector

1. The Union financial assistance shall be equal to the amount of the financial contributions referred to in point (a) of Article 45(1) actually paid and limited to 50% of the actual expenditure incurred.
2. The Union financial assistance shall be limited to:
 - (a) 4,1% of the value of the marketed production of each producer organisation;
 - (b) 4,5% of the value of marketed production of each association of producer organisations;
 - (c) 5% of the value of marketed production of each transnational producer organisation or transnational association of producer organisations.

Those limits may be increased by 0.5 percentage points provided that the amount in excess of the relevant percentage set out in the first sub-paragraph is used solely for one or more interventions linked to the objectives referred to in points (d), (e), (f), (h), (i) and (j) of Article 41a. In the case of associations of producer organisations, including transnational associations of producer organisations, those interventions may be implemented by the association on behalf of its members.

3. At the request of a producer organisation or of an association of producer organisations, the 50% limit provided for in paragraph 1 shall be increased to 60% for an operational program or part of an operational program if at least one of the following applies:
 - (a) producer organisations operating in different Member States implement interventions linked to the objectives referred to in points (b), (e) and (f) of Article 41a transnationally;

- (b) one or more producer organisations or associations of producer organisations are engaged in interventions operated on an interbranch basis;
 - (c) an operational program covers solely specific support for the production of organic products covered by Council Regulation (EC) No 834/2007²⁹;
 - (d) a producer organisation or an association of producer organisations recognised under Regulation (EU) No 1308/2013 implements for the first time an operational programme;
 - (e) producer organisations account for less than 20% of fruit and vegetable production in a Member State;
 - (f) a producer organisation operates in one of the outermost regions referred to in Article 349 TFEU;
 - (g) an operational program comprises the interventions linked to the objectives referred to in points (d), (e), (f), (i) and (j) of Article 41a;
 - (h) an operational program is for the first time implemented by a recognised producer organisation which is the result of a merger between two or more recognised producer organisations.
- 3a. The 50% limit provided for in paragraph 1 shall be increased to 80% for expenditure linked to the objective referred to in point (d) of Article 41a, if this expenditure covers at least 5% of the expenditure under the operational program.
- 3b. The 50% limit provided for in paragraph 1 shall be increased to 80% for expenditure linked to the objective referred to in point (e) and (f) of Article 41a, if this expenditure covers at least 20% of the expenditure under the operational program.

²⁹ Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products and repealing Regulation (EEC) No 2092/91 (OJ L 189, 20.7.2007, p. 1).

4. The 50% limit provided for in paragraph 1 shall be increased to 100% in the following cases:
- (a) market withdrawals of fruit and vegetables which do not exceed 5% of the volume of marketed production of each producer organisation and which are disposed of by way of:
 - (i) free distribution to charitable organisations and foundations approved to that effect by the Member States, for use in their activities to assist persons whose right to public assistance is recognised in national law, in particular because they lack the necessary means of subsistence;
 - (ii) free distribution to penal institutions, schools and public education institutions, establishments referred to in Article 22 of Regulation (EU) No 1308/2013 and to children's holiday camps as well as to hospitals and old people's homes designated by the Member States, which will take all necessary steps to ensure that the quantities thus distributed are additional to the quantities normally bought in by such establishments;
 - (b) actions related to coaching of other producer organisations recognised under Regulation (EU) No 1308/2013, provided that those producer organisations are from regions of Member States referred to in Article 47(2) of this Regulation or of individual producers.

Article 47

National financial assistance

1. In regions of the Member States in which the degree of organisation of producers in the fruit and vegetables sector is significantly below the Union average, Member States may grant producer organisations recognised under Regulation (EU) No 1308/2013 national financial assistance equal to a maximum of 80% of the financial contributions referred to in point (a) of Article 45(1) and up to 10% of the value of the marketed production of any such producer organisation. The national financial assistance shall be additional to the operational fund.

2. The degree of organisation of producers in a region of a Member State shall be considered as significantly below the Union average where the average degree of organisation has been less than 20% for three consecutive years preceding the implementation of the operational program. The degree of organisation shall be calculated as the value of fruit and vegetables production that was obtained in the region concerned and marketed by producer organisations and associations of producer organisations recognised under Regulation (EU) No 1308/2013, divided by the total value of the fruit and vegetables production that was obtained in that region.

Member States that grant national financial assistance in accordance with paragraph 1 shall inform the Commission of the regions that meet the criteria referred to in paragraph 2 and of the national financial assistance granted to producer organisations in those regions

Section 3

The Apiculture sector

Article 48

Objectives in apiculture sector

The Member States shall pursue at least one of the relevant specific objectives referred to in Article 6(1) in the apiculture sector.

Article 49

Types of interventions in the apiculture sector and the Union financial assistance

1. Member States shall choose in their CAP Strategic Plans for each selected specific objective set out in Article 6(1) one or more of the following types of interventions in the apiculture sector:
 - (a) advisory services, technical assistance, training, information and exchange of best practices, including through networking, for beekeepers and beekeepers' organisations;

- (b) investments in tangible and non-tangible assets, as well as other actions, including for:
 - (i) combatting beehive invaders and diseases, in particular varroasis;
 - (ii) preventing damage caused by adverse climatic events and promoting the development and use of management practices adapted to changing climate conditions;
 - (iii) restocking of beehives in the Union including bee breeding;
 - (iv) rationalising transhumance;
- (d) actions to support laboratories for the analysis of apiculture products, bee losses or productivity drops, and substances potentially toxic to bees;
- (e) actions to preserve or increase the existing number of beehives in the Union, including bee breeding;
- (f) cooperation with specialised bodies for the implementation of research programs in the field of beekeeping and apiculture products;
- (g) promotion, communication and marketing including market monitoring actions and activities aimed in particular at raising consumer awareness about the quality of apiculture products;
- (h) actions to enhance product quality.

2. Member States shall substantiate in their CAP Strategic Plans their choice of specific objectives and types of interventions. Within the chosen types of interventions, Member States shall specify the interventions.

3. Member States shall set out in their CAP Strategic Plans the funding provided by them for the types of interventions chosen in their CAP Strategic Plans.
4. Member States shall provide at least the same amounts as the Union financial assistance they use on the basis of Article 82(2) for supporting types of interventions referred to in paragraph 2.
- 4a. The total financial assistance provided by the Union and the Member State shall not exceed the expenditure incurred by the beneficiary.
5. When drawing up their CAP Strategic Plans Member States shall collaborate with the representatives of organisations in the beekeeping field.
6. Member States shall notify the Commission annually of the number of beehives in their territory.

Article 50

Delegated powers

The Commission shall be empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation with requirements additional to those laid down in this Section concerning:

- (a) the obligation of Member States to notify the Commission annually of the number of beehives in their territory laid down in Article 49(6);
- (b) a definition of a beehive and methods for calculating the number of beehives;
- (c) the minimum Union contribution to the expenditure related to the implementation of the types of interventions and interventions referred to Article 49.

Section 4

The wine sector

Article 51

Objectives in the wine sector

The Member States referred to in Article 82(1) shall pursue one or more of the following objectives in the wine sector:

- (a) improving the economic sustainability and competitiveness of Union wine producers; that objective relates to the specific objectives set out in points (a), (b), (c) and (h) of Article 6(1);
- (aa) contributing to climate change mitigation and adaptation and to the improvement of the sustainability of production systems and the reduction of the environmental impact of the Union wine sector, including by supporting winegrowers in reducing the use of inputs and implementing more environmentally-sustainable methods and cultivation practices; those objectives relate to the specific objectives set out in points (d) to (f) and (i) of Article 6(1);
- (ab) improving the conditions of employment and employer obligations as well as occupational health and safety in line with Directives 2019/1152/EU (transparent and predictable working conditions), 89/391/EEC and 2009/104/EC (on occupational safety and health);
- (b) improving the performance of Union wine enterprises and their adaptation to market demands, as well as increase their long-term competitiveness as regards the production and marketing of grapevine products, including energy savings, global energy efficiency and sustainable processes; those objectives relate to the specific objectives set out in points (a), to (e), (g) and (h) of Article 6(1);

- (c) contributing to restoring the balance of supply and demand in the Union wine market in order to prevent market crises; that objective relates to the specific objective set out in point (a) of Article 6(1);
- (d) contributing to safeguarding Union wine producers' incomes where they incur losses as a consequence of natural disasters, adverse climatic events, animals, diseases or pest infestations; that objective relates to the objective set out in point (a) of Article 6(1);
- (e) increasing the marketability and competitiveness of Union grapevine products, in particular by developing innovative products, processes and technologies, and by adding value at any stage of the supply chain, including an element of knowledge transfer; that objective relates to the specific objectives set out in points (a), (b), (c), (e) and (i) of Article 6(1);
- (f) sustaining the use of wine making by-products for industrial and energy purposes ensuring the quality of Union wine while protecting the environment; that objective relates to the specific objectives set out in points (d) and (e) of Article 6(1);
- (g) contributing to increasing consumer awareness about responsible consumption of wine and about Union quality schemes for wine; that objective relates to the specific objectives set out in points (b) and (i) of Article 6(1);
- (h) improving the competitiveness of Union grapevine products in third countries, including the opening and diversification of the wine markets; that objective relates to the objectives set out in points (b) and (h) of Article 6(1);
- (i) contributing to increasing resilience of producers against market fluctuations; that objective relates to the objectives set out in point (a) of Article 6(1).

Article 52

Types of interventions in the wine sector

1. For each objective chosen from among those laid down in Article 51 the Member States referred to in Article 82(1) shall choose in their CAP Strategic Plans one or more of the following types of interventions:
 - (a) restructuring and conversion of vineyards, consisting of one or more of the following:
 - varietal conversions, also by means of grafting-on, including to improve the quality or environmental sustainability, for reasons of adaptation to climate change or for the enhancement of genetic diversity,
 - relocation of vineyards,
 - replanting of vineyards where that is necessary following mandatory grubbing up for health or phytosanitary reasons on the instruction of the Member State competent authority,
 - improvements to vineyard management techniques, in particular the introduction of advanced systems of sustainable production including the reduction of the use of pesticides, but excluding the normal renewal of vineyards consisting of replanting with the same grape variety according to the same system of vine cultivation, when vines have to come to the end of their natural life;
 - (b) investments in tangible and intangible assets in wine-growing farming systems, excluding operations relevant to the type of intervention provided for in point (a), processing facilities and winery infrastructure, as well as marketing structures and tools;

- (c) green harvesting meaning the total destruction or removal of grape bunches while still in their immature stage, thereby reducing the yield of the relevant area to zero and excluding non-harvesting comprising of leaving commercial grapes on the plants at the end of the normal production cycle;
- (d) harvest insurance against income losses as a consequence of adverse climatic events assimilated to natural disasters, adverse climatic events, animals, plant diseases or pest infestations;
- (e) tangible and intangible investments in innovation consisting of development of innovative products, including products from and by-products of wine making, wine products' processes and technologies and its digitalisation, as well as other investments adding value at any stage of the supply chain, including for knowledge exchange and contribution to adaptation to the climate change;
- (ea) advisory services, in particular concerning the conditions of employment and employer obligations as well as occupational health and safety;
- (f) distillation of by-products of wine making carried out in accordance with the restrictions laid down in Section D of Part II of Annex VIII to Regulation (EU) No 1308/2013;
- (g) information actions concerning Union wines carried out in Member States encouraging responsible consumption of wine or promoting Union quality schemes covering designations of origin and geographical indications;
- (ga) actions undertaken by interbranch organisations recognised by Member States in the wine sector in accordance to Regulation (EU) No 1308/2013 aiming at enhancing the reputation of Union vineyards by promoting wine tourism in production regions;

- (gb) actions undertaken by interbranch organisations recognised by Member States in the wine sector in accordance to Regulation (EU) No 1308/2013 aiming at improving market knowledge;
- (h) promotion and communication carried out in third countries, consisting of one or more of the following actions and activities aimed at improving the competitiveness of the wine sector, and the opening, diversification or consolidation of the markets:
 - (i) public relations, promotion or advertisement actions, in particular highlighting the high standards of the Union products, especially in terms of quality, food safety or the environment;
 - (ii) participation in events, fairs or exhibitions of international importance;
 - (iii) information campaigns, in particular on the Union quality schemes concerning designations of origin, geographical indications and organic production;
 - (iv) studies of new or existing markets, necessary for the expansion and consolidation of market outlets;
 - (v) studies to evaluate the results of the information and promotion measures;
 - (vi) preparation of technical files, including laboratory tests and assessments, concerning oenological practices, phytosanitary and hygiene rules, as well as other third country requirements for import of products of the wine sector, to prevent restriction of, or to enable access to third country markets;

Promotion and communication actions and activities aimed at the consolidation of market outlets shall be limited to a maximum non-extendable duration of three years, and shall concern only the Union quality schemes covering designations of origin and geographical indications.

- (i) temporary and degressive assistance to cover administrative costs of setting up of mutual funds.
- (ia) Investments in tangible and intangible assets aiming to enhance the sustainability of wine production by:
 - (i) improving the use and management of water;
 - (ii) converting to organic production;
 - (iii) introducing integrated production techniques;
 - (iv) purchasing equipment for precision or digitised production methods;
 - (v) contributing to soil conservation and enhancement of soil carbon;
 - (vi) creating or preserving habitats favourable for biodiversity or maintaining landscape, including the conservation of historical features; or
 - (vii) reducing waste production and improving waste management.

The promotion measures referred to in point (h) of the first subparagraph shall apply only to wines with a protected designation of origin or a protected geographical indication or wines with an indication of the wine grape variety.

2. The Member States referred to in Article 82(1) shall substantiate in their CAP Strategic Plans their choice of objectives and the types of interventions in the wine sector. Within the chosen types of interventions, they shall specify interventions. Member States that chose the types of interventions provided for in point (h) of paragraph (1) shall lay down specific provisions for the information and promotion actions and activities, particularly with regard to their maximum duration.

3. In addition to the requirements set out in Title V, the Member States referred to in Article 82(1) shall set out in their CAP Strategic Plans an implementation schedule for the selected types of intervention, interventions and a general financial table showing the resources to be deployed and the envisaged allocation of resources between the selected types of interventions and between interventions in accordance with the financial allocations laid down in Annex V.

Article 53

Union financial assistance to the wine sector

1. The Union financial assistance for restructuring and conversion of vineyards referred to in point (a) of Article 52(1) shall not exceed 50% of the actual costs of restructuring and conversion of vineyards or 75% of the actual costs of restructuring and conversion of vineyards in less developed regions within the meaning of point (a) of Article 102(2) of Regulation (EU) [CPR].

The assistance may only take the form of compensation to producers for loss of revenue due to the implementation of the intervention and contribution to the costs of restructuring and conversion. The compensation to producers for loss of revenue due to the implementation of the intervention may cover up to 100% of the relevant loss and take one of the following forms:

- (i) the permission for old and new vines to coexist for a maximum period which shall not exceed three years;
- (ii) financial compensation for a maximum period which shall not exceed three years.

By way of derogation to subparagraph 1 the Union financial assistance for restructuring and conversion referred to in point (a) of Article 52(1) may, for steep slopes and terraces in zones where the inclination is greater than 40%, go up to 60% of the actual costs of restructuring and conversion of vineyards or up to 80% of the actual costs of restructuring and conversion of vineyards in less developed regions.

2. The Union financial assistance for investments referred to in point (b) of Article 52(1) shall not exceed:
 - (a) 50% of eligible investment costs in less developed regions within the meaning of point (a) of Article 102(2) of Regulation (EU) [CPR];
 - (b) 40% of eligible investment costs in regions other than less developed regions;
 - (c) 75% of eligible investment costs in the outermost regions referred to in Article 349 TFEU;
 - (d) 65% of eligible investment costs in the smaller Aegean islands as defined in Article 1(2) of Regulation (EU) No 229/2013.

The Union financial assistance at the maximum rate, referred to in the first subparagraph shall only be granted to micro, small and medium-sized enterprises within the meaning of Commission Recommendation 2003/361/EC³⁰; However, it may be granted to all enterprises in the outermost regions referred to in Article 349 TFEU and the smaller Aegean islands as defined in Article 1(2) of Regulation (EU) No 229/2013.

For enterprises not covered by Article 2(1) of Title I of the Annex to Recommendation 2003/361/EC, with fewer than 750 employees, or with an annual turnover of less than EUR 200 million, the maximum limits referred to in the first subparagraph shall be halved.

³⁰ Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20.5.2003, p. 36).

No Union financial assistance shall be granted to enterprises in difficulty within the meaning of Union Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty³¹.

3. The Union financial assistance for green harvesting referred to in point (c) of Article 52(1) shall not exceed 50% of the sum of the direct costs of the destruction or removal of grape bunches and the loss of revenue related to such destruction or removal.
- 3a. The Union financial assistance for the interventions referred to in points (ga), (gb) and (ia) of Article 52(1) shall not exceed 50 % of the direct or eligible costs.
4. The Union financial assistance for harvest insurance referred to in point (d) of Article 52(1) shall not exceed:
 - (a) 80% of the cost of the insurance premiums paid by producers for insurance against losses resulting from adverse climatic events which can be assimilated to natural disasters;
 - (b) 50% of the cost of insurance premiums paid by producers for insurance against:
 - (i) losses referred to in point (a) and against losses caused by other adverse climatic events;
 - (ii) losses caused by animals, plant diseases or pest infestations.

Union financial assistance for harvest insurance may be granted if insurance payments concerned do not compensate producers for more than 100% of the income loss suffered, taking into account any compensation the producers may have obtained from other support schemes related to the insured risk. Insurance contracts shall require beneficiaries to undertake necessary risk prevention measures.

³¹ Communication from the Commission Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty, 21.7. 2014 (2014/C 249/01).

5. The Union financial assistance for innovation referred to in point (e) of Article 52(1) shall not exceed:
- (a) 50% of eligible investment costs in less developed regions within the meaning of point (a) of Article 102(2) of Regulation (EU) [CPR];
 - (b) 40% of eligible investment costs in regions other than less developed regions;
 - (c) 80 % of eligible investment costs in the outermost regions referred to in the first paragraph of Article 349 TFEU;
 - (d) 65% of eligible investment costs in the smaller Aegean islands as defined in Article 1(2) of Regulation (EU) No 229/2013.

The Union financial assistance at its maximum rate, referred to in the first subparagraph shall be granted only to micro, small and medium-sized enterprises within the meaning of Recommendation 2003/361/EC; however, it may be granted to all enterprises in the outermost regions referred to in Article 349 TFEU and the smaller Aegean islands as defined in Article 1(2) of Regulation (EU) No 229/2013.

For enterprises not covered by Article 2(1) of Title I of the Annex to Recommendation 2003/361/EC, with fewer than 750 employees, or with an annual turnover of less than EUR 200 million, the maximum aid limit referred to in the first subparagraph shall be halved.

6. The Union financial assistance for information actions and promotion referred to in points (g) and (h) of Article 52(1) shall not exceed 50% of eligible expenditure. In addition, Member States may grant national payments up to 30% of eligible expenditure, but Union financial assistance and Member State payments shall together not exceed 80% of eligible expenditure.

7. The Union financial assistance for distillation of by-products of wine making referred to in point (f) of Article 52(1) shall be fixed by the Commission in accordance with the specific rules laid down in Article 54(3) by means of implementing acts adopted in accordance with the examination procedure referred to in Article 139(2).

Article 54

Specific rules on Union financial assistance to the wine sector

1. The Member States concerned shall ensure that the Union financial assistance for harvest insurance does not distort competition in the insurance market.
2. The Member States concerned shall establish a system based on objective criteria to ensure that green harvesting does not lead to compensation of individual wine producers in excess of the limit laid down in Article 53(3).
3. The amount of the Union assistance for distillation of by-products of wine making referred to in point (f) of Article 52(1) shall be fixed per % volume and per hectolitre of alcohol produced. No Union financial assistance shall be paid for the volume of alcohol contained in the by-products to be distilled which exceeds 10 % in relation to the volume of alcohol contained in the wine produced.

The Member States concerned shall ensure that the Union financial assistance for distillation of by-products of wine making is paid to distillers that process by-products of winemaking delivered for distillation into raw alcohol with an alcoholic strength of at least 92% by volume.

The Union financial assistance shall include a lump sum amount to compensate for the costs of collection of the by-products of winemaking. That amount shall be transferred from the distiller to the producer, where the relevant costs are borne by the latter.

The Member States concerned shall ensure that the alcohol resulting from the distillation of by-products of winemaking for which a Union financial assistance has been granted is used exclusively for industrial or energy purposes that do not distort competition.

4. The Member States concerned shall ensure in their CAP Strategic Plans that at least 5 % of the expenditure is earmarked and at least one action is adopted to meet the objectives in favour of expenditure protection of the environment, adaptation to climate change, improving sustainability of production systems and processes, reduction of environmental impact of the Union wine sector, energy savings and improving global energy efficiency in the wine sector, in line with the objectives laid down in points (aa), (b) and (f) of Article 51.

Section 5

The hops sector

Article 55

Objectives and types of interventions in the hops sector

1. The Member State referred to in Article 82(3) shall pursue in the hops sector one or more of the objectives set out in points (a) to (h) and (j) of Article 41a.
2. The Member State referred to in Article 82(3) shall choose in its CAP Strategic Plan one or more of the types of interventions referred to in Article 41b to pursue the objectives chosen as laid down in paragraph 1. Within the chosen types of interventions, the Member State shall specify interventions. The Member State referred to in Article 82(3) shall substantiate in its CAP Strategic Plan the choice of objectives, types of interventions and interventions to meet those objectives.

3. The interventions specified by the Member State referred to in Article 82(3) shall be implemented through producer organisations recognised under Regulation (EU) No 1308/2013.
4. The operational programmes referred to in paragraph 3 shall fulfil the conditions laid down in Article 44(2) to (6) of this Regulation.
5. The Member State referred to in Article 82(3) shall ensure that the Union financial assistance provided to each producer organisation or their associations under this Article for the types of interventions referred to in points (e), (f) and (g) of paragraph 2 of Article 41b does not exceed, in average over three consecutive years, one third of the total Union financial assistance received for their respective operational programme over the same period.

Article 55a

Union financial assistance

1. Within the financial allocation set out in paragraph 3 of Article 82, the Member State referred to in that paragraph shall allocate the maximum Union financial assistance to the producer organisations or their associations implementing the operational programmes referred to in Article 55(3) in proportion to the number of hectares cultivated with hops represented by each producer organisation.
2. Within the maximum amounts allocated to each producer organisation or association of producer organisations pursuant to paragraph 1, the Union financial assistance to the operational programmes referred to in Article 55 shall be limited to 50 % of the actual expenditure incurred for the types of interventions referred to in that Article. The remaining part of the expenditure shall be borne by the producer organisation or association benefiting from the Union financial assistance.

The Union financial assistance shall be paid to operational funds set up by the producer organisations or their associations recognised under Regulation (EU) No 1308/2013 implementing the operational programmes. For this purpose, Article 45 shall apply *mutatis mutandis*.

3. The 50% limit provided for in paragraph 2 shall be increased to 100%:
 - (a) for types of interventions linked to the objectives referred to in points (d), (e), (f) and (h) of Article 41a;
 - (b) for the interventions of collective storage, advisory services, technical assistance, training and exchange of best practices linked to the objectives referred to in points (a) or (j) of Article 41a.

Section 6

The olive oil and table olives sector

Article 56

Objectives in the olive oil and table olives sector

The Member States referred to in Article 82(4) shall pursue in the olive oil and table olives sector one or more of the objectives set out in points (a), (c) to (g) and (j) of Article 41a.

Article 57

Types of interventions in the olive oil and table olives sector

1. To pursue the objectives referred to in Article 56, the Member States referred to in Article 82(4) shall choose in their CAP Strategic Plans one or more of the types of interventions referred to in Article 60. Within the chosen types of intervention, they shall define interventions.
2. The interventions defined by the Member States referred to in Article 82(4) shall be implemented through approved operational programs of producer organisations and/or associations of producer organisations recognised under Regulation (EU) No 1308/2013. For this purpose Articles 61 and 62 of this Regulation shall apply.

Article 58
Union financial assistance

1. The Union financial assistance to the eligible costs shall not exceed:
 - (a) 75% of actual expenditure incurred for interventions linked to objectives referred to in points (a) and (c) to (f) of Article 41a;
 - (b) 75% of actual expenditure incurred for fixed assets investments and 50% for other interventions linked to the objective referred to in point (g) of Article 41a;
 - (c) 50% of actual expenditure incurred for interventions linked to the objective referred to in point (j) of Article 41a;
 - (d) 75% of the actual expenditure incurred for the types of interventions referred to in points (f) and (h) of paragraph 1 of Article 41b where the operational program is implemented in at least three third countries or non-producing Member States by producer organisations or associations of producer organisations from at least two producing Member States, 50% of the actual expenditure where for this type of intervention this condition is not met.
2. The Union financial assistance shall be limited to 30 % of the value of marketed production of each producer organisation or association of producer organisations in 2023 and 2024, 15 % in 2025 and 2026 and 10 % as from 2027.
3. Member States may ensure complementary financing of the operational funds referred to in Article 45 up to 50% of the costs not covered by the Union financial assistance.

Section 7

Other sectors

Article 59

Objectives in other sectors

Member States may choose in their CAP Strategic Plans those sectors referred to in point (f) of Article 39 in which they implement the types of interventions laid down in Article 41b. For each sector that Member States choose, they shall pursue one or more of the objectives set out in points (a) to (h) and (j) of Article 41a. Member States shall substantiate their choice of sectors and objectives.

Article 60a

Types of interventions in other sectors

1. For each sector selected according to the first paragraph of Article 59, Member States shall choose one or more of the types of interventions referred to in Article 41b to be implemented through approved operational programs drawn up by:
 - (a) producer organisations and their associations, recognised under Regulation (EU) No 1308/2013 or under paragraph 7 in the cotton sector, or
 - (b) cooperatives, as well as other forms of cooperation between producers constituted at the initiative of producers and controlled by them, that have been identified by the competent authority of a Member State as producer groups, for a transitional period of up to four years from the start of an approved operational program ending on 31 December 2027 at the latest.

2. Member States shall set the criteria for being identified as producer groups and shall determine the activities and objectives of the producer groups referred to in point (b) of paragraph 1 with the aim that these producer groups be able to meet the requirements for recognition as producer organisations under Articles 152 to 154 or 161 of Regulation (EU) No 1308/2013 or under paragraph 7 in the cotton sector.
3. Producer groups referred to in point (b) of paragraph 1, shall, in addition to an operational program, draw up and submit a recognition plan with a view to fulfilling, within the transitional period referred to in that point, the requirements laid down in Articles 152 to 154 or 161 of Regulation (EU) No 1308/2013 or under paragraph 7 in the cotton sector for recognition as producer organisations.

The recognition plan shall set activities and targets to ensure the progress towards obtaining such recognition.

The support granted to a producer group that is not recognised as a producer organisation by the end of the transitional period shall be subject to recovery.

4. Member States shall substantiate their choice of types of interventions referred to in paragraph 1.

Member States that decide to implement types of interventions provided for in this section for products listed in Annex XIII shall specify, for each sector they define, the list of products covered by that sector.

5. Types of interventions referred to in points (c) and (e) to (h) of paragraph 2 of Article 41b shall not apply to cotton, rape and colza seeds, sunflower seeds and soya beans included in Annex XIII.

6. The operational programs referred to in paragraph 1 shall fulfil the conditions laid down in Article 44(2) and (3) to (6) of this Regulation.
7. Member States, which choose to implement types of interventions referred to in Article 39(f) in the cotton sector, shall recognise producer organisations in the cotton sector and associations of such producer organisations based on the requirements and using the procedures laid down in paragraph 1 of Article 152 and in Articles 153 to 156 of Regulation (EU) No 1308/2013. Producer groups of cotton and federations of such producer groups recognised by Member States based on the Protocol No 4 to the 1979 Act of Accession of the Hellenic Republic before the entry into application of this Regulation are, for the purposes of this section, deemed to be considered as producer organisations or associations of producer organisations, respectively.
8. Member States shall ensure that the support for the types of interventions referred to in points (e), (f) and (g) of paragraph 2 of Article 41b does not exceed one third of the total expenditure under operational programs as set out in their CAP Strategic Plan.

Article 63

Union financial assistance

1. The Union financial assistance shall be limited to 50% of the actual expenditure incurred for the types of interventions referred to in Article 60a. The remaining part of the expenditure shall be borne by the beneficiaries.

The Union financial assistance shall be paid to operational funds set up by producer organisations or their associations recognised under Regulation (EU) No 1308/2013 or under Article 60a(7) in the cotton sector or by producer groups referred to in point (b) of Article 60a(1). For this purpose, Articles 45 and 46(1) shall apply *mutatis mutandis*.

- 1a. The 50% limit provided for in paragraph 1 shall be increased to 60% for producer organisations or associations of producer organisations recognised under Regulation (EU) No 1308/2013 or under Article 60a(7) in the cotton sector for the first five years after the year of recognition.
2. The Union financial assistance shall be limited to 6% of the value of marketed production of:
 - each producer organisation or association of producer organisations referred to in point (a) of Article 60a(1) or
 - each producer group referred to in point (b) of Article 60a(1).

CHAPTER IV

TYPES OF INTERVENTIONS FOR RURAL DEVELOPMENT

Section 1

Types of interventions

Article 64

Types of interventions for rural development

The types of interventions under this Chapter shall consist in payments or support with regard to:

- (a) environmental, climate and other management commitments;
- (b) natural or other area-specific constraints;
- (c) Area-specific disadvantages resulting from certain mandatory requirements;

- (d) investments, including investments in irrigation;
- (e) installation of young farmers, new farmers and rural business start-up;
- (f) risk management tools;
- (g) cooperation;
- (h) knowledge exchange and information.

Article 65

Environmental, climate and other management commitments

1. Member States shall include agri-environment-climate commitments among the interventions in their CAP Strategic Plans and may include other management commitments therein. The payments for those commitments shall be granted under the conditions set out in this Article and as further specified in the CAP Strategic Plans.
2. Member States shall only grant payments to farmers or other beneficiaries who undertake, on a voluntary basis, management commitments which are considered to be beneficial to achieving one or more of the specific objectives set out in Article 6(1).
3. Under this Article, Member States shall only provide payments covering commitments which:
 - (a) go beyond the relevant statutory management requirements and GAEC standards established under Section 2 of Chapter I of this Title;
 - (b) go beyond the relevant minimum requirements for the use of fertiliser and plant protection products, animal welfare, as well as other relevant mandatory requirements established by national and Union law with the exception of commitments related to agroforestry systems and the maintenance of afforested areas;

- (c) go beyond the conditions established for the maintenance of the agricultural area in accordance with point (a) of Article 4(1);
- (d) are different from commitments in respect of which payments are granted under Article 28.

For commitments referred to under point (b) of the first subparagraph, where national law imposes new requirements which go beyond the corresponding/related minimum requirements laid down in Union law, support may be granted for commitments contributing to compliance with those requirements for a maximum of 24 months from the date on which they become mandatory for the holding.

4. Member States shall determine the payments to be made on the basis of the additional costs incurred and income foregone resulting from the commitments made, taking into account the targets set. These payments shall be granted annually and may also cover transaction costs. In duly justified cases, Member States may grant support as a one-off payment per unit.
5. Member States may promote and support collective schemes and result-based payments schemes to encourage farmers or other beneficiaries to deliver a significant enhancement of the quality of the environment at a larger scale or in a measurable way.
6. Commitments shall be undertaken for a period of five to seven years. However, where necessary in order to achieve or maintain certain environmental or animal welfare benefits, Member States may determine a longer period in the CAP Strategic Plan for particular types of commitments, including by means of providing for their annual extension after the termination of the initial period.

For animal welfare commitments, for commitments for the conservation, sustainable use and development of genetic resources, for conversion to organic farming, for new commitments directly following the commitment performed in the initial period or in other duly justified cases, Member States may determine a shorter period of at least one year in their CAP Strategic Plans.

- 8b. Member States shall ensure that a revision clause is provided for operations undertaken under the type of intervention referred to in this Article in order to ensure their adjustment in the case of amendments to the relevant mandatory standards, requirements or obligations referred to in paragraph 5 beyond which the commitments have to go or to ensure compliance with point (d) of the same paragraph. If such adjustment is not accepted by the beneficiary, the commitment shall expire and reimbursement shall not be required in respect of the period during which the commitment was effective. Member States shall also ensure that a revision clause is provided for operations undertaken under this type of intervention referred to in this Article which extend beyond the period 2023-2027 in order to allow for their adjustment to the legal framework of the following period.
7. Where support under this Article is granted to agri-environment-climate commitments, commitments to convert to or maintain organic farming practices and methods as defined in Regulation (EC) No 834/2007, Member States shall establish a payment per hectare. For other commitments, Member States may apply other units than hectares. In duly justified cases, Member States may grant support under this Article as a lump sum.
8. Member States shall ensure that persons carrying out operations under this type of interventions have access to the relevant knowledge and information required to implement such operations, and that appropriate training is made available for those who require it, as well as access to expertise in order to assist farmers who commit to change their production systems.

11. Member States shall ensure that interventions under this Article are consistent with those granted under Article 28.

Article 66

Natural or other area-specific constraints

1. Member States may grant payments for natural or other area-specific constraints under the conditions set out in this Article and as further specified in their CAP Strategic Plans with the view of contributing to the achievement of one or more of the specific objectives set out in Article 6(1).
2. Any such payments shall be granted to active farmers in respect of areas designated pursuant to Article 32 of Regulation (EU) No 1305/2013.
- 2a. Member States may carry out a fine-tuning exercise according to the conditions provided for in Article 32 of Regulation 1305/2013.
3. Member States may only grant payments under this Article in order to compensate beneficiaries for all or part of the additional costs and income foregone related to the natural or other area-specific constraints in the area concerned.
4. Additional costs and income foregone as referred to in paragraph 3 shall be calculated in respect of natural or other area-specific constraints, in comparison to areas which are not affected by natural or other area-specific constraints.
5. Payments shall be granted annually per hectare of agricultural area.

Article 67

Area-specific disadvantages resulting from certain mandatory requirements

1. Member States may grant payments for area-specific disadvantages imposed by requirements resulting from the implementation of Directives 92/43/EEC, 2009/147/EC or 2000/60/EC under the conditions set out in this Article and as further specified in their CAP Strategic Plans with the view of contributing to the achievement of one or more of the specific objectives set out in Article 6(1).
2. Any such payments shall be granted to farmers, forest holders and their associations as well as other land managers.
3. When determining areas with disadvantages Member States may include one or more of the following areas:
 - (a) Natura 2000 agricultural and forest areas designated pursuant to Directives 92/43/EEC and 2009/147/EC;
 - (b) other delimited nature protection areas with environmental restrictions applicable to farming or forests which contribute to the implementation of Article 10 of Directive 92/43/EEC, provided that these areas do not exceed 5 % of the designated Natura 2000 areas covered by territorial scope of each CAP Strategic Plan;
 - (c) agricultural areas included in river basin management plans pursuant to Directive 2000/60/EC.
4. Member States may only grant payments under this Article in order to compensate beneficiaries for all or part of the additional costs and income foregone related to the area-specific disadvantages in the area concerned, including transaction costs.

5. Additional costs and income foregone as referred to in paragraph 4 shall be calculated:
- (a) in respect of constraints arising from Directives 92/43/EEC and 2009/147/EC, in relation to disadvantages resulting from requirements that go beyond the relevant GAEC standards established under Section 2 of Chapter 1 of this Title of this Regulation as well as the conditions established for the maintenance of the agricultural area in accordance with point (a) of Article 4(1) of this Regulation;
 - (b) in respect of constraints arising from Directive 2000/60/EC, in relation to disadvantages resulting from requirements that go beyond the relevant statutory management requirements, with the exception of SMR 1 listed in Annex III, and GAEC standards established under Section 2 of Chapter I of this Title as well as the conditions established for the maintenance of the agricultural area in accordance with point (a) of Article 4(1) of this Regulation.
6. Payments shall be granted annually per hectare of area.

Article 68

Investments

1. Member States may grant support for investments under the conditions set out in this Article and as further specified in their CAP Strategic Plans.
2. Member States may only grant support under this Article for those investments in tangible and intangible assets that contribute to achieving one or more of the specific objectives set out in Article 6.

For holdings above a certain size, to be determined by the Member States in their CAP Strategic Plan, support to the forestry sector shall be conditional on the presentation of the relevant information from a forest management plan or equivalent instrument in line with sustainable management of forests as understood by the Helsinki H1 Resolution adopted at the Ministerial Conference on the Protection of Forests in Europe of 1993³².

3. Member States shall establish a list of ineligible investments and categories of expenditure, including at least the following:
 - (a) purchase of agricultural production rights;
 - (b) purchase of payment entitlements;
 - (c) purchase of land for an amount exceeding 10% of the total eligible expenditure for the operation concerned, with the exception of land purchase for environmental conservation and carbon-rich soil preservation or land purchased by young farmers through the use of financial instruments; in the case of financial instruments, that ceiling shall apply to the eligible public expenditure paid to the final recipient, or, in case of guarantees, to the amount of the underlying loan;
 - (d) purchase of animals, annual plants and their planting for a purpose other than (i) restoring agricultural or forestry potential following natural disaster, adverse climatic events or catastrophic event, (ii) protecting livestock against large predators or being used in forestry instead of machinery, (iii) rearing endangered breeds as defined in Article 2(24) of Regulation (EU) No 2016/1012 under the commitments referred to in Article 65 or (iv) preserving plant varieties under threat of genetic erosion under the commitments referred to in Article 65;

³² General Guidelines for the Sustainable Management of Forests in Europe (https://www.foresteurope.org/docs/MC/MC_helsinki_resolutionH1.pdf).

- (e) interest rate on debt, except in relation to grants given in the form of an interest rate subsidy or guarantee fee subsidy;
- (g) investments in large-scale infrastructure, as determined by Member States in the CAP Strategic Plan, not being part of the community-led local development strategies set out in Article 26 of Regulation [CPR], except for broadband and flood or coastal protection preventive actions aimed at reducing the consequences of probable natural disasters, adverse climatic events or catastrophic events;
- (h) investments in afforestation which are not consistent with climate and environmental objectives in line with sustainable forest management principles, as developed in the Pan-European Guidelines for Afforestation and Reforestation.

Points (a), (b), (d) and (g) of the first subparagraph shall not apply where support is provided through financial instruments.

4. Member States shall limit the support to one or more rates not exceeding 65% of the eligible costs.

The maximum support rates may be increased to:

- (a) a maximum of 80% for the following investments:
 - i investments linked to one or more of the specific environmental- and climate-related objectives set out in points (d), (e) and (f) of Article 6(1) or to animal welfare as referred to in point (i) of that Article;
 - ii investments by young farmers who fulfil the conditions provided for by Member States in their CAP Strategic Plans in accordance with point (e) of Article 4(1);
 - iii investments in the outermost regions or the smaller Aegean islands.

- (b) a maximum of 85% for investments of small farms, as determined by Member States,
- (c) a maximum of 100% for the following investments:
 - i afforestation, establishment and regeneration of agro-forestry systems, land consolidation in forestry and non-productive investments linked to one or more of the specific environmental- and climate-related objectives set out in points (d), (e) and (f) of Article 6(1), including non-productive investments aimed at protecting livestock and crops against damages caused by wild animals;
 - ii investments in basic services in rural areas and infrastructure in agriculture and forestry, as determined by Member States;
 - iii investments in the restoration of agricultural or forestry potential following natural disasters, adverse climatic events or catastrophic events and investments in appropriate preventive actions, as well as investments in maintaining the health of forests;
 - iv non-productive investments supported through community-led local development strategies set out in Article 26 [CPR] and Operational Group projects of the European Innovation Partnership for agricultural productivity and sustainability as referred to in point (a) of Article 71.

4a. Where Union law results in the imposition of new requirements on farmers, support may be granted for investments to comply with those requirements for a maximum of 24 months from the date on which they become mandatory for the holding.

Article 68a
Investments in irrigation

1. Member States may grant support to investments in irrigation in new and existing irrigated areas, provided that the conditions laid down in Article 68 and in this Article are fulfilled.
2. A river basin management plan, as required under the terms of the Directive 2000/60/EC, shall have been notified to the Commission for the entire area in which the investment is to take place, as well as in any other areas whose environment may be affected by the investment. The measures taking effect under the river basin management plan in accordance with Article 11 of that Directive and of relevance to the agricultural sector shall have been specified in the relevant programme of measures.
3. Water metering enabling measurement of water use at the level of the supported investment shall be in place or shall be put in place as part of the investment.
4. Member States may grant support to an investment in an improvement to an existing irrigation installation or element of irrigation infrastructure only if:
 - (a) it is assessed ex ante as offering potential water savings reflecting the technical parameters of the existing installation or infrastructure;
 - (b) if the investment affects bodies of ground- or surface water whose status has been identified as less than good in the relevant river basin management plan for reasons related to water quantity, an effective reduction in water use must be achieved contributing to the achievement of good status of these water bodies, as laid down in Article 4(1) of Directive 2000/60/EC.

Member States shall set percentages for potential water savings and effective reduction in water use as an eligibility condition in their CAP Strategic Plan, in accordance with Article 99(d). Such water savings shall reflect the needs set out in the river basin management plans emanating from the Directive 2000/60/EC referred to in Annex XI.

None of the conditions in paragraph 4 shall apply to an investment in an existing installation which affects only energy efficiency, to an investment in the creation of a reservoir, or to an investment in the use of reclaimed water which does not affect a body of ground or surface water.

Support may be granted to investments in the use of reclaimed water as an alternative water supply only if the provision and use of such water is compliant with Regulation No (EU) 2020/741 of the European Parliament and of the Council³³.

5. Member States may grant support to an investment resulting in a net increase of the irrigated area affecting a given body of ground or surface water only if:
 - (a) the status of the water body has not been identified as less than good in the relevant river basin management plan for reasons related to water quantity; and
 - (b) an environmental analysis shows that there will be no significant negative environmental impact from the investment; such an environmental impact analysis shall be either carried out by or approved by the competent authority and may also refer to groups of holdings.
6. Member States may only grant support to an investment in the creation or expansion of a reservoir for the purpose of irrigation provided it does not lead to significant negative environmental impact.

³³ Regulation (EU) 2020/741 of the European Parliament and of the Council of 25 May 2020 on minimum requirements for water reuse (OJ L 177, 5.6.2020, p. 32).

7. Member States shall limit the support to one or more rates not exceeding:
 - (a) 80 % of the eligible costs for irrigation on-farm investments made under paragraph 4;
 - (b) 100 % of the eligible costs for investments in off-farm infrastructure in agriculture to be used for irrigation;
 - (c) 65% of the eligible costs for other irrigation on-farm investments.

Article 69

Installation of young farmers, new farmers and rural business start-up

1. Member States may grant support for the installation of young farmers, new farmers and rural business start-up under the conditions set out in this Article and as further specified in their CAP Strategic Plans with the view of contributing to the achievement of one or more of the specific objectives set out in Article 6(1).
2. Member States may only grant support under this Article to help:
 - (a) the installation of young farmers who fulfil the conditions provided for by Member States in their CAP Strategic Plan in accordance with point (e) of Article 4(1);
 - (b) the start-up of rural businesses linked to agriculture or forestry including the setting-up of new farmers, or farm household income diversification into non-agricultural activities;
 - (c) the business start-up of non-agricultural activities in rural areas related to the local development strategies.
3. Member States shall set conditions for the submission and the content of a business plan to apply in order for beneficiaries to receive support under this Article.

4. Member States shall grant support in the form of lump sums or financial instruments or a combination of both. Support shall be limited to the maximum amount of aid of EUR 100 000 and may be differentiated in accordance with objective criteria.

Article 70

Risk management tools

1. Member States may grant support for risk management tools under the conditions set out in this Article and as further specified in their CAP Strategic Plans.
2. Support under this type of interventions may be granted to promote risk management tools, which help active farmers manage production and income risks related to their agricultural activity which are outside their control and which contribute to achieving one or more of the specific objectives set out in Article 6.
3. Member States may grant support for different types of risk management tools, including income stabilization tools, in line with their assessment of needs and, in particular:
 - (a) financial contributions to premiums for insurance schemes;
 - (b) financial contributions to mutual funds, including for the administrative cost of setting up.
4. When providing support under paragraph 3, Member States shall establish the following eligibility conditions:
 - (a) the types and coverage of eligible risk management tools;
 - (b) the methodology for the calculation of losses and triggering factors for compensation;
 - (c) the rules for the constitution and management of the mutual funds and, where relevant, other eligible risk management tools.

5. Member States shall ensure that support is granted only for covering losses which exceed a threshold of at least 20% of the average annual production or income of the farmer in the preceding three-year period or a three-year average based on the preceding five-year period excluding the highest and lowest entry. Sectoral production risk management tools shall calculate the losses either at holding level or at the level of the holding's sectoral activity.

Member States may provide support in the form of standalone working capital finance under financial instruments referred to in Article 74(3) for the compensation of losses referred to in the first subparagraph to farmers who do not participate in a risk management tool.

6. Member States shall limit the support to one or more rates not exceeding 70% of the eligible costs.

The contributions referred to in Article 15b shall be excluded from the application of this provision.

7. Member States shall ensure that overcompensation as a result of the combination of the interventions under this Article with other public or private risk management schemes is avoided.

Article 71

Cooperation

1. Member States may grant support for cooperation under the conditions set out in this Article and as further specified in their CAP Strategic Plans to:
 - (a) prepare and implement Operational Group operations of the European Innovation Partnership for agricultural productivity and sustainability as referred to in Article 114;
 - (b) prepare and implement LEADER, referred to as community-led local development in Article 25 of Regulation (EU) [CPR];

- (c) promote and support EU and national recognised quality schemes and their use by farmers;
 - (d) support producer groups, producer organisations or interbranch organisations;
 - (da) prepare and implement Smart Villages strategies as determined by Member States;
 - (f) support other forms of cooperation.
2. Member States may only grant support under this Article to promote new forms of cooperation, including existing ones if starting a new activity. The cooperation shall involve at least two actors and contribute to achieving one or more of the specific objectives set out in Article 6.
 3. Member States may cover under this Article the costs related to all aspects of the cooperation.
 4. Member States may grant the support as an overall amount under this Article covering the costs of cooperation and the costs of the operations implemented, or they may cover only the costs of cooperation and use funds from other types of interventions for rural development, national or Union support instruments for operation implementation. Where support is paid as an overall amount, Member States shall ensure that the operation implemented complies with the relevant rules and requirements laid down in Articles 65, 66, 67, 68, 69, 70 or 72 of this Regulation.

In the case of LEADER, referred to as community-led local development in Article 25 of [CPR], by way of derogation from the first subparagraph:

- (a) support for all costs eligible for preparatory support under Article 28(1)(a) [CPR] and for implementing selected strategies under Article 28(1)(b) and (c) [CPR] shall only be granted as an overall amount under this Article and

- (b) Member States shall ensure that implemented operations which consist of investments comply with the relevant Union rules and requirements under the type of intervention for investments laid down in Article 68 of this Regulation.
6. Member States shall not support through this type of interventions cooperation solely involving research bodies.
7. In the case of cooperation in the context of farm succession, in particular for intergenerational renewal at farm level, Member States may grant support only to farmers having reached the retirement age or farmers that will reach that age by the end of the operation, as determined by the Member State in accordance with its national legislation.
8. Member States shall limit support to a maximum of seven years except for LEADER and collective environment and climate actions in duly justified cases to achieve the specific environmental and climate-related objectives set out in points (d), (e) and (f) of Article 6(1).
- 8b. Member States shall limit the support for:
- (a) information and promotion actions for quality schemes to one or more rates not exceeding 70% of the eligible costs,
- (b) setting up of producer groups, producer organisations or interbranch organisations to 10% of the annual marketed production of the group or organisation with a maximum of EUR 100 000 per year. The support shall be degressive and limited to the first five years following recognition.

Article 72

Knowledge exchange and information

1. Member States may grant support for knowledge exchange and information under the conditions set out in this Article and as further detailed in their CAP Strategic plans with a view to contributing to one or more of the specific objectives set out in Article 6 or the cross-cutting objective referred to in Article 5 while specifically targeting the protection of nature, environment and climate, including environmental education and awareness actions and the development of rural businesses and communities.
2. Support under this Article may cover costs of any relevant action to promote innovation, training and advice as well as exchange and dissemination of knowledge and information, including through the drawing up and updating of plans and studies with the aim of knowledge exchange and spreading of information. Such actions shall contribute to achieving one or more of the specific objectives set out in Article 6(1) or to the cross-cutting objective referred to in Article 5.
 - 2a. Support for advisory services shall only be granted for advisory services that comply with the third paragraph of Article 13.
3. In the case of setting-up of advisory services, Member States may grant support in the form of a fixed amount of maximum EUR 200 000. They shall ensure that support is limited in time.
6. Member States shall ensure that actions supported under this type of interventions be based on and be consistent with the description of the AKIS provided in the CAP Strategic Plan in accordance with point (i) of Article 102(a).

Section 2

Elements applying to several types of interventions

Article 73

Selection of operations

1. After consultation of the Monitoring Committee referred to in Article 111, the Managing Authority of the CAP Strategic Plan, regional managing authorities where relevant, or designated intermediate bodies shall set out selection criteria for interventions relating to the following types of interventions: investments, installation of young farmers, new farmers and rural business start-up, cooperation, knowledge exchange and information. Those selection criteria shall aim to ensure equal treatment of applicants, better use of financial resources and targeting of the support in accordance with the purpose of the interventions.

Member States may decide to not apply selection criteria for investment interventions clearly targeting environmental purposes or realised in connection with restoration activities.

By way of derogation from the first sub-paragraph, in duly justified cases another selection method may be established after consultation of the Monitoring Committee referred to in Article 111.

2. The responsibility of the Managing Authority, regional managing authorities where relevant, or designated intermediate bodies set out in paragraph 1 shall be without prejudice to the tasks of the Local Action Groups set out in Article 27 of Regulation (EU) [CPR].
3. Paragraph 1 shall not apply where support is provided in the form of financial instruments.
4. Member States may decide not to apply selection criteria for operations that have received a Seal of Excellence certification under Horizon 2020, Horizon Europe or LIFE, provided that such operations are consistent with the CAP Strategic Plan.

6. All or part of an operation may be implemented outside of the Member State concerned, including outside the Union, provided that the operation contributes to the objectives of the CAP Strategic Plan.

Article 74

Specific rules for financial instruments

1. Support in the form of financial instruments as laid down in Article 52 of Regulation (EU) [CPR] may be granted under the types of interventions referred to in Articles 68, 69, 70, 71 and 72 of this Regulation.
2. Where support is granted in the form of financial instruments, the definitions of 'financial instrument', 'financial product', 'final recipient', 'holding fund', 'specific fund', 'leverage effect', 'multiplier ratio', 'management costs' and 'management fees' as laid down in Article 2 of Regulation (EU) [CPR] and the provisions of Section 2 of Chapter II of Title V of that Regulation shall apply.

In addition, the provisions laid down in paragraphs 3 to 5 shall apply.

3. In accordance with Article 52(2) of Regulation (EU) [CPR] working capital, including standalone working capital may be eligible expenditure under Articles 68, 70, 71 and 72 of this Regulation, provided it contributes to at least one specific objective relevant for the given intervention. Support for standalone working capital finance under any of those Articles may be provided without being subject to the requirement that the final recipient receives support for other expenditure under the same Article.

For activities falling within the scope of Article 42 TFEU, the total amount of support for working capital provided to a final recipient shall not exceed a gross grant equivalent of EUR 200 000 over any period of three fiscal years.

4. By way of derogation from Articles 68, 70, 71 and 72, the support rates laid down in those provisions shall not apply to stand-alone working capital finance.

5. Eligible expenditure of a financial instrument shall be the total amount of eligible public expenditure paid excluding additional national financing as referred to in Article 103(5), or, in the case of guarantees, set aside for guarantee contracts, by the financial instrument within the eligibility period, where that amount corresponds to:
- (a) payments to final recipients, in the case of loans, equity and quasi-equity investments;
 - (b) resources set aside for guarantee contracts, whether outstanding or having already come to maturity, in order to honour possible guarantee calls for losses, calculated based on a multiplier ratio established for the respective underlying disbursed new loans or equity investments in final recipients;
 - (c) payments to, or for the benefit of, final recipients where financial instruments are combined with other Union contribution in a single financial instrument operation in accordance with Article 52(5) of Regulation (EU) [CPR];
 - (d) payments of management fees and reimbursements of management costs incurred by the bodies implementing the financial instrument.

Where a financial instrument is implemented across consecutive programming periods, support may be provided to, or for the benefit of, final recipients, including management costs and fees, based on agreements made under the previous programming period, provided that such support complies with the eligibility rules of the subsequent programming period. In such cases, the eligibility of expenditure submitted in the declarations of expenditure shall be determined in accordance with the rules of the respective programming period.

For the purposes of point (b) of this paragraph if the entity benefiting from the guarantees has not disbursed the planned amount of new loans, equity or quasi-equity investments to final recipients in accordance with the multiplier ratio, the eligible expenditure shall be reduced proportionally. The multiplier ratio may be reviewed, where justified by subsequent changes in market conditions. Such a review shall not have retroactive effect.

For the purposes of point (d) of this paragraph, management fees shall be performance based. Where bodies implementing a holding fund are selected through a direct award of contract pursuant to Article 53(2a) of Regulation (EU) [CPR], the amount of management cost and fees paid to these bodies that can be declared as eligible expenditure shall be subject to a threshold of up to 5% of the total amount of eligible public expenditure disbursed to final recipients in loans or set aside for guarantee contracts and up to 7% of the total amount of eligible public expenditure disbursed to final recipients in equity and quasi-equity investments.

Where bodies implementing a specific fund are selected through a direct award of contract pursuant to Article 53(2a) of Regulation (EU) [CPR], the amount of management cost and fees paid to those bodies that can be declared as eligible expenditure shall be subject to a threshold of up to 7% of the total amount of the eligible public expenditure disbursed to final recipients in loans or set aside for guarantee contracts and up to 15% of the total amount of eligible public expenditure disbursed to final recipients in equity or quasi-equity investments.

For the purposes of point (d) of this paragraph, where bodies implementing a holding fund or specific funds are selected through a competitive tender in accordance with the applicable law, the amount of management costs and fees shall be established in the funding agreement and shall reflect the result of the competitive tender.

Where arrangement fees, or any part thereof, are charged to final recipients, they shall not be declared as eligible expenditure.

Article 75

Use of the EAFRD delivered through InvestEU

1. Member States may allocate, in the proposal for a CAP Strategic Plan referred to in Article 106 or in the request for an amendment of a CAP Strategic Plan referred to in Article 107, an amount of up to 3% of the initial total EAFRD allocation to the CAP Strategic Plan to be contributed to InvestEU and delivered through the EU guarantee and the InvestEU Advisory Hub. The CAP Strategic Plan shall contain a justification for the use of the InvestEU and its contribution to the achievement of one or more of the specific objectives set out in Article 6 and selected under the CAP Strategic Plan.

The amount contributed to InvestEU shall be implemented in accordance with the rules established in the InvestEU Regulation.

2. Member States shall determine the total amount contributed for each year. For the requests for an amendment of a CAP Strategic Plan, only resources of future years may be identified.
3. The amount referred to in paragraph 1 shall be used for the provisioning of the part of the EU guarantee under the Member State compartment and for the InvestEU Advisory Hub, upon conclusion of the contribution agreement referred to in Article 9(3) of the [InvestEU Regulation]. The budgetary commitments of the Union in respect of each contribution agreement may be made by the Commission in annual instalments during the period between 1 January 2023 and 31 December 2027.
4. Where a contribution agreement, as set out in Article [9] of the [InvestEU Regulation], has not been concluded within four months following the Commission decision approving the CAP Strategic Plan for an amount referred to in paragraph 1 allocated in the CAP Strategic plan referred to in Article 106, the corresponding amount shall be used in the CAP Strategic Plan following an amendment request by the Member State in accordance with Article 107.

The contribution agreement for an amount referred to in paragraph 1 allocated in the request for the amendment of a CAP Strategic Plan referred to in Article 107 shall be concluded simultaneously with the adoption of the decision approving the amendment of the CAP Strategic Plan.

5. Where a guarantee agreement, as set out in Article [9] of the [InvestEU Regulation], has not been concluded within nine months from the approval of the contribution agreement, the contribution agreement shall be terminated or prolonged by mutual agreement.

Where the participation of a Member State in InvestEU is discontinued, the respective amounts paid into the common provisioning fund as a provisioning shall be recovered as internal assigned revenue pursuant to Article 21(5) of the Financial Regulation and the Member State shall submit a request for an amendment of the CAP Strategic Plan to use the amounts recovered and the amounts allocated to future calendar years according to paragraph 2.

The termination or amendment of the contribution agreement shall be concluded simultaneously with the adoption of the decision approving the amendment of the CAP Strategic Plan at the latest by 31 December 2026.

6. Where a guarantee agreement, as set out in Article [9] of the [InvestEU Regulation], has not been duly implemented within the period agreed in the contribution agreement, but not exceeding four years, from the signature of the guarantee agreement, the contribution agreement shall be amended. The Member State may request that amounts contributed to the EU guarantee under paragraph 1 and committed in the guarantee agreement but not covering underlying loans, equity investments or other risk bearing instruments are treated in accordance with paragraph 5.
7. Resources generated by or attributable to the amounts contributed to the EU guarantee shall be made available to the Member State and shall be used for support under the same objective or objectives referred to in paragraph 1 in the form of financial instruments or budgetary guarantees.

8. The automatic decommitment time limit as provided for in Article 32 of Regulation (EU) [HZR] for the amounts to be re-used in a CAP Strategic Plan in accordance with paragraphs 4, 5 and 6 shall start in the year in which the corresponding budgetary commitments are made.

Article 76

Adequacy and accuracy of payment calculation

Where payments are granted on the basis of additional costs and income foregone in accordance with Articles 65, 66 and 67, Member States shall ensure that the relevant calculations are adequate and accurate and established in advance on the basis of a fair, equitable and verifiable calculation method. To this end, bodies that are functionally independent from the authorities responsible for the implementation of the CAP Strategic Plan and possesses the appropriate expertise shall perform the calculations or confirm the adequacy and accuracy of the calculations.

Article 77

Forms of grants

1. Without prejudice to Articles 65, 66, 67 and 69, the grants under this Chapter may take any of the following forms:
 - (a) reimbursement of eligible costs actually incurred by a beneficiary;
 - (b) unit costs;
 - (c) lump sums;
 - (d) flat-rate financing.

2. The amounts for the forms of grants referred to under point (b), (c) and (d) of paragraph 1, shall be established in one of the following ways:
 - (a) a fair, equitable and verifiable calculation method based on:
 - (i) statistical data, other objective information or an expert judgement; or
 - (ii) verified historical data of individual beneficiaries; or
 - (iii) the application of usual cost accounting practices of individual beneficiaries;
 - (b) draft budgets established on a case-by-case basis and agreed ex-ante by the body selecting the operation;
 - (c) in accordance with the rules for application of corresponding unit costs, lump sums and flat rates applicable in Union policies for a similar type of operation;
 - (d) in accordance with the rules for application of corresponding unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation.
- 2a. Member States may provide grants under conditions to beneficiaries which are fully or partially repayable as specified in the document setting out the conditions for support and in accordance with the following conditions:
 - (a) repayments by the beneficiary shall be made under the conditions agreed by the Managing authority and the beneficiary;
 - (b) Member States shall reuse resources paid back by the beneficiary for the same specific objective of the CAP Strategic Plan before 31 December 2029 either in the form of grants under conditions, in the form of a financial instrument or in another form of support. The amounts paid back and information about their reuse shall be included in the last annual performance report;

- (c) Member States shall adopt the necessary measures to ensure that the resources shall be kept in separate accounts or under appropriate accounting codes;
- (d) Union resources paid back by beneficiaries at any time, but not reused by the end of the period indicated in subparagraph (b), shall be repaid to the budget of the Union in accordance with Article 32 HzR.

Article 78

Delegated powers for additional requirements for types of interventions for rural development

The Commission is empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation with requirements additional to those laid down in this Chapter concerning the conditions for granting support for the:

- (a) management commitments as referred to in Article 65 for genetic resources and animal welfare;
- (b) quality schemes as referred to in Article 71, as regards the specificity of the final product, the access to the scheme, the verification of binding product specifications, the transparency of the scheme and the traceability of the products, as well as the recognition by Member States of voluntary certification schemes.

TITLE IV

FINANCIAL PROVISIONS

Article 79

EAGF and EAFRD expenditure

1. The EAGF shall finance the types of interventions related to:
 - (a) direct payments laid down in Article 14;
 - (b) interventions in certain sectors laid down in Chapter III of Title III.
2. The EAFRD shall finance the types of interventions referred to in Chapter IV of Title III and technical assistance at the initiative of the Member States referred to in Article 86(3).

Article 80

Eligibility of expenditure

1. Expenditure shall be eligible for contribution from the EAGF from 1 January of the year following the year of the approval of the CAP Strategic Plan by the Commission. EAFRD expenditure shall be eligible from the date of submission of the CAP Strategic Plan, but not before 1 January 2023.
- 1a. Expenditure that becomes eligible as a result of an amendment to a CAP Strategic Plan shall be eligible for support from the EAGF after the approval of the amendment by the Commission and as of the date of effect of the amendment set by Member States in accordance with Article 107(7).

2. Expenditure that becomes eligible as a result of an amendment to a CAP Strategic Plan shall be eligible for a contribution from the EAFRD from the date of submission to the Commission of the request for amendment, or from the date of notification of modification referred to in Article 107(7a).

By way of derogation from the first sub-paragraph and Article 73(5), in cases of emergency measures due to natural disasters, catastrophic events or adverse climatic events or a significant and sudden change in the socio-economic conditions of the Member State or region, the CAP Strategic Plan may provide that eligibility of EAFRD financed expenditure relating to amendments of the plan may start from the date on which the event occurred.

3. Expenditure shall be eligible for a contribution from the EAFRD if it has been incurred by a beneficiary and paid by 31 December 2029. In addition, expenditure shall only be eligible for a contribution from the EAFRD if the relevant aid is actually paid by the paying agency by 31 December 2029.

Member States shall set the starting date of eligibility of costs incurred by the beneficiary. The starting date shall not be set before 1 January 2023. Operations shall not be eligible for support where they have been physically completed or fully implemented before the application for funding under the CAP Strategic Plan is submitted to the Managing Authority, irrespective of whether all related payments have been made.

By way of derogation from the second subparagraph, operations relating to early tending of seedling stands and tending of young stands according to sustainable forest management and addressing one or more of the specific environmental- and climate-related objectives set out in points (d), (e) and (f) of Article 6(1) of this Regulation, as defined by the Member State, may be eligible for support where they had been physically completed before the application for support is submitted to the Managing Authority.

4. Contributions in kind and depreciation costs may be eligible for support under the EAFRD, subject to conditions to be set by the Member States.

Article 81

Financial allocations for types of interventions in the form of direct payments

1. Without prejudice to Article 15 of Regulation (EU) [HzR], the total amount for types of interventions in the form of direct payments which may be granted in a Member State pursuant to Chapter II of Title III of this Regulation in respect of a calendar year shall not exceed the financial allocation of that Member State as set out in Annex IV.

Without prejudice to Article 15 of Regulation (EU) [HzR], the maximum amount which may be granted in a Member State, in a calendar year, pursuant to Subsection 2, Section 3, Chapter II of Title III of this Regulation and before the application of Article 15 of this Regulation, shall not exceed the financial allocation of that Member State set out in Annex VI.

For the purpose of Article 86(5), (6a) and (6b), the financial allocation of a Member State referred to in the first subparagraph after deduction of the amounts set out in Annex VI and before any transfers according to Article 15 is set out in Annex VII.

2. The Commission is empowered to adopt delegated acts in accordance with Article 138 amending the Member States' allocations set out in Annex IV and VII to take account of the developments relating to the total maximum amount of direct payments that may be granted, including the transfers referred to in Articles 15 and 90, transfers of financial allocations referred to in Article 82(5) and any deductions needed to finance types of interventions in other sectors referred to in Article 82(6).

By way of derogation from the first subparagraph the adaptation of Annex VII shall not take into account any transfers in accordance with Article 15.

3. The amount of the indicative financial allocations per intervention referred to in Article 88 for the types of interventions in the form of direct payments laid down in Article 14 to be granted in a Member State in respect of a calendar year may exceed the allocation of that Member State set out in Annex IV by the estimated amount of reduction of payments taken up in the CAP Strategic Plan as referred to in the second subparagraph of Article 100(2)(d).

Article 82

Financial allocations for certain types of interventions in certain sectors

1. The Union financial assistance for types of interventions in the wine sector is allocated to Member States as set out in Annex V.
2. The Union financial assistance for types of interventions in the apiculture sector is allocated to Member States as set out in Annex VIII.
3. The Union financial assistance for types of interventions in the hops sector allocated to Germany shall be EUR 2 188 000 per financial year as referred to in Article 33 of Regulation (EU) [HzR].
4. The Union financial assistance for types of intervention in the olive oil and table olives sector is allocated as follows:
 - (a) EUR 10 666 000 per financial year as referred to in Article 33 of Regulation (EU) [HzR] for Greece;
 - (b) EUR 554 000 per financial year as referred to in Article 33 of Regulation (EU) [HzR] for France; and
 - (c) EUR 34 590 000 per financial year as referred to in Article 33 of Regulation (EU) [HzR] for Italy.

5. The Member States concerned may decide in their CAP Strategic Plans to transfer the total financial allocations referred to in paragraphs 3 and 4 to their allocations for direct payments. This decision may not be reviewed.

The Member States' financial allocations transferred to allocations for direct payments shall no longer be available for the types of interventions referred to in paragraphs 3 and 4.

6. Member States may decide in their CAP Strategic Plans to use up to 3% of their allocations for direct payments set out in Annex IV, after deduction of the amounts available for cotton set out in Annex VI, for types of interventions in other sectors referred to in Section 7 of Chapter III of Title III.

Member States may decide to increase the percentage referred to in the first subparagraph up to 5%. In this case, the amount corresponding to this increase shall be deducted from the maximum set in the first subparagraph of Article 86(5) and no longer be available for allocation to coupled income support types of interventions referred to therein.

The amount corresponding to the percentage of Member States' allocations for direct payments referred to in the first and the second sub-paragraph and used for types of interventions in other sectors for a certain financial year shall be deemed Member States' allocations per financial year as referred to in Article 33 of Regulation (EU) [HZR] for types of interventions in other sectors.

7. Member States may, in 2025, review their decisions referred to in paragraph 6 as part of a request for amendment of their CAP Strategic Plans, referred to in Article 107.
8. The amounts set out in the approved CAP Strategic Plan resulting from the application of paragraphs 6 and 7 shall be binding in the Member State concerned.

Article 83

Financial allocations for types of interventions for rural development

1. The total amount of Union support for types of interventions for rural development under this Regulation for the period from 1 January 2023 to 31 December 2027 shall be EUR 60 544 439 600 in current prices in accordance with the multiannual financial framework for the years 2021 to 2027³⁴.
2. 0,25% of the resources referred to in paragraph 1 shall be devoted to finance the activities of technical assistance on the initiative of the Commission referred to in Article 7 of Regulation (EU) [HzR], including the European network for the Common Agricultural Policy referred to in Article 113(2) of this Regulation and the European Innovation Partnership for agricultural productivity and sustainability referred to in Article 114 of this Regulation. Those activities may concern previous programming periods and subsequent CAP Strategic Plan periods.
3. The annual breakdown by Member State of the amounts referred to in paragraph 1, after deduction of the amount referred to in paragraph 2, is set out in Annex IX.
4. The Commission is empowered to adopt delegated acts in accordance with Article 138 amending Annex IX to review the annual breakdown by Member State to take account of relevant developments, including the transfers referred to in Articles 15 and 90, to make technical adjustments without changing the overall allocations, or to take account of any other change provided for by a legislative act after the adoption of this Regulation.

³⁴ Proposal for a Council Regulation laying down the multiannual financial framework for the years 2021-2027 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM(2018)322 final.

Article 84

EAFRD contribution

The Commission implementing decision approving a CAP Strategic Plan pursuant to Article 106(6) shall set the maximum contribution from the EAFRD to the plan. The EAFRD contribution shall be calculated on the basis of the amount of eligible public expenditure excluding additional national financing as referred to in Article 103(5).

Article 85

EAFRD contribution rates

1. The CAP Strategic Plans shall establish at regional or national level a single EAFRD contribution rate applicable to all interventions.
2. By way of derogation from paragraph 1 the maximum EAFRD contribution rate shall be:
 - (aa) 85% of the eligible public expenditure in the less developed regions within the meaning of point (a) of Article 102(2) of Regulation (EU) [CPR];
 - (a) 80% of the eligible public expenditure in the outermost regions referred to in Article 349 TFEU and in the smaller Aegean islands within the meaning of Regulation (EU) No 229/2013;
 - (ba) 60% of the eligible public expenditure in transition regions within the meaning of point (b) of Article 102(2) of Regulation (EU) [CPR];
 - (d) 43% of the eligible public expenditure in the other regions.

3. By way of derogation from paragraphs 1 and 2, the maximum EAFRD contribution rate shall, if the rate set in the CAP Strategic Plan in accordance with in paragraph 2 is lower, be:
 - (aa) 65% of the eligible public expenditure for payments for natural or other area-specific constraints under Article 66;
 - (a) 80 % of the eligible public expenditure for payments under Article 65 of this Regulation, for payments under Article 67 of this Regulation, for support for non-productive investments referred to in Article 68 of this Regulation, for support for the European Innovation Partnership under point (a) of Article 71(1) of this Regulation and for LEADER under point (b) of Article 71(1) of this Regulation, referred to as community-led local development in Article 25 of Regulation (EU) [CPR];
 - (b) 100% for operations receiving funding from funds transferred to the EAFRD in accordance with Articles 15 and 90 of this Regulation.
4. The minimum EAFRD contribution rate shall be 20% of the eligible public expenditure.
5. The eligible public expenditure referred to in paragraphs 2 to 4 shall exclude the additional national financing referred to in Article 103(5).

Article 86

Minimum and maximum financial allocations

1. At least 5 % of the total EAFRD contribution to the CAP Strategic Plan as set out in Annex IX shall be reserved for LEADER, referred to as community-led local development in Article 25 of Regulation (EU) [CPR].

For the entire period of the CAP Strategic Plan, the total EAFRD expenditure for rural development other than for LEADER as established in the financial plan in accordance with Article 100 (2) first subparagraph point (a) shall not exceed 95% of the total EAFRD contribution to the CAP Strategic Plan as set out in Annex IX. This financial ceiling as approved by the Commission in accordance with Article 106 or 107 shall constitute a financial ceiling set by Union law.

2. At least 35% of the total EAFRD contribution to the CAP strategic plan as set out in Annex IX shall be reserved for the interventions addressing the specific and environmental- and climate-related objectives set out in points (d), (e) and (f) of Article 6(1) of this Regulation and animal welfare as referred to in point (i) of that paragraph.

For the purpose of determining the contribution towards the percentage set out in the first subparagraph, Member States shall include expenditure for the following interventions:

- (a) 100% for management commitments referred to in Article 65;
- (b) 50% for natural or other area-specific constraints referred to in Article 66;
- (c) 100% for area-specific disadvantages referred to in Article 67;
- (d) 100% for investments under Article 68 linked to one or more of the specific environmental- and climate-related objectives set out in points (d), (e) and (f) of Article 6(1), as well as animal welfare as referred to point (i) of that paragraph.

For the entire period of the CAP Strategic Plan, the total EAFRD expenditure for rural development other than for the interventions referred to in subparagraph 2, as established in the financial plan in accordance with Article 100(2) first subparagraph point (a) shall not exceed 65% of the total EAFRD contribution to the CAP Strategic Plan as set out in Annex IX. This financial ceiling as approved by the Commission in accordance with Article 106 or 107 shall constitute a financial ceiling set by Union law.

Subparagraphs 1, 2 and 3 shall not apply to expenditure for the outermost regions referred to in Article 349 TFEU.

3. A maximum 4 % of the total EAFRD contribution to the CAP Strategic Plan as set out in Annex IX may be used to finance the actions of technical assistance at the initiative of the Member States referred to in Article 112.

The EAFRD contribution may be increased to 6% for CAP Strategic plans where the total amount of Union support for rural development is up to EUR 1.1 billion.

Technical assistance shall be reimbursed as a flat-rate financing following Article 125(1)(e) of Regulation (EU, Euratom) 2018/1046 in the framework of interim payments pursuant to Article 30 of Regulation (EU) [HZR]. This flat-rate shall represent the percentage set in the CAP Strategic Plan for technical assistance of the total expenditure declared.

4. For each Member State the minimum amount set out in Annex X shall be reserved for contributing to the specific objective 'attract young farmers and facilitate business development' set out in point (g) of Article 6(1). On the basis of the analysis of the situation in terms of strengths, weaknesses, opportunities and threats ('the SWOT analysis') and the identification of the needs that are to be addressed, the amount shall be used for either or both of the following types of interventions:

- (a) the complementary income support for young farmers as laid down in Article 27;

(b) the installation of young farmers referred to in point (a) of Article 69(2).

In addition to the types of intervention referred to in the first sub-paragraph, Member States may use the minimum amount referred to in that sub-paragraph for investment interventions for young farmers referred to in Article 68, provided that a higher support rate in accordance with Article 68(4)(a)(ii) is applied. When this possibility is used, a maximum of 50% of the expenditure for investments referred to in the first sentence shall be counted against the minimum amount to be reserved.

For each calendar year, the total expenditure for types of interventions in the form of direct payments other than the complementary income support for young farmers, as laid down in Article 27 shall not exceed the financial allocation for direct payments for the relevant calendar year as laid down in Annex IV of this regulation, reduced by the part of Annex X reserved under the complementary income support for young farmers for the relevant calendar year as established by Member States in their financial plan in accordance with Article 100(2) first subparagraph point (a) and approved by the Commission in accordance with Article 106 or 107. This financial ceiling shall constitute a financial ceiling set by Union law.

For the entire period of the CAP plan, the total EAFRD expenditure for rural development other than for installation of young farmers referred to in point (a) of Article 69(2) shall not exceed the total EAFRD contribution to the CAP Strategic Plan as set out in Annex IX, reduced by the part of Annex X reserved for the installation of young farmers as referred to in point (a) of Article 69(2) for the entire period of the CAP Strategic Plan as established by Member States in their financial plans in accordance with Article 100(2) first subparagraph point (a) and approved by the Commission in accordance with Article 106 or 107. This financial ceiling shall constitute a financial ceiling set by Union law.

Where a Member State decides to use the possibility provided for in the second subparagraph of this paragraph, the share of expenditure for investment interventions for young farmers with a higher support rate in accordance with Article 68(4)(a)(ii), not exceeding 50% as established by the Member States in its financial plan in accordance with Article 100(2) first subparagraph point (a) and approved by the Commission in accordance with Article 106 or 107, shall be counted for the establishment of the financial ceiling referred to in the fourth subparagraph of this paragraph.

5. The indicative financial allocations for the coupled income support interventions referred to in Subsection 1 of Section 3 of Chapter II of Title III shall be limited to a maximum of 13% of the amounts set out in Annex VII.

By way of derogation from the first sub-paragraph, Member States that in accordance with Article 53(4) of Regulation (EU) No 1307/2013 used for the purpose of voluntary coupled support more than 13% of their annual national ceiling set out in Annex II to that Regulation, may decide to use for the purpose of coupled income support more than 13% of the amount set out in Annex VII. The resulting percentage shall not exceed the percentage approved by the Commission for voluntary coupled support in respect of claim year 2018.

The percentage referred to in the first subparagraph, may be increased by a maximum of 2 percentage points, provided that the amount corresponding to the percentage exceeding the 13% is allocated to the support for protein crops under Subsection 1 of Section 3 of Chapter II of Title III.

The amount included in the approved CAP Strategic Plan resulting from the application of the first, second and third subparagraphs may not be exceeded.

By way of derogation from the first and second subparagraphs, Member States may choose to use up to EUR 3 million per year for financing coupled income support.

6. Without prejudice to Article 15 of Regulation (EU) [HzR], the maximum amount which may be granted in a Member State before the application of Article 15 of this Regulation pursuant to Subsection 1 of Section 3 of Chapter II of Title III of this Regulation in respect of a calendar year shall not exceed the amounts fixed in the CAP Strategic Plan in accordance with paragraph 5 of this Article.
- 6a. At least 25 % of the allocations set out in Annex VII shall be reserved for every calendar year 2023 to 2027 for schemes for the climate, the environment and animal welfare referred to in Subsection 4 of Section 2 of Chapter II of Title III.

Where the amount of the total EAFRD contribution reserved by a Member State for interventions in accordance with Articles 65, 67 and 68, insofar as these interventions address the specific environmental and climate-related objectives set out in points (d), (e) and (f) of Article 6(1) and animal welfare as referred to in point (i) of that Article, exceeds 30 % of the total EAFRD contribution as set out in Annex IX for the period 2023-2027, Member States may reduce the sum of the amounts to be reserved under the first subparagraph. The total reduction may not be higher than the amount by which the 30% mentioned in the first sentence is exceeded.

The reduction referred to in the second subparagraph may not lead to a reduction of the annual amount to be reserved for the schemes for the climate the environment and animal welfare referred to in Subsection 4 of Section 2 of Chapter II of Title III for the years 2023 – 2027 pursuant to the first subparagraph by more than 50%.

By way of derogation from the third subparagraph, Member States may reduce the annual amount to be reserved pursuant to the first subparagraph by up to 75% in the case where the total amount planned for interventions under Article 65 over the period amounts to more than 150% of the sum of the amounts to be reserved pursuant to the first subparagraph before application of the second subparagraph.

Member States may, in calendar years 2023 and 2024, in accordance with Article 88(3), use an amount up to a threshold corresponding to 5% of the amounts set out in Annex VII for the respective calendar year, and reserved in accordance with this paragraph for the schemes for the climate, the environment and animal welfare referred to in Subsection 4 of Section 2 of Chapter II of Title III, to finance in that year other interventions referred to in Section 2 of Chapter II of Title III, provided that all possibilities to use the funds for the schemes for the climate, the environment and animal welfare have been exhausted.

Moreover, Member States may in calendar years 2023 and 2024, in accordance with Article 88(3), use amounts reserved in accordance with this paragraph for the schemes for the climate, the environment and animal welfare referred to in Subsection 4 of Section 2 of Chapter II of Title III, above the threshold referred to in the fifth subparagraph, to finance other interventions referred to in Section 2 of Chapter II of Title III, provided that all possibilities to use the funds for the schemes for the climate, and the environment and animal welfare have been exhausted and the conditions of the seventh subparagraph are complied with.

When applying the sixth subparagraph, Member States shall amend the CAP plan in accordance with Article 107 in order to:

- (a) increase the amounts reserved in accordance with this paragraph for the schemes for the climate, environment and animal welfare referred to in Subsection 4 of Section 2 of Chapter II of Title III for the remaining years of the period by an amount at least equivalent to the amount used to finance other interventions referred to in Section 2 of Chapter II of Title III in accordance with the sixth subparagraph, and/or
- (b) increase the amounts reserved for interventions under Articles 65, 67 and 68, insofar as these interventions address the specific environmental and climate-related objectives set out in points (d), (e) and (f) of Article 6(1) and animal welfare as referred to in point (i) of that Article, by an amount at least equivalent to the amount used to finance other interventions referred to in Section 2 of Chapter II of Title III in accordance with the sixth subparagraph. Additional amounts reserved for interventions under Articles 65, 67 and 68 according to this subparagraph, shall not be taken into account in the case where a Member States makes use of the option referred to in the second subparagraph.

If a Member State when applying the fifth subparagraph uses for the total period 2023 and 2024 an amount exceeding 2.5% of the sum of the allocations set out in Annex VII for 2023 and 2024, to finance other interventions referred to in Section 2 of Chapter II of Title III, the Member State shall compensate for the amounts exceeding the 2.5% of the sum of the allocations set out in Annex VII for 2023 and 2024 and used to finance in those years other interventions referred to in Section 2 of Chapter II of Title III, by amending the CAP Strategic Plan in accordance with Article 107 in order to:

- (a) increase the amounts reserved in accordance with this paragraph for the schemes for the climate, environment and animal welfare referred to in Subsection 4 of Section 2 of Chapter II of Title III for the remaining years of the period by an amount at least equivalent to the amounts exceeding the 2.5% of the sum of the allocations set out in Annex VII for 2023 and 2024, or
- (b) increase the amounts reserved for interventions under Articles 65, 67 and 68, insofar as these interventions address the specific environmental and climate- related objectives set out in points (d), (e) and (f) of Article 6(1) and animal welfare as referred to in point (i) of that Article, by an amount at least equivalent to the amount exceeding the 2.5% of the sum of the allocations set out in Annex VII for 2023 and 2024. Additional amounts reserved for interventions under Articles 65, 67 and 68 according to this subparagraph, shall not be taken into account in the case where a Member States makes use of the option referred to in the second subparagraph.

Member States may, in calendar years 2025 and 2026, in accordance with Article 88(3), use an amount up to a threshold corresponding to 2% of the amounts set out in Annex VII for the respective calendar year, and reserved in accordance with this paragraph for the schemes for the climate, the environment and animal welfare referred to in Subsection 4 of Section 2 of Chapter II of Title III, to finance within the same year other interventions referred to in Section 2 of Chapter II of Title III, provided that all possibilities to use the funds for the schemes for the climate, the environment and animal welfare have been exhausted and the conditions of the tenth subparagraph are complied with.

When applying the ninth subparagraph, Member States shall amend the CAP Strategic Plan in accordance with Article 107 in order to:

- (a) increase the amounts reserved in accordance with this paragraph for the schemes for the climate, environment and animal welfare referred to in Subsection 4 of Section 2 of Chapter II of Title III for the remaining years of the period by an amount at least equivalent to the amount used to finance other interventions referred to in Section 2 of Chapter II of Title III in accordance with the ninth subparagraph, or
- (b) increase the amounts reserved for interventions under Articles 65, 67 and 68, insofar as these interventions address the specific environmental and climate-related objectives set out in points (d), (e) and (f) of Article 6(1) and animal welfare as referred to in point (i) of that Article, by an amount at least equivalent to the amount used to finance other interventions referred to in Section 2 of Chapter II of Title III in accordance with the ninth subparagraph. Additional amounts reserved for interventions under Articles 65, 67 and 68 according to this subparagraph, shall not be taken into account in the case where a Member States makes use of the option referred to in the second subparagraph.

For each calendar year as from calendar year 2025, the total expenditure for types of interventions in the form of direct payments other than the schemes for the climate, environment and animal welfare, referred to in Subsection 4 of Section 2 of Chapter II of Title III shall not exceed the financial allocation for direct payments for the relevant calendar year as laid down in Annex IV of this Regulation reduced by an amount corresponding to 23% of Annex VII reserved for schemes for the climate, environment and animal welfare according to this paragraph for 2025 and 2026, and corresponding to 25% of Annex VII reserved for schemes for the climate, environment and animal welfare according to this paragraph for 2027, where relevant corrected by the amount resulting from the application of the second, third, fourth, seventh, eighth and tenth subparagraphs of this paragraph and as established by Member States in their financial plans referred to in Article 100(2) first subparagraph point (a) as approved by the Commission in accordance with Article 106 or 107. This financial ceiling shall constitute a financial ceiling set by Union law.

In the case of application of Article 86(6a), second, third, fourth, seventh, eighth and tenth subparagraphs, for the entire period of the CAP Strategic plan, the total EAFRD expenditure for rural development other than the amounts reserved for interventions in accordance with Articles 65, 67 and 68, insofar as these interventions address the specific environmental and climate-related objectives set out in points (d), (e) and (f) of Article 6(1) and animal welfare as referred to in point (i) of that Article shall not exceed the total EAFRD contribution for rural development for the entire period of the CAP plan as set out in Annex IX, reduced by the amounts reserved for interventions in accordance with Articles 65, 67 and 68 insofar as these interventions address the specific environmental and climate-related objectives set out in points (d), (e) and (f) of Article 6(1) and animal welfare as referred to in point (i) of that Article, following the application of the second, seventh, eighth and tenth subparagraphs of this paragraph, as established by Member States in their financial plans referred to in Article 100(2), first subparagraph point (a) and approved by the Commission in accordance with Article 106 or 107. This financial ceiling shall constitute a financial ceiling set by Union law.

- 6b. At least 10 % of the amounts set out in Annex VII shall be reserved annually for the complementary redistributive income support for sustainability referred to in Article 26.

For each calendar year, the total expenditure for types of interventions in the form of direct payments other than the complementary redistributive income support for sustainability as laid down in Article 26 shall not exceed the financial allocation for direct payments for the relevant calendar year as laid down in Annex IV of this regulation reduced by an amount corresponding to 10% of the financial allocation for direct payments for the relevant calendar year as laid down in Annex VII of this Regulation, where relevant corrected following the application of the second subparagraph of the first paragraph of Article 26, as established by Member States in their financial plan in accordance with Article 100(2) first subparagraph point (a) and approved by the Commission in accordance with Article 106 or 107. This financial ceiling shall constitute a financial ceiling set by Union law.

7. Member States may decide in their CAP Strategic Plan to use a certain share of the EAFRD allocation to leverage support and upscale integrated Strategic Nature Projects benefiting farmers' communities as provided for under Regulation (EU) .../... [LIFE] and to finance actions in respect of transnational learning mobility of people in the field of agricultural and rural development with a focus on young farmers and women in rural areas, in accordance with Regulation (EU) .../... [Erasmus].

Article 87

Tracking climate expenditure

1. On the basis of the information provided by Member States, the Commission shall evaluate the contribution of the policy to the climate change objectives using a simple and common methodology.
2. The contribution to the expenditure target shall be estimated through the application of specific weightings differentiated on the basis whether the support makes a significant or a moderate contribution towards climate change objectives. These weightings shall be as follows:
 - (a) 40% for the expenditure under the Basic Income Support for Sustainability and the Complementary Income Support referred to in Title III, Chapter II, section II, subsections 2 and 3;
 - (b) 100% for expenditure under the schemes for the climate and the environment referred to in Title III, Chapter II, section II, subsection 4;
 - (c) 100% for expenditure for the interventions referred to in the first subparagraph of Article 86(2), except for those referred to in point (d);
 - (d) 40% for expenditure for natural or other area-specific constraints referred to in Article 66.

- 2b. The Commission is empowered to adopt delegated acts after 31 December 2025 in accordance with Article 138 amending this Article to modify the weightings referred to in paragraph 2, where such modification is warranted for more precise tracking of expenditure on climate and environmental objectives.

Article 88

Indicative financial allocations

1. Member States shall set out, in their CAP Strategic Plan, an indicative financial allocation for each intervention and for each year. This indicative financial allocation shall represent the expected level of payments under the CAP Strategic Plan, excluding expected payments on the basis of additional national financing as referred to in Article 103(5), for the intervention in the relevant financial year.
2. By derogation to paragraph 1, for the types of interventions in the sectors referred to in point (a) and in points (d), (e) and (f) of Article 39, Member States shall set out, in their CAP Strategic Plan, the indicative financial allocation for each sector and for each year, representing the expected level of payments for the interventions in each sector per financial year, excluding expected payments on the basis of National Financial Assistance referred to in Article 47.
3. The indicative financial allocations set out by Member States in accordance with paragraphs 1 and 2 shall not prevent Member States from using funds from these indicative financial allocations as funds for other interventions, without amending the CAP Strategic Plan as referred to in Article 107, subject to compliance with the provisions of this Regulation, and in particular with Articles 81, 82, 83, 84, 86 and 89, and with the provisions of Regulation (EU) No .../... [HzR Regulation], and in particular with Article 30(6)(b), and to the following:
 - financial allocations for direct payments interventions are used for other interventions in the form of direct payment,

- financial allocations for rural development interventions are used for other interventions for rural development,
- financial allocations for interventions in the apiculture sector and in the wine sector are only used for other interventions in the same sector;
- financial allocations for interventions in other sectors referred to in point (f) of Article 39 are used for interventions in other sectors referred to in point (f) of Article 39 laid down in the CAP Strategic Plan and the use does not affect approved operational programmes.

For the purpose of the first indent, Member States which have decided to grant the basic income support for sustainability based on payment entitlements as laid down in Article 19 may linearly increase or decrease the amounts to be paid based on the value of the entitlements activated in the calendar year, within the limits of the minimum and maximum planned unit amounts set for interventions under the Basic Income Support for Sustainability in accordance with Article 89(1a).

Article 89

Planned unit amounts and planned outputs

1. Member States shall set out one or more planned unit amounts for each intervention included in their CAP Strategic Plan. The planned unit amount may be uniform or average, as determined by Member States. 'Planned uniform unit amount' is the value that is expected to be paid for each related output. 'Planned average unit amount' is the average value of the different unit amounts that are expected to be paid for the related outputs.

For interventions covered by the integrated system referred to in Article 63(2) of Regulation [HzR], uniform unit amounts shall be set out, except where uniform unit amounts are not possible or appropriate, in view of the design and scope of the intervention. In such case, average unit amounts shall be set out.

- 1a. For types of interventions in the form of direct payments, Member States may set maximum or minimum planned unit amounts or both for each unit amount planned for each intervention.

The 'minimum planned unit amount' and 'maximum planned unit amount' are the minimum and maximum unit amounts that are expected to be paid for the related outputs.

When setting the maximum or minimum planned unit amounts or both, Member States may justify these values with the necessary flexibility for reallocation to avoid unused funds.

The realised unit amount referred to in point (c) of Article 121(4a) may only be lower than the planned unit amount or the minimum planned unit amount, where such amount is set out, to prevent an excess of the financial allocations for types of interventions in the form of direct payments referred to in Article 81(1).

2. For types of interventions for rural development, when using planned average unit amounts, Member States may set a maximum planned average unit amount.

The 'maximum planned average unit amount' is the maximum amount that is expected to be paid on average for the related outputs.

3. Where different unit amounts are established for an intervention, paragraphs 1a and 2 shall apply to each relevant unit amount of that intervention.

4. Member States shall set out the annual planned outputs for each intervention quantified for each planned uniform or average unit amount. Within an intervention, the annual planned outputs may be provided at an aggregated level for all unit amounts or for group of unit amounts.

Article 90

Flexibility between direct payments allocations and EAFRD allocations

1. As part of their CAP Strategic Plan proposal referred to in Article 106(1), Member States may decide to transfer:
 - (a) up to 25% of the Member State's allocation for direct payments set out in Annex IV after deduction of the allocations for cotton set in Annex VI for calendar years 2023 to 2026 to the Member State's allocation for EAFRD in financial years 2024 – 2027; or
 - (b) up to 25% of the Member State's allocation for EAFRD in financial years 2024 – 2027 to the Member State's allocation for direct payments set out in Annex IV for calendar years 2023 to 2026.

The percentage of transfer from a Member State's allocation for direct payments to its allocation for EAFRD referred to in point (a) of the first subparagraph may be increased by:

- (a) up to 15 percentage points provided that Member States use the corresponding increase for EAFRD financed interventions addressing the specific environmental- and climate-related objectives referred to in points (d), (e) and (f) of Article 6(1);
- (b) up to 2 percentage points provided that Member States use the corresponding increase in accordance with point (b) of Article 86(4).

The percentage of transfer from a Member State's allocation for EAFRD to its allocation for direct payments referred to in point (b) of the first subparagraph may be increased to 30% for Member States with direct payments per hectare below 90% of the Union average. This condition is fulfilled in the case of Bulgaria, Estonia, Spain, Latvia, Lithuania, Poland, Portugal, Romania, Slovakia, Finland and Sweden.

2. The decisions referred to in the paragraph 1 shall set out the percentage referred to in paragraph 1, which may vary by calendar year.
3. Member States may, in 2025, review their decisions referred to in paragraph 1 as part of a request for amendment of their CAP Strategic Plans, referred to in Article 107.

TITLE V
CAP STRATEGIC PLAN

CHAPTER I

GENERAL REQUIREMENTS

Article 91

CAP Strategic Plans

Member States shall establish CAP Strategic Plans in accordance with this Regulation to implement the Union support financed by the EAGF and the EAFRD for the achievement of the specific objectives set out to in Article 6(1).

Each Member State shall establish a single CAP Strategic Plan for its entire territory, taking into account its constitutional and institutional provisions.

Where elements of the CAP Strategic Plan are established at regional level, the Member State shall ensure the coherence and the consistency with the elements of the CAP Strategic Plan established at national level. The elements established at regional level shall be appropriately reflected in the relevant sections of the CAP Strategic Plan as laid down in Article 95.

Based on the SWOT analysis referred to in Article 103(2) and an assessment of needs referred to in Article 96, Member State shall establish in the CAP Strategic Plans an intervention strategy as referred to in Article 97 in which quantitative targets and milestones shall be set to achieve the specific objectives set out to in Article 6. The targets shall be set using a common set of result indicators set out in Annex I.

To reach these targets Member States shall set out interventions based on the types of interventions laid down in Title III.

Each CAP Strategic Plan shall cover the period 2023-2027.

Article 92

Increased ambition with regard to environmental- and climate-related objectives

1. Member States shall aim to make, through their CAP Strategic Plans and in particular through the elements of the intervention strategy referred to in point (a) of Article 97(2), a greater overall contribution to the achievement of the specific environmental and climate-related objectives set out in points (d), (e) and (f) of Article 6(1) in comparison to the overall contribution made to the achievement of the objective laid down in point (b) of the first subparagraph of Article 110(2) of Regulation (EU) No 1306/2013 through support under the EAGF and the EAFRD in the period 2014 to 2020.
2. Member States shall explain in their CAP Strategic Plans, on the basis of available information, how they intend to achieve the greater overall contribution set out in paragraph 1. That explanation shall be based on relevant information, such as the elements referred to in points (a) to (f) of Article 95(1) and in point (b) of Article 95(2) as well as the expected improvements against the relevant impact indicators set out in Annex I.

Article 94

Procedural requirements

1. Member States shall draw up the CAP Strategic Plans based on transparent procedures in collaboration, where applicable, with their regions, in accordance with their institutional and legal framework.

2. The body of the Member State responsible for drawing up the CAP Strategic Plan shall ensure that:
 - where applicable, the relevant authorities at regional level are effectively involved in the preparation of the CAP Plan; and
 - the public competent authorities for the environment and climate are effectively involved in the preparation of the environmental and climate aspects of the plan.
3. Each Member State shall organise a partnership with the competent regional and local authorities. The partnership shall include at least the following partners:
 - (a) relevant authorities at regional and local level, as well as other public authorities, including competent authorities for environmental and climate issues;
 - (b) economic and social partners, including representatives of the agricultural sector;
 - (c) relevant bodies representing civil society and where relevant bodies responsible for promoting social inclusion, fundamental rights, gender equality and non-discrimination.

Member States shall effectively involve those partners in the preparation of the CAP Strategic Plans and shall consult with relevant stakeholders, including as regards the minimum standards referred to in Article 12, as appropriate.
4. Member States, including where applicable their regions, and the Commission shall cooperate to ensure effective coordination in the implementation of CAP Strategic Plans, taking account of the principles of proportionality and shared management.
 - 4a. The organisation and implementation of partnership shall be carried out in accordance with the act adopted on the basis of paragraph 3 of Article 5 of Regulation (EU) No 1303/2013.

CHAPTER II

CONTENT OF THE CAP STRATEGIC PLAN

Article 95

Content of the CAP Strategic Plans

1. Each CAP Strategic Plan shall contain sections on the following:
 - (a) the assessment of needs;
 - (b) the intervention strategy;
 - (c) the elements common to several interventions;
 - (d) the direct payments, sectoral and rural development interventions specified in the strategy;
 - (e) target and financial plans;
 - (f) the governance and coordination system;
 - (g) the elements that ensure modernisation of the CAP;
 - (ha) where elements of the CAP Strategic Plan are established at regional level, a short description about the Member States' national and regional set-up, and in particular which elements are established at national and at regional level.

2. Each CAP Strategic Plan shall contain the following annexes:
 - (a) Annex I on the ex-ante evaluation and the strategic environmental assessment (SEA) referred to in Directive [2001/42/EC](#);

- (b) Annex II on the SWOT analysis;
 - (c) Annex III on the consultation of the partners;
 - (d) where relevant, Annex IV on the crop-specific payment for cotton;
 - (e) Annex V on the additional national financing provided within the scope of the CAP Strategic Plan;
 - (f) where relevant, Annex VI on transitional national aid.
3. Detailed rules for the content of the sections and the annexes of the CAP Strategic Plans referred to in paragraphs 1 and 2 are laid down in Articles 96 to 103.

Article 96

Assessment of needs

The assessment of needs referred to in point (a) of Article 95(1) shall include the following:

- (a) summary of the SWOT analysis as referred to in Article 103(2);
- (b) identification of needs for each specific objective set out in Article 6 based on the evidence from the SWOT analysis. All the needs arising from the SWOT analysis shall be described, regardless whether they will be addressed through the CAP Strategic Plan or not;
- (c) for the specific objective of supporting viable farm income and resilience set out in point (a) of Article 6(1), an assessment of needs in relation to a fairer distribution and more effective and efficient targeting of direct payments, where relevant taking into account their farm structure, and in relation to risk management;
- (d) where relevant, an analysis of the needs of specific geographical areas, such as the outermost regions, mountainous and island areas;

- (e) prioritisation of needs, including a sound justification of the choices made covering if relevant the reasons why certain identified needs are not addressed or partially addressed in the CAP Strategic Plan.

For the specific environmental and climate objectives referred to in points (d), (e), and (f) of Article 6(1), the assessment shall take into account the national environmental and climate plans emanating from the legislative instruments referred to in Annex XI.

Member States shall use recent and reliable data for this assessment and shall use data disaggregated by gender, where available.

Article 97

Intervention strategy

1. The intervention strategy referred to in point (b) of Article 95(1) shall set out, for each specific objective set out in Article 6(1) and addressed in the CAP Strategic Plan:
 - (a) targets and related milestones for the relevant result indicators used by the Member State on the basis of its assessment of needs. The value of these targets shall be justified in view of the assessment of needs referred to in Article 96. As regards the specific objectives set out in points (d), (e), and (f) of Article 6(1), targets shall be derived from the elements of explanation given in point (a) of paragraph 2 of this Article;
 - (b) interventions, based on the types of interventions set out in Title III, shall be designed to address the specific situation in the area concerned, following a sound intervention logic, supported by the ex-ante evaluation referred to in Article 125, the SWOT analysis referred to in Article 103(2) and the assessment of needs referred to in Article 96;

- (c) elements showing how the interventions allow reaching the targets and how they are mutually coherent and compatible;
 - (d) elements demonstrating that the allocation of financial resources to the interventions of the CAP Strategic Plan is justified and adequate to achieve the targets set, and is consistent with the financial plan as referred to in Article 100.
2. The intervention strategy shall demonstrate the consistency of the strategy and the complementarity of interventions across the specific objectives set out in Article 6(1) by providing:
- (a) an overview of the environmental and climate architecture of the CAP Strategic Plan which describes the following:
 - i for each GAEC standard listed in Annex III, the way the Union standard is implemented, including the following elements: summary of the on-farm practice, territorial scope, type of farmers subject to the standard, and where necessary a description of how the practice contributes to achieving the GAEC standard's main objective;
 - ii the overall contribution of conditionality to the specific environmental- and climate-related objectives set out in points (d), (e) and (f) of Article 6(1);
 - iii the complementarity between the relevant baseline conditions, as referred to in Article 28(5) and Article 65(5), conditionality and the different interventions, including support to organic farming, addressing the specific environmental- and climate-related objectives set out in points (d), (e), and (f) of Article 6(1);
 - iv the way to achieve the greater overall contribution set out in Article 92;

- v how the environmental and climate architecture of the CAP Strategic Plan is meant to contribute to, and be consistent with the long-term national targets set out in or deriving from the legislative instruments referred to in Annex XI.

In addition, an explanation shall be provided on how the interventions under coupled income support as referred to in Subsection 1 of Section 3 of Chapter II of Title III are consistent with Directive 2000/60/EC;

- (c) in relation to the specific objective set out in point (g) of Article 6(1), an overview of the relevant interventions and specific conditions for young farmers set out in the CAP Strategic Plan such as those specified in Articles 22(4), 27, 68, 69 and 71(7) shall be presented. Member States shall in particular refer to Article 86(4) when presenting the financial plan in relation to the types of interventions referred to in Articles 27, 68 and 69. The overview shall also explain in general terms the interplay with national instruments with a view of improving the consistency between Union and national actions in this area;
- (ca) in relation to the specific objective set out in point (a) of Article 6, an overview of how the aim of fairer distribution and more effective and efficient targeting of income support to be granted to farmers under the CAP Strategic Plan is addressed including, where applicable, information justifying the use of the derogation provided for in Article 26(1), second subparagraph.

This overview shall, where relevant, also address the consistency and complementarity of the territorialisation of the basic income support for sustainability referred to in Article 18(2) with support under other interventions, in particular the payments for natural or other area-specific constraints referred to in Article 66.

- (d) an overview of the sector-related interventions, including coupled income support as referred to in Subsection 1 of Section 3 of Chapter II of Title III and the interventions in certain sectors referred to in Chapter III of Title III, providing a justification for targeting the sectors concerned, the list of interventions per sector, their complementarity, as well as the possible specific additional targets related to the interventions based on the types of interventions in certain sectors referred to in Chapter III of Title III;
 - (e) where relevant, an explanation as to which interventions are intended to contribute to ensure a coherent and integrated approach to risk management;
 - (f) where relevant, a description of the interplay between national and regional interventions, including the distribution of financial allocations per intervention and per fund;
 - (fa) an overview of how the CAP Strategic Plan contributes to the objective of improving animal welfare and reducing antimicrobial resistance set out in point (i) of Article 6(1), including the baseline conditions and the complementarity between conditionality and the different interventions;
 - (fb) an explanation of how the interventions and elements common to several interventions contribute to simplification for final beneficiaries and reducing the administrative burden.
- 2a. Where elements of the CAP Strategic Plan are established at regional level, the intervention strategy shall ensure the coherence and the consistency of these elements with the elements of the CAP Strategic Plan established at national level.

Article 98

Elements common to several interventions

The section on the elements common to several interventions referred to in point (c) of Article 95(1) shall include:

- (a) the definitions and conditions provided by Member States in compliance with Article 4(1), as well as the minimum requirements for interventions in the form of direct payments pursuant to Article 15a;
- (c) a description of the use of 'technical assistance' as referred to in Articles 86(3) and 112 and a description of the CAP networks as referred to in Article 113;
- (ca) in relation to the specific objectives set out in Article 6(1), the definition of rural areas used in the CAP Strategic Plan as determined by Member States;
- (d) other implementation information, in particular:
 - (i) a short description of the establishment of the value of payment entitlements and of the functioning of the reserve, where applicable;
 - (ii) where relevant, the use of the estimated product of reduction of direct payments as referred to in Article 15;
 - (iia) the decision and its justification with regards to the implementation of Articles 15(2a), 26(6) first and second subparagraphs, and 27(3b), and Article 15(1) HzR second subparagraph;

- (iib) where relevant, the decision and the description of its main elements with regards to the implementation of Article 15b;
- (iii) an overview of the coordination, demarcation and complementarities between the EAFRD and other Union funds active in rural areas.

Article 99

Interventions

The section on each intervention specified in the strategy referred to in point (d) of Article 95(1), including the interventions established at regional level, shall include:

- (a) the type of interventions it belongs to;
- (b) the territorial scope;
- (c) the specific design or requirements of that intervention that ensure an effective contribution to the specific objective(s) set out in Article 6(1). For environmental and climate interventions, articulation with the conditionality requirements shall show that the practices are complementary and do not overlap;
- (d) the eligibility conditions;
- (da) the result indicators as laid down in Annex I to which the intervention should contribute directly and significantly;
- (e) for each intervention which is based on the types of interventions listed in Annex II to this Regulation, how it respects the relevant provisions of Annex 2 to the WTO Agreement on Agriculture as specified in Article 10 of this Regulation and in Annex II to this Regulation, and for each intervention which is not based on the types of interventions listed in Annex II to this Regulation, whether and, if so, how it respects relevant provisions of Article 6.5 or Annex 2 to the WTO Agreement on Agriculture;

- (f) one output indicator and the annual planned outputs for the intervention, as referred to in Article 89(4);
- (g) the annual planned uniform or average unit amounts as referred to in Article 89(1) and, where relevant, the minimum or maximum planned unit amounts as referred to in Article 89(1a) and (2);
- (ga) an explanation of how the planned unit amounts and, where relevant, the maximum or minimum planned unit amounts or both as referred to in Article 89(1), (1a) and (2), were set;
- (gb) where applicable:
 - (i) the form and rate of support;
 - (ii) the method for calculating the planned unit amounts of support and its certification in accordance with Article 76;
- (h) the annual financial allocation for the intervention, as referred to in Article 88(1) or in the case of sectors referred to in point (a) and in points (d), (e) and (f) of Article 39 the annual financial allocation for the relevant sector as referred to in Article 88 (2). Where applicable, a breakdown on amounts planned for grants and amounts planned for financial instruments shall be provided;
- (i) an indication as to whether the intervention falls outside the scope of Article 42 TFEU and is subject to State aid assessment.

Article 100

Target and financial plans

1. The target plan referred to in point (e) of Article 95(1) shall consist of a recapitulative table showing the targets and milestones as referred to in point (a) of Article 97(1).

2. The financial plan referred to in point (e) of Article 95(1) shall comprise an overview table providing for:
- (a) the Member State's allocations for direct payment types of interventions as referred to in Article 81(1), for the types of interventions for wine referred to in Article 82(1), for apiculture referred to in Article 82(2) and for types of interventions for rural development as referred to in Article 83(3), with a specification of the annual and overall amounts reserved by Member States to respect the requirements on minimum financial allocations laid down in Article 86;
 - (b) the transfers of the amounts referred to in point (a) between types of interventions in the form of direct payments and types of interventions for rural development in accordance with Article 90 and any deductions of the Member State's allocations for types of interventions in the form of direct payments to make amounts available for types of interventions in other sectors referred to in Section VII of Chapter III of Title III in accordance with Article 82(6);
 - (c) the Member State's allocations for the types of interventions for olive oil referred to in Article 82(4) and for hops referred to in Article 82(3), and if these types of interventions are not implemented, the decision to include the corresponding allocations in the Member State's allocation for direct payments in accordance with Article 82(5);
 - (ca) where relevant, transfer of Member State's allocations from EAFRD for support under InvestEU in accordance with Article 75 of this Regulation, under Regulation (EU) No .../... [LIFE] or under Regulation (EU) No .../... [Erasmus] in accordance with Article 86(7) of this Regulation.
 - (cb) where relevant, the amounts planned for the outermost regions referred to in Article 349 TFEU.

In addition to the first subparagraph, a detailed financial plan shall provide for each financial year and expressed as Member State's forecasts of execution of payments the following tables consistent with points (f) and (h) of Article 99:

- (a) a breakdown of the Member State's allocations for types of interventions in the form of direct payments after transfers as specified in points (b) and (c) of the first subparagraph based on indicative financial allocations per type of intervention and per intervention, specifying the planned outputs, the planned average or uniform unit amounts and, where relevant, the maximum or minimum planned unit amounts, or both, for each intervention as referred to in Article 89(1) and (1a). Where applicable, the breakdown shall include the amount of the reserve of payment entitlements.

The total estimated product of reduction of payments as referred to in Article 15 shall be specified.

Taking into account the use of the estimated product of reduction of payments as referred to in Articles 15 and 81(3), these indicative financial allocations, the related planned outputs and the corresponding planned average or uniform unit amounts shall be established before reduction of payments;

- (b) a breakdown of the allocations for the types of interventions referred to in Chapter III of Title III per intervention and with an indication of the planned outputs;

- (c) a breakdown of the Member State's allocations for rural development after transfers to and from direct payments as specified in point (b), per type of intervention and per intervention, including totals for the period, indicating also the applicable EAFRD contribution rate, broken down per intervention and per type of region where applicable. In case of transfer of funds from direct payments, the intervention(s) or part of intervention financed by the transfer shall be specified. This table shall also specify the planned outputs per intervention and the planned average or uniform unit amounts, as well as, where relevant, the maximum planned average unit amounts as referred to in Article 89(1) and (2). Where applicable, the table shall also include a breakdown of the grants and amounts planned for financial instruments. The amounts for technical assistance shall also be specified;

Article 101

Governance and coordination systems

The section on the governance and coordination systems referred to in point (f) of Article 95(1) shall comprise:

- (a) the identification of all governance bodies referred to in Chapter II of Title II of Regulation (EU) [HzR] as well as of the Managing Authority and the regional managing authorities where relevant, referred to in Article 110;
- (b) the identification and role of intermediate bodies referred to in Article 110(4);
- (c) information on the control systems and penalties referred to in Title IV of Regulation (EU) [HzR], including:
- (i) the integrated administration and control system referred to in Chapter II of Title IV of Regulation (EU) [HzR];

- (ii) the control and penalty system for conditionality referred to in Chapter IV of Title IV of Regulation (EU) [HzR];
 - (iii) the competent control bodies responsible for the checks;
- (d) an overview of the monitoring and reporting structure.

Article 102

Modernisation

The section on the elements that ensure modernisation of the CAP referred to in point (g) of Article 95(1) shall highlight the elements of the CAP Strategic Plan that support the modernisation of the agricultural sector and the CAP and shall contain in particular:

- (a) an overview of how the CAP Strategic Plan will contribute to the cross-cutting general objective related to fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas and encouraging their uptake set out in the second subparagraph of Article 5, notably through:
 - (i) a description of the organisational set-up of the AKIS
 - (ii) a description of how advisory services as referred to in Article 13, research and CAP networks referred to in Article 113 will cooperate to provide advice, knowledge flows and innovation services and how the actions supported under interventions pursuant to Article 72 or other relevant interventions are integrated into AKIS;
- (b) a description of the strategy for the development of digital technologies in agriculture and rural areas and for the use of these technologies to improve the effectiveness and efficiency of the CAP Strategic Plan interventions.

Article 103

Annexes

1. Annex I to the CAP Strategic Plan referred to in point (a) of Article 95(2) shall include a summary of the main results of the ex-ante evaluation referred to in Article 125 and the SEA as referred to in Directive 2001/42/EC of the European Parliament and of the Council³⁵ and how they have been addressed or a justification of why they have not been taken into account, and a link to the complete ex-ante evaluation report and SEA report.
2. Annex II to the CAP Strategic Plan referred to in point (b) of Article 95(2) shall include a SWOT analysis of the current situation of the area covered by the CAP Strategic Plan.

The SWOT analysis shall be based on the current situation of the area covered by the CAP Strategic Plan and shall comprise, for each specific objective set out in Article 6(1), an overall description of the current situation of the area covered by the CAP Strategic Plan, based on common context indicators and other quantitative and qualitative up-to-date information such as studies, past evaluation reports, sectoral analysis and lessons learned from previous experiences.

Where relevant, the SWOT analysis shall include an analysis of territorial aspects, including regional specificities, highlighting those territories specifically targeted by interventions, and an analysis of sectoral aspects, notably for those sectors subject to specific interventions or sectoral programs.

In addition, that description shall notably highlight in relation to each general and specific objective set out in Articles 5 and 6(1):

- (a) strengths identified in the CAP Strategic Plan area;
- (b) weaknesses identified in the CAP Strategic Plan area;

³⁵ Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programs on the environment (OJ L 197, 21.7.2001, p. 30).

- (c) opportunities identified in the CAP Strategic Plan area;
- (d) threats identified in the CAP Strategic Plan area.

For the specific objectives set out in points (d), (e) and (f) of Article 6(1), the SWOT analysis shall refer to the national plans emanating from the legislative instruments referred to in Annex XI.

For the specific objective to attract young farmers set out in point (g) of Article 6(1), the SWOT analysis shall include a short analysis of access to land, land mobility and land restructuring, access to finance and credits, and access to knowledge and advice.

For the general cross-cutting objective related to fostering and sharing of knowledge, innovation and digitalisation and encouraging their uptake set out in the second subparagraph of Article 5, the SWOT analysis shall also provide relevant information about the functioning of the AKIS and related structures.

3. Annex III to the CAP Strategic Plan referred to in point (c) of Article 95(2) shall include the outcomes of the consultation of the partners, and in particular the relevant authorities at regional and local level, and a brief description of how the consultation was carried out.
4. Where relevant, Annex IV to the CAP Strategic Plan referred to in point (d) of Article 95(2) shall provide a brief description of the crop-specific payment for cotton and its complementarity with the other CAP Strategic Plan interventions.
5. Annex V to the CAP Strategic Plan referred to in point (e) of Article 95(2) shall contain the following:
 - (a) a short description of additional national financing for interventions in rural development laid down in Chapter IV of Title III which is provided within the scope of the CAP Strategic Plan, including the amounts per intervention and indication of compliance with the requirements under this Regulation; and

- (b) an explanation of the complementarity with the CAP Strategic Plan interventions; and
 - (c) an indication as to whether the additional national financing falls outside the scope of Article 42 TFEU and is subject to State aid assessment.
 - (d) the national financial assistance in the fruit and vegetable sector referred to in Article 47.
6. Where relevant, Annex VI to the CAP strategic plan referred to in point(d) of Article 95(2) shall contain the following information as regards transitional national aid:
- (a) the annual sector-specific financial envelope for each sector for which transitional national aid is granted;
 - (b) where relevant, the maximum unit rate of support for each year of the period;
 - (c) where relevant, information as regards the reference period modified in accordance with the Article 132a(2) second subparagraph;
 - (d) a brief description of the complementarity of the transitional national aid with CAP Strategic Plan interventions.

Article 104

Delegated powers for the content of the CAP Strategic Plan

The Commission is empowered to adopt delegated acts in accordance with Article 138 until 31 December 2023 amending this Chapter as regards the content of the CAP Strategic Plan and its annexes. This empowerment shall be strictly limited to addressing problems experienced by Member States.

Article 105

Implementing powers for the content of the CAP Strategic Plan

The Commission may adopt implementing acts laying down rules for the presentation of the elements described in Articles 96 to 103 in CAP Strategic Plans. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

CHAPTER III

APPROVAL AND AMENDMENT OF THE CAP STRATEGIC PLAN

Article 106

Approval of the CAP Strategic Plan

1. Each Member State shall submit to the Commission a proposal for a CAP Strategic Plan, with the content referred to in Article 95 no later than 1 January 2022.
2. The Commission shall assess the proposed CAP Strategic Plan as regards its completeness, its consistency and coherence with the general principles of Union law, with this Regulation and the provisions adopted pursuant to it and with Regulation (EU) [HzR], its effective contribution to the specific objectives set out in Article 6(1) and its impact on the proper functioning of the internal market and distortion of competition, the level of administrative burden on beneficiaries and administration. The assessment shall address, in particular, the adequacy of the strategy of the CAP Strategic Plan, the corresponding specific objectives, targets, interventions and the allocation of budgetary resources to meet the specific CAP Strategic Plan objectives through the proposed set of interventions on the basis of the SWOT analysis and the ex-ante evaluation. The approval shall exclusively be based on acts which are legally binding on Member States.

3. Depending on the results of the assessment referred to in paragraph 2, the Commission may address observations to the Member States within three months of the date of submission of the CAP Strategic Plan.

The Member State shall provide to the Commission all necessary additional information and, where appropriate, revise the proposed plan.

4. The Commission shall approve the proposed CAP Strategic Plan provided that the necessary information has been submitted and the Plan is compatible with Article 9 and the other requirements set out in this Regulation and in Regulation (EU) [HzR] as well as the provisions adopted pursuant to them.
5. The approval of each CAP Strategic Plan shall take place no later than six months following its submission by the Member State concerned.

The approval shall not cover the information referred to in point (c) of Article 101 and in Annexes I to IV to the CAP Strategic Plan referred to in points (a) to (d) of Article 95(2).

In duly justified cases, a Member State may ask the Commission to approve a CAP Strategic Plan which does not contain all elements. In that case the Member State concerned shall indicate the parts of the CAP Strategic Plan that are missing and provide indicative targets and financial plans as referred to in Article 100 for the whole CAP Strategic Plan in order to show the overall consistency and coherence of the plan. The missing elements of the CAP Strategic Plan shall be submitted to the Commission as an amendment of the plan in accordance with Article 107 within a timeframe which should not exceed three months from the date of approval.

6. Each CAP Strategic Plan shall be approved by the Commission by means of an implementing decision without applying the Committee procedure referred to in Article 139.
7. The CAP Strategic Plans shall only have legal effects after their approval by the Commission.

Article 107

Amendment of the CAP Strategic Plan

1. Member States may submit to the Commission requests to amend their CAP Strategic Plans.
2. Requests for amendment of CAP Strategic Plans shall be duly justified and shall in particular set out the expected impact of the changes to the plan on achieving the specific objectives referred to in Article 6(1). They shall be accompanied by the amended plan including the updated annexes as appropriate.
3. The Commission shall assess the consistency of the amendment with this Regulation and the provisions adopted pursuant to it as well as with Regulation (EU) [HzR] and its effective contribution to the specific objectives.
4. The Commission shall approve the requested amendment to a CAP Strategic Plan provided that the necessary information has been submitted and the amended plan is compatible with Article 9 and the other requirements set out in this Regulation and in Regulation (EU) [HzR], as well as the provisions adopted pursuant to them.
5. The Commission may make observations within 30 working days from the submission of the request for amendment of the CAP Strategic Plan. The Member State shall provide to the Commission all necessary additional information.
6. The approval of a request for amendment of a CAP Strategic Plan shall take place no later than three months after its submission by the Member State.

7. A request for amendment of the CAP Strategic Plan may be submitted once per calendar year subject to possible exceptions provided for in this Regulation or to be determined by the Commission in accordance with Article 109. In addition, three further requests for amendment of the Plan may be submitted during the duration of the CAP Strategic Plan period. This paragraph shall not apply to requests for amendments to submit the missing elements according to Article 106(5).

A request for amendment of the CAP Strategic Plan related to Article 15(3), Article 82(7) and Article 90(3) shall not count for the limitation laid down in the first subparagraph.

A request for amendment of the CAP Strategic Plan related to Article 15(3), Article 82(7) and Article 90(1) points (a) and (b) in relation to EAGF shall take effect as of 1 January of the calendar year following the year of its approval by the Commission and following the respective amendment of the allocations in accordance with Article 81(2).

A request for amendment of the CAP Strategic Plan related to Article 90(1) points (a) and (b) in relation to EAFRD shall take effect after the approval by the Commission and following the respective amendment of the allocations in accordance with Article 83(4).

A request for amendment of the CAP Strategic Plan related to EAGF, other than requests referred to in subparagraph 3, shall take effect from a date to be determined by the Member State that is later than the date of approval by the Commission. Member States may set different date(s) of effect for different elements of the amendment. When determining this date, Member States shall take into account the time limits for the approval procedure laid down in this article and the need of farmers and other beneficiaries to have sufficient time to take into account the amendment. The planned date shall be indicated by the Member State with the request to amend the CAP Strategic Plan and shall be subject to the approval by the Commission in accordance with Article 107(8).

- 7a. By derogation from paragraphs 2 to 7 and 8 to 9 of this Article, Member States may, at any time, make and apply modifications to elements of their CAP Strategic Plan pertaining to interventions under Chapter IV of Title III, including the eligibility conditions of such interventions, that do not lead to changes of the targets referred to in Article 97(1)(a). They shall notify such modifications to the Commission by the time they start applying them and include them in the next request for amendment of the CAP Strategic Plan in accordance with paragraph 1.
8. Each amendment of the CAP Strategic Plan shall be approved by the Commission by means of an implementing decision without applying the Committee procedure referred to in Article 139.
9. Without prejudice to Article 80, amendments to CAP Strategic Plans shall only have legal effects after their approval by the Commission
10. Corrections of a purely clerical or editorial nature or of obvious errors that do not affect the implementation of the policy and the intervention shall not be considered as a request for amendment. Member States shall inform the Commission of such corrections.

Article 107a

Review of the CAP Strategic Plans

When an amendment is made to any of the legislative instruments listed in Annex XI, each Member State shall assess whether its CAP Strategic Plan should be amended accordingly, in particular the explanation referred to in Article 97(2)(a)(v) and the further elements of the Plan referred to in that explanation. Each Member State shall, within six months after the deadline of transposition of the amendment in case of a Directive listed in Annex XI or within six months after the date of application of the amendment in case of a Regulation listed in Annex XI notify the Commission of the outcome of its assessment with an accompanying explanation and if necessary submit a request to amend its CAP Strategic Plan in accordance with Article 107(2). That amendment shall not be counted in respect of the limit laid down in Article 107(7).

Article 108

Calculation of time limits for Commission actions

For the purposes of this Chapter, where a time limit is set for an action by the Commission, that time limit shall start when all information complying with the requirements laid down in this Regulation and the provisions adopted pursuant to it has been submitted.

This time limit shall not include:

- (a) the period which starts on the date following the date on which the Commission sends its observations or a request for revised documents to the Member State and ends on the date on which the Member State responds to the Commission;
- (b) for amendments referred to in Article 107, paragraph 7, second subparagraph, the period for the adoption of the delegated act for the amendment of the allocations in accordance with Article 81(2).

Article 109

Delegated powers

The Commission is empowered to adopt delegated acts in accordance with Article 138 supplementing this Chapter as regards:

- (b) procedures and time limits for submission to CAP Strategic Plans;
- (c) the determination of cases for which the maximum number of amendments referred to in Article 107(7) does not count.

TITLE VI

COORDINATION AND GOVERNANCE

Article 110

Managing Authority

1. Each Member State shall designate a national managing authority (referred to in this Regulation as the ‘Managing Authority’) for its CAP Strategic Plan.

Member States may, taking into account their constitutional and institutional provisions, designate regional managing authorities to be responsible for some or all of the tasks referred to in paragraph 2.

Member States shall ensure that the relevant management and control system has been set up in such a way that it ensures a clear allocation and separation of functions between the Managing Authority and, where relevant, regional managing authorities and other bodies. Member States shall be responsible for ensuring that the system functions effectively throughout the CAP Strategic Plan period.

2. The Managing Authority shall be responsible for managing and implementing the CAP Strategic Plan in an efficient, effective and correct way. In particular, it shall ensure that:
 - (a) there is an electronic information system as referred to in Article 117;
 - (b) beneficiaries and other bodies involved in the implementation of interventions:
 - (i) are informed of their obligations resulting from the aid granted, and maintain either a separate accounting system or an adequate accounting code for all transactions relating to an operation, where relevant;
 - (ii) are aware of the requirements concerning the provision of data to the Managing Authority and the recording of outputs and results;

- (c) the beneficiaries concerned are provided, where appropriate by the use of electronic means, with clear and precise information on the statutory management requirements and the minimum GAEC standards established pursuant to Section 2 of Chapter I of Title III to be applied at farm level;
- (d) the ex-ante evaluation referred to in Article 125 conforms to the evaluation and monitoring system and is submitted to the Commission;
- (e) the evaluation plan referred to in Article 126 is in place, that the ex-post evaluation referred to in that Article is conducted within the time limits laid down in this Regulation, ensuring that such evaluations conform to the monitoring and evaluation system and that they are submitted to the Monitoring Committee referred to in Article 111 and the Commission;
- (f) the Monitoring Committee is provided with the information and documents needed to monitor the implementation of the CAP Strategic Plan in the light of its specific objectives and priorities;
- (g) the annual performance report is drawn up, including aggregate monitoring tables, and, after the report has been submitted to the Monitoring Committee for opinion, is submitted to the Commission in accordance with Article 8(3)(b) of Regulation (EU) No [HRZ];
- (h) relevant follow-up actions on Commission's observations on the annual performance reports are taken;
- (i) the paying agency receives all necessary information, in particular on the procedures operated and any controls carried out in relation to interventions selected for funding, before payments are authorised;

- (j) beneficiaries under interventions financed by the EAFRD, other than area- and animal-related interventions, acknowledge the financial support received, including the appropriate use of the Union emblem in accordance with the rules laid down by the Commission in accordance with paragraph 5;
- (k) publicity is made for the CAP Strategic Plan, including through the national CAP network, by informing:
 - (i) potential beneficiaries, professional organisations, the economic and social partners, bodies involved in promoting equality between men and women, and the non-governmental organisations concerned, including environmental organisations, of the possibilities offered by the CAP Strategic Plan and the rules for gaining access to the CAP Strategic Plan funding and
 - (ii) beneficiaries and the general public of the Union support for agriculture and rural development through the CAP Strategic Plan.

For support financed by the EAGF, as appropriate, Member States shall use the visibility and communication tools and structures used by the EAFRD.

3. Where regional managing authorities referred to in the second subparagraph of paragraph 1 are responsible for the tasks referred to in paragraph 2, the Managing Authority shall ensure appropriate coordination between these authorities with a view to guaranteeing the coherence and consistency of the CAP Strategic Plan design and implementation.
4. The Managing Authority or where relevant the regional managing authorities, as referred to in the second subparagraph of paragraph 1, may delegate tasks to intermediate bodies. In that case, the delegating authority shall retain full responsibility for the efficiency and correctness of the management and implementation of those tasks and ensure that appropriate provisions are in place to allow the other body to obtain all necessary data and information for the execution of those tasks.

5. The Commission may adopt implementing acts laying down uniform conditions for the application of the information, publicity and visibility requirements referred to in points (j) and (k) of paragraph 2.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

Article III

Monitoring Committee

1. Each Member State shall set up a national committee to monitor the implementation of the CAP Strategic Plan ('Monitoring Committee') within three months of the date of notification to the Member State of the Commission implementing decision approving a CAP Strategic Plan.

Each Monitoring Committee shall adopt its rules of procedure, which shall include the coordination with regional monitoring committees when set up in accordance with paragraph 4a, and provisions regarding the prevention of conflicts of interest and the application of the principle of transparency.

The Monitoring Committee shall meet at least once a year and shall review all issues that affect the CAP Strategic Plan progress towards achieving its targets.

The Member State shall publish the rules of procedures and the opinions of the Monitoring Committee.

2. Each Member State shall decide the composition of the Monitoring Committee and shall ensure a balanced representation of the relevant public authorities and intermediate bodies and of representatives of the partners referred to in Article 94(3).

Each member of the Monitoring Committee shall have a vote.

The Member State shall publish the list of the members of the Monitoring Committee online.

Representatives of the Commission shall participate in the work of the Monitoring Committee in an advisory capacity.

3. The Monitoring Committee shall examine in particular:
 - (a) progress in CAP Strategic Plan implementation and in achieving the milestones and targets;
 - (b) any issues that affect the performance of the CAP Strategic Plan and the actions taken to address those issues, including progress towards simplification and reduction of administrative burden for final beneficiaries;
 - (c) the elements of the ex-ante assessment listed in Article 52(3) of Regulation (EU) [CPR] and the strategy document referred to in Article 53(1) of Regulation (EU) [CPR];
 - (d) progress made in carrying out evaluations, syntheses of evaluations and any follow-up given to findings;
 - (da) relevant information related to the performance of the CAP Strategic Plan supplied by the CAP national network;
 - (e) the implementation of communication and visibility actions;
 - (f) administrative capacity building for public authorities and beneficiaries, where relevant.
4. The Monitoring Committee shall give its opinion on:
 - (b) the methodology and criteria used for the selection of operations;

- (c) the annual performance reports;
 - (d) the evaluation plan and amendments thereof;
 - (e) any proposal by the managing authority for the amendment of the CAP Strategic Plan.
- 4b. Where elements are established at regional level, the Member State may set up regional monitoring committees to monitor the implementation of the regional elements and provide the national committee with information in this respect. The provisions laid down in this Article shall apply to these regional committees *mutatis mutandis*, as regards the elements established at regional level.

Article 112

Technical assistance at the initiative of Member States

1. At the initiative of a Member State, the EAFRD may support actions which are necessary for the effective administration and implementation of support in relation to the CAP Strategic Plan, including establishing and operating the national CAP networks referred to in Article 113(1). The actions referred to in this paragraph may concern previous programming and subsequent CAP Strategic Plan periods.
2. Actions of the Lead Fund authority in accordance with paragraphs (4), (5) and (6) of Article 25 of Regulation (EU) [CPR] may also be supported provided that the community-led local development referred to in Article 25 of Regulation (EU) [CPR] involves support from EAFRD.
3. Technical assistance at the initiative of Member States shall not finance certification bodies in the meaning of Article 11 of Regulation (EU) [HzR].

Article 113

European and national Common Agricultural Policy networks

1. Each Member State shall establish a national Common Agricultural Policy network (national CAP network) for the networking of organisations and administrations, advisors, researchers and other innovation actors, and other actors in the field of agriculture and rural development at national level at the latest 12 months after the approval by the Commission of the CAP Strategic Plan. The national CAP network shall build on the existing networking experience and practices in the Member States.
2. The Commission shall establish a European network for the Common Agricultural Policy (European CAP network) for the networking of national networks, organisations, and administrations in the field of agriculture and rural development at Union level.
3. Networking through the CAP networks shall have the following objectives:
 - (a) increase the involvement of all relevant stakeholders in the implementation of CAP Strategic Plans and, where relevant, in their design;
 - (b) accompany the Member States' administrations in the implementation of CAP Strategic Plans and the transition to a performance based delivery model;
 - (ba) contribute to improving the quality of implementation of CAP Strategic Plans;
 - (c) contribute to the information of the public and potential beneficiaries on the CAP and funding opportunities;
 - (d) foster innovation in agriculture and rural development and support peer-to-peer learning and the inclusion of, and the interaction between, all stakeholders in the knowledge-exchange and knowledge-building process;

- (e) contribute to monitoring and evaluation capacity and activities;
- (f) contribute to the dissemination of CAP Strategic Plans results.

The objective set out in point (c) shall be addressed in particular through the national CAP networks.

4. The tasks of the CAP networks for the achievement of the objectives set out in paragraph 3 shall be the following:
- (a) collection, analysis and dissemination of information on actions and good practices implemented or supported under CAP Strategic Plans as well as analysis on developments in agriculture and rural areas relevant to the specific objectives set out in Article 6(1);
 - (b) contribution to capacity building for Member States administrations and of other actors involved in the implementation of CAP Strategic Plans, including as regards monitoring and evaluation processes;
 - (e) creation of platforms, fora and events to facilitate exchanges of experience between stakeholders and peer-to-peer learning, including where relevant exchanges with networks in third countries;
 - (f) collection of information and facilitation of its dissemination as well as networking of funded structures and projects, such as local action groups referred to in Article 27 of Regulation (EU) [CPR], Operational Groups of the European Innovation Partnership for agricultural productivity and sustainability as referred to in Article 114(4) and equivalent structures and projects;
 - (g) support for cooperation projects between EIP Operational Groups, local action groups referred to in Article 27 of Regulation (EU) [CPR] or similar local development structures, including transnational cooperation;

- (h) creation of links to other Union funded strategies or networks;
 - (i) contribution to the further development of the CAP and preparation of any subsequent CAP Strategic Plan period;
 - (j) in the case of national CAP networks, participating in and contributing to the activities of the European CAP network;
 - (ja) in the case of the European CAP network, co-operating with and contributing to the activities of the national CAP networks.
5. The Commission shall adopt implementing acts setting out the organisational structure and operation of the European CAP network. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

Article 114

European Innovation Partnership for Agricultural Productivity and Sustainability

2. The aim of the European Innovation Partnership for agricultural productivity and sustainability (EIP) shall be to stimulate innovation and improve the exchange of knowledge. The EIP shall support the AKIS referred to in Article 3(k) by connecting policies and instruments to speed up innovation.
3. The EIP shall contribute to achieving the specific objectives set out in Article 6(1) or the cross-cutting objective referred to in Article 5.
4. It shall in particular:
- (a) create added value by better linking research and farming practice and encouraging the wider use of available innovation measures;
 - (b) connect innovation actors and projects;

- (c) promote the faster and wider transposition of innovative solutions into practice, including farmer-to-farmer exchange; and
- (d) inform the scientific community about the research needs of farming practice.

EIP Operational Groups supported under the cooperation type of intervention referred to in Article 71 shall form part of the EIP. Each Operational Group shall draw up a plan for an innovative project to be developed or implemented. The innovative project shall be based on the interactive innovation model which has as key principles:

- (a) developing innovative solutions focusing on farmers' or foresters' needs while also tackling the interactions across the whole supply chain where useful;
- (b) bringing together partners with complementary knowledge such as farmers, advisors, researchers, enterprises or non-governmental organisations in a targeted combination as best suited to achieve the project objectives; and
- (c) co-deciding and co-creating all along the project.

Operational Groups may act at transnational, including cross-border, level. The envisaged innovation may be based on new but also on traditional practices in a new geographical or environmental context.

Operational Groups shall disseminate a summary of their plans and of the results of their projects, in particular through the CAP networks.

TITLE VII
MONITORING, REPORTING AND EVALUATION

CHAPTER I

PERFORMANCE FRAMEWORK

Article 115

Establishment of the performance framework

1. A performance framework shall be established under the shared responsibility of Member States and the Commission, which shall allow reporting, monitoring and evaluation of the performance of the CAP Strategic Plan during its implementation.
2. The performance framework shall include the following elements:
 - (a) a set of common context, output, result and impact indicators as referred to in Article 7 which will be used as the basis for monitoring, evaluation and the annual performance reporting;
 - (b) targets and annual milestones established in relation to the relevant specific objective using the relevant result indicators;
 - (c) data collection, storage and transmission;
 - (d) regular reporting on performance, monitoring and evaluation activities;
 - (f) the ex-ante, interim, and ex post evaluations and all other evaluation activities linked to the CAP Strategic Plan.

Article 116

Objectives of the performance framework

The performance framework's objectives shall be to:

- (a) assess the impact, effectiveness, efficiency, relevance, coherence and Union added value of the CAP;
- (c) monitor progress made towards achieving the targets of the CAP Strategic Plans;
- (d) assess the impact, effectiveness, efficiency, relevance and coherence of the interventions of the CAP Strategic Plans;
- (e) support a common learning process related to monitoring and evaluation.

Article 117

Electronic information system

Member States shall establish a secure electronic information system or use an existing one in which they shall record and keep key information on the implementation of the CAP Strategic Plan that is needed for monitoring and evaluation, in particular for monitoring progress towards the objectives and targets set, including information on each beneficiary and operation.

Article 118

Provision of information

Member States shall ensure that beneficiaries of support under the CAP Strategic Plan interventions and local action groups referred to in Article 25 of Regulation (EU) [CPR] shall undertake to provide to the Managing Authority or other bodies delegated to perform functions on its behalf, all the information necessary for the purpose of monitoring and evaluation of the CAP Strategic Plan.

Member States shall ensure that comprehensive, timely and reliable data sources are established to enable effective follow-up of policy progress towards objectives using output, result and impact indicators.

Article 119

Monitoring procedures

The Managing Authority and the Monitoring Committee shall monitor the implementation of the CAP Strategic Plan and progress made towards achieving the targets of the CAP Strategic Plan on the basis of the output and result indicators.

Article 120

Implementing powers for the performance framework

The Commission shall adopt implementing acts on the content of the performance framework. Such acts shall include indicators other than those of Annex I which are needed for the appropriate monitoring and evaluation of the policy, the methods for the calculation of indicators set out in and outside of Annex I, and the necessary provisions to guarantee accuracy and reliability of the data collected by Member States. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

CHAPTER II

ANNUAL PERFORMANCE REPORTS

Article 121

Annual performance reports

1. Member States shall, in accordance with [Article 8(3) and (4) of Regulation (EU) [HzR]], provide an annual performance report on the implementation of the CAP Strategic Plan in the previous financial year.

The last annual performance report, to be provided in accordance with [Article 8(3) and (4) of Regulation (EU) HzR], shall comprise a summary of the evaluations carried out during the implementation period.

3. In order to be admissible, the annual performance report shall contain all the information required in paragraphs 4, 4a, 5, 5a, 5b and 6, and, when relevant, 4b. Without prejudice to the annual clearance procedures provided for in Regulation (EU) HzR, the Commission shall inform the Member State concerned within 15 working days from the submission of the annual performance report if it is not admissible, failing which it shall be deemed admissible.
4. Annual performance reports shall set out key qualitative and quantitative information on the implementation of the CAP Strategic Plan by reference to financial data, output and result indicators, including at regional level where relevant.
- 4a. The quantitative information referred to in paragraph 4 shall include:
 - (a) the realised outputs;

- (b) the expenditure declared in the annual accounts and relevant to the outputs referred to in point (a), before application of any penalties or other reductions, and for the EAFRD, taking into account reallocation of cancelled or recovered funds pursuant to Article 55 of Regulation [HzR];
- (c) the ratio between expenditure referred in point (b) and relevant outputs referred to in point (a) ('realised unit amount');
- (d) results and distance to corresponding milestones set in accordance with point (a) of Article 97(1).

The information referred to in points (a), (b) and (c) shall be broken down per unit amount as set out in the CAP Strategic Plan in accordance with point (g) of Article 99, for the purpose of performance clearance. For output indicators used only for monitoring according to Annex I only the information referred to in point (a) shall be included.

4b. For an intervention not covered by the integrated system referred to in Article 63(2) of Regulation [HzR], Member States may, in addition to the information provided under paragraph 4a, decide to provide in each annual performance report:

- (a) either the average unit amounts for the operations selected in the previous financial year and the related number of outputs and expenditure; or
- (b) the ratio between the total public expenditure excluding additional national financing as referred to in Article 103(5), committed for operations for which payments have been made in the previous financial year and the realised outputs as well as the related number of outputs and expenditure.

This information shall be used by the Commission for the purposes of Articles 38 and 52 of Regulation [HzR] for each of the years when the related operations are paid.

5. The qualitative information referred to in paragraph 4 shall include:
- (a) a synthesis of the state of implementation of the CAP Strategic Plan in respect of the previous financial year;
 - (b) any issues which affect the performance of the CAP Strategic Plan, in particular as regards deviations from milestones, where appropriate, giving reasons and, where relevant, describing the measures taken.
- 5a. For the purposes of Article 52(2) of Regulation [HzR], Member States may decide to also include under the qualitative information referred to in paragraph 4:
- (a) justification of any excess of the realised unit amount compared to the corresponding planned unit amount or, where applicable, the maximum planned unit amount referred to in Article 89 of this Regulation; or
 - (b) where a Member State decides to make use of one of the possibilities provided in paragraph 4b, justification of any excess of the realised unit amount compared to either the corresponding average unit amount for operations selected or the ratio between the total public expenditure excluding additional national financing as referred to in Article 103(5), committed for operations for which payments have been made in the previous financial year and the related realised outputs, depending on the Member State's choice.
- 5b. Justification shall be included for the purpose of Article 38(2) of Regulation [HzR] where the excess referred to in point (a) of paragraph 5a is higher than 50%. Alternatively, where a Member State decides to make use of the possibility provided for in paragraph 4b, justification shall be required only where the excess referred to in point (b) of paragraph 5a is higher than 50%.

6. For financial instruments, in addition to the data to be provided under paragraph 4 information shall be provided on:
- (a) the eligible expenditure by type of financial product;
 - (b) the amount of management costs and fees declared as eligible expenditure;
 - (c) the amount, by type of financial product, of private and public resources mobilised in addition to the EAFRD;
 - (d) interest and other gains generated by support from the EAFRD contribution to financial instruments as referred to in Article 54 of Regulation (EU) [CPR] and resources returned attributable to support from the EAFRD as referred to in Article 56 of that Regulation.
 - (da) total value of loans, equity or quasi-equity investments in final recipients which were guaranteed with eligible public expenditure excluding additional national financing referred to in Article 103(5) and which were actually disbursed to final recipients.

Where Member States decide to apply paragraph 4b for financial instruments, the information referred to in that paragraph shall be provided at the level of final recipients.

- 6a. For the purpose of the biennial performance review, the annual performance report shall contain information on the additional national financing referred to in points (a) and (d) of Article 103(5). Such support shall be taken into account for the biennial performance review referred to in Article 121a.
10. The annual performance reports, as well as a summary for citizens of their content, shall be made available to the public.

- 10a. Without prejudice to the annual clearance procedures provided for in Regulation (EU) [HzR], the Commission may make observations on the admissible annual performance reports within one month from their submission. Where the Commission does not provide observations within that deadline, the reports shall be deemed to be accepted. Article 108 on calculation of time limits for Commission actions shall apply *mutatis mutandis*.
11. The Commission shall adopt implementing acts laying down rules for the presentation of the content of the annual performance report. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

Article 121a

Biennial performance review

1. The Commission shall carry out a biennial performance review based on the information provided in the annual performance reports.
2. Where the value of one or more result indicators reported in accordance with Article 121, that have been used by the Member State concerned for performance review in the CAP Strategic Plan in accordance with Annex I, reveals a shortfall of more than 35% from the respective milestone for financial year 2024 and 25% for financial year 2026, the Member State concerned shall submit a justification for this deviation. Following the assessment of that justification, where necessary, the Commission may ask the Member State concerned to submit an action plan in accordance with Article 39(1) of Regulation (EU) [HzR] describing the intended remedial actions and the expected timeframe.
3. In 2026, the Commission shall review the information provided in the performance reports for financial year 2025. Where the value of one or more result indicators reported in accordance with Article 121, that have been used by the Member State concerned for performance review in the CAP Strategic Plan in accordance with Annex I, reveals a shortfall of more than 35% from the respective milestone for financial year 2025, the Commission may ask the Member State concerned for remedial actions.

Article 122

Annual review meetings

1. Member States shall organise each year a review meeting with the Commission, to be chaired jointly or by the Commission and to take place not earlier than two months after the submission of the annual performance report.
2. The review meeting shall aim at examining the performance of each plan, including progress made towards achieving established targets and available information on relevant impacts, as well as any issues affecting performance and past or future actions to be taken to address them.

CHAPTER IIA

**REPORTING FOR THE CROP SPECIFIC PAYMENT FOR COTTON AND
THE TRANSITIONAL NATIONAL AID**

Article 122a

Annual reporting

By 15 February 2025 and 15 February of each subsequent year until and including 2030 the Member States shall provide to the Commission with the following information on the implementation of the crop-specific payment for cotton laid down in Subsection 2 of Section 3 of Chapter II of Title III in the previous financial year: number of beneficiaries, amount of payment per hectare and number of hectares paid.

Article 122b

Annual reporting on transitional national aid

By 15 February 2025 and 15 February of each subsequent year until and including 2030 the Member State shall provide to the Commission the following information on the implementation of the transitional national aid laid down in Article 132a in the previous financial year for each relevant sector: the number of beneficiaries, the total amount of transitional national aid granted, the hectares, the number of animals or other units for which that aid has been granted.

CHAPTER IV

CAP STRATEGIC PLAN EVALUATION

Article 125

Ex-ante evaluations

1. Member States shall carry out ex-ante evaluations to improve the quality of the design of their CAP Strategic Plans.
2. The ex-ante evaluation shall be carried out under the responsibility of the authority responsible for the preparation of the CAP Strategic Plan.
3. The ex-ante evaluation shall appraise:
 - (a) the contribution of the CAP Strategic Plan to the specific objectives set out in Article 6(1) and the cross-cutting objective referred to in Article 5, taking into account national and regional needs and potential for development as well as lessons drawn from implementation of the CAP in previous programming periods;
 - (b) the internal coherence of the proposed CAP Strategic Plan and its relationship with other relevant instruments;

- (c) the consistency of the allocation of budgetary resources with those specific objectives set out in Article 6(1) and the cross-cutting objective referred to in Article 5 that are addressed by the CAP Strategic Plan;
 - (d) how the expected outputs will contribute to results;
 - (e) whether the quantified target values for results and milestones are appropriate and realistic, having regard to the support envisaged from the EAGF and EAFRD;
 - (i) measures planned to reduce the administrative burden on beneficiaries;
 - (j) where relevant, the rationale for the use of financial instruments financed by the EAFRD.
4. The ex-ante evaluation may incorporate the requirements for the SEA set out in Directive 2001/42/EC taking into account climate change mitigation needs.

Article 126

Evaluation of CAP Strategic Plans during the implementation period and ex post

1. Member States shall carry out evaluations of the CAP Strategic Plans during implementation and ex-post to improve the quality of the design and implementation of the plans. Member States shall assess their CAP Strategic Plan's effectiveness, efficiency, relevance, coherence, Union added value and impact in relation to their contribution to the CAP general and those specific objectives set out in Articles 5 and 6(1) which are addressed by the CAP Strategic Plan. The CAP Strategic Plan's overall impact shall be assessed by the ex-post evaluation only.
2. Member States shall entrust evaluations to functionally independent experts.
3. Member States shall ensure that procedures are in place to produce and collect the data necessary for evaluations.

5. Member States shall draw up an evaluation plan providing indications on intended evaluation activities during the implementation period.
6. Member States shall submit the evaluation plan to the Monitoring Committee no later than one year after the adoption of the CAP Strategic Plan.
7. The Managing Authority shall be responsible for completing a comprehensive ex-post evaluation of the CAP Strategic Plan by 31 December 2031.
8. Member States shall make all evaluations available to the public.

CHAPTER V

PERFORMANCE ASSESSMENT BY THE COMMISSION

Article 127

Performance assessment and evaluation

1. The Commission shall establish a multiannual evaluation plan of the CAP to be carried out under its responsibility. That evaluation plan shall also cover the measures under Regulation (EU) No 1308/2013.
- 1a. The Commission shall submit to the European Parliament and to the Council a summary report of Member States' CAP Strategic Plans before 31 December 2023. The report shall include an analysis of the joint effort and collective ambition of Member States to address the specific objectives set out in Article 6(1), in particular those mentioned in points (d), (e), (f) and (i) thereof.

- 1b. By December 2025 the Commission shall submit a report to the European Parliament and the Council in order to assess the operation of the new delivery model by the Member States and consistency and combined contribution of Member States strategic plans' interventions to achieve environmental and climate commitments of the Union. When necessary the Commission shall issue recommendations to the Member States to facilitate the achievement of these commitments.
2. The Commission shall carry out an interim evaluation to examine the effectiveness, efficiency, relevance, coherence and Union added value of the EAGF and the EAFRD by 2026 taking into account the indicators set out in Annex I. The Commission may make use of all relevant information already available in accordance with Article 128 of Regulation (EU, Euratom) 2018/1046.
3. The Commission shall carry out an ex-post evaluation to examine the effectiveness, efficiency, relevance, coherence and Union added value of the EAGF and the EAFRD.
4. Based on evidence provided in evaluations on the CAP, including evaluations on CAP Strategic Plans, as well as other relevant information sources, the Commission shall present a report on the interim evaluation, including first results on the performance of the CAP, to the European Parliament and the Council by the end of 2027. A second report including an assessment of the performance of the CAP shall be presented by 31 December 2031.

Article 128

Reporting based on a core set of indicators

In compliance with the reporting requirement pursuant to Article 41(3)(h)(iii) of Regulation (EU, Euratom) 2018/1046, the Commission shall present to the European Parliament and the Council the performance information referred to in that Article measured by the core set of indicators set out in Annex XII of this Regulation.

Article 129
General provisions

1. Member States shall provide the Commission with the available information necessary to enable it to perform the monitoring and evaluation of the CAP referred to in Article 127.
2. Data needed for the context and impact indicators shall primarily come from established data sources, such as the Farm Accountancy Data Network and Eurostat. Where data for these indicators are not available or not complete, the gaps shall be addressed in the context of the European Statistical Program established under Regulation (EC) No 223/2009 of the European Parliament and of the Council³⁶, the legal framework governing the Farm Accountancy Data Network or through formal agreements with other data providers such as the Joint Research Centre and the European Environment Agency.
3. Data from administrative registers, such as the integrated system referred to in Article 63(2) of Regulation (EU) [HzR], the identification system for agricultural parcels referred to in Article 66 of that Regulation, and animal and vineyard registers, shall also be used for statistical purposes, in cooperation with statistical authorities in Member States and with Eurostat.
4. The Commission may adopt implementing acts, laying down rules on the information to be sent by Member States, taking into account the need to avoid any undue administrative burden, as well as rules on the data needs and synergies between potential data sources. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

³⁶ Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics and repealing Regulation (EC, Euratom) No 1101/2008 of the European Parliament and of the Council on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities, Council Regulation (EC) No 322/97 on Community Statistics, and Council Decision 89/382/EEC, Euratom establishing a Committee on the Statistical Programs of the European Communities (OJ L 87, 31.3.2009, p. 164).

TITLE VIII

COMPETITION PROVISIONS

Article 130

Rules applying to undertakings

Where support under Title III of this Regulation is granted to forms of cooperation between undertakings, it may be granted only to such forms of cooperation which comply with the competition rules as they apply by virtue of Articles 206 to 210 of Regulation (EU) No 1308/2013.

Article 131

State aid

1. Save as otherwise provided for in this Title, Articles 107, 108 and 109 TFEU shall apply to support under this Regulation.
2. Articles 107, 108 and 109 TFEU shall not apply to support provided by Member States pursuant to and in accordance with this Regulation, or to additional national financing referred to in Article 132 of this Regulation falling within the scope of Article 42 TFEU.

Article 132

Additional national financing

Support provided by Member States in relation to operations falling within the scope of Article 42 TFEU that is intended to provide additional financing for interventions in rural development laid down in Chapter IV of Title III for which Union support is granted at any time during the CAP Strategic Plan period may only be made if it complies with this Regulation and is included in Annex V to the CAP Strategic Plans approved by the Commission.

Member States shall not provide support for interventions in sectors laid down in Chapter III of Title III of this Regulation except where it is explicitly provided for in that chapter.

Article 132a

Transitional national aid

1. Member States having granted transitional national aid in the period 2015-2022 in accordance with Article 37 of Regulation (EU) No 1307/2013 may continue to grant transitional national aid to farmers.
2. The conditions for granting transitional national aid shall be identical to those referred to in Article 37(3) of Regulation (EU) No 1307/2013.

By way of derogation from the first subparagraph, where the conditions for granting transitional national aid referred to in the first subparagraph related to a reference period, Member States may decide to modify the reference period to no later than year 2018.

3. The total amount of transitional national aid that may be granted per sector shall be limited to the following percentage of the level of payments in each of the sector-specific financial envelopes as authorised by the Commission in accordance with Article 132(7) or Article 133a(5) of Regulation (EC) No 73/2009 in 2013:
 - 50% in 2023,
 - 45% in 2024,
 - 40% in 2025,
 - 35% in 2026,
 - 30% in 2027.

For Cyprus, the percentage shall be calculated on the basis of the sector-specific financial envelopes set out in Annex XVIIa to Regulation (EC) No 73/2009.

TITLE IX
GENERAL AND FINAL PROVISIONS

CHAPTER I

GENERAL PROVISIONS

Article 134

Measures to resolve specific problems

1. In order to resolve specific problems, the Commission shall adopt implementing acts which are both necessary and justifiable in an emergency. Such implementing acts may derogate from provisions of this Regulation, to the extent and for such a period as is strictly necessary. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).
2. On duly justified imperative grounds of urgency, and in order to resolve such specific problems as referred to in paragraph 1 while ensuring the continuity of the CAP Strategic Plan in the case of extraordinary circumstances, the Commission shall adopt immediately applicable implementing acts in accordance with the procedure referred to in Article 139(3).
3. Measures adopted under paragraph 1 or 2 shall remain in force for a period not exceeding twelve months. If after this period the specific problems referred to in those paragraphs persist, the Commission may, in order to establish a permanent solution, submit an appropriate legislative proposal.
4. The Commission shall inform the European Parliament and the Council of any measure adopted under paragraph 1 or 2 within two working days of its adoption.

Article 135

Application to the outermost regions and the smaller Aegean islands

1. Chapter II of Title III does not apply to the outermost regions.
2. For direct payments granted in the outermost regions of the Union in accordance with Chapter IV of Regulation (EU) No 228/2013 and in the smaller Aegean islands in accordance with Chapter IV of Regulation (EU) No 229/2013, point (a) and (b) of Article 3, point (a), (b) and (d) and the second sentence of point (c) of Article 4(1), Section 2 of Chapter I of Title III and Title IX of this Regulation shall apply. Point (a), (b) and (d) of Article 4(1) and Section 2 of Chapter I of Title III shall apply without any obligations related to the CAP Strategic Plan.

CHAPTER II

INFORMATION SYSTEM AND PROTECTION OF PERSONAL DATA

Article 136

Exchange of information and documents

1. The Commission, in collaboration with Member States, shall establish an information system to enable the secure exchange of data of common interest between the Commission and each Member State.
2. The Commission shall ensure that there is an appropriate secure electronic system in which key information and report on monitoring and evaluation can be recorded, maintained and managed.
3. The Commission shall adopt implementing acts, laying down rules for the operation of the system referred to in paragraph 1. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2).

Article 137

Processing and protection of personal data

1. Without prejudice to Articles [96, 97 and 98] of Regulation (EU) [HzR] Member States and the Commission shall collect personal data for the purpose of carrying out their respective management control, monitoring and evaluation obligations under this Regulation, and in particular those laid down in Titles VI and VII, and shall not process this data in a way which is incompatible with this purpose.
2. Where personal data are processed for monitoring and evaluation purposes under Title VII using the secure electronic system referred to in Article 136, they shall be made anonymous.
3. Personal data, including when such data is processed by providers of farm advisory services referred to in Article 13, shall be processed in accordance with the rules of Regulations (EC) No 2018/1725 and (EU) No 2016/679. In particular, such data shall not be stored in a form which permits identification of data subjects for longer than is necessary for the purposes for which they were collected or for which they are further processed, taking into account the minimum retention periods laid down in the applicable national and Union law.
4. Member States shall inform the data subjects that their personal data may be processed by national and Union bodies in accordance with paragraph 1 and that in this respect they enjoy the data protection rights provided by Regulations (EC) No 2018/1725 and (EU) No 2016/679.

CHAPTER III

DELEGATIONS OF POWER AND IMPLEMENTING PROVISIONS

Article 138

Exercise of delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in Articles [4, 7, 12, 32, 35, 36, 37, 41, 50, 78, 81, 83, 104, 109 and 141] shall be conferred on the Commission for a period of seven years from the date of entry into force of this Regulation. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the seven-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.
3. The delegation of powers referred to in Articles [4, 7, 11, 12, 28, 32, 35, 36, 37, 41, 50, 78, 81, 83, 94, 110, 120 and 141] may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the powers specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
6. A delegated act adopted pursuant to Articles [4, 7, 12, 32, 35, 36, 37, 41, 50, 78, 81, 83, 104, 109 and 141] shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

Article 139

Committee procedure

1. The Commission shall be assisted by a committee called 'Common Agricultural Policy Committee'. That Committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

In the case of acts referred to in Articles 120 and 129(4) where the Committee delivers no opinion, the Commission shall not adopt the draft implementing act and the third subparagraph of Article 5(4) of Regulation (EU) No 182/2011 shall apply.

3. Where reference is made to this paragraph, Article 8 of Regulation (EU) No 182/2011, in conjunction with Article 5 thereof, shall apply.

CHAPTER IV

TRANSITIONAL AND FINAL PROVISIONS

Article 140

Repeals

1. Regulation (EU) No 1305/2013 is repealed with effect from 1 January 2023.

However, it shall, subject to [the Transitional RegulationXXX], continue to apply to the implementation of rural development programmes pursuant to Regulation (EU) No 1305/2013³⁷ until 31 December 2025. It shall, under the same conditions, apply to expenditure incurred by the beneficiaries and paid by the paying agency in the framework of these rural development programmes until 31 December 2025.

Article 32 and Annex III of Regulation (EU) No 1305/2013 shall continue to apply in respect of the designation of areas facing natural and other specific constraints. References to the rural development programs shall be read as references to the CAP Strategic Plans.

Until the networks referred to in Article 113 of this Regulation are established, the European network for rural development, the European Innovation Partnership network and the national rural networks referred to in Articles 52, 53 and 54 of Regulation (EU) No 1305/2013 may carry out, in addition to the activities referred to in those Articles, the activities referred to in Article 113 and 114 of this Regulation.

When the networks referred to in Article 113 of this Regulation are established, they may carry out until 31 December 2025, in addition to the activities referred to in Articles 113 and 114 of this Regulation, the tasks referred to in Article 52(3), Article 53(3) and Article 54(3) of Regulation (EU) No 1305/2013 related to the implementation of the rural development programmes pursuant to Regulation (EU) No 1305/2013.

³⁷ The way in which references to Regulation 1305/2013 are made in this act needs to be further examined from a legal/technical point of view.

2. Regulation (EU) No 1307/2013 is repealed with effect from 1 January 2023.

However, it shall continue to apply in respect of aid applications relating to claim years starting before 1 January 2023.

3. The references made in this Regulation to Regulation (EC) No 73/2009 and Regulation (EC) No 1307/2013 shall be understood as being made to those Regulations such as they were in force before their repeal.

Article 140a

Eligibility of certain types of expenditure relating to the CAP Strategic Plan period

1. Expenditure relating to legal commitments to beneficiaries incurred under the measures referred to in Article 31 of Regulation (EC) No 1257/1999 or in Articles 39 or 43 of Council Regulation (EC) No 1698/2005 which are receiving support under Regulation (EU) No 1305/2013 may continue to be eligible for an EAFRD contribution in the period 2023-2027, subject to the following conditions:

- (a) such expenditure is provided for in the respective CAP Strategic Plan in accordance with this Regulation and complies with Regulation (EU) [HzR];
- (b) the EAFRD contribution rate of the intervention set in the CAP Strategic Plan in accordance with this Regulation to cover those measures, applies;
- (c) the integrated system referred to in Article 63(2) of Regulation (EU) [HzR] applies to the legal commitments undertaken under measures that correspond to the area- and animal-based types of interventions listed in Chapters II and IV of Title III of this Regulation and the relevant operations are clearly identified; and
- (d) the payments for the legal commitments referred to in point (c) are made within the period laid down in Article 42 of Regulation (EU) [HzR].

2. Expenditure relating to legal commitments to beneficiaries incurred under the measures referred to in Article 23 of Council Regulation (EC) No 1698/2005 may continue to be eligible for an EAFRD contribution in the period 2023-2027, subject to the conditions that:
 - (a) such expenditure is notified to the Commission as an additional information in the part of the CAP Strategic Plan dedicated to the intervention strategy, referred to in Article 97, and by indicating the expenditure in the financial plan of the CAP Strategic Plan referred to in Article 100(2);
 - (aa) it complies with Regulation (EU) No 1306/2013 that shall continue to apply with regard to such expenditure³⁸, and
 - (b) the EAFRD contribution rate established in the CAP Strategic Plan pursuant to Article 85(2)(d) of this Regulation applies.

3. Expenditure relating to legal commitments to beneficiaries incurred under the multiannual measures referred to in Articles 22, 28, 29, 33 and 34 of Regulation (EU) No 1305/2013 may be eligible for an EAFRD contribution in the period 2023-2027, subject to the following conditions:
 - (a) such expenditure is provided for in the respective CAP Strategic Plan in accordance with this Regulation and complies with Regulation (EU) [HzR];
 - (b) the EAFRD contribution rate of the intervention set in the CAP Strategic Plan in accordance with this Regulation to cover those measures, applies;
 - (c) the integrated system referred to in Article 63(2) of Regulation (EU) [HzR] applies to the legal commitments undertaken under measures that correspond to the area- and animal-based types of interventions listed in Chapters II and IV of Title III of this Regulation and the relevant operations are clearly identified; and

³⁸ The question of where to introduce the continued application of Regulation (EU) No. 1306/2013 needs to be further examined from a legal-technical point of view.

- (d) the payments for the legal commitments referred to in point (c) are made within the period laid down in Article 42 of Regulation (EU) [HzR].
4. Expenditure relating to legal commitments to beneficiaries incurred under the measures referred to in Articles 14 to 18, points (a) and (b) of Article 19(1), Article 20, Articles 23 to 27, 35, 38, 39 and 39a of Regulation (EU) No 1305/2013, Article 35 of Regulation (EU) No 1303/2013 [and Article 4 of Regulation EU [XXXX/XXXX] [Transitional Regulation]]³⁹ for a time period going beyond 1 January 2026 may be eligible for an EAFRD contribution in the period 2023-2027, subject to the following conditions:
- (a) such expenditure is provided for in the respective CAP Strategic Plan in accordance with this Regulation with the exception of Article 68(3)(g) and complies with Regulation (EU) [HzR];
- (b) the EAFRD contribution rate of the intervention set in the CAP Strategic Plan in accordance with this Regulation to cover those measures, applies.
5. Expenditure relating to legal commitments to beneficiaries incurred under the multiannual measures referred to in Articles 28 and 29 of Regulation (EU) No 1305/2013 may be eligible for support from the EAGF in the period 2023- 2027, subject to the following conditions:
- (a) such expenditure is provided for in the respective CAP Strategic Plan in accordance with Article 28 (6) b) and complies with Regulation (EU) [HzR];
- (b) the integrated system referred to in Article 63(2) of Regulation (EU) [HzR] applies to the legal commitments undertaken under measures that correspond to schemes for the climate, the environment and animal welfare as referred to in Article 28 of this Regulation and the relevant operations are clearly identified;

³⁹ Dependant of the fact that Art. 4 will be part of the Transitional Regulation or not (dependant on adoption of new CPR Regulation).

- (c) the payments for the legal commitments referred to in point (a) made within the period laid down in Article 42 of Regulation (EU) [HzR].

Article 140b

Transition for financial allocations for types of interventions in certain sectors

3. As from the date from which a CAP Strategic Plan has legal effects in accordance with Article 106(7) of this Regulation, the sum of the payments made in a financial year within each of the aid schemes referred to in Articles 29 to 31 and Articles 39 to 60 of Regulation (EU) No 1308/2013 and within each of the types of interventions for certain sectors referred to in points (b) to (e) of Article 39 of this Regulation shall not exceed the financial allocations laid down in Article 82 of this Regulation for each financial year for each of the types of interventions for certain sectors referred to in points (b) to (e) of Article 39 of this Regulation.

Article 140c

Eligibility of expenditure for multi-funded community-led local development

By way of derogation from Articles 80 (1) and 106 (7), expenditure incurred under Article 25 (2) (c) and (3) of Regulation XXXX/XXXX [New CPR Regulation] in combination with Article 71 (1)(b) and Article 2 (2) of this Regulation shall be eligible for contribution from the EAFRD as of the date of submission of the CAP Strategic Plan provided that the support is paid by the paying agency as of 1 January 2023. Regulation (EU) No 1306/2013 shall apply in respect of such expenditure from the date of submission of the CAP Strategic Plan until 31 December 2022.

Article 141
Transitional measures

The Commission is empowered to adopt delegated acts in accordance with Article 138 supplementing this Regulation with measures to protect any acquired rights and legitimate expectations of beneficiaries to the extent necessary for the transition from the arrangements provided for in Regulations (EU) No 1305/2013, (EU) No 1307/2013 and (EU) No 1308/2013 to those laid down in this Regulation. Those transitional rules shall in particular lay down the conditions under which support approved by the Commission under Regulations (EU) No 1305/2013 and (EU) No 1308/2013 may be integrated into support provided for under this Regulation, including for technical assistance and for the ex post evaluations.

Article 141a
Review of Annex XI

By 31 December 2025 the Commission shall review the list in Annex XI in view of the Union acquis in the area of environment and climate existing at that time and, where appropriate, make legislative proposals to add additional legislation to that list.

Article 142
Entry into force and application

This Regulation shall enter into force on the 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 [Strasbourg],

For the European Parliament

For the Council

The President

The President

ANNEX I

IMPACT, RESULT, OUTPUT AND CONTEXT INDICATORS PURSUANT TO ARTICLE 7

Assessment of the performance of the policy (multi-annual) - IMPACT Objectives and their respective impact indicators.*	Performance review - RESULT^{40*} Only based on interventions supported by the CAP	Annual performance clearance - OUTPUT Types of interventions and their output indicators.*
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EU cross-cutting objective: Modernisation	Impact indicators	Result indicators	Type(s) of interventions	Output indicators ⁴¹
Modernising the sector by fostering and sharing knowledge, innovation and digitalisation in agriculture and rural areas and encouraging their uptake by farmers, through improved access to research, innovation, knowledge exchange and training	I.1 Sharing knowledge and innovation: Share of CAP budget for knowledge sharing and innovation	R.1^{PR} Enhancing performance through knowledge and innovation: Number of persons benefitting from advice, training, knowledge exchange or participating in European Innovation Partnership (EIP) operational groups supported by the CAP in order to enhance sustainable economic, social, environmental, climate and resource efficiency performance.	Cooperation (Art. 71) Knowledge exchange and information (Art. 72)	O.1 Number of European Innovation Partnership (EIP) operational group projects O.2 Number of advice actions or units to provide innovation support for preparing or implementing European Innovation Partnership (EIP) operational group projects

⁴⁰ Result indicators which are mandatory for performance review, when used by Member States in accordance with Article 97(1)(a), are marked with ^{PR}. Member States may use for performance review any other relevant result indicator laid down in this Annex in addition to those marked with ^{PR}.

⁴¹ Output indicators used for monitoring only are marked with ^{MO}.

EU cross-cutting objective: Modernisation	Impact indicators

Result indicators
R.2 Linking advice and knowledge systems: Number of advisors receiving support to be integrated within Agricultural Knowledge and Innovation Systems (AKIS)
R.3 Digitalising agriculture: Share of farms benefitting from support to digital farming technology through CAP

Type(s) of interventions	Output indicators ⁴¹

EU specific objectives	Impact indicators	Result indicators	Type(s) of interventions	Output indicators
Support viable farm income and resilience of the agricultural sector across the Union to enhance long-term food security and agricultural diversity as well as ensuring the economic sustainability of agricultural production in the Union	I.2 Reducing income disparities: Evolution of agricultural income compared to the general economy	R.4 Linking income support to standards and good practices: Share of Utilised Agricultural Area (UAA) covered by income support and subject to conditionality		O.3^{MO} Number of CAP support beneficiaries
	I.3 Reducing farm income variability: Evolution of agricultural income	R.5 Risk Management: Share of farms with supported CAP risk management tools	Basic income support for sustainability (Art. 17)	O.4 Number of hectares for basic income support for sustainability
	I.4 Supporting viable farm income: Evolution of agricultural income level by type of farming (compared to the average in agriculture)	R.6^{PR} Redistribution to smaller farms: Percentage additional direct payments per hectare for eligible farms below average farm size (compared to average)	Payment for small farmers (Art. 25)	O.5 Number of beneficiaries or hectares of payments for small farmers
	I.5 Contributing to territorial balance: Evolution of agricultural income in areas with natural constraints (compared to the average)	R.7^{PR} Enhancing support to farms in areas with specific needs: Percentage additional support per hectare in areas with higher needs (compared to average)	Complementary income support for young farmers (Art. 27)	O.6 Number of hectares subject to complementary income support for young farmers
			Complementary redistributive income support for sustainability (Art. 26)	O.6a Number of hectares for complementary redistributive income support

EU specific objectives	Impact indicators	Result indicators	Type(s) of interventions	Output indicators
			Schemes for the climate and the environment (Art. 28)	O.6b Number of units (hectares or livestock units) for eco-schemes
Enhance market orientation and increase farm competitiveness both in the short and long term, including greater focus on research, technology and digitalisation	I.6 Increasing farm productivity: Total factor productivity in agriculture	R.8 Targeting farms in specific sectors: Share of farms benefitting from coupled income support for improving competitiveness, sustainability or quality	Risk management (Art. 70)	O.8 Number of units covered by supported CAP risk management tools
	I.7 Harnessing Agri-food trade: Agri-food trade imports and exports	R.9^{PR} Farm modernisation: Share of farms receiving investment support to restructure and modernise, including to improve resource efficiency	Coupled income support (Art. 29)	O.9 Number of hectares benefitting from coupled income support O.10 Number of heads benefitting from coupled income support
Improve the farmers' position in the value chain	I.8 Improving farmers' position in the food chain: Value added for primary producers in the food chain	R.10^{PR} Better supply chain organisation: Share of farms participating in Producer Groups, Producer Organisations, local markets, short supply chain circuits and quality schemes supported by the CAP		
		R.11 Concentration of supply: Share of value of marketed production by sectoral Producer Organisations or Producer Groups with operational programmes	Natural or other area-specific constraints (Art. 66)	O.11 Number of hectares receiving support for areas facing natural or other specific constraints, including a breakdown per type of areas

EU specific objectives	Impact indicators	Result indicators	Type(s) of interventions	Output indicators
<p>Contribute to climate change mitigation and adaptation, including by reducing greenhouse gas emissions and enhancing carbon sequestration, as well as promote sustainable energy</p>	<p>I.9 Improving the resilience of agriculture to climate change: Agricultural sector resilience progress indicator</p>	<p>R.12 Adaptation to climate change: Share of Utilised Agricultural Area (UAA) under supported commitments to improve climate adaptation</p>	<p>Area-specific disadvantages resulting from certain mandatory requirements (Art. 67)</p>	<p>O.12 Number of hectares receiving support under Natura 2000 or the Water Framework Directive</p>
	<p>I.10 Contributing to climate change mitigation: Greenhouse gases (GHG) emissions from agriculture</p> <p>I.11 Enhancing carbon sequestration: Soil organic carbon in agricultural land</p> <p>I.12 Increasing sustainable energy in agriculture: Sustainable production of renewable energy from agriculture and forestry</p>	<p>R.13^{PR} Reducing emissions in the livestock sector: Share of livestock units (LU) under support to reduce Greenhouse gases (GHG) emissions and/or ammonia, including manure management</p> <p>R.14^{PR} Carbon storage in soils and biomass: Share of Utilised Agricultural Area (UAA) under supported commitments to reduce emissions, maintain and/or enhance carbon storage (including permanent grassland, permanent crops with permanent green cover, agricultural land in wetland and peatland)</p> <p>R.15 Renewable energy from agriculture, forestry and from other renewable sources: Supported investments in renewable energy production capacity, including bio-based (Megawatt)</p> <p>R.16a Investments related to climate: Share of farms benefitting from CAP investment support contributing to climate change mitigation and adaptation, and to renewable energy or biomaterials production</p> <p>R.17^{PR} Afforested land: Area supported for afforestation, agroforestry and restoration, including breakdowns</p> <p>R.17a Investment support to the forest sector: Total investment to improve the performance of the forestry sector</p>	<p>Environmental, climate and other management commitments (Art. 65)</p>	<p>O.13 Number of hectares (excluding forestry) or number of other units covered by environment/climate commitments going beyond mandatory requirements</p> <p>O.14 Number of hectares (forestry) or number of other units covered by environment/climate commitments going beyond mandatory requirements</p> <p>O.14a Number of hectares or number of other units under maintenance commitments for afforestation and agroforestry</p> <p>O.15 Number of hectares or number of other units with support for organic farming</p>

EU specific objectives	Impact indicators	Result indicators	Type(s) of interventions	Output indicators
Foster sustainable development and efficient management of natural resources such as water, soil and air, including by reducing chemical dependency	I.13 Reducing soil erosion: Percentage of agricultural land in moderate and severe soil erosion	R.18^{PR} Improving and protecting soils: Share of Utilised Agricultural Area (UAA) under supported commitments beneficial for soil management to improve soil quality and biota (such as reduce tillage, soil cover with crops, crop rotation included with leguminous crops)		
	I.14 Improving air quality: Ammonia emissions from agriculture	R.19^{PR} Improving air quality: Share of Utilised Agricultural Area (UAA) under supported commitments to reduce ammonia emission		
	I.15 Improving water quality: Gross nutrient balance on agricultural land	R.20^{PR} Protecting water quality: Share of Utilised Agricultural Area (UAA) under supported commitments for the quality of water bodies	Environmental, climate and other management commitments (Art. 65)	O.16 Number of livestock units (LU) covered by support for animal welfare, health or increased biosecurity measures
	I.16 Reducing nutrient leakage: Nitrates in ground water - Percentage of ground water stations with Nitrates concentration over 50 mg/l as per the Nitrate Directive	R.21^{PR} Sustainable nutrient management: Share of Utilised Agricultural Area (UAA) under supported commitments related to improved nutrient management	Environmental, climate and other management commitments (Art. 65)	O.17 Number of operations or units supporting genetic resources

EU specific objectives	Impact indicators	Result indicators	Type(s) of interventions	Output indicators
	<p>I.17 Reducing pressure on water resource: Water Exploitation Index Plus (WEI+)</p>	<p>R.22^{PR} Sustainable water use: Share of Utilised Agricultural Area (UAA) under supported commitments to improve water balance</p> <p>R.22a^{PR} Sustainable and reduced use of pesticides: Share of Utilised Agricultural Area (UAA) concerned by supported specific commitments which lead to a sustainable use of pesticides in order to reduce risks and impacts of pesticides such as pesticides leakage.</p> <p>R.22b Environmental performance in the livestock sector: Share of livestock units (LU) under supported commitments to improve environmental sustainability</p>	<p>Investments (Art. 68)</p>	<p>O.18 Number of supported on-farm productive investment operations or units</p> <p>O.18a Number of supported on-farm non-productive investment operations or units</p> <p>O.19 Number of supported infrastructure investment operations or units</p> <p>O.20 Number of supported off-farm non-productive investments operations or units</p> <p>O.21 Number of supported off-farm productive investment operations or units</p>
	<p>I.17a Sustainable and reduced use of pesticides: Risks, use and impacts of pesticides</p>	<p>R.23 Investments related to natural resources: Share of farms benefitting from CAP productive and non-productive investment support related to care for the natural resources</p> <p>R.23a Environment-/climate-related performance through investment in rural areas: Number of operations contributing to environmental sustainability, climate mitigation and adaptation goals in rural areas</p>		

EU specific objectives	Impact indicators	Result indicators	Type(s) of interventions	Output indicators
		R.24 Environmental/climate performance through knowledge and innovation: Number of persons benefitting from advice, training, knowledge exchange, or participating in European Innovation Partnership (EIP) operational groups supported by the CAP related to environmental-climate performance		
Contribute to halting and reversing biodiversity loss, enhance ecosystem services and preserve habitats and landscapes	I.18 Increasing farmland bird populations: Farmland Bird Index	R.24a^{PR} Development of organic agriculture: Share of Utilised Agricultural Area (UAA) supported by the CAP for organic farming, with a split between maintenance and conversion	Installation of young farmers, rural business start-up and development of small farms (Art. 69)	O.22 Number of young farmers receiving installation support O.22a: Number of new farmers receiving installation support (other than young farmers reported under O.22) O.23 Number of rural businesses receiving support for start up
	I.19 Enhancing biodiversity protection: Percentage of species and habitats of Community interest related to agriculture with stable or increasing trends, with a breakdown of the percentage for wild pollinators species ⁴²	R.26^{PR} Supporting sustainable forest management: Share of forest land under commitments to support forest protection and management of ecosystem services		Cooperation (Art. 71)

⁴² The assessment of the trends for pollinators shall be performed by using relevant Union measures for pollinator indicators, in particular by a pollinator indicator and other measures adopted through the governance framework of the EU Biodiversity Strategy for 2030 (Commission Communication of 20 May 2020) on the basis of the EU Pollinators Initiative (Commission Communication of 1 June 2018).

EU specific objectives	Impact indicators	Result indicators	Type(s) of interventions	Output indicators
				actions O.28 Number of supported other cooperation operations or units (excluding EIP reported under O.1)
	I.20 Enhancing provision of ecosystem services: Share of agricultural land covered with landscape features	R.27^{PR} Preserving habitats and species: Share of Utilised Agricultural Area (UAA) under supported commitments supporting biodiversity conservation or restoration including HNV farming practices R.27a Investments related to biodiversity: Share of farms benefitting from CAP investment support contributing to biodiversity		
	I.20a Increasing agro-biodiversity in farming system: crop diversity	R.28 Improving Natura 2000 management: Share of total Natura 2000 area under supported commitments		
		R.29^{PR} Preserving landscape features: Share of Utilised Agricultural Area (UAA) under supported commitments for managing landscape features, including hedgerows and trees		
		R.29a Preserving beehives: Share of beehives supported with the CAP		

EU specific objectives	Impact indicators	Result indicators	Type(s) of interventions	Output indicators
Attract and sustain young farmers and other new farmers and facilitate sustainable business development in rural areas	I.21 Attracting young farmers: Evolution of the number of new farm managers and the number of new young farm managers, including a gender breakdown	R.30^{PR} Generational renewal: Number of young farmers benefitting from setting up with support from the CAP, including a gender breakdown	Knowledge exchange and information (Art. 72)	O.29 Number of supported training, advice and awareness actions or units
Promote employment, growth, gender equality, including the participation of women in farming, social inclusion and local development in rural areas, including circular bio-economy and sustainable forestry	I.22 Contributing to jobs in rural areas: Evolution of the employment rate in rural areas, including a gender breakdown	R.31 Growth and jobs in rural areas: New jobs supported in CAP projects R.31a LEADER coverage: Share of rural population covered by local development strategies		
	I.23 Contributing to growth in rural areas: Evolution of Gross Domestic Product (GDP) per capita in rural areas	R.32 Developing the rural economy: Number of rural businesses, including bio-economy businesses, developed with CAP support	Horizontal indicators	O.31^{MO}: Number of hectares under environmental practices (synthesis indicator on physical area covered by conditionality, eco-schemes, agri- and forest environmental and climate management commitments)
	I.24 A fairer CAP: Distribution of CAP support	R.33 Smart transition of the rural economy: Number of supported Smart Village strategies		
	I.25 Promoting rural inclusion: Evolution of poverty index in rural areas	R.34^{PR} Connecting rural Europe: Share of rural population benefitting from improved access to services and infrastructure through CAP support	Sectoral types of interventions (Art. 43 and 60)	O.33 Number of supported operational programmes
		R.35 Promoting social inclusion: Number of persons covered by supported social inclusion projects	Sectoral types of interventions (Art. 52)	O.34a Number of actions or units supported in the wine sector

EU specific objectives	Impact indicators	Result indicators	Type(s) of interventions	Output indicators
<p>Improve the response of Union agriculture to societal demands on food and health, including high quality, safe and nutritious food produced in a sustainable way, the reduction of food waste, as well as improving animal welfare and combatting antimicrobial resistances</p>	<p>I.26 Limiting antimicrobial use in farmed animals: sales/use of antimicrobials in food producing animals</p>	<p>R.36^{PR} Limiting antimicrobial use: Share of livestock units (LU) concerned by supported actions to limit the use of antimicrobials (prevention/reduction)</p>	<p>Sectoral types of interventions (Art. 49)</p>	<p>O.35 Number of actions or units for beekeeping preservation/improvement</p>
	<p>I.28 Responding to consumer demand for quality food: Value of production under EU quality schemes and organics</p>	<p>R.38^{PR} Improving animal welfare: Share of livestock units (LU) covered by supported actions to improve animal welfare</p>		
<p><i>* Most of impact indicators are already collected via other channels (European statistics, JRC, EEA...) and used in the framework of other EU legislation or SDGs. The data collection frequency is not always annual and there might be 2/3 years delay.</i></p>		<p><i>* Proxies for results. Data notified annually by MS to monitor the progress towards the targets they established in the CAP Strategic Plans.</i></p>		<p><i>*Data notified annually for their declared expenditure.</i></p>

CONTEXT INDICATORS

	Indicator No.	Context indicator
Population	C.01	Population numbers
	C.02	Population density
	C.03	Age structure of the population
Total area	C.04	Total area
	C.05	Land cover
Labour market	C.06	Employment rate in rural areas
	C.07	Unemployment rate in rural areas
	C.08	Employment (by sector, by type of region, by economic activity)
Economy	C.09	GDP per capita
	C.10	Poverty rate
	C.11	Gross value added by sector, by type of region, in agriculture and for primary producers

	Indicator No.	Context indicator
Farms and farmers	C.12	Agricultural holdings (farms)
	C.13	Farm labour force
	C.14	Age structure of farm managers
	C.15	Agricultural training of farm managers
	C.16	New farm managers and new young farm managers
Agricultural land	C.17	Utilised Agricultural area
	C.18	Irrigable land
	C.19	Farming in Natura 2000 areas
	C.20	Areas facing natural and other specific constraints (ANCs)
	C.21	Agricultural land covered with landscape features
	C.21a	Crop diversity
Livestock	C.22	Livestock units
	C.23	Livestock density
Agricultural and farm income	C.24	Agricultural factor income
	C.25	Comparison of agricultural income with non-agricultural labour cost
	C.26	Farm income by type of farming, by region, by farm size, in areas facing natural and other specific constraints
	C.27	Gross fixed capital formation in agriculture

	Indicator No.	Context indicator
Agricultural productivity	C.28	Total factor productivity in agriculture
	C.29	Labour productivity in agriculture, in forestry and in the food industry
Agricultural trade	C.30	Agricultural imports and exports
Other gainful activities	C.31	Tourism infrastructure
Farming practices	C.32	Agricultural area under organic farming
	C.33	Farming intensity
	C.34	Value of production under EU quality schemes and organics
Biodiversity	C.35	Farmland Bird Index
	C.36	Percentage of species and habitats of Community interest related to agriculture with stable or increasing trends
Water	C.37	Water use in agriculture
	C.38	Water quality
		Gross nutrient balance – nitrogen
		Gross nutrient balance – phosphorus
		Nitrates in ground water
Soil	C.39	Soil organic carbon in agricultural land
	C.40	Soil erosion by water

	Indicator No.	Context indicator
Energy	C.41	Sustainable production of renewable energy from agriculture and forestry
	C.42	Energy use in agriculture, forestry and food industry
Climate	C.43	Greenhouse gas emissions from agriculture
	C.44	Agricultural sector resilience progress indicator
	C.45	Direct agricultural loss attributed to disasters
Air	C.46	Ammonia emissions from agriculture
Health	C.47	Sales/use of antimicrobials in food producing animals
	C.48	Risk, use and impacts of pesticides

ANNEX II

WTO DOMESTIC SUPPORT PURSUANT TO ARTICLE 10

Type of intervention	Reference in this Regulation	Paragraph of Annex 2 to the WTO Agreement on Agriculture ("Green Box")
Basic income support for sustainability	Title III, Chapter 2 Section 1 Sub-Section 2	5 (if implementation is not based on payment entitlements) 6 (if implementation is based on payment entitlements)
Complementary redistributive income support for sustainability	Title III, Chapter 2 Section 1 Sub-Section 3	5 (if implementation of the related basic income support for sustainability is not based on payment entitlements) 6 (if implementation of the related basic income support for sustainability is based on payment entitlements)
Complementary income support for young farmers	Article 27	5 (if implementation of the related basic income support for sustainability is not based on payment entitlements) 6 (if implementation of the related basic income support for sustainability is based on payment entitlements)
Schemes for the climate, the environment and animal welfare "eco schemes"	Article 28(6)(a)	5 (if implementation of the related basic income support for sustainability is not based on payment entitlements) 6 (if implementation of the related basic income support for sustainability is based on payment entitlements)
Schemes for the climate, the environment and animal welfare "eco-scheme"	Article 28(6)(b)	12

Type of intervention	Reference in this Regulation	Paragraph of Annex 2 to the WTO Agreement on Agriculture ("Green Box")
Fruit and vegetables, hops, olive oil table olives and other sectors referred to in point (f) of Article 39 – investments in tangible and intangible assets, research and experimental and innovative production methods and other actions, in areas such as:	Article 41b(1)(a)	2, 11 or 12
<ul style="list-style-type: none"> • soil conservation, including the enhancement of soil carbon and soil structure, and the reduction of contaminants 	Article 41b(1)(a)(i)	12
<ul style="list-style-type: none"> • improvement of the use of and sound management of water, including water saving, water conservation and drainage 	Article 41b(1)(a)(ii)	12
<ul style="list-style-type: none"> • preventing damage caused by adverse climatic events and promoting the development and use of varieties, breeds and management practices adapted to changing climate conditions 	Article 41b(1)(a)(iii)	12
<ul style="list-style-type: none"> • increasing energy saving, energy efficiency and the use of renewable energy 	Article 41b(1)(a)(iv)	11 or 12

Type of intervention	Reference in this Regulation	Paragraph of Annex 2 to the WTO Agreement on Agriculture ("Green Box")
<ul style="list-style-type: none"> ecological packaging only in the field of research and experimental production 	Article 41b(1)(a)(v)	2
<ul style="list-style-type: none"> biosecurity, animal health and welfare 	Article 41b(1)(a)(vi)	12
<ul style="list-style-type: none"> reducing emissions and waste, improving the use of by-products, including their re-usage and valorisation, and the management of waste 	Article 41b(1)(a)(vii)	11 or 12
<ul style="list-style-type: none"> improving resilience against pests, reducing risks and impacts of pesticide use, including implementing Integrated Pest Management techniques 	Article 41b(1)(a)(viii)	2, 11 or 12
<ul style="list-style-type: none"> improving resilience against animal disease and reducing the use of veterinary medicines including antibiotics 	Article 41b(1)(a)(ix)	2
<ul style="list-style-type: none"> creating and maintaining habitats favourable to biodiversity 	Article 41b(1)(a)(x)	12
<ul style="list-style-type: none"> improving product quality 	Article 41b(1)(a)(xi)	2
<ul style="list-style-type: none"> improving genetic resources 	Article 41b(1)(a)(xii)	2

Type of intervention	Reference in this Regulation	Paragraph of Annex 2 to the WTO Agreement on Agriculture ("Green Box")
<ul style="list-style-type: none"> improving the conditions of employment and employer obligations as well as occupational health and safety in line with Directives 1152/2019/EU (transparent and predictable working conditions), 89/391/EEC and 2009/104/EC (on occupational safety and health) 	Article 41b(1)(a)(xiii)	2
Fruit and vegetables, hops, olive oil, table olives and other sectors referred to in point (f) of Article 39 – advisory services and technical assistance	Article 41b(1)(b)	2
Fruit and vegetables, hops, olive oil, table olives and other sectors referred to in point (f) of Article 39 – training and exchange of best practices	Article 41b(1)(c)	2
Fruit and vegetables, hops, olive oil, table olives and other sectors referred to in point (f) of Article 39 – organic or integrated production	Article 41b(1)(d)	12
Fruit and vegetables, hops, olive oil, table olives and other sectors referred to in point (f) of Article 39 –actions to increase the sustainability and efficiency of transport and storage	Article 41b(1)(e)	11, 12 or 2

Type of intervention	Reference in this Regulation	Paragraph of Annex 2 to the WTO Agreement on Agriculture ("Green Box")
Fruit and vegetables, hops, olive oil, table olives and other sectors referred to in point (f) of Article 39 – promotion, communication and marketing	Article 41b(1)(f)	2
Fruit and vegetables, hops, olive oil, table olives and other sectors referred to in point (f) of Article 39 – quality schemes	Article 41b (1)(g)	2
Fruit and vegetables, hops, olive oil, table olives and other sectors referred to in point (f) of Article 39 – traceability and certification systems	Article 41b(1)(h)	2
Fruit and vegetables, hops, olive oil, table olives and other sectors referred to in point (f) of Article 39 – climate change adaptation and mitigation	Article 41b(1)(i)	11, 2 or 12
Fruit and vegetables, hops, olive oil, table olives and other sectors referred to in point (f) of Article 39 - mutual funds	Article 41b(2)(a)	7 or 2
Fruit and vegetables, hops, olive oil, table olives and other sectors referred to in point (f) of Article 39 - tangible and non-tangible investments	Article 41b(2)(b)	11 or 2
Fruit and vegetables, hops, olive oil, table olives and other sectors referred to in point (f) of Article 39 - orchard or olive groves replanting	Article 41b(2)(d)	8

Type of intervention	Reference in this Regulation	Paragraph of Annex 2 to the WTO Agreement on Agriculture ("Green Box")
Fruit and vegetables, hops, olive oil, table olives and other sectors referred to in point (f) of Article 39 - restocking with livestock for health reasons or because of losses resulting from natural disasters;	Article 41b(2)(da)	8
Fruit and vegetables, hops, olive oil, table olives and other sectors referred to in point (f) of Article 39 - Coaching	Article 41b(2)(i)	2
Fruit and vegetables, hops, olive oil, table olives and other sectors referred to in point (f) of Article 39 - implementation and management of third country phytosanitary protocols	Article 41b(2)(j)	2
Fruits and vegetables, hops, olive oil, table olives and other sectors referred to in point (f) of Article 39 – communication actions	Article 41b(2)(l)	2
Apiculture – advisory services, technical assistance, training, information and exchange of best practices	Article 49(1)(a)	2
Apiculture – investment in tangible and non tangible assets, as well as other actions including for: combating beehive invaders and diseases	Article 49(1)(b)(i)	11 or 12 or 2

Type of intervention	Reference in this Regulation	Paragraph of Annex 2 to the WTO Agreement on Agriculture ("Green Box")
Apiculture – investment in tangible and non tangible assets, as well as other actions including for: preventing damage caused by adverse climatic conditions, development and use of management practices	Article 49(1)(b)(ii)	11 or 12 or 2
Apiculture – support laboratories	Article 49(1)(d)	2
Apiculture – research programmes	Article 49(1)(f)	2
Apiculture – promotion, communication and marketing	Article 49(1)(g)	2
Apiculture – enhancing product quality	Article 49(1)(h)	2
Wine – restructuring and conversion	Article 52(1)(a)	8, 11 or 12
Wine – investments tangible and intangible assets	Article 52(1)(b)	11
Wine – tangible and intangible investments in innovation	Article 52(1)(e)	11
Wine – information actions	Article 52(1)(g)	2
Wine – promotion of wine tourism	Article 52(1)(ga)	2
Wine – improvement of market knowledge	Article 52(1)(gb)	2

Type of intervention	Reference in this Regulation	Paragraph of Annex 2 to the WTO Agreement on Agriculture ("Green Box")
Wine – promotion and communication	Article 52(1)(h)	2
Wine – administrative costs of mutual funds	Article 52(1)(i)	2
Wine – investments to enhance sustainability	Article 52(1)(ia)	11 or 12 or 2
Environmental, climate and other management commitments	Article 65	12
Natural or other area-specific constraints	Article 66	13
Area-specific disadvantages resulting from certain mandatory requirements	Article 67	12
Investments	Article 68	11 or 8
Investments in irrigation	Article 68a	11
Co-operation	Article 71	2
Knowledge exchange and information	Article 72	2

ANNEX III

RULES ON CONDITIONALITY PURSUANT TO ARTICLE 11

SMR: Statutory Management Requirement

GAEC: Standards for good agricultural and environmental condition of land

Areas	Main Issue	Requirements and standards		Main objective of the standard
Climate and environment	Climate change (mitigation of and adaptation to)	GAEC 1	Maintenance of permanent grassland based on a ratio of permanent grassland in relation to agricultural area at national, regional, sub-regional, group-of-holdings or holding level in comparison to the reference year 2018. Maximum decrease of 5% compared to the reference year.	<i>General safeguard against conversion to other agricultural uses to preserve carbon stock</i>
		GAEC 2	Protection of wetland and peatland ⁴³	<i>Protection of carbon-rich soils</i>
		GAEC 3	Ban on burning arable stubble, except for plant health reasons	<i>Maintenance of soil organic matter</i>
	Water	SMR 1	Directive 2000/60/EC of 23 October 2000 of the European Parliament and of the Council establishing a framework for Community action in the field of water policy: Article 11(3)(e) and Article 11(3)(h) as regards mandatory requirements to control diffuse sources of pollution by phosphates	
		SMR 2	Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources (OJ L 375, 31.12.1991, p. 1): Articles 4 and 5	

⁴³ Member States may provide in their CAP strategic plans that this GAEC will only be applicable as from claim year 2024 or 2025. In such cases, Member States shall demonstrate that the delay is necessary for the establishment of the management system in accordance with a detailed planning. Member States, when establishing the standard for GAEC 2, shall ensure that on the land concerned an agricultural activity suitable for qualifying the land as agricultural area may be maintained.

Areas	Main Issue	Requirements and standards		Main objective of the standard
		GAEC 4	Establishment of buffer strips along water courses ⁴⁴	<i>Protection of river courses against pollution and run-off</i>
	Soil (protection and quality)	GAEC 6	Tillage management, reducing the risk of soil degradation and erosion, including consideration of the slope gradient.	<i>Minimum land management reflecting site specific conditions to limit erosion</i>
		GAEC 7	Minimum soil cover to avoid bare soil in periods that are most sensitive ⁴⁵	<i>Protection of soils in periods that are most sensitive</i>
		GAEC 8	Crop rotation in arable land, except for crops growing under water ⁴⁶	<i>Preserve the soil potential</i>

⁴⁴ The GAEC buffer strips along water courses shall, as a general rule and in compliance with Union law, respect a minimum width of 3 meters without using pesticides and fertilizers.

In areas with significant dewatering and irrigation ditches, Member States may adjust, if duly justified for those areas, the minimum width in accordance with specific local circumstances.

⁴⁵ In duly justified cases, Member States may adapt in the regions concerned the minimum standards to take into account the short vegetation period resulting from the length and severity of the winter period.

⁴⁶ Rotation shall consist in a change of crop at least once a year at land parcel level (except in case of multiannual crops, grasses and other herbaceous forage, and land lying fallow), including the appropriately managed secondary crops.

On the basis of diversity of farming methods and agro-climatic conditions Member States may authorise in the regions concerned other practices of enhanced crop rotation with leguminous crops or crop diversification, which aim at improving and preserving the soil potential in line with the objectives of this GAEC.

Member States may exempt from the obligation under this standard holdings:

- (a) where more than 75 % of the arable land is used for the production of grasses or other herbaceous forage, is land lying fallow, is used for cultivation of leguminous crops, or is subject to a combination of those uses;
- (b) where more than 75 % of the eligible agricultural area is permanent grassland, is used for the production of grasses or other herbaceous forage or for the cultivation of crops under water either for a significant part of the year or for a significant part of the crop cycle, or is subject to a combination of those uses; or
- (c) with a size of arable land up to 10 hectares.

Member States may introduce a maximum limit of area covered with a single crop to prevent large monocultures.

Farmers certified in accordance with Regulation (EU) n° 2018/848 shall be deemed to comply with this GAEC standard.

Areas	Main Issue	Requirements and standards		Main objective of the standard
	Biodiversity and landscape (protection and quality)	SMR 3	Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 20, 26.1.2010, p. 7): Article 3(1), Article 3(2)(b), Article 4(1), (2) and (4)	
		SMR 4	Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild flora and fauna (OJ L 206, 22.7.1992, p. 7): Article 6(1) and (2)	

Areas	Main Issue	Requirements and standards	Main objective of the standard
		<p>GAEC 9</p> <ul style="list-style-type: none"> Minimum share of agricultural area devoted to non-productive areas or features⁴⁷ <p>Minimum share of at least 4% of arable land at farm level devoted to non-productive areas and features, including land lying fallow.</p> <p>Where a farmer commits to devote at least 7% of his/her arable land to non-productive areas and features, including land lying fallow, under an enhanced eco-scheme in accordance with Article 28(5a), the share to be attributed to compliance with this GAEC shall be limited to 3%.</p> <p>Minimum share of at least 7% of arable land at farm level if this includes also catch crops or nitrogen fixing crops, cultivated without the use of plant protection products, of which 3% shall be land lying fallow or non-productive features. Member States should use the weighting factor of 0,3 for catch crops.</p> <ul style="list-style-type: none"> Retention of landscape features Ban on cutting hedges and trees during the bird breeding and rearing season As an option, measures for avoiding invasive plant species 	<p><i>Maintenance of non-productive features and area to improve on-farm biodiversity</i></p>

⁴⁷ (1) Member States may exempt from the obligation under this bullet point holdings:

- (a) where more than 75 % of the arable land is used for the production of grasses or other herbaceous forage, is land lying fallow, is used for cultivation of leguminous crops, or is subject to a combination of those uses;
- (b) where more than 75 % of the eligible agricultural area is permanent grassland, is used for the production of grasses or other herbaceous forage or for the cultivation of crops under water either for a significant part of the year or for a significant part of the crop cycle, or is subject to a combination of those uses; or
- (c) with a size of arable land up to 10 hectares.

(2) Member States with more than 50 % of their total land surface area covered by forest may exempt from the obligation under this bullet point holdings located in areas designated by those Member States as areas facing natural constraints in accordance with point (a) or (b) of Article 32(1) of Regulation (EU) No 1305/2013, provided that more than 50 % of the land surface area of the unit referred to in the second sentence is covered by forest and the ratio of forest land to agricultural land is higher than 3:1. The area covered by forest and the ratio of forest land to agricultural land shall be assessed on an area level equivalent to the LAU2 level or on the level of another clearly delineated unit which covers a single clear contiguous geographical area having similar agricultural conditions.

Areas	Main Issue	Requirements and standards		Main objective of the standard
		GAEC 10	Ban on converting or ploughing permanent grassland designated as environmentally-sensitive permanent grasslands in Natural 2000 sites	<i>Protection of habitats and species</i>
Public health, animal health and plant health	Food safety	SMR 5	Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety (OJ L 31, 1.2.2002, p. 1): Articles 14 and 15, Article 17(1) ⁴⁸ and Articles 18, 19 and 20	
		SMR 6	Council Directive 96/22/EC of 29 April 1996 concerning the prohibition on the use in stockfarming of certain substances having a hormonal or thyrostatic action and beta-agonists, and repealing Directives 81/602/EEC, 88/146/EEC and 88/299/EEC (OJ L 125, 23.5.1996, p. 3): Article 3(a), (b), (d) and (e) and Articles 4, 5 and 7	
	Plant protection products	SMR 12	Regulation (EC) No 1107/2009 of the European Parliament and of the Council of 21 October 2009 concerning the placing of plant protection products on the market and repealing Council Directives 79/117/EEC and 91/414/EEC (OJ L 309, 24.11.2009, p. 1): Article 55, first and second sentence	

⁴⁸

As implemented in particular by:

- Article 14 of Regulation (EC) No 470/2009 and the Annex of Regulation (EC) No 37/2010,
- Regulation (EC) No 852/2004: Article 4(1) and Annex I part A (II 4 (g, h, j), 5 (f, h), 6; III 8 (a, b, d, e), 9 (a, c)),
- Regulation (EC) No 853/2004: Article 3(1) and Annex III Section IX Chapter 1 (I-1 b, c, d, e; I-2 a (i, ii, iii), b (i, ii), c; I-3; I-4; I-5; II-A 1, 2, 3, 4; II-B 1(a, d), 2, 4 (a, b)), Annex III Section X Chapter 1(1),
- Regulation (EC) No 183/2005: Article 5(1) and Annex I, part A (I-4 e, g; II-2 a, b, e), Article 5(5) and Annex III (under the heading 'FEEDING', point 1 entitled 'Storage', first and last sentences, and point 2 entitled 'Distribution', third sentence), Article 5(6), and
- Regulation (EC) No 396/2005: Article 18.

Areas	Main Issue	Requirements and standards		Main objective of the standard
		SMR 13	<p>Directive 2009/128/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for Community action to achieve the sustainable use of pesticides (OJ L 309, 24.11.2009, p. 71):</p> <p>Article 5(2) and Article 8(1) to (5)</p> <p>Article 12 with regard to restrictions on the use of pesticides in protected areas defined on the basis of the Water Framework Directive and Natura 2000 legislation.</p> <p>Article 13(1) and (3) on handling and storage of pesticides and disposal of remnants.</p>	
Animal welfare	Animal welfare	SMR 14	<p>Council Directive 2008/119/EC of 18 December 2008 laying down minimum standards for the protection of calves (OJ L 10, 15.1.2009, p. 7):</p> <p>Articles 3 and 4</p>	
		SMR 15	<p>Council Directive 2008/120/EC of 18 December 2008 laying down minimum standards for the protection of pigs (OJ L 47, 18.2.2009, p. 5):</p> <p>Article 3 and Article 4</p>	
		SMR 16	<p>Council Directive 98/58/EC of 20 July 1998 concerning the protection of animals kept for farming purposes(OJ L 221, 8.8.1998, p. 23):</p> <p>Article 4</p>	

ANNEX IV

MEMBER STATES ALLOCATIONS FOR DIRECT PAYMENTS REFERRED TO IN THE FIRST SUBPARAGRAPH OF ARTICLE 81(1)

(current prices in EUR)

Calendar year	2023	2024	2025	2026	2027 and the subsequent years
<i>Belgium</i>	494 925 924	494 925 924	494 925 924	494 925 924	494 925 924
<i>Bulgaria</i>	808 442 754	817 072 343	825 701 932	834 331 520	834 331 520
<i>Czechia</i>	854 947 297	854 947 297	854 947 297	854 947 297	854 947 297
<i>Denmark</i>	862 367 277	862 367 277	862 367 277	862 367 277	862 367 277
<i>Germany</i>	4 915 695 459	4 915 695 459	4 915 695 459	4 915 695 459	4 915 695 459
<i>Estonia</i>	196 436 567	199 297 294	202 158 021	205 018 748	205 018 748
<i>Ireland</i>	1 186 281 996	1 186 281 996	1 186 281 996	1 186 281 996	1 186 281 996
<i>Greece</i>	2 075 656 043	2 075 656 043	2 075 656 043	2 075 656 043	2 075 656 043
<i>Spain</i>	4 874 879 750	4 882 179 366	4 889 478 982	4 896 778 599	4 896 778 599

Calendar year	2023	2024	2025	2026	2027 and the subsequent years
<i>France</i>	7 285 000 537	7 285 000 537	7 285 000 537	7 285 000 537	7 285 000 537
<i>Croatia</i>	374 770 237	374 770 237	374 770 237	374 770 237	374 770 237
<i>Italy</i>	3 628 529 155	3 628 529 155	3 628 529 155	3 628 529 155	3 628 529 155
<i>Cyprus</i>	47 647 540	47 647 540	47 647 540	47 647 540	47 647 540
<i>Latvia</i>	349 226 285	354 312 105	359 397 925	364 483 744	364 483 744
<i>Lithuania</i>	587 064 372	595 613 853	604 163 335	612 712 816	612 712 816
<i>Luxembourg</i>	32 747 827	32 747 827	32 747 827	32 747 827	32 747 827
<i>Hungary</i>	1 243 185 165	1 243 185 165	1 243 185 165	1 243 185 165	1 243 185 165
<i>Malta</i>	4 594 021	4 594 021	4 594 021	4 594 021	4 594 021
<i>Netherlands</i>	717 382 327	717 382 327	717 382 327	717 382 327	717 382 327
<i>Austria</i>	677 581 846	677 581 846	677 581 846	677 581 846	677 581 846
<i>Poland</i>	3 092 416 671	3 123 600 494	3 154 784 317	3 185 968 140	3 185 968 140
<i>Portugal</i>	613 619 128	622 403 166	631 187 204	639 971 242	639 971 242

Calendar year	2023	2024	2025	2026	2027 and the subsequent years
<i>Romania</i>	1 946 921 018	1 974 479 078	2 002 037 137	2 029 595 196	2 029 595 196
<i>Slovenia</i>	131 530 052	131 530 052	131 530 052	131 530 052	131 530 052
<i>Slovakia</i>	400 894 402	405 754 516	410 614 629	415 474 743	415 474 743
<i>Finland</i>	519 350 246	521 168 786	522 987 325	524 805 865	524 805 865
<i>Sweden</i>	686 131 966	686 360 116	686 588 267	686 816 417	686 816 417

ANNEX V

MEMBER STATES' ALLOCATIONS (PER FINANCIAL YEAR AS REFERRED TO IN ARTICLE 33 OF REGULATION (EU) [HZR]) FOR TYPES OF INTERVENTIONS IN THE WINE SECTOR AS REFERRED TO IN ARTICLE 82(1)

	<i>EUR (current prices)</i>
<i>Bulgaria</i>	25 721 000
<i>Czechia</i>	4 954 000
<i>Germany</i>	37 381 000
<i>Greece</i>	23 030 000
<i>Spain</i>	202 147 000
<i>France</i>	269 628 000
<i>Croatia</i>	10 410 000
<i>Italy</i>	323 883 000
<i>Cyprus</i>	4 465 000
<i>Lithuania</i>	43 000
<i>Hungary</i>	27 970 000
<i>Austria</i>	13 155 000
<i>Portugal</i>	62 670 000
<i>Romania</i>	45 844 000
<i>Slovenia</i>	4 849 000
<i>Slovakia</i>	4 887 000

ANNEX VI

MEMBER STATES ALLOCATIONS FOR COTTON REFERRED TO IN THE SECOND SUBPARAGRAPH OF ARTICLE 81(1)

(current prices in EUR)

<i>Calendar year</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>2026</i>	<i>2027 and the subsequent years</i>
<i>Bulgaria</i>	2 557 820	2 557 820	2 557 820	2 557 820	2 557 820
<i>Greece</i>	183 996 000	183 996 000	183 996 000	183 996 000	183 996 000
<i>Spain</i>	59 690 640	59 690 640	59 690 640	59 690 640	59 690 640
<i>Portugal</i>	177 589	177 589	177 589	177 589	177 589

ANNEX VII

MEMBER STATES ALLOCATIONS FOR DIRECT PAYMENTS WITHOUT COTTON AND BEFORE CAPPING TRANSFER REFERRED TO IN THE THIRD SUBPARAGRAPH OF ARTICLE 81(1)

(current prices in EUR)

Calendar year	2023	2024	2025	2026	2027 and the subsequent years
<i>Belgium</i>	494 925 924	494 925 924	494 925 924	494 925 924	494 925 924
<i>Bulgaria</i>	805 884 934	814 514 523	823 144 112	831 773 700	831 773 700
<i>Czechia</i>	854 947 297	854 947 297	854 947 297	854 947 297	854 947 297
<i>Denmark</i>	862 367 277	862 367 277	862 367 277	862 367 277	862 367 277
<i>Germany</i>	4 915 695 459	4 915 695 459	4 915 695 459	4 915 695 459	4 915 695 459
<i>Estonia</i>	196 436 567	199 297 294	202 158 021	205 018 748	205 018 748

Calendar year	2023	2024	2025	2026	2027 and the subsequent years
<i>Ireland</i>	1 186 281 996	1 186 281 996	1 186 281 996	1 186 281 996	1 186 281 996
<i>Greece</i>	1 891 660 043	1 891 660 043	1 891 660 043	1 891 660 043	1 891 660 043
<i>Spain</i>	4 815 189 110	4 822 488 726	4 829 788 342	4 837 087 959	4 837 087 959
<i>France</i>	7 285 000 537	7 285 000 537	7 285 000 537	7 285 000 537	7 285 000 537
<i>Croatia</i>	374 770 237	374 770 237	374 770 237	374 770 237	374 770 237
<i>Italy</i>	3 628 529 155	3 628 529 155	3 628 529 155	3 628 529 155	3 628 529 155
<i>Cyprus</i>	47 647 540	47 647 540	47 647 540	47 647 540	47 647 540
<i>Latvia</i>	349 226 285	354 312 105	359 397 925	364 483 744	364 483 744
<i>Lithuania</i>	587 064 372	595 613 853	604 163 335	612 712 816	612 712 816
<i>Luxembourg</i>	32 747 827	32 747 827	32 747 827	32 747 827	32 747 827

Calendar year	2023	2024	2025	2026	2027 and the subsequent years
<i>Hungary</i>	1 243 185 165	1 243 185 165	1 243 185 165	1 243 185 165	1 243 185 165
<i>Malta</i>	4 594 021	4 594 021	4 594 021	4 594 021	4 594 021
<i>Netherlands</i>	717 382 327	717 382 327	717 382 327	717 382 327	717 382 327
<i>Austria</i>	677 581 846	677 581 846	677 581 846	677 581 846	677 581 846
<i>Poland</i>	3 092 416 671	3 123 600 494	3 154 784 317	3 185 968 140	3 185 968 140
<i>Portugal</i>	613 441 539	622 225 577	631 009 615	639 793 653	639 793 653
<i>Romania</i>	1 946 921 018	1 974 479 078	2 002 037 137	2 029 595 196	2 029 595 196
<i>Slovenia</i>	131 530 052	131 530 052	131 530 052	131 530 052	131 530 052
<i>Slovakia</i>	400 894 402	405 754 516	410 614 629	415 474 743	415 474 743
<i>Finland</i>	519 350 246	521 168 786	522 987 325	524 805 865	524 805 865
<i>Sweden</i>	686 131 966	686 360 116	686 588 267	686 816 417	686 816 417

ANNEX VIII

MEMBER STATES' ALLOCATIONS (PER FINANCIAL YEAR AS REFERRED TO IN ARTICLE 33 OF REGULATION (EU) [HZR]) FOR TYPES OF INTERVENTIONS IN THE APICULTURE SECTOR AS REFERRED TO IN ARTICLE 82(2)

	EUR (current prices)
<i>Belgium</i>	422 967
<i>Bulgaria</i>	2 063 885
<i>Czechia</i>	2 121 528
<i>Denmark</i>	295 539
<i>Germany</i>	2 790 875
<i>Estonia</i>	140 473
<i>Ireland</i>	61 640
<i>Greece</i>	6 162 645
<i>Spain</i>	9 559 944
<i>France</i>	6 419 062
<i>Croatia</i>	1 913 290
<i>Italy</i>	5 166 537
<i>Cyprus</i>	169 653
<i>Latvia</i>	328 804
<i>Lithuania</i>	549 828
<i>Luxembourg</i>	30 621
<i>Hungary</i>	4 271 227

	EUR (current prices)
<i>Malta</i>	14 137
<i>Netherlands</i>	295 172
<i>Austria</i>	1 477 188
<i>Poland</i>	5 024 968
<i>Portugal</i>	2 204 232
<i>Romania</i>	6 081 630
<i>Slovenia</i>	649 455
<i>Slovakia</i>	999 973
<i>Finland</i>	196 182
<i>Sweden</i>	588 545

ANNEX IX

BREAKDOWN OF UNION SUPPORT FOR TYPES OF INTERVENTIONS FOR RURAL DEVELOPMENT (2023 to 2027) REFERRED TO IN ARTICLE 83(3)

(current prices; in EUR)

<i>Year</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>Total 2023-2027</i>
<i>Belgium</i>	82 800 894	82 800 894	82 800 894	82 800 894	82 800 894	414 004 470
<i>Bulgaria</i>	282 162 644	282 162 644	282 162 644	282 162 644	282 162 644	1 410 813 220
<i>Czechia</i>	259 187 708	259 187 708	259 187 708	259 187 708	259 187 708	1 295 938 540
<i>Denmark</i>	75 934 060	75 934 060	75 934 060	75 934 060	75 934 060	379 670 300
<i>Germany</i>	1 092 359 738	1 092 359 738	1 092 359 738	1 092 359 738	1 092 359 738	5 461 798 690
<i>Estonia</i>	88 016 648	88 016 648	88 016 648	88 016 648	88 016 648	440 083 240
<i>Ireland</i>	311 640 628	311 640 628	311 640 628	311 640 628	311 640 628	1 558 203 140
<i>Greece</i>	556 953 600	556 953 600	556 953 600	556 953 600	556 953 600	2 784 768 000
<i>Spain</i>	1 080 382 825	1 080 382 825	1 080 382 825	1 080 382 825	1 080 382 825	5 401 914 125

<i>France</i>	1 459 440 070	1 459 440 070	1 459 440 070	1 459 440 070	1 459 440 070	7 297 200 350
<i>Croatia</i>	297 307 401	297 307 401	297 307 401	297 307 401	297 307 401	1 486 537 005
<i>Italy</i>	1 349 921 375	1 349 921 375	1 349 921 375	1 349 921 375	1 349 921 375	6 749 606 875
<i>Cyprus</i>	23 770 514	23 770 514	23 770 514	23 770 514	23 770 514	118 852 570
<i>Latvia</i>	117 495 173	117 495 173	117 495 173	117 495 173	117 495 173	587 475 865
<i>Lithuania</i>	195 495 162	195 495 162	195 495 162	195 495 162	195 495 162	977 475 810
<i>Luxembourg</i>	12 310 644	12 310 644	12 310 644	12 310 644	12 310 644	61 553 220
<i>Hungary</i>	416 869 149	416 869 149	416 869 149	416 869 149	416 869 149	2 084 345 745
<i>Malta</i>	19 984 497	19 984 497	19 984 497	19 984 497	19 984 497	99 922 485
<i>Netherlands</i>	73 268 369	73 268 369	73 268 369	73 268 369	73 268 369	366 341 845
<i>Austria</i>	520 024 752	520 024 752	520 024 752	520 024 752	520 024 752	2 600 123 760
<i>Poland</i>	1 320 001 539	1 320 001 539	1 320 001 539	1 320 001 539	1 320 001 539	6 600 007 695
<i>Portugal</i>	540 550 620	540 550 620	540 550 620	540 550 620	540 550 620	2 702 753 100
<i>Romania</i>	967 049 892	967 049 892	967 049 892	967 049 892	967 049 892	4 835 249 460

<i>Slovenia</i>	110 170 192	110 170 192	110 170 192	110 170 192	110 170 192	550 850 960
<i>Slovakia</i>	259 077 909	259 077 909	259 077 909	259 077 909	259 077 909	1 295 389 545
<i>Finland</i>	354 549 956	354 549 956	354 549 956	354 549 956	354 549 956	1 772 749 780
<i>Sweden</i>	211 889 741	211 889 741	211 889 741	211 889 741	211 889 741	1 059 448 705
<i>Total EU-27</i>	12 078 615 700	12 078 615 700	12 078 615 700	12 078 615 700	12 078 615 700	60 393 078 500
<i>Technical assistance (0,25%)</i>	30 272 220	30 272 220	30 272 220	30 272 220	30 272 220	151 361 100
<i>Total</i>	12 108 887 920	12 108 887 920	12 108 887 920	12 108 887 920	12 108 887 920	60 544 439 600

ANNEX X

MINIMUM AMOUNTS RESERVED FOR THE OBJECTIVE "ATTRACT AND SUSTAIN YOUNG FARMERS AND FACILITATE BUSINESS DEVELOPMENT IN RURAL AREAS" AS REFERRED TO IN POINT (g) OF ARTICLE 6

(current prices, in EUR)

Calendar year	2023	2024	2025	2026	2027 and the subsequent years
<i>Belgium</i>	14 847 778	14 847 778	14 847 778	14 847 778	14 847 778
<i>Bulgaria</i>	24 176 548	24 435 436	24 694 323	24 953 211	24 953 211
<i>Czechia</i>	25 648 419	25 648 419	25 648 419	25 648 419	25 648 419
<i>Denmark</i>	25 871 018	25 871 018	25 871 018	25 871 018	25 871 018
<i>Germany</i>	147 470 864	147 470 864	147 470 864	147 470 864	147 470 864
<i>Estonia</i>	5 893 097	5 978 919	6 064 741	6 150 562	6 150 562
<i>Ireland</i>	35 588 460	35 588 460	35 588 460	35 588 460	35 588 460
<i>Greece</i>	56 749 801	56 749 801	56 749 801	56 749 801	56 749 801

Calendar year	2023	2024	2025	2026	2027 and the subsequent years
<i>Spain</i>	144 455 673	144 674 662	144 893 650	145 112 639	145 112 639
<i>France</i>	218 550 016	218 550 016	218 550 016	218 550 016	218 550 016
<i>Croatia</i>	11 243 107	11 243 107	11 243 107	11 243 107	11 243 107
<i>Italy</i>	108 855 875	108 855 875	108 855 875	108 855 875	108 855 875
<i>Cyprus</i>	1 429 426	1 429 426	1 429 426	1 429 426	1 429 426
<i>Latvia</i>	10 476 789	10 629 363	10 781 938	10 934 512	10 934 512
<i>Lithuania</i>	17 611 931	17 868 416	18 124 900	18 381 384	18 381 384
<i>Luxembourg</i>	982 435	982 435	982 435	982 435	982 435
<i>Hungary</i>	37 295 555	37 295 555	37 295 555	37 295 555	37 295 555
<i>Malta</i>	137 821	137 821	137 821	137 821	137 821
<i>Netherlands</i>	21 521 470	21 521 470	21 521 470	21 521 470	21 521 470
<i>Austria</i>	20 327 455	20 327 455	20 327 455	20 327 455	20 327 455

Calendar year	2023	2024	2025	2026	2027 and the subsequent years
<i>Poland</i>	92 772 500	93 708 015	94 643 530	95 579 044	95 579 044
<i>Portugal</i>	18 403 246	18 666 767	18 930 288	19 193 810	19 193 810
<i>Romania</i>	58 407 631	59 234 372	60 061 114	60 887 856	60 887 856
<i>Slovenia</i>	3 945 902	3 945 902	3 945 902	3 945 902	3 945 902
<i>Slovakia</i>	12 026 832	12 172 635	12 318 439	12 464 242	12 464 242
<i>Finland</i>	15 580 507	15 635 064	15 689 620	15 744 176	15 744 176
<i>Sweden</i>	20 583 959	20 590 803	20 597 648	20 604 493	20 604 493

ANNEX XI

EU LEGISLATION CONCERNING THE ENVIRONMENT AND CLIMATE TO WHOSE OBJECTIVES MEMBER STATES' CAP STRATEGIC PLANS SHOULD CONTRIBUTE TO, AND BE CONSISTENT WITH, PURSUANT TO ARTICLES 96, 97 AND 103:

- Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds;
- Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora;
- Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy;
- Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources;
- Directive 2008/50/EC of the European Parliament and of the Council on ambient air quality and cleaner air for Europe;
- Directive (EU) 2016/2284 of the European Parliament and of the Council of 14 December 2016 on the reduction of national emissions of certain atmospheric pollutants, amending Directive 2003/35/EC and repealing Directive 2001/81/EC;
- [Regulation XXXX of the European Parliament and of the Council on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry into the 2030 climate and energy framework and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change];

- [Regulation XXX of the European Parliament and of the Council on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union and to meet commitments under the Paris Agreement and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change];
- Directive 2009/28/EC on the promotion of the use of energy from renewable sources;
- [Directive XXX of the European Parliament and of the Council amending Directive 2012/27/EU on energy efficiency];
- [Regulation XXXX of the European Parliament and of the Council on the Governance of the Energy Union, amending Directive 94/22/EC, Directive 98/70/EC, Directive 2009/31/EC, Regulation (EC) No 663/2009, Regulation (EC) No 715/2009, Directive 2009/73/EC, Council Directive 2009/119/EC, Directive 2010/31/EU, Directive 2012/27/EU, Directive 2013/30/EU and Council Directive (EU) 2015/652 and repealing Regulation (EU) No 525/2013];
- Directive 2009/128/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for Community action to achieve the sustainable use of pesticides.

ANNEX XII

REPORTING BASED ON CORE SET OF INDICATORS PURSUANT TO ARTICLE 128

Indicators for the European Agriculture Guarantee Fund (EAGF)
and the European Agriculture Fund for Rural Development (EAFRD)

Objectives	Core set of indicators
Support viable farm income and resilience of the agricultural sector across the Union to enhance long-term food security and agricultural diversity as well as ensuring the economic sustainability of agricultural production in the Union	O.3 Number of CAP support beneficiaries C.24 Agricultural factor income R.6 Redistribution to smaller farms: Percentage additional direct payments per hectare for eligible farms below average farm size (compared to average)
Enhance market orientation and increase farm competitiveness both in the short and long term, including greater focus on research, technology and digitalisation	R.9 Farm modernisation: Share of farms receiving investment support to restructure and modernise, including to improve resource efficiency
Improve the farmers' position in the value chain	R.10 Better supply chain organisation: Share of farms participating in Producer Groups, Producer Organisations, local markets, short supply chain circuits and quality schemes supported by the CAP
Contribute to climate change mitigation and adaptation, including by reducing greenhouse gas emissions and enhancing carbon sequestration, as well as promote sustainable energy	I.10 Contributing to climate change mitigation: Greenhouse gases (GHG) emissions from agriculture R.14 Carbon storage in soils and biomass: Share of Utilised Agricultural Area (UAA) under supported commitments to reduce emissions, maintain and/or enhance carbon storage (including permanent grassland, permanent crops with permanent green cover, agricultural land in wetland and peatland) R.17 Afforested land: Area supported for afforestation, agroforestry and restoration, including breakdowns

Objectives	Core set of indicators
<p>Foster sustainable development and efficient management of natural resources such as water, soil and air, including by reducing chemical dependency</p>	<p>O.31 Number of hectares under environmental practices (synthesis indicator on physical area covered by conditionality, eco-schemes, agri- and forest environmental and climate management commitments)</p> <p>I.15 Improving water quality: Gross nutrient balance on agricultural land</p> <p>I.16 Reducing nutrient leakage: Nitrates in ground water - Percentage of ground water stations with Nitrates concentration over 50 mg/l as per the Nitrate Directive</p> <p>I.17a Sustainable and reduced use of pesticides: Risks, use and impacts of pesticides</p> <p>R.18 Improving and protecting soils: Share of Utilised Agricultural Area (UAA) under supported commitments beneficial for soil management to improve soil quality and biota (such as reduce tillage, soil cover with crops, crop rotation included with leguminous crops)</p> <p>R.19 Improving air quality: Share of Utilised Agricultural Area (UAA) under supported commitments to reduce ammonia emission</p> <p>R.20 Protecting water quality: Share of Utilised Agricultural Area (UAA) under supported commitments for the quality of water bodies</p> <p>R.21 Sustainable nutrient management: Share of Utilised Agricultural Area (UAA) under supported commitments related to improved nutrient management</p> <p>R.22a Sustainable and reduced use of pesticides: Share of Utilised Agricultural Area (UAA) concerned by supported specific commitments which lead to a sustainable use of pesticides in order to reduce risks and impacts of pesticides such as pesticides leakage</p>

Objectives	Core set of indicators
<p>Contribute to halting and reversing biodiversity loss, enhance ecosystem services and preserve habitats and landscapes</p>	<p>C.32 Agricultural area under organic farming</p> <p>I.20 Enhancing provision of ecosystem services: Share of agricultural land covered with landscape features</p> <p>R.24a Development of organic agriculture: Share of Utilised Agricultural Area (UAA) supported by the CAP for organic farming, with a split between maintenance and conversion</p> <p>R.29 Preserving landscape features: Share of Utilised Agricultural Area (UAA) under supported commitments for managing landscape features, including hedgerows and trees</p>
<p>Attract and sustain young farmers and other new farmers and facilitate sustainable business development in rural areas</p>	<p>R.30 Generational renewal: Number of young farmers benefitting from setting up with support from the CAP, including a gender breakdown</p>
<p>Promote employment, growth, gender equality, including the participation of women in farming, social inclusion and local development in rural areas, including circular bio-economy and sustainable forestry</p>	<p>R.31 Growth and jobs in rural areas: New jobs supported in CAP projects</p> <p>R.31a LEADER coverage: Share of rural population covered by local development strategies</p> <p>R.34 Connecting rural Europe: Share of rural population benefitting from improved access to services and infrastructure through CAP support</p>

Objectives	Core set of indicators
<p>Improve the response of Union agriculture to societal demands on food and health, including high quality, safe, and nutritious food produced in a sustainable way, the reduction of food waste, as well as improving animal welfare and combatting antimicrobial resistances</p>	<p>I.26 Limiting antimicrobial use in farmed animals: sales/use of antimicrobials in food producing animals</p> <p>R.36 Limiting antimicrobial use: Share of livestock units (LU) concerned by supported actions to limit the use of antimicrobials (prevention/reduction)</p> <p>R.38 Improving animal welfare: Share of livestock units (LU) covered by supported actions to improve animal welfare</p>
<p>Modernising the sector by fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas and encouraging their uptake by farmers, through improved access to research, innovation, knowledge exchange and training</p>	<p>R.1 Enhancing performance through knowledge and innovation: Number of persons benefitting from advice, training, knowledge exchange, or participating in European Innovation Partnership (EIP) operational groups supported by the CAP in order to enhance sustainable economic, social, environmental, climate and resource efficiency performance</p>

ANNEX XIII

List of products referred to in Article 39(f) of this Regulation

CN code //	Description
ex 0101	Live horses, asses, mules and hinnies:
	– Horses
0101 21 00	– – Pure-bred breeding animals (a):
0101 29	– – Other:
0101 29 10	– – – For slaughter ⁴⁹
0101 29 90	– – – Other
0101 30 00	– Asses
0101 90 00	– Other
ex 0103	Live swine:
0103 10 00	– Pure-bred breeding animals (b)
ex 0106	Other live animals:
0106 14 10	– Domestic rabbits
ex 0106 19 00	– – Other: reindeers and deers
0106 33 00	– – Ostriches; emus (<i>Dromaius novaehollandiae</i>)
0106 39 10	– – – Pigeons
0106 39 80	– – – Other birds
ex 0205 00	Meat of horses, fresh, chilled or frozen

⁴⁹ Entry under this subheading is subject to conditions laid down in the relevant Union provisions (see Articles 291 to 300 of Regulation (EEC) No 2454/93).

ex 0208	Other meat and edible meat offal, fresh, chilled or frozen:
ex 0208 10 10	-- Meat of domestic rabbits
ex 0208 90 10	-- Meat of domestic pigeons
ex 0208 90 30	-- Meat of game other than rabbits or hares
ex 0208 90 60	-- Meat of reindeers
ex 0407	Birds' eggs, in shell, fresh, preserved or cooked:
0407 19 90	-- Fertilised, other than of poultry
0407 29 90	-- Other fresh eggs, other than of poultry
0407 90 90	-- Other eggs, other than of poultry
0701	Potatoes, fresh or chilled
ex 0713	Dried leguminous vegetables, shelled, whether or not skinned or split:
ex 0713 10	-- Peas (<i>Pisum sativum</i>):
0713 10 90	-- Other than for sowing
ex 0713 20 00	-- Chickpeas (<i>garbanzos</i>):
	-- Other than for sowing
	-- Beans (<i>Vigna</i> spp., <i>Phaseolus</i> spp.):
ex 0713 31 00	-- Beans of the species <i>Vigna mungo</i> (L) Hepper or <i>Vigna radiata</i> (L) Wilczek:
	-- Other than for sowing
ex 0713 32 00	-- Small red (<i>Adzuki</i>) beans (<i>Phaseolus</i> or <i>Vigna angularis</i>):
	-- Other than for sowing
ex 0713 33	-- Kidney beans, including white pea beans (<i>Phaseolus vulgaris</i>):
0713 33 90	-- Other than for sowing

ex 0713 34 00	-- Bambara beans (<i>Vigna subterranea</i> or <i>Voandzeia subterranea</i>)
	--- Other than for sowing
ex 0713 35 00	-- Cow peas (<i>Vigna unguiculata</i>):
	--- Other than for sowing
ex 0713 39 00	-- Other:
	--- Other than for sowing
ex 0713 40 00	-- Lentils:
	--- Other than for sowing
ex 0713 50 00	-- Broad beans (<i>Vicia faba</i> var. <i>major</i>) and horse beans (<i>Vicia faba</i> var. <i>equina</i> and <i>Vicia faba</i> var. <i>minor</i>):
	--- Other than for sowing
ex 0713 60 00	-- Pigeon peas (<i>Cajanus cajan</i>):
	--- Other than for sowing
ex 0713 90 00	-- Other:
	--- Other than for sowing
1201 90 00	Soya beans, whether or not broken, other than seed
1202 41 00	Groundnuts, not roasted or otherwise cooked, in shell, other than seed
1202 42 00	Ground-nuts, not roasted or otherwise cooked, shelled, whether or not broken, other than seed
1203 00 00	Copra
1204 00 90	Linseed, whether or not broken, other than for sowing
1205 10 90	Low euricic acid rape or colza seeds, whether or not broken, other than for sowing
1205 90 00	Other rape or colza seeds, whether or not broken, other than for sowing

1206 00 91	Sunflower seeds, shelled; in grey and white striped shell whether or not broken, other than for sowing
1206 00 99	Other sunflower seeds, whether or not broken, other than for sowing
1207 29 00	Cotton seeds, whether or not broken, other than for sowing
1207 40 90	Sesamum seeds, whether or not broken, other than for sowing
1207 50 90	Mustard seeds, whether or not broken, other than for sowing
1207 60 00	– Safflower (<i>Carthamus tinctorius</i>) seeds
1207 91 90	Poppy seeds, whether or not broken, other than for sowing
1207 99 91	Hemp seeds, whether or not broken, other than for sowing
ex 1207 99 96	Other oilseeds and oleaginous fruits, whether or not broken, other than for sowing
ex 1211	Plants and parts of plants (including seeds and fruits) of a kind used primarily in perfumery, in pharmacy or for insecticidal, fungicidal or similar purposes, fresh or dried, whether or not cut, crushed or powdered excluding the products listed under CN code ex 1211 90 86 in Part IX;
ex 1209 29 50	– – – Lupine seed, other than for sowing
1212 94 00	Chicory roots
ex 1214	Swedes, mangolds, fodder roots, hay, lucerne (alfalfa), clover, sainfoin, forage kale, lupines, vetches and similar forage products, whether or not in the form of pellets:
ex 1214 10 00	– Lucerne (alfalfa) meal and pellets:
	– – – excluding of lucerne artificially heat-dried or of lucerne otherwise dried and ground

ex 1214 90	– Other:
1214 90 10	– – Mangolds, swedes and other fodder roots
ex 1214 90 90	– – Other, excluding:
	– – – Sainfoin, clover, lupines, vetches and similar fodder products artificially heat-dried, except hay and fodder kale and products containing hay
	– – – Sainfoin, clover, lupines, vetches, honey lotus, chickling pea and birdsfoot, otherwise dried and ground
ex 2206	Other fermented beverages (for example, cider, perry, mead); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included:
ex 2206 00 31 to ex 2206 00 89	– Fermented beverages other than piquette
5201	Cotton, not carded or combed

ANNEX XIV

RULES ON SOCIAL CONDITIONALITY PURSUANT TO ARTICLE X

Areas	Applicable Legislation	Relevant provisions	Requirements
Employment	Transparent and Predictable working conditions. Directive 2019/1152	Article 3	Employment conditions to be provided in writing (“employment contract”)
		Article 4	Ensure that agricultural employment is subject to an employment contract
		Article 5	Employment contract to be provided within first 7 days of working.
		Article 6	Changes to the employment relationship to be provided in documentary form.
		Article 8	Probationary period
		Article 10	Conditions regarding minimum predictability of work.
		Article 13	Mandatory training
Health and Safety	Measures to encourage improvements in safety & health of workers Directive 89/391/EEC	Article 5	General provision laying down duty of employer to ensure safety and health of workers
		Article 6	General obligation on employers to take measures necessary for safety and health protection, including prevention of risks and provision of information and training.
		Article 7	Protective and preventive services: worker(s) to be designated for health and safety activities or competent external service to be engaged.
		Article 8	Employer to take measures for first aid, fire-fighting and evacuation of workers.
		Article 9	Obligations on employers regarding assessment of risks, protective measures and equipment, recording and reporting of occupational accidents.
		Article 10	Provision of information to workers on safety and health risks and protective and preventive measures.

		Article 11	Consultation and participation of workers in discussions on all questions relating to safety and health at work.
		Article 12	Employer to ensure that workers receive adequate safety and health training.
	Minimum safety and health requirements for use of work equipment by workers Directive 2009/104/EC	Article 3	General obligations to ensure that work equipment is suitable for work to be carried out by workers without impairment of safety or health.
		Article 4	Rules concerning work equipment – must comply with EU Directive and established minimum requirements and be adequately maintained.
		Article 5	Inspection of work equipment – equipment to be inspected after instalment and periodic inspections by competent persons.
		Article 6	Work equipment involving specific risks to be restricted to persons tasked with using it and all repairs, modifications, maintenance to be performed by designated workers.
		Article 7	Ergonomics and occupational health
		Article 8	Workers to receive adequate information and where appropriate, written instructions on use of work equipment.
		Article 9	Workers to receive adequate training.

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**on the financing, management and monitoring of the common agricultural policy and
repealing Regulation (EU) No 1306/2013**

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 Articles 43(2) and 322 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 Court of Auditors,

Having regard to the opinion of the European Economic and Social Committee⁵⁰,

Having regard to the opinion of the Committee of the Regions⁵¹,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled 'The Future of Food and Farming' of 29 November 2017 concludes that the Common Agricultural Policy (hereinafter 'CAP') should continue to step up its response to future challenges and opportunities, by boosting employment, growth and investment, fighting and adapting to climate change and bringing research and innovation out of the laboratories and onto fields and markets. The CAP should furthermore address citizens' concerns regarding sustainable agriculture production.

⁵⁰ OJ C , , p. .

⁵¹ OJ C , , p. .

- (1c) In accordance with Article 208 of the Treaty on the Functioning of the European Union (TFEU), the implementation of the CAP should take account of the objectives of the 2030 Agenda for Sustainable Development, including the Union's obligations on climate change mitigation and development cooperation.
- (3) The CAP's compliance-driven delivery model should be adjusted to ensure a greater focus on results and performance. Accordingly the Union should set the basic policy objectives, types of intervention and basic Union requirements while greater responsibility and accountability for meeting those objectives should be borne by the Member States. As a consequence, there is a need to ensure greater subsidiarity and flexibility in order to take better account of the local conditions and needs. Accordingly, under the new delivery model, Member States should be responsible for tailoring their CAP interventions in line with their specific needs and basic Union requirements in order to maximize their contribution to Union CAP objectives. Member States should also establish and design the compliance and control framework for beneficiaries, including with good agricultural and environmental conditions (GAEC) and statutory management requirements (SMRs), to continue to ensure a common approach and a level playing field between Member States.

- (4) The CAP encompasses various interventions and measures, many of which are covered by the CAP Strategic Plans referred to in Title III of Regulation (EU) .../... of the European Parliament and of the Council⁵² [the CAP Strategic Plan Regulation]. Others still follow the traditional compliance logic. It is important to provide financing for all interventions and measures in order to contribute to the achievement of the objectives of the CAP. Those interventions and measures have certain elements in common, therefore their financing should be dealt with in the same set of provisions. However, where necessary those provisions should allow for different treatment. Regulation (EU) No 1306/2013 of the European Parliament and of the Council⁵³ governed two European agricultural Funds, namely the European Agricultural Guarantee Fund ('EAGF') and the European Agricultural Fund for Rural Development ('EAFRD') (hereinafter the "Funds"). Those Funds should be maintained in this Regulation. In view of the scope of the reform, it is appropriate to replace Regulation (EU) No 1306/2013.
- (5) The provisions of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council [New Financial Regulation]⁵⁴, in particular those governing shared management with Member States, the function of accredited bodies and the budgetary principles, should apply to the interventions and measures set out in this Regulation.

⁵² Regulation (EU) .../... of the European Parliament and of the Council of [...] [...] (OJ L [...], [...], p. [...]).

⁵³ 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).

⁵⁴ Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012. (OJ L 193, 30.7.2018, p. 1).

- (6) In order to harmonise practices amongst Member States in the application of the force majeure clause, this Regulation should make provision, where appropriate, for exemptions from the CAP rules in cases of force majeure and exceptional circumstances, as well as provide for a non-exhaustive list of possible cases of force majeure and exceptional circumstances to be recognised by the national competent authorities. National competent authorities should take decisions on force majeure or exceptional circumstances on a case by case basis, on the basis of relevant evidence.
- (6a) Furthermore, this Regulation should provide, where appropriate, for exemptions from the CAP rules in cases of force majeure and exceptional circumstances in cases of meteorological event only when such event can cause such severe damages to the beneficiary's holding that it can be comparable to a natural disaster.
- (7) The general budget of the Union (the Union's budget) should finance the CAP expenditure, including expenditure on the CAP Strategic Plan interventions under Title III of Regulation (EU) .../...[CAP Strategic Plan Regulation], either directly through the Funds or in the context of shared management with the Member States. The types of expenditure that can be financed using the Funds should be specified.
- (8) In order to achieve the objectives of the CAP laid down in Article 39 of the Treaty on the Functioning of the European Union (the 'Treaty'), and to comply with the principle of shared management, as provided for in Article 59 of Regulation (EU, Euratom) No 966/2012, Member States should ensure that the necessary governance systems are in place. Provision should therefore be made for designating the competent authority, paying agency, coordinating body and certification body.

- (9) It is necessary to provide for the accreditation of paying agencies and coordinating bodies by Member States and for the establishment of the procedures for obtaining management declarations, the annual clearance report, an annual summary of the final audit reports, and performance reports, and for obtaining the certification of management and monitoring systems, of reporting systems and the certification of annual accounts by independent bodies. Moreover, in order to ensure the transparency of the system of checks to be carried out at national level, in particular as regards procedures for authorisation, validation and payment and to reduce the administrative and audit burden for the Commission and for the Member States where accreditation of each individual paying agency is required, the number of authorities and bodies to which those responsibilities are delegated should be restricted while respecting the constitutional provisions of each Member State. Similarly, when the constitutional framework provides for regions, the Member States should also have the possibility to have regional paying agencies, under certain conditions.
- (10) Where a Member State accredits more than one paying agency, it should designate a single public coordinating body in order to ensure consistency in the management of Funds, to provide for a liaison between the Commission and the various accredited paying agencies, and to ensure that the information requested by the Commission concerning the operations of several paying agencies is provided promptly. The coordinating body should also take and coordinate actions with a view to resolving any deficiencies of a common nature encountered at national level and should keep the Commission informed of any follow-up, and should ensure harmonised application of the Union rules, taking account of any limitation or restrictions due to constitutional provisions in place.

- (11) Involving paying agencies that have been accredited by the Member States is a crucial prerequisite under the new delivery model for having reasonable assurance that the objectives and targets set out in the relevant CAP Strategic Plans will be reached by the interventions financed by the Union's budget. It should, therefore, be explicitly provided in this Regulation that only expenditure effected by accredited paying agencies can be reimbursed from the Union's budget. In addition, the expenditure financed by the Union for the interventions referred to in the CAP Strategic Plan Regulation should have a corresponding output regarding and should comply with the basic Union requirements and the governance systems.
- (11a) In order to have an overview of public and private Certification Bodies and to have up-to-date information on the active Certification Bodies, the Commission should receive information from the Member States and keep an up-to-date registry of those bodies. The Commission should communicate annually the list of the appointed certification bodies to the Parliament.
- (12) In the context of respecting budget discipline, it is necessary to define the annual ceiling for the expenditure financed by the EAGF by taking into account the maximum amounts laid down for that Fund under the multiannual financial framework provided for in Council Regulation (EU, Euratom)[COM(2018)322 final – MFF Regulation]⁵⁵.
- (13) Budget discipline also requires the annual ceiling for expenditure financed by the EAGF to be respected in all circumstances and at every stage of the budget procedure and of the execution of the budget. Consequently, it is necessary for the national ceiling for the direct payments for each Member State set out in Regulation (EU) .../... [CAP Strategic Plan Regulation] to be regarded as a financial ceiling for such direct payments for the Member State concerned and for the reimbursement of those payments to remain within this financial ceiling.

⁵⁵ Regulation (EU, Euratom) No [New MFF Regulation]

- (14) With a view to ensuring that the amounts for the financing of the CAP comply with the annual ceilings, the financial discipline mechanism by which the level of direct support is adjusted, should be maintained. An agricultural reserve should be maintained to support the agricultural sector in the event of market developments or major crises affecting the agricultural production or distribution. Article 12(2)(d) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union foresees that non-committed appropriations may be carried over to the following financial year only. In order to significantly simplify the implementation for beneficiaries and national administrations, a roll-over mechanism should be used, using any unused amounts of the reserve for crises in the agricultural sector established in 2022. For this purpose, a derogation from Article 12(2)(d) is necessary, allowing for non-committed appropriations of the agricultural reserve to be carried over to finance the agricultural reserve in the following financial years until 2027. Furthermore, as regards the financial year 2022, a derogation is necessary as the total unused amount of the crisis reserve available at the end of year 2022 should be carried over to the year 2023 to the corresponding line of the new agricultural reserve without being fully returned to the budgetary lines which cover direct payment interventions under the CAP Strategic Plan. However, in order to maximise the amounts to be reimbursed to farmers in 2023, all other availabilities under the EAGF sub-ceiling for 2023 set in Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027 should be used first to set up the new agricultural reserve in 2023.
- (15) In order to avoid an excessive administrative burden for national administrations and farmers, to simplify procedures as much as possible and limit the complexity of aid application forms, provision should be made that reimbursement of the amounts carried over from the preceding financial year in relation to financial discipline applied should not take place either where financial discipline is applied for a second subsequent year (year N+1), or where the overall amount of non-committed appropriations represents less than 0,2% of the EAGF annual ceiling.

- (17) The measures taken to determine the financial contribution from the Funds in respect of the calculation of financial ceilings do not affect the powers of the budgetary authority designated by the Treaty. Those measures should therefore be based on the financial envelopes fixed in accordance with the Interinstitutional Agreement of [...] [COM(2018) 322 final- MFF Regulation].
- (18) Budget discipline also requires a continuous examination of the medium-term budget position. The Commission should propose, if necessary, appropriate measures to the legislator in order to ensure that Member States respect of the ceilings provided for in Regulation (EU, Euratom) .../... of the European Parliament and of the Council [COM(2018) 322 final MFF Regulation]. Furthermore, the Commission should make full use of its management powers at all times to ensure compliance with the annual ceiling and, if necessary, should propose appropriate measures to the European Parliament and to the Council or to the Council to redress the budget position. If, at the end of a budget year, the annual ceiling cannot be complied with as a result of the reimbursements requested by the Member States, the Commission should be empowered to take measures allowing the provisional distribution of the available budget among the Member States in proportion to their as yet unpaid requests for reimbursement, as well as measures ensuring compliance with the ceiling fixed for the year concerned. Payments for that year should be charged to the following budget year and the total amount of Union financing per Member State should be definitively established, as should compensation between Member States in order to ensure that the established amount is complied with.
- (19) When implementing the budget, the Commission should operate a monthly early-warning and monitoring system for agricultural expenditure so that, if there is a risk of the annual ceiling being exceeded, the Commission may at the earliest opportunity take the appropriate measures under the management powers at its disposal and propose other measures if those measures appear to be insufficient. A periodic report by the Commission to the European Parliament and to the Council should compare the evolution of the expenditure effected to date in relation to the profiles and should give an assessment of the foreseeable implementation for the remainder of the budget year.

- (20) In respect of the EAGF, the financial resources required to cover the expenditure effected by the accredited paying agencies, should be provided to the Member States by the Commission in the form of reimbursements against the booking of the expenditure effected by those agencies. It is also necessary to provide that until such reimbursements have been made, in the form of monthly payments, financial resources are to be mobilised by the Member States depending on the needs of their accredited paying agencies. It should explicitly be laid down in this Regulation that the administrative and personnel costs of the Member States and the beneficiaries involved in the implementation of the CAP are to be borne by themselves.
- (21) In order to provide the Commission with, in particular, the means to manage agricultural markets, to facilitate the monitoring of agricultural expenditure and to monitor agricultural resources in the medium and long term, including environment and climate resilience and progress toward relevant Union targets, the use of the agro-meteorological system and the acquisition and improvement of satellite data should be provided for.
- (21a) The Commission should be provided with the means to monitor markets taking account Union objectives and commitments including Policy Coherence for Development, contributing to transparency of markets.
- (22) As regards the financial management of the EAFRD, provision should be made with regard to budget commitments, payment deadlines, decommitment and interruptions. Rural development interventions are financed from the Union's budget on the basis of commitments made in annual instalments. Member States should be able to draw on the Union Funds provided for as soon as the CAP Strategic Plans are approved. A suitably restricted prefinancing system is therefore needed, to ensure a steady flow of funds so that payments to beneficiaries under the interventions are made at the appropriate time.

- (23) Apart from prefinancing, it is also necessary to make a distinction between interim payments and the payment of balances by the Commission to the accredited paying agencies. It is also necessary to lay down detailed rules governing those payments. The automatic decommitment rule should help speed up execution of interventions and contribute to sound financial management. The rules governing the national frameworks of Member States with regional interventions as set out in Regulation (EU) .../... of the European Parliament and of the Council⁵⁶[CAP Strategic Plan Regulation] also provide a tool for Member States to ensure execution and sound financial management.
- (24) Member States should ensure that Union aid be paid to beneficiaries in good time so that they may use it efficiently. A failure by the Member States to comply with the payment deadlines laid down in Union law might create serious difficulties for the beneficiaries and could jeopardise the Union's yearly budgeting. Therefore, expenditure made without respecting deadlines for payments should be excluded from Union financing. In accordance with the principle of proportionality, the Commission should be empowered to provide for exceptions from this general rule with regard to both Funds.
- (24a) The principle of proportionality, as set out in Article 5 of the Treaty on European Union, should be complied with by the Commission when exercising its responsibilities relating to the implementation of the Union budget. Furthermore, it is necessary for the arrangements for the implementation and use of the Funds to respect that principle of proportionality and to take into account the overall aim of reducing the administrative burden on bodies involved in the management and control of the programmes.

⁵⁶ Regulation (EU) .../... of the European Parliament and of the Council of [...] [...] (OJ L [...], [...], p. [...]).

- (25) In accordance with the architecture and the key characteristics of the new CAP delivery model the eligibility of payments made by Member States for Union financing should no longer depend on the legality and regularity of payments to individual beneficiaries. Instead, as regards types of interventions referred to in Regulation (EU).../...[CAP Strategic Plan Regulation], and without prejudice to the specific , eligibility rules for the crop-specific payment for cotton set out in that Regulation, Member States' payments should be eligible if they are matched by corresponding output and in compliance with the applicable basic Union requirements.
- (26) Regulation (EU) No 1306/2013 provided for reductions and suspensions of monthly or interim payments for the purpose of supporting the control of legality and regularity. With the new delivery model those tools should be used to support performance based delivery. The difference between reductions and suspensions should also be clarified.
- (27) The procedure for reducing EAGF payments for non-compliance with financial ceilings set by Union law should be streamlined and aligned with the one used for EAFRD payments in this context.
- (28) Member States should send the annual accounts, an annual performance report on the implementation of the CAP Strategic Plan, the annual summary of the final audit reports and the management declaration to the Commission by 15 February every year. Where these documents are not sent, thus preventing the Commission from clearing the accounts for the concerned paying agency or checking the eligibility of the expenditure against reported outputs, the Commission should be empowered to suspend the monthly payments and to interrupt the quarterly reimbursement until the outstanding documents are received.

- (29) A new form of payment suspension should be introduced for situations of abnormally low outputs. Where the outputs reported are at an abnormally low level in comparison with the declared expenditure, and where Member States cannot provide good and comprehensible reasons for this situation, the Commission should be empowered to, in addition to reducing the expenditure for the financial year N-1 suspend future expenditure related to the intervention for which the output was abnormally low. Such suspensions should be subject to confirmation in the annual performance clearance decision.
- (30) As regards the multi-annual performance monitoring the Commission should also have the power to suspend payments. Accordingly in cases of delayed or insufficient progress towards targets, set out in the national CAP Strategic Plan and where the Member State cannot provide duly justified reasons, the Commission should be empowered to request the Member State concerned to take the necessary remedial actions in accordance with an action plan to be established in consultation with the Commission and containing clear progress indicators together with the timeframe during which the progress achieved, by means of an implementing act. Where the Member State fails to submit or to implement the action plan, where the action plan is manifestly insufficient to remedy the situation or if it has not been modified in accordance with the written request of the Commission, the Commission should have the power to suspend the monthly or interim payments, by means of an implementing act. The Commission should reimburse the suspended amounts when, on the basis of the performance review or on the basis of the voluntary notification made during the budget year by the Member States on the advancement of the action plan and of the corrective action taken to remedy to the shortfall, satisfactory progress towards targets is achieved.
- (31) As had been the case under Regulation (EU) No 1306/2013, the Commission should be empowered to suspend payments when serious deficiencies exist in the governance systems, including non-compliance with Union basic requirements and unreliability of reporting. It is, however, necessary to review the conditions for suspending payments in order to make the mechanism more efficient. The financial consequences of such suspensions should be decided in an ad-hoc conformity procedure.

- (32) Competent national authorities should make the CAP payments provided for by Union law to the beneficiaries in full.
- (33) In order to allow reuse of certain types of CAP-related revenue for the CAP purposes, they should be qualified as assigned revenue. The list of sums contained in Article 43 of Regulation (EU) No 1306/2013 should be amended and those provisions should be harmonised and merged with the existing provisions on assigned revenue.
- (34) Regulation (EU) No 1306/2013 contains a list of information measures related to the CAP and their objectives and fixes the rules on their financing and on the implementation of the corresponding projects. The specific provisions relating to the objectives and types of information measures to be financed should be carried over into this Regulation.
- (35) The financing of measures and interventions under the CAP is largely subject to the principle of shared management. To ensure that Union Funds are soundly managed, the Commission should perform checks on how the Member State authorities responsible for making payments manage the Funds. It is appropriate to define the nature of the checks to be performed by the Commission, to specify the terms of its responsibilities for implementing the Union's budget and to clarify the Member States' cooperation obligations.
- (36) In order to enable the Commission to fulfil its obligation to check the existence and proper functioning of management and inspection systems for Union expenditure in the Member States, provision should be made, irrespective of the inspections carried out by Member States themselves, for checks to be carried out by persons authorised by the Commission to act on its behalf who should be able to request assistance from the Member States in their work.
- (37) Information technology needs to be used as extensively as possible in order to produce the information to be sent to the Commission. When carrying out checks, the Commission should have full and immediate access to expenditure information recorded in both paper and electronic form.

- (38) In order to apply the requirements of the [new] Financial Regulation in relation to the cross-reliance on audits and to reduce the risk of overlap between audits by various institutions, and to minimise the cost of controls and the administrative burden on the beneficiaries and the Member States, it is necessary to set out rules concerning the single audit approach and provide for the possibility for the Commission to take assurance from the work of reliable certification bodies, taking due account of the principles of single audit and proportionality in relation to the level of risk to the budget of the Union.
- (38a) For the implementation of the single audit approach, where generally the Commission should take assurance from the work of the certification bodies, and taking account of its own risk assessment of the need for checks by the Commission in the Member State concerned, the Commission may carry out checks where it has informed the Member State concerned that it cannot rely on the work of the certification body. This does not exclude that the Commission, in order to perform its responsibilities under Article 317 of the Treaty, may carry out checks where serious deficiencies in the functioning of the governance systems may exist, which are not followed up by the Member State.
- (39) In order to establish the financial relationship between the accredited paying agencies and the Union's budget, the Commission should clear the accounts of the paying agencies annually, in the framework of the annual financial clearance. The decision relating to the clearance of accounts should be limited to the completeness, accuracy and veracity of the accounts and should not cover the conformity of the expenditure with Union law.
- (40) In line with the new delivery model, an annual performance clearance should be established in order to check the eligibility of the expenditure in relation to the reported outputs. In order to tackle situations where the expenditure declared does not have corresponding reported outputs and the Member States cannot provide justifications for this deviation, a mechanism of reduction of payments should be put in place.

- (41) The Commission is responsible for the implementation of the Union's budget in cooperation with Member States in accordance with Article 317 of the Treaty. The Commission should thus be empowered to decide, by means of implementing acts, whether the expenditure effected by the Member States is in conformity with Union law. Member States should be afforded the right to justify their decisions to make payments and should have recourse to conciliation where there is no common agreement between them and the Commission. In order to give Member States legal and financial assurances as to expenditure effected in the past, a limitation period should be set for the Commission to decide which financial consequences should follow from the non-conformity.
- (41a) Member States are obliged, under Article 9 of Regulation (EU) SPR, to implement the CAP Strategic Plans, as approved by the Commission in accordance with Articles 106 and 107 of that Regulation. Since this obligation constitutes a basic Union requirement, the Commission may, where serious deficiencies in a Member State's implementation of its CAP Strategic plan are detected, decide to exclude the expenditure at risk, affected by such deficiencies, from EU financing

(42) In order to safeguard the financial interests of the Union's budget, systems should be put in place by Member States in order to satisfy themselves that interventions financed by the Funds are actually carried out and are executed correctly, while maintaining the current robust framework for sound financial management. The systems should include performing checks on beneficiaries by assessing their compliance with the eligibility criteria and other conditions, and obligations set out in the National Strategic Plans and applicable Union rules. In accordance with the Financial Regulation, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council, Council Regulation (Euratom, EC) No 2988/95, Council Regulation (Euratom, EC) No 2185/96 and Council Regulation (EU) 2017/1939, the financial interests of the Union are to be protected through proportionate measures, including the prevention, detection, correction and investigation of irregularities including fraud, the recovery of Funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions. Moreover, in accordance with Regulation (EU, Euratom) No 883/2013 and Regulation (Euratom, EC) No 2185/96 the European Anti-Fraud Office (OLAF) may carry out administrative investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor's Office (EPPO) may investigate and prosecute fraud and other criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council. In accordance with the Financial Regulation, any person or entity receiving Union Funds is to fully cooperate in the protection of the Union's financial interests, to grant the necessary rights and access to the Commission, OLAF, the EPPO and the European Court of Auditors (ECA) and to ensure that any third parties involved in the implementation of Union Funds grant equivalent rights. Member States should have the systems in place allowing them to report to the Commission, for the purpose of enabling OLAF to exercise its powers and ensure an efficient analysis of cases of irregularity, on detected irregularities and other cases of non-compliance with the conditions established by Member States in the CAP Strategic Plan, including fraud and on their follow-up as well as on the follow-up of OLAF investigations. To ensure the effective examination of complaints concerning the Funds, Member States should have in place the necessary arrangements. In accordance with the principle of subsidiarity, Member States should, upon request of the Commission, examine complaints submitted to the Commission falling within the scope of

their CAP Strategic Plan and should inform the Commission of the results of these examinations. The Commission should ensure that complaints directly lodged with it are adequately followed up, in accordance with the discretionary power the Commission enjoys in deciding which cases to pursue.⁵⁷

- (42a) In order to assist the Member States in ensuring effective protection of the financial interests of the Union, the Commission should make available to them a data-mining tool to assess risks. In order to assess the use of the single data mining tool and its interoperability with a view to its generalised use by Member States, the Commission should present a report by 2025, accompanied, if necessary, by appropriate proposals.
- (43) Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 of the Treaty on the Functioning of the European Union apply to this Regulation. These rules are laid down in the Financial Regulation and determine in particular the procedure for establishing and implementing the budget through grants, procurement, prizes, indirect implementation, and provide for checks on the responsibility of financial actors. Rules adopted on the basis of Article 322 TFEU also concern the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States, as the respect for the rule of law is an essential precondition for sound financial management and effective Union funding.

⁵⁷ See in particular: judgment of 6 December 1989 in Case C-329/88, *Commission v Greece* ECR 4159; judgment of 1 June 1994 in Case C-317/92, *Commission v Germany* ECR I 2039; judgment of 6 October 2009 in Case C-562/07, *Commission v Spain* ECR I-9553; judgment of 14 September 1995 in Case T-571/93, *Lefebvre and others v Commission* ECR II 2379; judgment of 19 May 2009 in Case C-531/06, *Commission v Italy* ECR I 4103

- (44) It is appropriate to ensure that the refusal or recovery of payments as a result of non-compliance with public procurement rules reflects the gravity of such non-compliance and respects the principle of proportionality, as expressed, for example, in the relevant guidelines established by the Commission for financial corrections to be made to expenditure financed by the Union under shared management for non-compliance with such rules. It is further appropriate to clarify that such non-compliance affects the legality and regularity of the transactions only up to the level of the part of the aid not to be paid or to be withdrawn.
- (45) Various provisions of the sectoral agricultural legislation require that security be lodged to ensure the payment of a sum due if an obligation is not met. In order to strengthen the framework for securities, a single horizontal rule should apply to all those provisions.
- (46) Member States should set up and operate an integrated administration and control system (the "integrated system") for certain interventions provided for in Regulation (EU) .../... [CAP Strategic Plan Regulation] and for the measures referred to in Chapter IV of Regulations (EU) No 228/2013 of the European Parliament and of the Council⁵⁸ and in Chapter IV of Regulation (EU) No 229/2013 of the European Parliament and of the Council⁵⁹ respectively. In order to improve the effectiveness and monitoring of Union support, Member States should be authorised to make use of the integrated system for other Union interventions.
- (46a) To ensure a level playing field between beneficiaries in different Member States, certain general rules should be introduced on controls and penalties at Union level.

⁵⁸ Regulation (EU) No 228/2013 of the European Parliament and of the Council of 13 March 2013 laying down specific measures for agriculture in the outermost regions of the Union and repealing Council Regulation (EC) No 247/2006 (OJ L 78, 20.3.2013, p. 23).

⁵⁹ Regulation (EU) No 229/2013 of the European Parliament and of the Council of 13 March 2013 laying down specific measures for agriculture in favour of the smaller Aegean islands and repealing Council Regulation (EC) No 1405/2006 (OJ L 78, 20.3.2013, p. 41).

- (47) The existing main elements of the integrated system and, in particular, the provisions concerning a system for identifying agricultural parcels, a geo-spatial and an animal-based application system, a system for identifying and registering payment entitlements, a system for recording the identity of beneficiaries and a control and penalties system should be maintained. Member States should continue to use data or information products provided by the Copernicus programme, in addition to information technologies such as GALILEO and EGNOS in order to ensure that comprehensive and comparable data is available throughout the Union for the purposes of monitoring agri-environment-climate policy, including the CAP's impact, environmental performance, and progress towards Union targets, and for the purposes of boosting the use of full, free and open data and information captured by Copernicus Sentinels satellites and services. To this end, the integrated system should include also an area monitoring system.
- (48) The integrated system, as part of the governance systems which should be in place in order to implement the CAP, should ensure that the aggregate data provided in the annual performance reporting is reliable and verifiable. Given the importance of a properly functioning integrated system, it is necessary to set quality requirements. Member States should carry out an annual quality assessment of the identification system for agricultural parcels, of the geo-spatial application system and of the area monitoring system. Member States should also address any deficiencies and, if so requested by the Commission, set up an action plan.

- (49) The Communications from the Commission on 'The future of food and farming', the 'European Green Deal', the 'Farm to Fork Strategy – for a fair, healthy and environmentally-friendly food system' and the 'EU Biodiversity Strategy for 2030' set out the bolstering of environmental care and climate action and the contributing to the achievement of Union environmental and climate objectives and targets as a strategic orientation of the future CAP. Hence, sharing Land Parcel Identification System and other Integrated Administration and Control System data has become necessary for environmental and climate purposes at national and Union level. Provision should therefore be made for sharing the data collected through the integrated system, which is relevant for environmental and climate purposes, between Member States' public authorities and with the Union institutions and bodies. In order to increase efficiency in using data available to different public authorities for the production of European statistic, it should also be provided that data from the integrated system has to be made available for statistical purposes to bodies which are part of the European Statistical System.
- (50) The scrutiny of commercial documents of undertakings that receive or make payments can be a very effective means of surveillance of transactions forming part of the system of financing by the EAGF. That scrutiny supplements other checks already carried out by the Member States. Furthermore, national provisions relating to scrutiny may be more extensive than those provided for by Union law.
- (51) The documents that should be used as a basis for such scrutiny should be selected in such a way as to enable a full scrutiny to be carried out. The undertakings to be scrutinised should be chosen on the basis of the nature of the transactions carried out under their responsibility and the breakdown per sector of the undertakings receiving or making payments should be selected according to their financial importance in the system of financing by the EAGF.

- (52) It is necessary to set out the empowerment of the officials responsible for carrying out the scrutiny and to define the obligations on undertakings to make commercial documents available to such officials for a specified period, as well as to supply any information that may be requested of them by the officials. It should also be possible for commercial documents to be seized in certain cases.
- (53) Having regard to the international structure of agricultural trade and in the interest of the proper functioning of the internal market, it is necessary to organise cooperation among the Member States. It is also necessary to set up a centralised documentation system at Union level concerning undertakings established in third countries and which receive or make payments.
- (54) While the Member States are responsible for adopting their own scrutiny programmes, it is necessary for those programmes to be communicated to the Commission so that it can assume its supervisory and coordinating role, ensuring that the programmes are adopted on the basis of appropriate criteria and guaranteeing that the scrutiny is concentrated on sectors or undertakings where the risk of fraud is high. It is essential that each Member State designates a department that is responsible for monitoring the scrutiny of commercial documents and for coordinating that scrutiny. Those designated departments should be independent of the departments that carry out the scrutiny prior to payment. Information collected during that scrutiny should be protected by confidentiality to protect business secrets.
- (55) Conditionality is an important element of the CAP, which ensures that payments promote a high degree of sustainability and ensure a level playing field for farmers within and between Member States, in particular with regard to its social, environmental and climate elements but also concerning public health and animal welfare. This implies that controls should be carried out and, where necessary, penalties should be applied to ensure the effectiveness of the conditionality system. To ensure such a level playing field between beneficiaries in different Member States, certain general rules on conditionality, and controls and penalties related to non-compliance should be introduced at Union level.

- (56) To ensure that conditionality is enforced by Member States in a harmonised way, it is necessary to provide for a minimum control rate at Union level, while the organisation of competent control bodies and controls should be at the discretion of Member States.
- (57) While Member States should be allowed to set out the details on penalties, those penalties should be proportionate, effective and dissuasive and should be without prejudice to other penalties laid down under Union or national law. To ensure the proportionality, effectiveness and dissuasive effect of the penalties, it is appropriate to lay down the rules for the application and calculation of such penalties. Taking into account the Judgement of the Court of 27 January 2021, *De Ruiter*, C-361/19⁶⁰, to ensure the link between the farmer's behaviour and the penalty, it should be laid down that, as a general rule, the calculation of the penalty should be done on the basis of the payments granted or to be granted in the calendar year in which the non-compliance occurred. However, when the nature of the finding does not allow for the year in which the non-compliance occurred to be established, in order to ensure the effectiveness of the penalty system, it is necessary to establish that, for those cases the calculation of the penalty should be done on the basis of the payments granted or to be granted in the calendar year in which the non-compliance was found. To ensure an effective and coherent approach by Member States, it is necessary to provide for a minimum penalty rate at Union level for non-compliance occurring for the first time due to negligence, while reoccurrence should lead to a higher percentage and intentionality may result in the total exclusion from the payment. To ensure proportionality of the penalties, where the non-compliance is of a minor nature and occurs for the first time, Member States should be allowed to introduce an early warning system.

⁶⁰ ECLI:EU:C:2021:7.

- (57a) The social conditionality mechanism should be based on the enforcement procedures that are carried out by the competent enforcement authorities or bodies responsible for controls and working and employment conditions and applicable labour standards. Such enforcement procedures may take various forms depending on the national system. The outcome of the controls and the enforcement procedure should be communicated to the Paying Agencies along with a ranked assessment of the gravity of the breach of the legislation.
- (57b) When applying social conditionality in the CAP Strategic Plans and in the respective agreements between the Paying Agencies and competent enforcement authorities or bodies for working and employment conditions and applicable labour standards, great care should be taken to respect the autonomy of the enforcement authorities or bodies and the specific manner in which social and employment legislation and applicable labour standards are implemented and enforced in each Member State. The mechanism should remain independent from and should not affect the functioning of the particular social model of each Member State, nor should it in any way affect the independence of the judiciary. To that end, a clear separation of responsibilities should be ensured between the competent enforcement authorities or bodies for employment and social legislation and applicable labour standards on the one hand and the agricultural paying agencies on the other, the role of the latter being execution of payments and application of penalties. The autonomy of social partners should be fully respected as well as their right to negotiate and conclude collective agreements. Their autonomy should also be respected when social partners are responsible to carry out controls on working conditions.
- (58) To ensure a level playing field between Member States and the effectiveness and dissuasive effect of the penalty system for conditionality, the Commission should be empowered to adopt delegated acts on the application and calculation of such penalties.
- (59) To ensure harmonious cooperation between the Commission and the Member States regarding the financing of CAP expenditure and, more particularly, to allow the Commission to monitor the financial management by the Member States and to clear the accounts of the accredited paying agencies, it is necessary for the Member States to retain specific information and to communicate it to the Commission.

- (60) For the purposes of compiling the data to be sent to the Commission, and to enable the Commission to have full immediate access to expenditure data in both paper and electronic form, suitable rules on the presentation and transmission of data, including rules on time limits, need to be laid down.
- (61) As personal data or business secrets might be affected by the application of the national control systems and the conformity clearance, Member States and the Commission should guarantee the confidentiality of the information received in that context.
- (62) In the interests of sound financial management of the Union's budget and impartiality of treatment at both Member State and beneficiary level, rules on the use of the euro should be laid down.
- (63) The rate of exchange of the euro into national currencies may vary in the course of the period during which an operation is carried out. Therefore, the rate applicable to the amounts concerned should be determined taking into account the event through which the economic objective of the operation is achieved. The rate of exchange applied should be that applicable for the date on which that event occurs. It is necessary to specify this operative event or to waive its application, whilst complying with certain criteria and in particular those concerning the rapidity with which currency movements are passed on. Special rules should be laid down for dealing with exceptional monetary situations arising either within the Union or on the world market and requiring immediate action to ensure that the arrangements established under the CAP operate effectively.
- (64) Member States that have not adopted the euro should have the option of making payments for expenditure resulting from the CAP legislation in euro rather than in national currency. Specific rules are needed to ensure that this option does not lead to any unjustified advantage for parties making or receiving payment.

- (65) Union law concerning the protection of individuals with regard to the processing of personal data and on the free movement of such data, in particular Regulations (EC) No 45/2001⁶¹ and (EU) 2016/679 of the European Parliament and of the Council⁶², should be applicable to the collection of personal data by the Member States and the Commission for the purposes of carrying out their respective management, control, audit and monitoring and evaluation obligations under this Regulation.
- (66) The publication of the name of the beneficiaries of the Funds provides a means of reinforcing the public control of the use of the Funds and is necessary to ensure an adequate level of protection of the Union's financial interest. That is achieved partly by the preventive and deterrent effect of such publication, partly by discouraging individual beneficiaries from irregular behaviour and also partly by reinforcing the personal accountability of the farmers for use of public funds received. The publication of the relevant information is consistent with recent case-law of the Court of Justice of the European Union and also with the approach as set out in Regulation (EU, Euratom) No 966/2012.
- (66a) Considering the need for greater transparency regarding distribution of EAGF and EAFRD CAP funds, including on ownership structures linked to CAP beneficiaries, the list of beneficiaries of CAP funds, published ex-post by Member State, should also allow for the identification of groups of undertakings. This would significantly contribute to the monitoring of ownership structures and facilitate the investigation of potential misuse of Union funds, conflicts of interest and corruption.
- (67) In this context the role played by civil society, including by the media and non-governmental organisations and their contribution to reinforcing the administrations' control framework against fraud and any misuse of public funds, should be properly recognised.

⁶¹ Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data (OJ L 8, 12.1.2001, p. 1).

⁶² Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).

- (68) Regulation (EU) .../...[CPR Regulation⁶³] lays down rules providing for transparency in implementing the European Structural and Investment Funds and in the communication of programmes under the Funds. To ensure coherence, it should be provided that those rules apply also to beneficiaries of EAFRD and EAGF interventions, where relevant.
- (69) If the objective of the public control of the use of the money from the Funds is to be achieved, a certain level of information about beneficiaries needs to be brought to the attention of the public. That information should include data on the identity of the beneficiary, the amount awarded and the fund from which it comes, and the purpose and nature of the type of intervention or measure concerned. The publication of that information should be made in such a way as to cause less interference with the beneficiaries' right to respect for their private life, and to their right to protection of their personal data, both rights which are recognised in Articles 7 and 8 of the Charter of Fundamental Rights of the European Union.
- (70) Publishing details about the measure or the intervention entitling the farmer to receive aid and about the nature and the purpose of the aid provides the public with concrete information on the subsidised activity and the purpose for which the aid was granted. Providing such oversight to the public would have a preventive and deterrent effect and would help to protect the financial interest of the Union.
- (71) Publishing such information together with the general information provided for in this Regulation, enhances transparency regarding the use of Union Funds in the CAP, thus contributing to the visibility and better understanding of that policy. It enables citizens to participate more closely in the decision-making process and guarantees that the administration enjoys greater legitimacy, and is more effective and is more accountable to the citizen. It also brings concrete examples of the provision of "public goods" by farming to the attention of citizens, thereby underpinning the legitimacy of state support for the agricultural sector.

⁶³ Regulation (EU) No.../...

- (72) It follows, therefore, that providing for the general publication of the relevant information does not go beyond what is necessary in a democratic society in view of the need to protect the Union's financial interests as well as the overriding objective of the public oversight of the use of the money from the Funds.
- (73) In order to comply with data protection requirements, beneficiaries of the Funds should be informed of the publication of their data before that publication takes place. They should also be informed that that data may be processed by auditing and investigating bodies of the Union and Member States for the purposes of safeguarding the Union's financial interests. Furthermore, the beneficiaries should be informed about their rights under Regulation (EU) 2016/679 and the procedures applicable for exercising these rights.
- (74) In order to supplement or amend certain non-essential elements of this Regulation, the power to adopt acts in accordance with Article 290 of the Treaty should be delegated to the Commission. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

(75) In order to supplement certain non-essential elements of this Regulation, the power to adopt acts in accordance with Article 290 of the Treaty should be delegated to the Commission. With a view to ensure the sound operation of the paying agencies and coordinating bodies, the funding by the EAGF of the public intervention expenditure and the proper management of the appropriations entered in the Union's budget for the EAGF, that empowerment should be in respect of the accreditation of the paying agencies and coordinating bodies, the obligations of the paying agencies as regards public intervention, the rules on the content of the management and control responsibilities of the paying agencies. Furthermore that empowerment should also cover the rules for the calculation of financial discipline to be applied by Member States to farmers, the types of measures to be financed by the Union's budget under public intervention and the reimbursement conditions, the eligibility conditions and calculation methods based on the information actually observed by the paying agencies or based on flat-rates determined by the Commission, or based on flat-rate or non-flat-rate amounts provided for by the sectoral agricultural legislation, the valuation of the operations in connection with public intervention and the measures to be taken in the case of loss or deterioration of products under the public intervention, and on the determination of the amounts to be financed. In order to enable the Commission to make expenditure effected before the earliest possible date of payment or after the latest possible date of payment eligible for Union financing, while limiting the financial impact of doing that empowerment should also cover derogations from the ineligibility of payments made by the paying agencies to the beneficiaries before the earliest or the latest possible date of payment. In addition, that empowerment should cover the rate of suspension of payments in relation to the annual clearances, the rate and duration of suspension of payments and the condition for reimbursing or reducing those amounts with regard to the multi-annual performance monitoring. That empowerment should also cover the interventions or measures for which the Member States may pay advances, with the aim to ensure continuity with the rules set in Regulation (EU) No 1306/2016 and the relevant implementing and delegated rules, while at the same time respecting the financial limits of point b) of Article 11 (2) of Regulation (EU, Euratom) 2018/1046. To take account of revenue collected by paying agencies for the Union's budget when making payments on the basis of the expenditure declarations submitted by Member States that empowerment should also cover the conditions under which certain types of expenditure and revenue under the Funds are to be compensated. Moreover, and with a view to enable the equitable distribution of the appropriations

available between the Member States that empowerment should cover the methods applicable to the commitments and the payment of the amounts if the Union's budget has not been adopted by the beginning of the financial year or if the total amount of the commitments scheduled exceeds the threshold laid down in Article 170(3) of the Financial Regulation.

- (75a) Furthermore, that empowerment should in order to ensure the correct and efficient application of the provisions relating to on-the-spot checks and access to documents and information n, cover the specific obligations to be complied with by Member States with regard to checks and access to documents and information, the criteria for justifications from the Member States and the methodology and criteria for applying reductions in relation to the annual performance clearance, and the criteria and methodology for applying financial corrections in the context of the conformity clearance procedure.
- (75b) Moreover, in order to ensure that the checks are carried out correctly and efficiently and that the eligibility conditions are verified in an efficient, coherent and non-discriminatory manner which protects the financial interest of the Union that empowerment should cover, where the proper management of the system so requires, rules on additional requirements with respect to customs procedures, and in particular to those laid down in Regulation (EU) No 952/2013 of the European Parliament and of the Council¹, rules on securities, ensuring a non- discriminatory treatment, specifying the responsible party in the event that an obligation is not met, laying down the specific situations in which the competent authority may waive the requirement of a security, the conditions applying to the security to be lodged and the guarantor, the conditions for lodging and releasing that security, the specific conditions related to the security lodged in connection with advance payments, and on the setting out of the consequences of breaching the obligations for which a security has been lodged.
- (75c) In addition, regarding the integrated system, that empowerment should cover rules on the quality assessment of the identification system for agricultural parcels, of the geo-spatial application system and of the area monitoring system and definitions, basic features and rules on the identification system for agricultural parcels, on the system for the identification of beneficiaries and on the system for the identification and registration of payment entitlements.

- (75d) Furthermore, in order to respond to changes in sectoral agricultural legislation and to ensure the efficiency of the system of ex-post controls, that empowerment should cover rules on the interventions excluded from the scrutiny of transactions, Moreover, in order to specify the operative event or to fix it for reasons peculiar to the market organisation or the amount in question and to avoid the application by the Member States which have not adopted the euro of different exchange rates in accounts of revenue received or aid paid to beneficiaries in a currency other than the euro, on the one hand, and in the establishment of the declaration of expenditure drawn up by the paying agency, on the other, that empowerment should cover rules on the operative event and the exchange rate to be used by the Member States not using the euro, and on the exchange rate applicable when declarations of expenditure are drawn up and when public storage operations are recorded in the accounts of the paying agency, on measures to safeguard the application of Union law if exceptional monetary practices related to national currency are likely to jeopardise it.
- (75e) In order to amend certain non-essential elements of this Regulation, the power to adopt acts in accordance with Article 290 of the Treaty should be delegated to the Commission in respect of the threshold under which undertakings should be scrutinized only for specific reasons.
- (75f) The empowerment should enable the Commission to ensure smooth transition from the arrangements provided for in Regulation (EU) No 1306/2013.

- (76) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council⁶⁴. Those powers should relate to the rules: on the procedures for the issuing, withdrawing and reviewing accreditation of paying agencies and coordinating bodies as well as for the supervision of the accreditation of paying agencies; on the work and checks underlying the management declaration of the paying agencies; the functioning of the coordinating body and the notification of information to the Commission by that coordinating body, on the tasks of the certification bodies, including the checks to be carried out and bodies subject to those checks, and on the certificates and the reports, together with the documents accompanying them, to be drawn up by those bodies.
- (77) The implementing powers of the Commission should also cover: the audit principles on which the opinions of the certification bodies are based, including an assessment of the risks, internal controls and the level of audit evidence required, the audit methods to be used by the certification bodies, having regard to international standards on auditing to deliver their opinions.
- (78) The implementing powers of the Commission should also cover: the setting of the amounts for the financing of public intervention measures, rules relating to the financing of the acquisition by the Commission of the satellite data required for the area monitoring system and the measures taken by the Commission through remote-sensing applications used for the area monitoring system, the procedure for the carrying out of the acquisition by the Commission of those satellite data and the area monitoring system, the framework governing the acquisition, enhancing and utilisation of satellite images and meteorological data, and the applicable deadlines.

⁶⁴ Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

- (79) The implementing powers of the Commission should also cover: in the context of the financial discipline procedure, the fixing of the adjustment rate for the direct payments interventions and its adaptation as well as the terms and conditions applicable to appropriations carried over in accordance with Article 12(2)(d) of Regulation (EU, Euratom) No [New Financial Regulation] in order to finance the direct payments interventions; in the context of the budget discipline procedure, the provisional setting of the amount of the payments and the provisional distribution of the available budget among the Member States and the determining of the monthly payments which the Commission makes on the basis of a declaration of expenditure.
- (80) Furthermore, the implementing powers of the Commission should cover: the setting of the period within which the accredited paying agencies are to establish and forward, to the Commission, intermediate declarations of expenditure relating to rural development interventions as well as rules on the procedure and other practical arrangements concerning the proper functioning of the payment deadlines mechanism; the reduction and suspension of the monthly or interim payments to Member States as well as rules on the elements of actions plans and the procedure for setting them up. They should also cover rules which are necessary and justifiable in an emergency in order to resolve specific problems in relation to payment periods and the payment of advances, details on the keeping of separate accounts by the paying agencies; specific conditions applying to the information to be booked in the accounts kept by the paying agencies; rules on the financing and accounting of intervention measures in the form of public storage, and other expenditure financed by the Funds, the terms and conditions governing the implementation of the automatic decommitment procedure.

- (81) Moreover, the implementing powers of the Commission should cover: the procedures relating to the cooperation obligations to be complied with by the Member States as regards the checks carried out by the Commission and access to information; the conditions under which the supporting documents relating to payments made are to be kept, the annual financial clearance, including the measures to be taken in connection with the adoption and implementation of those implementing acts, the annual performance clearance, including the measures to be taken in connection with the adoption and implementation of those implementing acts, and the information exchange between the Commission and the Member States, the procedures and the deadlines to be respected, the conformity clearance procedure, including the measures to be taken in connection with the adoption and implementation of those implementing acts, the information exchange between the Commission and the Member States, the deadlines to be respected and the rules regarding the conciliation procedure, the exclusion from Union financing of amounts charged to the Union's budget and the forms of notification and communication to be made by the Member States to the Commission in relation to recoveries for non-compliance.
- (82) The implementing powers of the Commission should also cover: rules aiming at reaching a uniform application of Member States' obligations regarding the protection of the financial interests of the Union and the necessary rules aiming at reaching a uniform application of checks in the Union.
- (83) Furthermore, the implementing powers of the Commission should cover: the form of the securities to be lodged and the procedure for lodging the securities, for accepting them, and for replacing the original securities; the procedures for the release of securities and the notification to be made by Member States or by the Commission in the context of securities.

- (84) The implementing powers of the Commission should also cover: rules on the form, content and arrangements for transmitting or making available to the Commission the assessment reports on the quality of the identification system for agricultural parcels, of the geo-spatial application system and of the area monitoring system, and on the remedial actions to be implemented by the Member States with regard to deficiencies revealed in those systems, and basic features and rules on the aid application system and the area monitoring system, including its phasing-in.
- (85) The implementing powers of the Commission should also cover rules aiming at ensuring a uniform application of the rules on the scrutiny of commercial documents. They should also cover rules pertaining to communication of information by Member States to the Commission and measures to safeguard the application of Union law if exceptional monetary practices related to national currency are likely to jeopardise it.
- (86) Furthermore, the implementing powers of the Commission should cover rules on the form and the timescale of the publication of the beneficiaries of the Funds, the uniform application of the obligation to inform the beneficiaries that their data will be made public and the cooperation between the Commission and Member States in the context of the publication of the beneficiaries of the Funds.
- (87) The advisory procedure should be used for the adoption of certain implementing acts. With regard to implementing acts involving the calculation of amounts by the Commission the advisory procedure enables the Commission to fully assume its responsibility of managing the budget and aims to increase efficiency, predictability and rapidity, when complying with the time limits and the budgetary procedures. With regard to implementing acts related to payments made to the Member States and the operation of the clearance of accounts procedure and annual performance clearance, the advisory procedure enables the Commission to fully assume its responsibility of managing the budget and verifying the annual accounts of the national paying agencies with a view to accepting such accounts or, in the case of expenditure not effected in compliance with Union rules, to excluding such expenditure from Union financing. The examination procedure should be used for the adoption of the other implementing acts.

- (88) The Commission should be empowered to adopt implementing acts without applying Regulation (EU) No 182/2011 concerning the setting of the net balance available for EAGF expenditure, the determination of monthly payments it should make on the basis of the declaration of expenditure from the Member States and the supplementary payments or deductions in the context of the procedure for monthly payments.
- (89) Regulation (EU) No 1306/2013 should therefore be repealed.
- (90) To enable a smooth transition between the rules laid down by Regulation (EU) No 1306/2013 and those laid down by this Regulation, the power to adopt acts in accordance with Article 290 of the Treaty should be delegated to the Commission in respect of laying down transitional provisions.
- (91) The European Data Protection Supervisor was consulted and adopted an opinion.⁶⁵
- (92) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States given the links between it and the other instruments of the CAP and the limits on the financial resources of the Member States, but can rather, by reason of the multiannual guarantee of Union finance and by concentrating on its priorities, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives,

HAVE ADOPTED THIS REGULATION:

⁶⁵ OJ C , , p.[...]. .

Title I

Scope and definitions

Article 1

Scope

This Regulation lays down rules, in particular, on:

- (a) the financing of expenditure under the Common Agricultural Policy (CAP);
- (b) the management and control systems to be put in place by the Member States;
- (c) clearance and conformity procedures.

Article 2

Definitions

For the purposes of this Regulation, the following definitions apply:

- (a) "irregularity" means an irregularity within the meaning of Article 1(2) of Regulation (EC, Euratom) No 2988/95;
- (b) "governance systems" means the governance bodies referred to in Chapter II of Title II of this Regulation and the basic Union requirements laid down in this Regulation and Regulation (EU) .../... [CAP Strategic Plan Regulation], including Member States' obligations with regard to the effective protection of the financial interests of the Union referred to in Article 57 of this Regulation, the implementation of their CAP Strategic Plan as approved by the Commission referred to in Article 9 of Regulation (EU) .../... [CAP Strategic Plan Regulation] and the reporting system put in place for the purposes of the annual performance report referred to in Article 121 of Regulation (EU) .../... [CAP Strategic Plan Regulation];

- (c) "basic Union requirements" means the requirements laid down in Regulation (EU) .../... [CAP Strategic Plan Regulation] and in this Regulation, in Regulation (EU) 2018/1046 (Financial Regulation) and in Directive 2014/24/EU (Public Procurement Directive);
- (ca) "serious deficiencies in the proper functioning of the governance systems" means the existence of a systemic weakness, taking into account its recurrence, gravity and compromising effect on the correct declaration of expenditure, the reporting on performance, or the respect of Union law;
- (cc) "output indicator" means output indicator as referred to in paragraph 1 of Article 7 of Regulation (EU) .../... [Strategic Plans Regulation];
- (cd) "result indicator" means result indicator as referred to in paragraph 1 of Article 7 of Regulation (EU) .../... [Strategic Plans Regulation];
- (cf) "intermediate body" means intermediate body as defined in point g of Article 3 of Regulation (EU) .../... [Strategic Plans Regulation];
- (cg) "action plan" means, for the purposes of Articles 39 and 40 of this Regulation, a plan established by a Member State, on the request of, and in consultation with, the Commission, in the event that serious deficiencies are identified in the functioning of the Member State's governance systems or in the circumstances referred to in Article 121a [CAP Strategic Plan Regulation], containing the necessary remedial actions and the relevant timetable for its implementation, as further provided for in Articles 39 and 40 of this Regulation.

Article 3

Exemptions in cases of force majeure and exceptional circumstances

For the purposes of the financing, management and monitoring of the CAP, "force majeure" and "exceptional circumstances" may, in particular, be recognised in the following cases:

- (a) a severe natural disaster or severe meteorological event gravely affecting the holding; where such a severe natural disaster or severe meteorological event gravely affects a well-determined area, the Member State concerned may consider that whole area as gravely affected by that disaster or event.
- (b) the accidental destruction of livestock buildings on the holding;
- (c) an epizootic, a plant disease outbreak or the presence of a plant pest affecting part or all of the beneficiary's livestock or crops respectively;
- (d) expropriation of all or a large part of the holding if that expropriation could not have been anticipated on the day of lodging the application;
- (e) the death of the beneficiary;
- (f) long-term professional incapacity of the beneficiary.

Title II

General provisions on agricultural Funds

CHAPTER I

Agricultural Funds

Article 4

Funds financing agricultural expenditure

The financing of the various interventions and measures falling under the CAP from the general budget of the Union (the Union's budget) shall be made by:

- (a) the European Agricultural Guarantee Fund ('EAGF');
- (b) the European Agricultural Fund for Rural Development ('EAFRD').

Article 5

EAGF expenditure

1. The EAGF shall be implemented either through shared management between the Member States and the Union or directly, as laid down in paragraphs 2 and 3.
2. In the context of shared management, the EAGF shall finance the following expenditure:
 - (a) measures regulating or supporting agricultural markets, as laid down in Regulation (EU) No 1308/2013;⁶⁶

⁶⁶ Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007 (OJ L 347, 20.12.2013, p. 671).

- (b) the Union's financial contribution to the sectoral interventions as referred to in Chapter 3 of Title III of Regulation (EU).../...[CAP Strategic Plan Regulation];
- (c) direct payments interventions to farmers under the CAP Strategic Plan referred to under Article 14 of Regulation (EU).../...[CAP Strategic Plan Regulation];
- (d) the Union's financial contribution to information and promotion measures for agricultural products on the internal market of the Union and in third countries, undertaken by Member States, and which are selected by the Commission;
- (e) the Union's financial contribution to the specific measures for agriculture in the outermost regions of the Union as referred to in Regulation (EU) No 228/2013 and to the specific measures for agriculture in favour of the smaller Aegean islands as referred to in Regulation (EU) No 229/2013.

3. The EAGF shall finance the following expenditure in direct management:

- (a) the promotion of agricultural products, either directly by the Commission or through international organisations;
- (b) measures taken in accordance with Union law to ensure the conservation, characterisation, collection and utilisation of genetic resources in agriculture;
- (c) the establishment and maintenance of agricultural accounting information systems;
- (d) agricultural survey systems, including surveys on the structure of agricultural holdings.

Article 6

EAFRD expenditure

The EAFRD shall be implemented in shared management between the Member States and the Union. It shall finance the Union's financial contribution to the CAP Strategic Plan rural development interventions referred to in Chapter 4 of Title III of Regulation (EU) .../...[CAP Strategic Plan Regulation] and actions referred to in Article 112 of that Regulation.

Article 7

Other expenditure, including technical assistance

The Funds may, either on the initiative of the Commission or on its behalf, each directly finance the preparatory, monitoring, administrative and technical support activities, and the evaluation, audit and inspection, required to implement the CAP. In particular, they shall include:

- (a) measures required for the analysis, management, monitoring, information exchange and implementation of the CAP, including assessing its impacts, environmental performance and progress towards Union targets, as well as measures relating to the implementation of control systems and technical and administrative assistance;
- (b) the acquisition by the Commission of satellite data required for the area monitoring system in accordance with Article 22;
- (c) the actions taken by the Commission through remote-sensing applications used for the monitoring of agricultural resources in accordance with Article 23;
- (d) measures required to maintain and develop methods and technical means for information, interconnection, monitoring and control of the financial management of the Funds used to finance the CAP;

- (e) provision of information on the CAP in accordance with Article 44;
- (f) studies on the CAP and evaluations of measures financed by the Funds, including the improvement of evaluation methods and the exchange of information on best practices under the CAP and consultations with the relevant stakeholders, as well as studies carried out with the European Investment Bank (EIB);
- (g) where relevant, contribution to executive agencies that are set up in accordance with Council Regulation (EC) No 58/2003⁶⁷ acting in connection with the CAP;
- (h) contribution to measures relating to the dissemination of information, raising awareness, promoting cooperation and exchanging experiences with the relevant stakeholders at Union level, and taken in the context of rural development interventions, including the networking of the parties concerned;
- (i) information technology networks focusing on information processing and exchange, including corporate information technology systems needed in connection with the management of the CAP;
- (j) measures required for the development, registration and protection of logos within the framework of the Union quality policies as laid down in Article 44(2) of Regulation (EU) No 1151/2012 of the European Parliament and of the Council⁶⁸ and for the protection of intellectual property rights linked to it, and the necessary information technology (IT) developments.

⁶⁷ Council Regulation (EC).No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes (OJ L11, 16.1.2003, p. 1).

⁶⁸ Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs (OJ L 343, 14.12.2012, p. 1).

CHAPTER II

Governance bodies

Article 7a

Competent authority

1. Member States shall designate a competent authority at ministerial level responsible for:
 - (a) the issuing, reviewing and withdrawing of accreditation of paying agencies referred to in Article [8(2)];
 - (b) the issuing, reviewing and withdrawing of the accreditation of the coordinating body referred to in Article [10a];
 - (c) appointing and withdrawing the appointment of a certification body referred to in Article 11, while ensuring the continuous appointment of such a body;
 - (d) carrying out the tasks assigned to the competent authority under this Chapter.
2. On the basis of an examination of the criteria to be adopted by the Commission in accordance with Article 12(1), the competent authority shall, by way of a formal act, decide:
 - (a) on the issuing or, following a review, the withdrawal of the accreditation of the paying agency and the coordinating body;
 - (b) on the appointment and withdrawal thereof, of the certification body, while ensuring continuous appointment of such a body.
3. The competent authority shall inform the Commission without delay of all accreditations and withdrawals of accreditation of the paying agency and the coordinating body, as well as of the appointment and withdrawal thereof, of the certification body.

4. The Commission shall promote the exchange of best practice between the Member States, in particular as regards the work of the governance bodies under this Chapter.

Article 8

Paying agencies

1. Paying agencies shall be departments or bodies of the Member States and, if applicable, of regions responsible for the management and control of expenditure referred in Article 5(2) and Article 6.

With the exception of making payment, the carrying out of those tasks may be delegated.

2. Member States shall accredit, as paying agencies, departments or bodies which have an administrative organisation and a system of internal control which provide sufficient guarantees that payments are legal, regular and properly accounted for. To this end, paying agencies shall comply with minimum conditions for the accreditation with regard to the internal environment, control activities, information and communication and monitoring laid down by the Commission pursuant to point (a) of Article 10(1).

Each Member State shall, taking into account its constitutional provisions restrict the number of its accredited paying agencies as follows:

- (a) to a single agency at national level or, where applicable, one per region; and
- (b) to a single agency for the management of both EAGF and EAFRD expenditure where paying agencies exist only at national level.

By way of derogation from the second subparagraph, Member States may maintain the paying agencies which have been accredited before 15 October 2020, provided they are in compliance with the accreditation criteria to be confirmed by the competent authority through the decision referred to in Art. 7a(2).

However, where paying agencies are established at regional level, Member States shall, in addition, either accredit a paying agency at national level for aid schemes which, by their nature, have to be managed at national level or Member States shall confer the management of these schemes on their regional paying agencies.

Paying agencies which did not manage EAGF or EAFRD expenditure for at least three years shall have their accreditation withdrawn.

Member States shall not appoint any new additional paying agency after the date of entry into force of this Regulation, except for cases referred to in point (a) of the second subparagraph where, taking into account the constitutional provisions, additional regional paying agencies may be necessary.

3. For the purposes of Article 63(5) and (6) of Regulation (EU, Euratom) 2018/1046 ('the Financial Regulation'), the person in charge of the accredited paying agency shall, by 15 February of the year following the financial year concerned, draw up and provide the Commission with the following:
 - (a) the annual accounts for the expenditure incurred in carrying out the tasks entrusted to their accredited paying agency, as provided for in point (a) of Article 63(5) of the Financial Regulation, accompanied by the requisite information for their clearance in accordance with Article 51;
 - (b) the annual performance report, referred to in Article 52(1) of this Regulation and Article 121 of Regulation (EU) .../[CAP Strategic Plan Regulation] showing that the expenditure was made in accordance with Article 35;

- (ba) an annual summary of the final audit reports and of controls carried out, an analysis of the nature and extent of errors and weaknesses identified in systems, as well as corrective action taken or planned, as provided for in point (b) of Article 63(5) of the Financial Regulation;
- (c) a management declaration as provided for in Article 63(6) of the Financial Regulation, as to:
 - (i) the fact that the information is properly presented, complete and accurate, as provided for in point (a) of Article 63(6) of the Financial Regulation,
 - (ii) the proper functioning of the governance systems put in place, with the exception of the Competent Authority as referred to in Article 7a, the Certification Body as referred to in Article 11 and the Coordinating Body as referred to in Article 10a of this Regulation, ensure that the expenditure was made in accordance with Article 35 of this Regulation, as provided for in points (b) and (c) of Article 63(6) of the Financial Regulation.

The deadline of 15 February referred to in the first subparagraph may be exceptionally extended by the Commission to 1 March, upon request by the Member State concerned, as provided for in the second subparagraph Article 63(7) of the Financial Regulation.

5. Where an accredited paying agency does not meet or no longer meets one or more of the accreditation criteria referred to in paragraph 2, the Member State, acting on its own initiative or at the request of the Commission, shall withdraw that accreditation unless the paying agency makes the necessary changes within a period to be determined by the competent authority depending on the severity of the problem.

6. The paying agencies shall manage and ensure the control of the operations linked to public intervention for which they are responsible and they shall retain overall responsibility in that field.

Where support is provided through a financial instrument which is implemented by the EIB or another international financial institution in which a Member State is a shareholder, the paying agency shall rely on a control report, which the EIB or other international institution shall provide supporting the payment applications submitted.

7. For the purpose of Article 31, for EAFRD expenditure, an additional performance report shall be provided, by 30 of June 2030, in accordance with paragraphs 3 and 4, covering the period until 31 December 2029.

Article 10

Commission powers

1. The Commission is empowered to adopt delegated acts in accordance with Article 100 to ensure the sound operation of the system provided for in Article 8 and Article 10a, supplementing this Regulation with rules on:
 - (a) the minimum conditions for the accreditation of the paying agencies referred to in Article 8(2) and of the coordinating bodies referred to in Article 10(a);
 - (b) the obligations of the paying agencies as regards public intervention, as well as the rules on the content of their management and control responsibilities.
2. The Commission shall adopt implementing acts laying down rules on:
 - (a) the procedures for issuing, withdrawing and reviewing accreditation of paying agencies and coordinating bodies, as well as the procedures for the supervision of the accreditation of paying agencies;

- (b) the working arrangements and procedures for the checks underlying the management declaration of the paying agencies, referred to in point (c) of Article 8(3), as well as its structure and format;
- (c) the functioning of the coordinating body and the notification of information to the Commission as referred to in Article 8(4).

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

Article 10a

Coordinating bodies

1. Where more than one paying agency is accredited in a Member State, that Member State shall appoint a public coordinating body, to which it shall assign the following tasks:
 - (a) to collect the information to be provided to the Commission and to send that information to the Commission;
 - (b) to supply the annual performance report referred to in [Article 52(1) of this Regulation and] Article 121 of Regulation (EU) .../... [CAP Strategic Plan Regulation];
 - (c) to take or coordinate actions with a view to resolving any deficiencies of a common nature and to inform the Commission of any follow-up;
 - (d) to promote and, where possible, ensure the harmonised application of Union rules.
2. As regards the processing of the information of a financial character referred to in point (a) of the first subparagraph, the coordinating body shall be subject to specific accreditation by the Member State.
3. The annual performance report provided by the coordinating body shall be covered by the scope of the opinion referred to in Article 11(1) and its transmission shall be accompanied by a management declaration covering the compilation of the entire report.

Article 11

Certification bodies

1. The certification body shall be a public or private audit body designated by the Member State for a minimum three year period, without prejudice to national law. Where it is a private audit body, and where the applicable Union or national law so requires, it shall be selected by the Member State by means of a public tendering procedure.

However, a Member State that designates more than one certification body may also appoint a public certification body at the national level to be responsible for coordination.

For the purposes of the first subparagraph of Article 63(7) of the Financial Regulation, the certification body shall provide an opinion, drawn up in accordance with internationally accepted audit standards, which shall establish whether:

- (a) the accounts give a true and fair view;
- (b) the Member States' governance systems put in place function properly, in particular:
 - (i) the governance bodies referred to in Articles, 8, 10a of this Regulation and Article 110 of Regulation (EU) .../... [CAP Strategic Plan Regulation].
 - (ii) the basic Union requirements laid down in this Regulation, in Regulation (EU) .../... [CAP Strategic Plan Regulation, Regulation (EU) 2018/1046 (Financial Regulation) and in Directive 2014/24/EU (Public Procurement Directive);
 - (iii) the reporting system put in place for the purposes of the annual performance report referred to in Article 121 of Regulation (EU) .../... [CAP Strategic Plan Regulation];

- (c) the performance reporting on output indicators for the purposes of the annual performance clearance referred to in Article 52 and the performance reporting on result indicators for the multiannual performance monitoring referred to in Article 115 of Regulation (EU) .../... [CAP Strategic Plan Regulation], demonstrating that Article 35 of this Regulation is complied with, is correct;
- (d) the expenditure for the measures laid down in Regulation (EU) No 1308/2013, Regulation (EU) No 228/2013, Regulation (EU) No 229/2013 and Regulation (EU) 1144/2014 for which reimbursement has been requested from the Commission is legal and regular.

That opinion shall also state whether the examination calls into question the assertions made in the management declaration referred to in point(c) of Article 8(3). The examination shall also cover the analysis of the nature and extent of errors and weaknesses identified in systems by audit and controls, as well as corrective action taken or planned by the Paying Agency as referred to in Article 8(3), point (ba).

Where support is provided through a financial instrument which is implemented by the EIB or another international financial institution in which a Member State is a shareholder, the certification body shall rely on the annual audit report drawn up by the external auditors of those institutions. Those institutions shall provide the annual audit report to the Member States.

2. The certification body shall have the necessary technical expertise, as well as knowledge of the CAP. It shall be operationally independent from the paying agency and the coordinating body concerned as well as from the authority which has accredited that agency and the bodies responsible for the implementation and the monitoring of the CAP.

3. The Commission shall adopt implementing acts laying down rules on the functioning of the certification bodies, including the checks to be carried out and the bodies subject to those checks, and on the certificates and the reports, together with the documents accompanying them, to be drawn up by those bodies.

The implementing acts shall also set out:

- (a) the audit principles on which the opinions of the certification bodies are based, including an assessment of the risks, internal controls and the level of audit evidence required;
- (b) the audit methods to be used, by the certification bodies, having regard to international standards on auditing, to deliver their opinions.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

TITLE III

Financial management of the Funds

CHAPTER I

EAGF

Section 1

Budget discipline

Article 12

Budget ceiling

1. The annual ceiling for EAGF expenditure shall be constituted by the maximum amounts set for it under Regulation (EU, Euratom)[COM(2018) 322 final].
2. In the event that Union law provides for sums to be deducted from or added to the amounts referred to in paragraph 1, the Commission shall adopt implementing acts without applying the procedure referred to in Article 101, setting the net balance available for EAGF expenditure on the basis of the data referred to in Union law.

Article 13

Compliance with the ceiling

1. Where Union law provides for a financial ceiling in euro for agricultural expenditure in respect of a Member State, such expenditure shall be reimbursed subject to that limit set in euro, and, where Articles 37 to 40 apply, with any necessary adjustments.
2. Member States' allocations for direct payments interventions referred to in Article 81 of Regulation (EU).../[CAP Strategic Plan Regulation], corrected by the adjustments laid down in Article 15 of this Regulation, shall be deemed to be financial ceilings in euro.

Article 14

Agricultural reserve

1. An EU agricultural reserve ('the reserve') shall be established at the beginning of each year in the EAGF to provide additional support for the agricultural sector for the purpose of market management or stabilisation and to respond promptly in the case of crises affecting the agricultural production or distribution.

The appropriations for the reserve shall be entered directly in the Union's budget. Funds from the reserve shall be made available, in the financial year or years for which additional support is required, for the following measures:

- (a) measures to stabilise agricultural markets under Articles 8 to 21 of Regulation (EU) No 1308/2013;
- (b) exceptional measures under Articles 219, 220, and 221 of Regulation (EU) No 1308/2013.

2. The amount of the agricultural reserve shall be EUR 450 million in current prices at the beginning of each year of the period 2023-2027, without prejudice to a higher amount being set in the Union's budget. The Commission may adjust the amount of the agricultural reserve during the year when appropriate in view of market developments or perspectives in the current or following year and taking into account available appropriations under the EAGF sub-ceiling.

In the event that such available appropriations are not sufficient, financial discipline may be used in accordance with Article 15 of this regulation, as a last resort, to fund the reserve up to the initial amount referred to in the first subparagraph.

By way of derogation from Article 12(2), 3rd subparagraph of the Financial Regulation, non-committed appropriations of the reserve shall be carried over to finance the reserve in the following financial years until 2027.

Moreover, by derogation from Article 12(2), 3rd subparagraph of the Financial Regulation, the total unused amount of the crisis reserve available at the end of year 2022 shall be carried over to the year 2023 without being fully returned to the budgetary lines which cover the actions referred to in point (c) of Article 5(2) and made available to the extent necessary for the financing of the agricultural reserve after taking into account appropriations available under the EAGF sub-ceiling. Should appropriations of the crisis reserve remain available after financing the agricultural reserve, these shall be returned to the budgetary lines which cover the actions referred to in point (c) of Article 5(2).

Article 15

Financial discipline

1. An adjustment rate for direct payments interventions referred to in point (c) of Article 5(2) of this Regulation and Union financial contribution to the specific measures referred to in point (f) of Article 5(2) of this Regulation and granted under Chapter IV of Regulation (EU) No 228/2013 and Chapter IV of Regulation (EU) No 229/2013, ("the adjustment rate") shall be determined by the Commission when the forecasts for the financing of the interventions and measures financed under that sub-ceiling for a given financial year indicate that the applicable annual ceilings will be exceeded.

The adjustment rate shall apply to payments to be granted to farmers for the interventions and specific measures referred to in the first subparagraph exceeding EUR 2 000 for the corresponding calendar year. For the purpose of this subparagraph, Article 15(2a) of Regulation (EU) No.../... [CAP Strategic Plan Regulation] shall apply mutatis mutandis.

The Commission shall, by 30 June of the calendar year in respect of which the adjustment rate applies, adopt implementing acts fixing the adjustment rate. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 101(2).

2. Until 1 December of the calendar year in respect of which the adjustment rate applies, the Commission may, on the basis of new information, adopt implementing acts adapting the adjustment rate set in accordance with paragraph 1. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 101(2).
3. Where financial discipline has been applied, the appropriations carried over in accordance with point (d) of Article 12(2) of the Financial Regulation shall be used to finance expenditure under point (c) of Article 5(2) of this Regulation, to the extent necessary to avoid the repeated application of financial discipline.

Where appropriations to be carried-over as referred to in the first subparagraph remain available, the Commission may, adopt implementing acts setting out per Member State the amounts of non-committed appropriations to be reimbursed to final beneficiaries unless the overall amount of non-committed appropriations available for reimbursement represents less than 0,2% of the annual ceiling for EAGF expenditure.

Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 101(2).

4. The amounts set by the Commission in accordance with the second subparagraph of paragraph 3 shall be reimbursed to final beneficiaries by Member States in accordance with objective and non-discriminatory criteria. Member States may apply a minimum threshold of amounts of reimbursement per final beneficiary.

The reimbursement referred to in the first subparagraph shall only apply to final beneficiaries in those Member States where financial discipline applied in the preceding financial year.

5. As a result of the gradual introduction of direct payments interventions provided for in Article 17 of Regulation (EU) No 1307/2013 , financial discipline shall apply to Croatia from 1 January 2022.

6. The Commission is empowered to adopt delegated acts in accordance with Article 100, which are necessary in order to ensure a coherent application of the financial discipline in the Member States, supplementing this Regulation with rules for calculating the financial discipline to be applied by Member States to farmers.

Article 16

Budget discipline procedure

1. Where, on drawing up the draft budget for financial year N, there appears to be a risk that the amount referred to in Article 12 for financial year N will be exceeded, the Commission shall propose to the European Parliament and to the Council or to the Council, the measures necessary to ensure compliance with that amount.
2. If at any time the Commission considers that there is a risk that the amount referred to in Article 12 will be exceeded and that it cannot take adequate measures to remedy the situation, it shall propose other measures to ensure compliance with that amount. Those measures are adopted by the Council where the legal basis of the relevant measure is Article 43(3) of the Treaty or by the European Parliament and the Council where the legal basis of the relevant measure is Article 43(2) of the Treaty.
3. Where, at the end of financial year N, reimbursement requests from the Member States exceed or are likely to exceed the amount referred to in Article 12, the Commission shall:
 - (a) consider the requests presented by Member States pro rata subject to the budget available, and adopt implementing acts setting provisionally the amount of the payments for the month concerned;
 - (b) determine, for all Member States, on or before 28 February of financial year N + 1, their situation with regard to Union financing for the financial year N;

- (c) adopt implementing acts setting the total amount of Union financing broken down by Member State, on the basis of a single rate of Union financing, subject to the budget which was available for the monthly payments;
- (d) effect, at the latest when the monthly payments are made for March of year N+1, any compensation to be carried out with respect to Member States.

The implementing acts provided for in points (a) and (c) of the first subparagraph shall be adopted in accordance with the advisory procedure referred to in Article 101(2).

Article 17

Early-warning and monitoring system

In order to ensure that the budget ceiling referred to in Article 12 is not exceeded, the Commission shall implement a monthly early-warning and monitoring system in respect of EAGF expenditure.

To that end, at the beginning of each financial year, the Commission shall determine monthly expenditure profiles based, where appropriate, on average monthly expenditure during the previous three years.

The Commission shall periodically present a report to the European Parliament and to the Council in which the development of expenditure effected in relation to the profiles is examined and which contains an assessment of the forecasted implementation for the current financial year.

SECTION 2

FINANCING OF EXPENDITURE

Article 18

Monthly payments

1. The appropriations necessary to finance the expenditure referred to in Article 5(2) shall be made available to Member States by the Commission in the form of monthly payments, on the basis of the expenditure effected by the accredited paying agencies during a reference period.

2. Until the Commission transfers the monthly payments, the resources required to undertake expenditure shall be mobilised by the Member States according to the needs of their accredited paying agencies.

Article 19

Procedure for monthly payments

1. Without prejudice to Articles 51, 52 and 53, monthly payments shall be made by the Commission for expenditure effected by accredited paying agencies during the reference month.
2. Monthly payments shall be made to each Member State on or before the third working day of the second month following that in which the expenditure is effected, taking account of the reductions or suspensions applied under Articles 37 to 40 or any other corrections. Expenditure effected by Member States between 1 and 15 October shall count as having been made in the month of October. Expenditure effected between 16 and 31 October shall count as having been made in the month of November.
3. The Commission shall adopt implementing acts determining the monthly payments which it makes on the basis of a declaration of expenditure from the Member States and the information supplied in accordance with Article 88(1).
4. The Commission shall inform the Member State forthwith of any overrun of financial ceilings by the Member State.
5. The Commission shall adopt the implementing acts determining the monthly payments referred to in paragraph 3 without applying the procedure referred to in Article 101.
6. The Commission may adopt implementing acts determining supplementary payments or deductions adjusting the payments made in accordance with paragraph 3, without applying the procedure referred to in Article 101.

Article 20

Administrative and personnel costs

Expenditure relating to administrative and personnel costs effected by Member States and by beneficiaries of aid from the EAGF shall not be borne by the Fund.

Article 21

Public intervention expenditure

1. Where, within the framework of the common organisation of the markets, a sum per unit is not determined in respect of a public intervention, the EAGF shall finance the measure concerned on the basis of uniform standard amounts, in particular as regards funds originating in the Member States used for buying-in products, for material operations arising from storage and, where appropriate, for the processing of products eligible for intervention, as referred to in Article 11 of Regulation (EU) No 1308/2013.
2. The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules on:
 - (a) the type of measures eligible for Union financing and the reimbursement conditions;
 - (b) the eligibility conditions and calculation methods based on the information actually observed by the paying agencies or based on flat-rates determined by the Commission, or based on flat-rate or non-flat-rate amounts provided for by the sectoral agricultural legislation.
3. The Commission is empowered to adopt delegated acts in accordance with Article 100, supplementing this Regulation with rules on the valuation of operations in connection with public intervention, the measures to be taken in the case of loss or deterioration of products under the public intervention, and the determination of the amounts to be financed.

4. The Commission shall adopt implementing acts, fixing the amounts referred to in paragraph 1. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 101(2).

Article 22

Acquisition of satellite data

The list of satellite data required for the area monitoring system referred to in point (c) of Article 64(1) shall be agreed by the Commission and the Member States in accordance with the specification prepared by each Member State.

In accordance with point (b) of Article 7, the Commission shall supply that satellite data free of charge to the authorities competent for the area monitoring system or to suppliers of services authorised by those bodies to represent them.

The Commission shall remain the owner of the satellite data.

The Commission may entrust specialised entities to carry out tasks relating to techniques or working methods in connection with the area monitoring system referred to in point (c) of Article 64(1).

Article 23

Monitoring of agricultural resources

The actions financed pursuant to point (c) of Article 7 shall aim to give the Commission the means to:

- (a) manage Union agricultural markets in a global context;

- (b) ensure agri-economic and agri-environmental-climate monitoring of agricultural land use and agricultural land use change, including agro-forestry, and monitoring of the condition of soil, crops and agricultural landscapes/land so as to enable estimates to be made, in particular as regards yields and agricultural production and agricultural impacts associated with exceptional circumstances, and assessment of the resilience of agricultural systems and progress towards the relevant Sustainable Development Goals;
- (c) share the access to such estimates in an international context, such as the initiatives coordinated by United Nations organisations, including the constitution of greenhouse gas inventories under the UNFCCC, or other international agencies;
- (d) contribute to specific measures increasing the transparency of world markets , taking account of Union objectives and commitments;
- (e) ensure technological follow-up of the agri-meteorological system.

Pursuant to point (c) of Article 7 the Commission shall finance the actions concerning the collection or purchase of data needed to implement and monitor the CAP, including satellite data, geo-spatial data and meteorological data, the creation of a spatial data infrastructure and a website, the carrying out of specific studies on climatic conditions, remote sensing used to assist in the monitoring of agricultural land use change and soil health and the updating of agri-meteorological and econometric models. Where necessary, those actions shall be carried out in collaboration with EEA, JRC, national laboratories and bodies or with the involvement of the private sector.

Article 24

Implementing powers

The Commission may adopt implementing acts laying down:

- (a) rules relating to the financing pursuant to points (b) and (c) of Article 7;
- (b) the procedure under which the measures referred to in Articles 22 and 23 shall be carried out in order to meet the objectives assigned;
- (c) the framework governing the acquisition, enhancing and utilisation of satellite data and meteorological data, and the applicable deadlines.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

Chapter II

EAFRD

SECTION 1

GENERAL PROVISIONS FOR EAFRD

Article 25

Provisions applying to all payments

1. Payments by the Commission of the EAFRD contribution referred to in Article 6 shall not exceed the budget commitments.

Without prejudice to Article 32(1), those payments shall be assigned to the earliest open budget commitment.

2. Article 110 of the Financial Regulation shall apply.

SECTION 2

EAFRD FINANCING UNDER THE CAP STRATEGIC PLAN

Article 26

Financial contribution from the EAFRD

The financial contribution from the EAFRD towards expenditure under CAP Strategic Plans shall be determined for each CAP Strategic Plan, within the ceilings established by Union law concerning support for CAP Strategic Plan interventions by the EAFRD.

Article 27

Budget commitments

1. The Commission decision adopting a CAP Strategic Plan shall constitute a financing decision within the meaning of Article 110(1) of the Financial Regulation and, once notified to the Member State concerned, a legal commitment within the meaning of that Regulation. This decision shall specify the contribution per year.
2. The Union's budget commitments in respect of each CAP Strategic Plan shall be made in annual instalments between 1 January 2023 and 31 December 2027. By way of derogation from Article 111(2) of the Financial Regulation, for each CAP Strategic Plan, the budget commitments for the first instalment shall follow the adoption of the CAP Strategic Plan by the Commission and its subsequent notification to the Member State. The budget commitments for subsequent instalments shall be made by the Commission before 1 May of each year, on the basis of the decision referred to in the first paragraph of this Article, except where Article 16 of the Financial Regulation applies.

For each CAP Strategic Plan, the budget commitments for the first instalment shall follow the adoption of the CAP Strategic Plan by the Commission.

The budget commitments for subsequent instalments shall be made by the Commission before 1 May of each year, on the basis of the decision referred to in the first paragraph of this Article, except where Article 16 of the Financial Regulation applies.

SECTION 3

FINANCIAL CONTRIBUTION TO RURAL DEVELOPMENT INTERVENTIONS

Article 28

Provisions applying to payments for rural development interventions

1. The appropriations necessary to finance the expenditure referred to in Article 6 shall be made available to Member States in the form of prefinancing, interim payments and the payment of a balance, as described in this Section.
2. The combined total of prefinancing and interim payments shall not exceed 95 % of the EAFRD's contribution to each CAP Strategic Plan.

When the ceiling of 95 % is reached, the Member States shall continue transmitting requests for payments to the Commission.

Article 29

Prefinancing arrangements

1. Following its decision to approve the CAP Strategic Plan, the Commission shall pay an initial prefinancing amount to the Member State for the entire duration of the CAP Strategic Plan. This initial pre-financing amount shall be paid in instalments as follows:
 - (a) in 2023: 1 % of the amount of support from the EAFRD for the entire duration of the CAP Strategic Plan;
 - (b) in 2024: 1 % of the amount of support from the EAFRD for the entire duration of the CAP Strategic Plan;

- (c) in 2025: 1 % of the amount of support from the EAFRD for the entire duration of the CAP Strategic Plan.

If a CAP Strategic Plan is adopted in 2024 or later, the earlier instalments shall be paid without delay following such adoption.

2. The total amount paid as prefinancing shall be reimbursed to the Commission if no expenditure is effected and no declaration of expenditure for the CAP Strategic Plan is sent within 24 months of the date on which the Commission pays the first instalment of the prefinancing amount. This prefinancing shall be offset against the earliest expenditure declared for the CAP Strategic Plan.
3. No additional prefinancing shall be paid or recovered where a transfer to or from the EAFRD has taken place in accordance with Article 90 of Regulation (EU) .../... [CAP Strategic Plan Regulation].
4. Interest generated on the prefinancing shall be used for the CAP Strategic Plan concerned and deducted from the amount of public expenditure indicated on the final declaration of expenditure.
5. The total prefinancing amount shall be cleared in accordance with the procedure referred to in Article 51 before the CAP Strategic Plan is closed.

Article 30

Interim payments

1. Interim payments shall be made for each CAP Strategic Plan. They shall be calculated by applying the contribution rate as referred to in Art. 85 of Regulation (EU).../[CAP Strategic Plan Regulation] to the public expenditure effected for each type of intervention excluding payments made from additional national financing as referred to in Article 103(5) of that Regulation.

Interim payments shall also include the amounts referred to in the third subparagraph of Article 86(3) of Regulation (EU) No.../[CAP Strategic Plan Regulation].

2. Subject to the availability of resources, the Commission shall, taking account of reductions or suspensions applied under Articles 37 to 40, make interim payments in order to reimburse the expenditure effected by accredited paying agencies in implementing the CAP Strategic Plans.
3. Where financial instruments are implemented in accordance with Article 53(1) of Regulation (EU).../[CPR], the declaration of expenditure shall include the total amounts disbursed or, in the case of guarantees, the amounts set aside for guarantee contracts, by the managing authority, to final recipients as referred to in points (a), (b) and (c) of [Article 74(5) of Regulation (EU) .../... CAP Strategic Plan – eligibility rules or financial instruments].
4. Where financial instruments are implemented in accordance with Article 53(2) of Regulation (EU).../[CPR], declarations of expenditures that include expenditure for financial instruments shall be submitted in accordance with the following conditions:
 - (a) the amount included in the first declaration of expenditure shall need to have been previously paid to the financial instrument and may be up to 30% of the total amount of the eligible public expenditure committed to the financial instruments under the relevant funding agreement;

- (b) the amount included in subsequent declarations of expenditures submitted during the eligibility period as defined in Article 80(3) of Regulation (EU) .../... [CAP Strategic Plan Regulation] shall include the eligible expenditure as referred to in [Article 74(5) CAP plan – eligibility rules or financial instruments].
5. Amounts paid in accordance with point (a) of paragraph 4 shall be considered advances for the purpose of the last paragraph of Article 35. The amount included in the first declaration of expenditure, referred to in point (a) of paragraph 4, shall be cleared from Commission accounts no later than in the annual accounts for the last execution year for the relevant CAP Strategic Plan.
6. Each interim payment shall be made by the Commission, subject to compliance with the following requirements:
- (a) transmission to the Commission of a declaration of expenditure signed by the accredited paying agency, in accordance with Article 88(1)(c);
 - (b) no overrun of the total EAFRD contribution to each type of intervention for the entire period covered by the CAP Strategic Plan concerned;
 - (c) transmission to the Commission of the documents to be submitted, as referred to in Articles 8(3) and 11(1);
 - (d) transmission of annual accounts.
7. If one of the requirements laid down in paragraph 6 is not met, the Commission shall forthwith inform the accredited paying agency or the coordinating body, where one has been appointed. If one of the requirements laid down in point (a), (c) or (d) of paragraph 6 is not fulfilled, the declaration of expenditure shall be deemed inadmissible.

8. Without prejudice to Articles 51, 52 and 53, the Commission shall make interim payments within 45 days of registering a declaration of expenditure which meets the requirements laid down in paragraph 6 of this Article.
9. Accredited paying agencies shall establish interim declarations of expenditure relating to CAP Strategic Plans and forward these to the Commission, either directly or via the intermediary of the coordinating body, where one has been appointed, within periods to be set by the Commission.

The Commission shall adopt implementing acts laying down the periods for accredited paying agencies to establish and forward those intermediate declarations of expenditure. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

Declarations of expenditure shall cover expenditure that the paying agencies have effected during each of the periods concerned. They shall also cover the amounts referred to in the third subparagraph of Article 86(3) of Regulation (EU) No.../... [CAP Strategic Plan Regulation]. However, in cases in which expenditure referred to in Article 80(2) of Regulation (EU) No.../... [CAP Strategic Plan Regulation] cannot be declared to the Commission in the period concerned, due to the pending approval by the Commission of an amendment to the CAP Strategic Plan as referred to in Article 107(9) of Regulation (EU) No.../... [CAP Strategic Plan Regulation], this expenditure may be declared in subsequent periods.

Interim declarations of expenditure in respect of expenditure effected from 16 October onwards shall be booked to the following year's budget.

10. Where the authorising officer by sub-delegation requires further verification, owing to incomplete or unclear information provided or arising from disagreement, differences of interpretation or any other inconsistency relating to a declaration of expenditure for a reference period, arising in particular from a failure to communicate the information required under Regulation (EU) .../... [CAP Strategic Plan Regulation] and Commission acts adopted under that Regulation, the Member State concerned shall, upon request by the authorising officer by sub-delegation, provide additional information within a period set in that request according to the seriousness of the problem.

The time limit for interim payments laid down in paragraph 8 may be interrupted for all or part of the amount for which payment is claimed, for a maximum period of six months, from the date on which the request for information is sent and until receipt of the information requested which is deemed satisfactory. The Member State may agree to extend the interruption period for a further three months.

Where the Member State concerned fails to respond to the request for additional information within the period set in that request or where the response is considered unsatisfactory or indicates that the applicable rules have not been complied with or that Union Funds have been improperly used, the Commission may suspend or reduce payments in accordance with Articles 37 to 40 of this Regulation.

Article 31

Payment of the balance and closure of the rural development interventions in the CAP Strategic Plan

1. After receiving the last annual performance report on the implementation of a CAP Strategic Plan, the Commission shall pay the balance, subject to the availability of resources, on the basis of the financial plan in force at the level of the types of EAFRD interventions, the annual accounts for the last execution year for the relevant CAP Strategic Plan and of the corresponding clearance decisions. Those accounts shall be presented to the Commission no later than six months after the final eligibility date of expenditure provided for in Article 80(3) of Regulation (EU) No.../...[CAP Strategic Plan Regulation] and shall cover the expenditure effected by the paying agency up to the last eligibility date of expenditure.
2. The balance shall be paid no later than six months from the date on which the information and documents referred to in paragraph 1 are considered to be admissible by the Commission and the last annual account has been cleared. Without prejudice to Article 32(5), the amounts still committed after the balance is paid shall be decommitted by the Commission within a period of six months.
3. If, by the time limit set out in paragraph 1, the Commission has not received the last annual performance report and the documents needed for clearance of the accounts of the last execution year of the Plan, the balance shall be automatically decommitted in accordance with Article 32.

Article 32

Automatic decommitment for CAP Strategic Plans

1. The Commission shall automatically decommit any portion of a budget commitment for rural development interventions in a CAP Strategic Plan that has not been used for the purposes of prefinancing or for making interim payments or for which no declaration of expenditure fulfilling the requirements laid down in Article 30(6)(a) and (c) has been presented to it in relation to expenditure effected by 31 December of the second year following that of the budget commitment.
2. The part of budget commitments that is still open on the last eligibility date for expenditure as referred to in Article 80(3) of Regulation (EU) .../... [CAP Strategic Plan Regulation] for which no declaration of expenditure has been made within six months of that date shall be automatically decommitted.
3. In the event of legal proceedings or of an administrative appeal having suspensory effect, the period for automatic decommitment referred to in paragraph 1 or 2 shall, in respect of the amount relating to the operations concerned, be interrupted for the duration of those proceedings or that administrative appeal, provided that the Commission receives a substantiated notification from the Member State by 31 January of year N + 3.
4. The following shall be disregarded in calculating the automatic decommitment:
 - (a) that part of the budget commitments for which a declaration of expenditure has been made but for which reimbursement has been reduced or suspended by the Commission at 31 December of year N + 2;
 - (b) that part of the budget commitments which a paying agency has been unable to disburse for reasons of force majeure seriously affecting the implementation of the CAP Strategic Plan. National authorities claiming force majeure shall demonstrate the direct consequences on the implementation of all or part of the rural development interventions in the CAP Strategic Plan.

By 31 January, the Member State shall send to the Commission information on the exceptions referred to in the first subparagraph concerning the amounts declared by the end of the preceding year.

5. The Commission shall inform Member States in good time if there is a risk of automatic decommitment. It shall inform them of the amount involved as indicated by the information in its possession. The Member States shall have two months from receiving this information to agree to the amount in question or present observations. The Commission shall carry out the automatic decommitment not later than nine months after the last time-limit resulting from the application of paragraphs 1, 2 and 3.
6. In the event of automatic decommitment, the EAFRD contribution to the CAP Strategic Plan concerned shall be reduced, for the year in question, by the amount automatically decommitted. The Member State shall produce a revised financing plan splitting the reduction of the aid between the types of interventions for approval by the Commission. If it does not do so, the Commission shall reduce the amounts allocated to each type of intervention pro rata.

CHAPTER III

Common provisions

Article 33

Agricultural financial year

Without prejudice to special provisions on declarations of expenditure and revenue relating to public intervention laid down by the Commission pursuant to point (a) of the first subparagraph of Article 45(3), the agricultural financial year shall cover expenditure paid and revenue received and entered in the accounts of the Funds' budget by the paying agencies in respect of financial year "N" beginning on 16 October of year "N-1" and ending on 15 October of year "N".

Article 34

No double funding

Member States shall ensure that expenditure financed under the EAGF or the EAFRD shall not be the subject of any other financing under the Union's budget.

Under EAFRD, an operation may receive different forms of support from the CAP Strategic Plan and from other Funds as referred to in Article 1(1) of Regulation (EU) .../... [CPR] or Union instruments only if the total cumulated aid amount granted under the different forms of support does not exceed the highest aid intensity or aid amount applicable to that type of intervention as referred to in Title III of Regulation (EU) No.../... (CAP Strategic Plan Regulation). In such cases Member States shall not declare the same expenditure to the Commission for:

- (a) support from another Fund as referred to in Article 1(1) of Regulation (EU) .../... [CPR] or Union instrument; or
- (b) support from the same CAP Strategic Plan.

The amount of expenditure to be entered into a declaration of expenditure may be calculated on a pro rata basis, in accordance with the document setting out the conditions for support.

Article 35

Eligibility of expenditure incurred by the paying agencies

The expenditure referred to in Article 5(2) and Article 6 may be financed by the Union only if it has been effected by accredited paying agencies and, as regards types of interventions referred to in Regulation (EU) .../... [CAP Strategic Plan Regulation],

- (i) it is matched by a corresponding reported output, and
- (ii) it has been effected in accordance with the applicable governance systems, not extending to the eligibility conditions for individual beneficiaries laid down in the national CAP Strategic Plans.

Point (i) of the first paragraph shall not apply to advances paid to beneficiaries under types of interventions referred to in Regulation (EU) No.../...[CAP Strategic Plan Regulation].

Article 36

Compliance with payment deadlines

Where payment deadlines are laid down by Union law, any payment made to the beneficiaries by the paying agencies before the earliest possible date of payment and after the latest possible date of payment shall render those payments ineligible for Union financing.

The Commission is empowered to adopt delegated acts in accordance with Article 100, supplementing this Regulation with rules on the circumstances and conditions in which the payments referred to in the first paragraph of this Article may be deemed eligible, taking into account the principle of proportionality.

Article 37

Reduction of monthly and interim payments

1. Where the Commission establishes from declarations of expenditure or the information referred to in Article 88 that financial ceilings set by Union law have been exceeded, the Commission shall reduce the monthly or interim payments to the Member State in question in the framework of the implementing acts concerning the monthly payments referred to in Article 19(3) or in the framework of the interim payments referred to in Article 30.
2. Where the Commission establishes from declarations of expenditure or the information referred to in Article 88 that the payment deadlines referred to in Article 36 have not been complied with, the Member State shall be afforded the opportunity to submit its comments within a period which shall not be less than 30 days. Where the Member State fails to submit its comments within the said period or where the Commission has concluded that the response provided is manifestly insufficient, the Commission may reduce the monthly or interim payments to the Member State concerned in the framework of the implementing acts concerning the monthly payments referred to in Article 19(3) or in the framework of the interim payments referred to in Article 30.
3. Reductions under this Article shall be without prejudice to Article 51.
4. The Commission may adopt implementing acts laying down further rules on the procedure and other practical arrangements for the proper functioning of the mechanism provided for in Article 36. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

Article 38

Suspension of payments in relation to the annual clearance

1. Where Member States do not submit the documents referred to in Articles 8(3) and 11(1) by the deadlines, as provided for in Article 8(3), the Commission may adopt implementing acts suspending the total amount of the monthly payments referred to in Article 19(3). The Commission shall reimburse the suspended amounts when it receives the missing documents from the Member State concerned, provided that the date of receipt is not later than six months after the deadline. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 101(2).

As regards the interim payments referred to in Article 30, declarations of expenditure shall be deemed inadmissible in accordance with paragraph 6 of that Article.

2. Where, in the framework of the annual performance clearance referred to in Article 52, the Commission establishes that the difference between the expenditure declared and the amount corresponding to the relevant reported output is more than 50% and the Member State cannot provide duly justified reasons, the Commission may adopt implementing acts suspending the monthly payments referred to in Article 19(3) or the interim payments referred to in Article 30. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 101(2).

The suspension shall be applied to the relevant expenditure in respect of the interventions which have been subject to the reduction referred to in Article 52(2) and the amount to be suspended shall not exceed the percentage corresponding to the reduction applied in accordance with Article 52(2). The amounts suspended shall be reimbursed by the Commission to the Member States or permanently reduced at the latest by means of the implementing act referred to in Article 52 relating to the year for which the payments were suspended. However, if Member States demonstrate that the necessary corrective actions have been taken, the Commission may lift the suspension earlier in a separate implementing act.

The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules on the rate of suspension of payments.

Before adopting the implementing acts referred to in paragraph (1) and the first subparagraph of paragraph (2), the Commission shall inform the Member State concerned of its intention and shall give the Member State the opportunity to submit its comments within a period which shall not be less than 30 days.

The implementing acts determining the monthly payments referred to in Article 19(3) or the interim payments referred to in Article 30 shall take account of the implementing acts adopted under this paragraph.

Article 39

Suspension of payments in relation to the multi-annual performance monitoring

1. Where in accordance with Article 121a(2) and (3) of Regulation (EU) .../...[CAP Strategic Plan Regulation], the Commission asks the Member State concerned to submit an action plan, that Member State shall establish such action plan in consultation with the Commission, including the intended remedial actions and clear progress indicators together with the timeframe during which the progress has to be achieved. That timeframe may extend beyond one financial year.

The Member State concerned shall respond within a period of two months after the Commission's request for an action plan.

Within a period of two months after receipt of the action plan from the Member State concerned, the Commission shall, where appropriate, inform that Member State in writing of its objections to the submitted action plan and request its modification. The Member State concerned shall comply with the action plan, as accepted by the Commission, and comply with the expected timeframe for its execution.

The Commission shall adopt implementing acts laying down further rules on the structure of the action plans and the procedure for setting up the action plans. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

2. Where the Member State fails to submit or to implement the action plan referred to in paragraph 1 of this Article or if that action plan is manifestly insufficient to remedy the situation or if it has not been modified in accordance with the written request of the Commission as referred to in that paragraph, the Commission may adopt implementing acts suspending the monthly payments referred to in Article 19(3) or the interim payments referred to in Article 30.

By way of derogation from the first subparagraph of this paragraph, the request for an action plan by the Commission for the financial year 2025, as provided for in Article 121a(3) of Regulation (EU) ...I... [CAP Strategic Plan Regulation], shall not lead to a suspension of payments before the following performance review for the financial year 2026.

The suspension of payments referred to in the first subparagraph shall be applied in accordance with the principle of proportionality to the relevant expenditure related to the interventions, which were to be covered by that action plan.

The Commission shall reimburse the suspended amounts when, on the basis of the performance review referred to in Article 121a of Regulation (EU) ...I... [CAP Strategic Plan Regulation] or on the basis of the voluntary notification made during the budget year by the Member States on the advancement of the action plan and of the corrective action taken to remedy to the shortfall, satisfactory progress towards targets is achieved.

If the situation is not remedied by the end of the twelve month following the suspension of payments, the Commission may adopt an implementing act definitively reducing the amount suspended for the Member State concerned.

The implementing acts provided for in this paragraph shall be adopted in accordance with the advisory procedure referred to in Article 101(2).

Before adopting such implementing acts, the Commission shall inform the Member State concerned of its intention and shall ask it to respond within a period which shall not be less than 30 days.

The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules on the rate and duration of suspension of payments and the condition for reimbursing or reducing those amounts with regard to the multi-annual performance monitoring.

Article 40

Suspension of payments in relation to deficiencies in the governance systems

1. In case of serious deficiencies in the functioning of the governance systems, the Commission shall, where necessary ask the Member State concerned to submit an action plan including the necessary remedial actions and clear progress indicators. That action plan, shall be established in consultation with the Commission. The Member State concerned shall respond within a period of two months after the Commission's request in order to assess the need for an action plan.

The Commission shall adopt implementing acts laying down rules on the structure of the action plans and the procedure for setting up the action plans. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

2. Where the Member State fails to submit or to implement the action plan referred to in paragraph 1 of this Article if that action plan is manifestly insufficient to remedy the situation or if it has not been implemented in accordance with the written request of the Commission as referred to in that paragraph, the Commission may adopt implementing acts suspending the monthly payments referred to in Article 19(3) or the interim payments referred to in Article 30.

The suspension shall be applied in accordance with the principle of proportionality to the relevant expenditure effected by the Member State where the deficiencies exist, for a period to be determined in the implementing acts referred to in the first subparagraph of this paragraph, which shall not exceed 12 months. If the conditions for the suspension continue to be met, the Commission may adopt implementing acts prolonging that period for further periods not exceeding 12 months in total. The amounts suspended shall be taken into account when adopting the implementing acts referred to in Article 53.

3. The implementing acts provided for in this paragraph shall be adopted in accordance with the advisory procedure referred to in Article 101(2).

Before adopting the implementing acts referred to in this paragraph, the Commission shall inform the Member State concerned of its intention and shall ask it to respond within a period which shall not be less than 30 days.

The implementing acts adopted under this paragraph shall be taken into account by implementing acts determining the monthly payments referred to in Article 19(3) or the interim payments referred to in Article 30

Article 41

Keeping separate accounts

Each paying agency shall keep a set of separate accounts for the appropriations entered in the Union's budget for the Funds.

Article 42

Payment to beneficiaries

1. Except where otherwise explicitly provided for in Union law, Member States shall ensure that payments relating to the financing provided for in this Regulation shall be disbursed in full to the beneficiaries.
2. Member States shall ensure that the payments under the interventions and measures referred to in Article 63(2) shall be made within the period from 1 December to 30 June of the following calendar year.

Notwithstanding the first subparagraph, Member States may:

- (a) prior to 1 December but not before 16 October, pay advances of up to 50 % for direct payments interventions and for the measures referred to in Chapter IV of Regulation (EU) No 228/2013 and in Chapter IV of Regulation (EU) No 229/2013 respectively;
 - (b) prior to 1 December pay advances of up to 75 % for the support granted under rural development interventions as referred to in Article 63(2).
3. Member States may decide to pay advances of up to 50% under the interventions referred to in Articles 68 and 71 of Regulation (EU) No.../...[CAP Strategic Plan Regulation].
4. The Commission is empowered to adopt delegated acts in accordance with Article 100 amending this Article by adding rules allowing Member States to pay advances as regards the interventions referred to in Chapter III of Title III of Regulation [CAP Strategic Plan Regulation] and as regards measures regulating or supporting agricultural markets as laid down in Regulation (EU) No 1308/2013 in order to ensure a coherent and non-discriminatory payment of advances.
- 4a. The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Article by setting up specific conditions for the payment of advances, to ensure a coherent and non-discriminatory payment of advances.
5. Upon the request of a Member State, in the event of an emergency, and within the limits of point b) of Article 11 (2) of Regulation (EU, Euratom) 2018/1046, the Commission shall adopt, where appropriate, implementing acts in relation to the application of this Article. Those implementing acts may derogate from paragraph 2, but only to the extent that, and for such a period, as is strictly necessary.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

Article 43

Assignment of revenue

1. The following shall be "assigned revenue" within the meaning of Article 21 of the Financial Regulation:
 - (a) as regards expenditure under both EAGF and EAFRD, sums under Articles 36, 52 and 53 of this Regulation and Article 54 of Regulation (EU) No 1306/2013 applicable in accordance with Article 102 of this Regulation and, as regards expenditure under the EAGF, sums under Article 54 and Article 51 of this Regulation, which must be paid to the Union's budget, including interest thereon;
 - (b) amounts corresponding to penalties applied in accordance with the rules on conditionality as referred to in Article 11 of Regulation (EU) .../... [CAP Strategic Plan Regulation], as regards expenditure under EAGF;
 - (c) any security, deposit or guarantee furnished pursuant to Union law adopted within the framework of the CAP, excluding rural development interventions, and subsequently forfeited. However, forfeited securities lodged when issuing export or import licences or under a tendering procedure for the sole purpose of ensuring that tenderers submit genuine tenders shall be retained by the Member States;
 - (d) sums definitively reduced in accordance with Article 39(2).
2. The sums referred to in paragraph 1 shall be paid to the Union's budget and, in the event of reuse, shall be used exclusively to finance EAGF or EAFRD expenditure.
3. This Regulation shall apply *mutatis mutandis* to assigned revenue referred to in paragraph 1.
4. As regards the EAGF, Articles 113 of the Financial Regulation shall apply *mutatis mutandis* to the keeping of accounts on assigned revenue referred to in this Regulation.

Article 44

Information measures

1. The provision of information financed pursuant to point (e) of Article 7 shall aim, in particular, to help explain, implement and develop the CAP and to raise public awareness of its content and objectives including its interaction with the climate, environment and animal welfare. This is to inform citizens about the challenges faced in agriculture and food, to inform farmers and consumers, to restore consumer confidence following crises through information campaigns, to inform farmers and other parties active in rural areas and to promote a more sustainable Union model of agriculture, as well as to help citizens understand it.

It shall supply coherent, evidence-based, objective and comprehensive information, both inside and outside the Union, and outline the communication actions planned in the multiannual strategic plan for Agriculture and Rural Development.

2. The measures referred to in paragraph 1 may consist of:
 - (a) annual work programmes or other specific measures presented by third parties;
 - (b) activities implemented on the initiative of the Commission.

Those measures which are required by law or those measures already receiving financing under another Union action shall be excluded.

In order to implement activities as referred to in point (b) of the first subparagraph, the Commission may be assisted by external experts.

The measures referred to in the first subparagraph shall also contribute to the corporate communication of the Union's political priorities in so far as those priorities are related to the general objectives of this Regulation.

3. The Commission shall publish once a year a call for proposals respecting the conditions set out in the Financial Regulation.
4. The Committee referred to in Article 101(1) shall be notified of measures envisaged and taken pursuant to this Article.
5. The Commission shall present a report on the implementation of this Article to the European Parliament and to the Council every two years.

Article 45

Commission powers

1. The Commission is empowered to adopt delegated acts in accordance with Article 100 in order to supplement this Regulation concerning the conditions under which certain types of expenditure and revenue under the Funds are to be compensated.

If the Union's budget has not been adopted by the beginning of the financial year or if the total amount of the commitments scheduled exceeds the threshold laid down in Article 11(2) of the Financial Regulation, the Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules on the method applicable to the commitments and the payment of the amounts.

2. The Commission may adopt implementing acts laying down further rules on the obligation laid down in Article 41 and the specific conditions applying to the information to be booked in the accounts kept by the paying agencies. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

3. The Commission may adopt implementing acts laying down rules on:
- (a) the financing and accounting of intervention measures in the form of public storage, and other expenditure financed by the Funds;
 - (b) the terms and conditions governing the implementation of the automatic decommitment procedure.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

Chapter IV

Clearance of accounts

SECTION 1

GENERAL PROVISIONS

Article 46

Single audit approach

In accordance with Article 127 of the Financial Regulation, the Commission shall take assurance from the work of the certification bodies referred to in Article 11 of this Regulation, unless it has informed the Member State that it cannot rely on the work of the certification body for a given financial year, and it shall take it into account in its risk assessment of the need for Commission audits in the Member State concerned. The Commission shall inform the Member State of the reasons why it cannot rely on the work of the certification body concerned.

Article 47

Checks by the Commission

1. Without prejudice to the checks carried out by Member States under national law, regulations and administrative provisions or Article 287 of the Treaty or to any check organised under Article 322 of the Treaty or based on Council Regulation (Euratom, EC) No 2185/96 or to Article 127 of the Financial Regulation, the Commission may organise checks in Member States with a view to verifying in particular:
 - (a) compliance of administrative practices with Union rules;
 - (b) whether the expenditure falling within the scope of Article 5(2) and Article 6 of this Regulation and corresponding to the interventions referred to in Regulation (EU) .../...[CAP Strategic Plan Regulation] have a corresponding output as reported in the annual performance report;

- (c) whether the expenditure corresponding to the measures laid down in Regulation (EU) No 1308/2013, Regulation (EU) No 228/2013, Regulation (EU) No 229/2013 and Regulation (EU) No 1144/2014 have been effected and checked in accordance with applicable Union rules;
- (d) whether the work of the certification body is carried out in accordance with Article 11 and for the purposes of Section 2 of this Chapter;
- (e) whether a paying agency complies with the accreditation criteria laid down in Article 8(2) and whether the Member State correctly applies Article 8(5);
- (f) whether a Member State implements the CAP Strategic Plan in accordance with Article 9 of Regulation (EU) .../... [CAP Strategic Plan Regulation];
- (g) whether the action plans referred to in Article 40 are correctly implemented.

Persons authorised by the Commission to carry out checks on its behalf, or Commission agents acting within the scope of the powers conferred on them, shall have access to the books and all other documents, including documents and metadata drawn up or received and recorded on an electronic medium, relating to expenditure financed by the EAGF or the EAFRD.

The powers to carry out checks shall not affect the application of national provisions which reserve certain acts for agents specifically designated by national law. Without prejudice to the specific provisions of Regulation (EU, Euratom) No 883/2013 and Regulation (Euratom, EC) No 2185/96, persons authorised by the Commission to act on its behalf shall not take part, inter alia, in home visits or the formal questioning of persons on the basis of law of the Member State concerned. However, they shall have access to information thus obtained.

2. The Commission shall give sufficient prior notice of a check to the Member State concerned or to the Member State within whose territory the check is to take place, taking into account the administrative impact on paying agencies when organising checks. Agents from the Member State concerned may take part in such checks.

At the request of the Commission and with the agreement of the Member State, additional checks or inquiries into the operations covered by this Regulation shall be undertaken by the competent bodies of that Member State. Commission agents or persons authorised by the Commission to act on its behalf may take part in such checks.

In order to improve checks, the Commission may, with the agreement of the Member States concerned, request the assistance of the authorities of those Member States for certain checks or inquiries.

Article 48

Access to information

1. Member States shall make available to the Commission all information necessary for the smooth operation of the Funds and shall take all appropriate measures to facilitate the checks which the Commission deems appropriate in connection with the management of Union financing.
2. Member States shall communicate to the Commission at its request the laws, regulations and administrative provisions which they have adopted in order to implement the Union legal acts relating to the CAP, where those acts have a financial impact on the EAGF or the EAFRD.

3. Member States shall make available to the Commission information about irregularities within the meaning of Regulation (EC, Euratom) No 2988/95 and other cases of non-compliance with the conditions established by Member States in the CAP Strategic Plan, suspected fraud cases detected, and information about the steps taken pursuant to Section 3 of this Chapter to recover undue payments in connection with those irregularities and frauds. The Commission shall summarise and publish that information annually, communicating it to the European Parliament.

Article 49

Access to documents

The accredited paying agencies shall keep supporting documents relating to payments made and documents relating to the performance of the checks required by Union law, and shall make the documents and information available to the Commission.

Those supporting documents may be kept in electronic form under the conditions laid down by the Commission on the basis of Article 50(2).

Where those documents are kept by an authority acting under delegation from a paying agency and responsible for authorising expenditure, that authority shall send reports to the accredited paying agency on the number of checks made, their content and the measures taken in the light of their results.

This Article shall apply *mutatis mutandis* to the certification bodies.

Article 50

Commission powers

1. The Commission is empowered to adopt delegated acts in accordance with Article 100 which are necessary to ensure the correct and efficient application of the provisions relating to checks and access to documents and information set out in this Chapter, supplementing this Regulation with specific obligations to be complied with by the Member States under this Chapter and with rules on the criteria for determining the cases of irregularity within the meaning of Regulation (EU, Euratom) No 2988/95 and other cases of non-compliance with the conditions established by Member States in the CAP Strategic Plan, to be reported and the data to be provided.
2. The Commission may adopt implementing acts laying down rules on:
 - (a) the procedures relating to the cooperation obligations to be complied with by the Member States for the implementation of Articles 47 and 48;
 - (b) the conditions under which the supporting documents referred to in Article 49 are to be kept, including their form and the time period of their storage.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

SECTION 2

CLEARANCE

Article 51

Annual financial clearance

1. Prior to 31 May of the year following the budget year in question and on the basis of the information referred to in points (a) and (c) of Article 8(3), the Commission shall adopt implementing acts, containing its decision on the clearance of the accounts of the accredited paying agencies, for the expenditure referred to in Article 5(2) and Article 6.

Those implementing acts shall cover the completeness, accuracy and veracity of the annual accounts submitted and shall be without prejudice to the content of the implementing acts subsequently adopted pursuant to Articles 52 and 53.

Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 101(2).

2. The Commission shall adopt implementing acts laying down rules on the actions necessary for the purposes of adoption and implementation of the implementing acts referred to in paragraph 1, including the rules on information exchange between the Commission and the Member States and the deadlines to be respected.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

Article 52

Annual performance clearance

1. Where the expenditure referred to in Article 5(2) and Article 6 of this Regulation and corresponding to the interventions referred to in Title III of Regulation (EU) .../... [CAP Strategic Plan Regulation] does not have a corresponding output as reported in the annual performance report referred to in Article 10a and Article 8(3) of this Regulation and in Article 121 of Regulation (EU) .../... [CAP Strategic Plan Regulation], the Commission shall adopt implementing acts prior to 15 October of the year following the budget year in question determining the amounts to be reduced from Union financing. Those implementing acts shall be without prejudice to the content of the implementing acts subsequently adopted pursuant to Article 53 of this Regulation.

Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 101(2).

2. The Commission shall assess the amounts to be reduced on the basis of the difference between the annual expenditure declared for an intervention and the amount corresponding to the relevant reported output in accordance with the national CAP Strategic Plan and taking account of justifications provided by the Member State in the annual performance reports in accordance with Article 121(54) of Regulation (EU) No.../... [CAP Strategic Plan Regulation].
3. Before the adoption of the implementing act referred to in paragraph 1 of this Article, the Commission shall give the Member State an opportunity to submit its comments and justify any differences within a period which, where the documents in accordance with Article 10a, Article 8(3) and Article 11(1) have been submitted by the deadline, shall not be less than 30 days.

4. The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules on the criteria for justifications from the concerned Member State and the methodology and criteria for applying reductions.
5. The Commission shall adopt implementing acts laying down rules on the actions necessary for the purposes of adoption and implementation of the implementing acts referred to in paragraph 1, including the rules on information exchange between the Commission and the Member States and the deadlines to be respected.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

Article 53

Conformity procedure

1. Where the Commission finds that the expenditure referred to in Article 5(2) and Article 6 has not been effected in conformity with Union law, the Commission shall adopt implementing acts determining the amounts to be excluded from Union financing

However, as regards the types of interventions referred to in Regulation (EU) .../... [CAP Strategic Plan Regulation] the exclusions from Union financing as referred to in the first subparagraph of this paragraph shall only apply in the case of serious deficiencies in the functioning of the Member States' governance systems.

The first subparagraph shall not apply to cases of non-compliance with the eligibility conditions for individual beneficiaries laid down in the national CAP Strategic Plans and national rules.

The implementing acts referred to in the first subparagraph of this paragraph shall be adopted in accordance with the advisory procedure referred to in Article 101(2).

2. The Commission shall assess the amounts to be excluded on the basis of the gravity of the deficiencies found. It shall take due account of the nature of the infringement and of the financial damage incurred by the Union.
3. Before the adoption of the implementing act referred to in paragraph 1, the Commission findings and the Member State's replies shall be notified in writing following which the two parties shall attempt to reach agreement on the action to be taken. Following this, the Member States shall be given the opportunity to demonstrate that the actual extent of the non-compliance is lower than the Commission's assessment.

If agreement is not reached, the Member State may request the opening of a procedure aimed at reconciling, within a period of four months, each party's position. A report on the outcome of the procedure shall be submitted to the Commission. The Commission shall take into account the recommendations in the report before making a decision to refuse financing and shall provide justification where it decides not to follow those recommendations.

4. Financing shall not be refused for:
 - (a) expenditure as indicated in Article 5(2) which is effected more than 24 months before the Commission notifies the Member State in writing of its findings;
 - (b) expenditure on multiannual interventions falling within the scope of Article 5(2) or within the scope of the rural development interventions as referred to in Article 6, where the final obligation on the beneficiary occurs more than 24 months before the Commission notifies the Member State in writing of its findings;
 - (c) expenditure on rural development interventions, as referred to in Article 6, other than those referred to in point (b) of this paragraph, for which the payment or, as the case may be, the final payment, by the paying agency, is made more than 24 months before the Commission notifies the Member State in writing of its findings.

5. Paragraph 4 shall not apply in the case of:
- (a) aids granted by a Member State for which the Commission has initiated the procedure laid down in Article 108(2) of the Treaty or infringements which the Commission has notified to the Member State concerned by a reasoned opinion in accordance with Article 258 of the Treaty;
 - (b) infringements by Member States of their obligations under Chapter III of Title IV of this Regulation, provided that the Commission notifies the Member State in writing of its findings within 12 months following receipt of the Member State's report on the results of its checks on the expenditure concerned.
6. The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules on the criteria and methodology for applying financial corrections.
7. The Commission shall adopt implementing acts laying down rules on the actions necessary for the purposes of adoption and implementation of the implementing acts referred to in paragraph 1, including the rules on information exchange between the Commission and the Member States and the deadlines to be respected and the conciliation procedure provided for in paragraph 3, and including the establishment, tasks, composition and working arrangements of the conciliation body.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

SECTION 3

RECOVERIES FOR NON-COMPLIANCE

Article 54

Provisions specific to the EAGF

Sums recovered by the Member States following the occurrence of irregularities and other cases of non-compliance by beneficiaries with the conditions of the interventions referred to in the CAP Strategic Plan and the interest thereon shall be made over to the paying agency and booked by it as revenue assigned to the EAGF in the month in which the sums are actually received.

Member States may, without prejudice to the first paragraph, instruct the paying agency, as the body responsible for the recovery of debt, to deduct any outstanding debts owed by a beneficiary from future payments to that beneficiary.

When the Union's budget is credited as referred to in the first paragraph, the Member State may retain 20 % of the corresponding amounts as flat rate recovery costs, except in cases of non-compliance attributable to its administrative authorities or other official bodies.

Article 55

Provisions specific to the EAFRD

1. Where irregularities and other cases of non-compliance by beneficiaries, and as regards financial instruments also by specific funds under holding funds or final recipients, with the conditions of the rural development interventions referred to in the CAP Strategic Plan are detected, Member States shall make financial adjustments by cancelling partially or, when justified, entirely the Union financing concerned. Member States shall take into consideration the nature and gravity of the non-compliance detected and the level of the financial loss to the EAFRD.

Amounts of the Union financing under the EAFRD which are cancelled and amounts recovered, and the interest thereon, shall be reallocated to other rural development operations in the CAP Strategic Plan. However, the cancelled or recovered Union Funds may be reused by Member States only for a rural development operation under the national CAP Strategic Plan and provided the funds are not reallocated to rural development operations which have been the subject of a financial adjustment.

Member States shall deduct any sums unduly paid as a result of an outstanding irregularity by a beneficiary, under the terms set out in this Article, from any future payments to the beneficiary by the paying agency.

However, the cancelled or recovered Union funds may be reused in their entirety by Member States only for a rural development operation under the national CAP Strategic Plan and provided the funds are not reallocated to rural development operations which have been the subject of a financial adjustment.

2. By way of derogation from the second subparagraph of paragraph 1, for rural development interventions receiving aid from financial instruments as referred to in Regulation (EU) .../...[CPR Article 52], a contribution cancelled as a result of an individual non-compliance, may be reused within the same financial instrument as follows:
- (a) where the non-compliance that gives rise to the cancellation of the contribution is detected at the level of the final recipient referred to in [CPR Article 2(17)] of Regulation (EU) .../..., only for other final recipients within the same financial instrument;
 - (b) where the non-compliance that gives rise to the cancellation of the contribution is detected at the level of the specific fund as referred to in [CPR Article 2(21)] of Regulation (EU) .../... within a holding fund as referred to in [CPR Article 2(20)] of Regulation (EU) .../..., only for other specific funds.

Article 56

Implementing powers

The Commission shall adopt implementing acts laying down rules on the possible off-setting of the amounts resulting from recovery of undue payments and the forms of notification and communication to be made by the Member States to the Commission in relation to the obligations set out in this Section.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

TITLE IV

Control systems and penalties

Chapter I

General rules

Article 57

Protection of the financial interests of the Union

1. Member States shall, within the framework of the CAP, while respecting the applicable governance systems, adopt all legislative, regulatory and administrative provisions and take any other measures necessary to ensure effective protection of the financial interests of the Union including effective application of the eligibility of expenditure criteria laid down in Article 35. Those provisions and measures shall relate in particular to:
 - (a) checking the legality and regularity of operations financed by the Funds, including at the level of beneficiaries and as set out in the national strategic plans;
 - (b) ensuring effective prevention against fraud, especially in areas with a higher level of risk, and which will act as a deterrent, having regard to the costs and benefits and the proportionality of the measures;
 - (c) preventing, detecting and correcting irregularities and fraud;
 - (d) imposing penalties which are effective, dissuasive and proportionate in accordance with Union law, or failing this, national law, and bring legal proceedings to that effect, as necessary;
 - (e) recovering undue payments plus interest, and bring legal proceedings to that effect as necessary, including for irregularities within the meaning of Regulation (EU, Euratom) No 2988/95.

2. Member States shall set up efficient management and control systems in order to ensure compliance with the Union legislation governing Union interventions.

Member States shall take the actions necessary to ensure the proper functioning of their management and control systems and the legality and regularity of expenditure declared to the Commission.

To assist the Member States in this respect, the Commission shall make available to the Member States a data-mining tool to assess risks presented by projects, beneficiaries, contractors and contracts while ensuring minimal administrative burden and effective protection of the Union financial interest. That data-mining tool may also be used in order to avoid circumvention of rules as referred to in Article 60. By 2025, the Commission shall present a report which assesses the use of the single data mining tool and its interoperability in a view of its generalised use by Member States.

- 2a. Member States shall ensure the quality and reliability of the reporting system and of data on indicators.
- 2b. Member States shall ensure that beneficiaries of Funds provide them with the information necessary for their identification, including, where applicable, the identification of the group in which they participate, as defined in article 2 of Directive 2013/34/EU.
3. Member States shall take appropriate precautions ensuring that the penalties applied as referred to in point (d) of paragraph 1 are proportionate and graduated according to the severity, extent, duration and reoccurrence of the non-compliance found.

The arrangements set out by Member States shall ensure, in particular, that no penalties shall be imposed:

- (a) where the non-compliance is due to force majeure or exceptional circumstances as referred to in Article 3;
- (b) where the non-compliance is due to an error of the competent authority or another authority, and where the error could not reasonably have been detected by the person concerned by the administrative penalty;
- (c) where the person concerned can demonstrate to the satisfaction of the competent authority that he or she is not at fault for the non-compliance with the obligations referred to in paragraph 1 or if the competent authority is otherwise satisfied that the person concerned is not at fault.

Where the non-compliance with the conditions for the granting of the aid is due to force majeure or exceptional circumstances as referred to in Article 3, the beneficiary shall retain the right to receive aid.

- 3a. Member States may in their management and control systems include the possibility for aid applications and payment claims to be corrected after submission without an effect on the right to receive aid, provided that the elements or omissions to be corrected were made in good faith as recognised by the competent authority; and requires that the correction is made either before the applicant is informed of being selected for an on-the-spot check or the competent authority has taken its decision in respect of the application.

4. Member States shall introduce arrangements for ensuring the effective examination of complaints concerning the Funds and shall, upon request by the Commission, examine complaints submitted to the Commission falling within the scope of their CAP Strategic Plan. Member States shall inform the Commission of the results of those examinations. The Commission shall ensure that complaints directly lodged with it are adequately followed up. Where the Commission forwards a complaint to a Member State for follow-up, and the Member State fails to do so by the deadline set by the Commission, the Commission shall take the necessary steps with a view to obliging the Member State to respect its obligations under this paragraph.
5. Member States shall inform the Commission of the provisions adopted and measures taken under paragraphs 1 and 2.

Any conditions established by Member States to supplement the conditions laid down by Union rules for receiving support financed by the EAGF or the EAFRD shall be verifiable.

6. The Commission may adopt implementing acts, laying down rules necessary for the uniform application of this Article relating to the following:
- (a) the procedures, deadlines, exchange of information, requirements for the data mining tool and information to be collected on the identification of beneficiaries, in relation to the obligations as set out in paragraphs 1, 2 and 2b , respectively;
 - (b) the notification and communication to be made by the Member States to the Commission in relation to the obligations set out in paragraphs 3 and 4.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

Article 58

Rules regarding checks to be carried out

1. The system set up by the Member States in accordance with Article 57(2) shall include systematic checks which shall also target the areas where the risk of errors is the highest.

Member States shall ensure that a level of checks needed for an effective management of the risks to the financial interest of the Union is carried out. The relevant authority shall draw its check sample from the entire population of applicants comprising, where appropriate, a random part and a risk-based part.

2. Checks of operations receiving aid from financial instruments as referred to in [CPR Article 52] of Regulation (EU) .../... shall be carried out only at the level of the holding fund and specific funds, and, in the context of guarantee funds, at the level of bodies delivering the underlying new loans.

Checks shall not be carried out at the level of the EIB or other international financial institutions in which a Member State is a shareholder.

3. The Commission is empowered to adopt delegated acts in accordance with Article 100 which are necessary to ensure that the checks are carried out correctly and efficiently and that the eligibility conditions are verified in an efficient, coherent and non-discriminatory manner which protects the financial interest of the Union, supplementing this Regulation with rules, where the proper management of that system so requires, on additional requirements with respect to customs procedures, and in particular to those laid down in Regulation (EU) No 952/2013 of the European Parliament and of the Council.

4. As regards measures referred to in the sectoral agricultural legislation other than Regulation (EU) .../... [CAP Strategic Plan Regulation], the Commission shall adopt implementing acts, laying down rules necessary for the uniform application of this Article, and in particular:
- (a) with regard to hemp as referred to in point c) of Article 4 of Regulation (EU) .../... [CAP Strategic Plan Regulation], rules on the specific control measures and methods for determining tetrahydrocannabinol levels;
 - (b) with regard to cotton as referred to in subsection 2 of Section 2 of Chapter 2 of Title III of Regulation (EU) .../... [CAP Strategic Plan Regulation], a system for checks of the approved interbranch organisations;
 - (c) with regard to wine as referred to in Regulation (EU) No 1308/2013, rules on the measurement of areas, on checks and on rules governing the specific financial procedures for the improvement of checks;
 - (d) the tests and methods to be applied in order to establish the eligibility of products for public intervention and private storage, and the use of tendering procedures, both for public intervention and for private storage;
 - (e) other rules on the checks to be conducted by the Member States, as regards the measures laid down in Chapter IV of Regulation (EU) No 228/2013 and in Chapter IV of Regulation (EU) No 229/2013 respectively.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

Article 59

Non-compliance with public procurement rules

Where the non-compliance concerns national or Union rules on public procurement, Member States shall ensure that the part of the aid not to be paid or to be withdrawn shall be determined on the basis of the gravity of the non-compliance and in accordance with the principle of proportionality.

Member States shall ensure that the legality and regularity of the transaction shall only be affected up to the level of the part of the aid not to be paid or to be withdrawn.

Article 60

Circumvention clause

Without prejudice to specific provisions, Member States shall take effective and proportionate measures to avoid provisions of Union law to be circumvented and ensure, in particular, that no advantage provided for under sectoral agricultural legislation shall be granted in favour of a natural or legal person in respect of whom it is established that the conditions required for obtaining such advantages were created artificially, contrary to the objectives of that legislation.

Article 61

Compatibility of interventions for the purposes of checks in the wine sector

For the purposes of applying the interventions in the wine sector as referred to in Regulation (EU) .../... [CAP Strategic Plan Regulation], Member States shall ensure that the administration and control procedures applied to those interventions are compatible with the integrated system referred to in Chapter II of this Title as regards the following elements:

- (a) the identification systems for agricultural parcels;
- (b) the checks.

Article 62

Securities

1. The Member States shall, when the sectoral agricultural legislation so provides, request the lodging of a security giving the assurance that a sum of money will be paid or forfeited to a competent authority if a particular obligation under sectoral agricultural legislation is not fulfilled.
2. Except in cases of force majeure, the security shall be forfeited in whole or in part where the execution of a particular obligation is not carried out, or is carried out only partially.
3. The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules which ensure a non-discriminatory treatment, equity and the respect of proportionality when lodging a security. Those rules shall:
 - (a) specify the responsible party in the event that an obligation is not met;
 - (b) lay down the specific situations in which the competent authority may waive the requirement of a security;
 - (c) lay down the conditions applying to the security to be lodged and the guarantor and the conditions for lodging and releasing that security;
 - (d) lay down the specific conditions related to the security lodged in connection with advance payments;
 - (e) set out the consequences of breaching the obligations for which a security has been lodged, as provided for in paragraph 1, including the forfeiting of securities, the rate of reduction to be applied on release of securities for refunds, licences, offers, tenders or specific applications and when an obligation covered by that security has not been met either wholly or in part, taking into account the nature of the obligation, the quantity for which the obligation has been breached, the period exceeding the time limit by which the obligation should have been met and the time by which evidence that the obligation has been met is produced.

4. The Commission may adopt implementing acts laying down rules on:
- (a) the form of the security to be lodged and the procedure for lodging the security, for accepting it, and for replacing the original security;
 - (b) the procedures for the release of a security;
 - (c) the notifications to be made by Member States and by the Commission.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

Chapter II

Integrated administration and control system

Article 63

Scope and definitions

1. Each Member State shall set up and operate an integrated administration and control system (the 'integrated system').
2. The integrated system shall apply to the area- and animal-based interventions listed in Chapters II and IV of Title III of Regulation (EU) .../... [CAP Strategic Plan Regulation] and to the measures referred to in Chapter IV of Regulation (EU) No 228/2013⁶⁹ and in Chapter IV of Regulation (EU) 229/2013⁷⁰ respectively.

⁶⁹ Regulation (EU) No 228/2013 of the European Parliament and of the Council of 13 March 2013 laying down specific measures for agriculture in the outermost regions of the Union and repealing Council Regulation (EC) 247/2006 (OJ L 78, 20.3.2013, p. 23).

⁷⁰ Regulation (EU) No 229/2013 of the European Parliament and of the Council of 13 March 2013 laying down specific measures for agriculture in favour of the smaller Aegean islands and repealing Council Regulation (EC) No 1405/2006 (OJ L 78, 20.3.2013, p. 41).

3. To the extent necessary, the integrated system shall also be used for the management and control of conditionality and interventions in the wine sector as laid down in Title III of Regulation (EU) .../... [CAP Strategic Plan Regulation].
4. For the purposes of this Chapter:
- (a) "geo-spatial application" means an electronic application form that includes an IT application based on a geographic information system that allows beneficiaries to spatially declare the agricultural parcels of the holding as defined in point (b) of Article 3 of Regulation (EU) .../... [CAP Strategic Plan Regulation] and non-agricultural areas claimed for payment;
 - (b) "area monitoring system" means a procedure of regular and systematic observation, tracking and assessment of agricultural activities and practices on agricultural areas by Copernicus Sentinels satellite data or other data with at least equivalent value;
 - (c) "system for the identification and registration of animals" means the system for the identification and registration of bovine animals laid down by Regulation (EC) No 1760/2000 of the European Parliament and of the Council¹ or the system for the identification and registration of ovine and caprine animals laid down by Council Regulation (EC) No 21/2004² or, where applicable, the system for the identification and registration of pigs laid down by Council Directive 2008/71/EC;³
 - (d) "agricultural parcel" means a unit, as defined by Member States, of agricultural area as defined in accordance with point (b) of Article 4(1) of Regulation (EU) .../... [CAP Strategic Plan Regulation];

- (e) "geographic information system" means a computer system capable of capturing, storing, analysing, and displaying geographically referenced information;
- (f) "automatic claim system" means an application system for area- or animal-based interventions, in which the data required by the administration on at least individual areas or animals claimed for aid are available in official computerised databases managed by the Member State and are made available to the beneficiary where necessary.

Article 64

Elements of the integrated system

1. The integrated system shall comprise the following elements:
 - (a) an identification system for agricultural parcels;
 - (b) a geo-spatial application system and, where applicable, an animal-based application system;
 - (c) an area monitoring system;
 - (d) a system for the identification of beneficiaries of the interventions and measures referred to in Article 63(2);
 - (e) a control and penalties system;
 - (f) where applicable, a system for the identification and registration of payment entitlements;
 - (g) where applicable, a system for the identification and registration of animals.

- 1a The integrated system shall provide information relevant for the reporting on the indicators referred to in Article 7 of Regulation (EU) .../...[CAP Strategic Plan Regulation].
2. The integrated system shall operate on the basis of electronic databases and geographic information systems and shall enable the exchange and integration of data between the electronic databases and the geographic information systems (GIS). Where relevant, GIS shall allow for this exchange and integration of data on agricultural parcels in delimited protected zones and designated areas that have been established in accordance with Union legislation listed in Annex XI to Regulation (EU) .../... [CAP Strategic Plan Regulation], such as Natura 2000 areas or Nitrate Vulnerable Zones, as well as the landscape features under the good agriculture and environmental conditions defined in line with Article 12 of that Regulation [CAP SPR] or covered by interventions listed in Chapters II and IV of Title III of the same Regulation.
3. Without prejudice to the responsibilities of the Member States for the implementation and application of the integrated system, the Commission may seek the assistance of specialised bodies or persons in order to facilitate the establishment, monitoring and operation of the integrated system, in particular, with a view to providing the competent authorities of the Member States with technical advice.
4. Member States shall take the measures required for the proper establishment and operation of the integrated system and, where requested by another Member State, shall give one another the mutual assistance needed for the purposes of this Chapter.

Article 65

Data keeping and sharing

1. Member States shall record and keep any data and documentation on the annual outputs reported in the context of the annual performance clearance as referred to in Article 52, and the reported progress towards targets as set out in the CAP Strategic Plan and monitored in accordance with Article 115 of Regulation (EU) .../...[CAP Strategic Plan Regulation].

The data and documentation referred to in the first subparagraph relating to the current calendar year or marketing year and to the previous ten calendar years or marketing years shall be accessible for consultation through the digital databases of the competent authority of the Member State.

Data used for the area monitoring system may be stored as raw data on a server external to the competent authorities. Those data shall be kept on a server for at least three years.

By way of derogation from the second subparagraph, Member States which acceded to the Union in or after 2013 shall only be required to ensure that the data is available for consultation from the year of their accession.

By way of derogation from the second subparagraph, Member States shall only be required to ensure that the data and documentation related to the area monitoring system referred to in point (c) of Article 64(1) is available for consultation as of the date of the implementation of the area monitoring system.

2. Member States may apply the requirements laid down in paragraph 1 at regional level on condition that those requirements and the administrative procedures for recording and accessing data are designed to be uniform throughout the territory of the Member State and enable data to be aggregated at national level.

3. Member States shall ensure that data sets collected through the integrated system which are relevant for the purposes of Directive 2007/2/EC of the European Parliament and of the Council⁷¹ or relevant for monitoring Union policies, are shared free of charge between its public authorities and made publicly available at national level. Member States shall also provide the institutions and bodies of the Union with access to these data sets.
4. Member States shall ensure that data sets collected through the integrated system, and which are relevant for the production of European statistics as referred to in Regulation (EC) No 223/2009⁷², are shared free of charge with the Community statistical authority, the national statistical institutes and, where necessary, with other national authorities responsible for the production of European statistics.
5. Member States shall limit public access to data sets referred to in paragraphs 3 and 4 where such access would adversely affect the confidentiality of personal data, in accordance with Regulation (EU) 2016/679.
- 5a. Member States shall set up systems in such a way to ensure that beneficiaries have access to all relevant data related to them, regarding the land they use or intend to use, in order to enable them to submit accurate applications.

⁷¹ Directive 2007/2/EC of the European Parliament and of the Council of 14 March 2007 establishing an Infrastructure for Spatial Information in the European Community (INSPIRE) (OJ L 108, 25.4.2007, p. 1).

⁷² Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics and repealing Regulation (EC, Euratom) No 1101/2008 of the European Parliament and of the Council on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities, Council Regulation (EC) No 322/97 on Community Statistics, and Council Decision 89/382/EEC, Euratom establishing a Committee on the Statistical Programmes of the European Communities (OJ L 87, 31.3.2009, p. 164).

Article 66

Identification system for agricultural parcels

1. The identification system for agricultural parcels shall be a geographic information system established and regularly updated by the Member States on the basis of aerial or spatial ortho-imagery, with a uniform standard that guarantees a level of accuracy that is at least equivalent to that of cartography at a scale of 1:5 000.
2. Member States shall ensure that the identification system for agricultural parcels:
 - (a) uniquely identifies each agricultural parcel and units of land containing non-agricultural areas considered eligible by the Member States for receiving the aid for the interventions referred to in Title III of Regulation (EU) .../... [CAP Strategic Plan Regulation];
 - (b) contains up-to-date values on the areas considered eligible by the Member States for receiving the aid for the interventions referred to in Article 63(2);
 - (c) enables the correct localisation of agricultural parcels and non-agricultural areas claimed for payment;
3. Member States shall annually assess the quality of the identification system for agricultural parcels in accordance with the methodology set up at Union level.

Where the assessment reveals deficiencies in the system, Member States shall adopt appropriate remedial actions or shall be requested by the Commission to set up an action plan in accordance with Article 40.

An assessment report and, where appropriate, the remedial actions and the timetable for their implementation shall be submitted to the Commission by 15 February following the calendar year concerned.

Article 67

Geo-spatial and animal-based application system

1. As regards the aid for the area-based interventions referred to in Article 63(2) and implemented under the national CAP Strategic Plans, Member States shall require the submission of an application by means of the geo-spatial application form provided by the competent authority.
2. As regards the aid for the animal-based interventions referred to in Article 63(2) and implemented under the national CAP Strategic Plans, Member States shall require the submission of an application.
3. Member States shall pre-fill the applications referred to in paragraphs 1 and 2 with information from the systems referred to in point (g) of Article 64(1) and in Articles 66, 68, 69 and 71 or from any other relevant public database.
4. Member States may set up an automatic claim system and decide which applications referred to in paragraphs 1 and 2 it shall cover.
- 4a. If a Member States decides to use an automatic claim system, it shall set up a system, which enable the administration to make the payments to the beneficiaries based on the existing details in the official computerised databases, where there has been no change, supplemented with additional information, where necessary to cover a change. Those details and any such additional information available through the automatic claim system shall be confirmed by the beneficiary.
5. Member States shall annually assess the quality of the geo-spatial application system in accordance with the methodology set up at Union level.

Where the assessment reveals deficiencies in the system, Member States shall adopt appropriate remedial actions or shall be requested by the Commission to set up an action plan in accordance with Article 40.

An assessment report and, where appropriate, the remedial actions and the timetable for their implementation shall be submitted to the Commission by 15 February following the calendar year concerned.

Article 68

Area monitoring system

1. Member States shall set up and operate an area monitoring system, which shall be operational from 1 January 2023. Should the full deployment of the system from that date not be feasible due to technical limitations, Member States may choose to set up and start the operation of such a system gradually, providing information for a limited number of interventions only. However, by 1 January 2024, an area monitoring system in all Member States shall be fully operational.
2. Member States shall annually assess the quality of the area monitoring system in accordance with the methodology set up at Union level.

Where the assessment reveals deficiencies in the system, Member States shall adopt appropriate remedial actions or shall be requested by the Commission to set up an action plan in accordance with Article 40.

An assessment report and, where appropriate, the remedial actions and the timetable for their implementation shall be submitted to the Commission by 15 February following the calendar year concerned.

Article 69

System for the identification of beneficiaries

The system for recording the identity of each beneficiary of the interventions and measures as referred to in Article 63(2) shall guarantee that all applications submitted by the same beneficiary can be identified as such.

Article 70

Control and penalties system

Member States shall set up a control and penalties system for the aid as referred to in Article 63. Member States, through the paying agencies or the bodies delegated by them, shall annually carry out administrative checks on the aid application and payment claims to verify legality and regularity as referred to in Article 57 (1)(a). Those checks shall be supplemented by on-the-spot checks, which may be executed remotely with the use of technology.

Article 71

System for the identification and registration of payment entitlements

The system for the identification and registration of payment entitlements shall allow for verification of the entitlements with the applications and the identification system for agricultural parcels.

Article 72

Delegated powers

The Commission is empowered to adopt delegated acts in accordance with Article 100 which are necessary to ensure that the integrated system provided for in this Chapter is implemented in an efficient, coherent and non-discriminatory way which protects the financial interests of the Union, supplementing this Regulation concerning:

- (a) rules on the quality assessment referred to in Articles 66, 67 and 68;
- (b) rules on the identification system for agricultural parcels, the system for the identification of beneficiaries and the system for the identification and registration of payment entitlements referred to in Articles 66, 69 and 71.

Article 73

Implementing powers

The Commission may adopt implementing acts laying down rules on:

- (a) the form, content and arrangements for transmitting or making available to the Commission of:
 - (i) the assessment reports on the quality of the identification system for agricultural parcels, of the geo-spatial application system and of the area monitoring system;
 - (ii) the remedial actions to be implemented by the Member States as referred to in Articles 66, 67 and 68;
- (b) basic features and rules on the aid application system and the area monitoring system referred to in Articles 67 and 68, including parameters of the gradual increase of the number of interventions under the area monitoring system.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

Chapter III

Scrutiny of transactions

Article 74

Scope and definitions

1. This Chapter lays down specific rules on the scrutiny of the commercial documents of those entities receiving or making payments relating directly or indirectly to the system of financing by the EAGF, or representatives of those entities (hereinafter 'undertakings') in order to ascertain whether transactions forming part of the system of financing by the EAGF have actually been carried out and have been executed correctly.
2. This Chapter shall not apply to interventions covered by the integrated system referred to in Chapter II of this Title and by Chapter III of Title III of Regulation (EU) .../... [CAP Strategic Plan Regulation]. The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with the establishment of a list of interventions which, due to their design and control requirements, are unsuited for additional ex-post controls by way of scrutiny of commercial documents and, therefore, are not to be subject to such scrutiny under this Chapter.
3. For the purposes of this Chapter the following definitions shall apply:
 - (a) "commercial document" means all books, registers, vouchers and supporting documents, accounts, production and quality records, correspondence relating to the undertaking's business activity, and commercial data, in whatever form they may take, including electronically stored data, in so far as these documents or data relate directly or indirectly to the transactions referred to in paragraph 1;
 - (b) "third party" means any natural or legal person directly or indirectly connected with transactions carried out within the financing system by the EAGF.

Article 75

Scrutiny by Member States

1. Member States shall carry out systematic scrutiny of the commercial documents of undertakings taking account of the nature of the transactions to be scrutinised. Member States shall ensure that the selection of undertakings for scrutiny gives the best possible assurance of the effectiveness of the measures for preventing and detecting irregularities. The selection shall take account, *inter alia*, of the financial importance of the undertakings in that system and of other risk factors.
2. In appropriate cases, the scrutiny provided for in paragraph 1 shall be extended to natural and legal persons with whom undertakings are associated and to such other natural or legal persons as may be relevant for the pursuit of the objectives set out in Article 76.
3. The body or bodies responsible for the application of this Chapter shall be organised in such a way as to be independent of the departments or branches of departments responsible for the payments and the checks carried out prior to payment.
4. Undertakings for which the sum of the receipts or payments amounted to less than EUR 40 000 shall be scrutinised in accordance with this Chapter only for specific reasons to be indicated by the Member States in their annual control plan referred to in article 79(1).
5. The scrutiny carried out pursuant to this Chapter shall not prejudice the checks undertaken pursuant to Articles 47 and 48.

Article 76

Cross-checks

1. The accuracy of primary data under scrutiny shall be verified by a number of cross-checks, including, where necessary, the commercial documents of third parties, appropriate to the degree of risk presented, including:
 - (a) comparisons with the commercial documents of suppliers, customers, carriers and other third parties;
 - (b) physical checks, where appropriate, upon the quantity and nature of stocks;
 - (c) comparison with the records of financial flows leading to or consequent upon the transactions carried out within the financing system by the EAGF;
 - (d) checks, in relation to bookkeeping, or records of financial movements showing, at the time of the scrutiny, that the documents held by the paying agency by way of justification for the payment of aid to the beneficiary are accurate.
2. Where undertakings are required to keep particular book records of stock in accordance with Union or national provisions, scrutiny of those records shall, in appropriate cases, include a comparison with the commercial documents and, where appropriate, with the actual quantities in stock.
3. In the selection of transactions to be checked, full account shall be taken of the degree of risk presented.
4. The persons responsible for the undertaking, or a third party, shall ensure that all commercial documents and additional information are supplied to the officials responsible for the scrutiny or to the persons authorised to carry it out on their behalf. Electronically stored data shall be provided on an appropriate data support medium.

5. The officials responsible for the scrutiny or the persons authorised to carry it out on their behalf may require that extracts or copies of the documents referred to in paragraph 1 be supplied to them.

Article 78

Mutual assistance

1. Member States shall assist each other on their requests for the purposes of carrying out the scrutiny provided for in this Chapter in the following cases:
 - (a) where an undertaking or third party is established in a Member State other than that in which payment of the amount in question has or should have been made or received;
 - (b) where an undertaking or third party is established in a Member State other than that in which the documents and information required for scrutiny are to be found.

Article 79

Planning and reporting

1. Member States shall draw up control plans for scrutiny to be carried out pursuant to Article 75 during the subsequent scrutiny period.
2. Each year, before 15 April, Member States shall send the Commission:
 - (a) their control plan as referred to in paragraph 1 and shall specify the number of undertakings to be scrutinised and their breakdown by sector on the basis of the amounts relating to them;
 - (b) a detailed report on the application of this Chapter for the previous scrutiny period, including the results of the scrutiny carried out under Article 78.

3. The control plans and their amendments established by the Member States and forwarded to the Commission shall be implemented by the Member States, if, within eight weeks, the Commission has not made known its comments.

Article 82

Access to information and scrutiny by the Commission

1. In accordance with the relevant national laws, Commission officials shall have access to all documents prepared either with a view to or following the scrutiny organised under this Chapter and to the data held, including those stored in the data-processing systems. That data shall be provided upon request on an appropriate data support medium.
2. The scrutiny referred to in Article 75 shall be carried out by the officials of the Member States. Officials of the Commission may participate in that scrutiny. They may not themselves exercise the powers of scrutiny accorded to national officials. However, they shall have access to the same premises and to the same documents as the officials of the Member States.
3. Without prejudice to the provisions of Regulations (EU, Euratom) No 883/2013, (Euratom, EC) No 2988/95 (Euratom, EC) No 2185/96 and (EU) 2017/1939, where national provisions concerning criminal procedure reserve certain acts for officials specifically designated by the national law, neither the officials of the Commission, nor the officials of the requesting Member State referred to in paragraph 2, shall take part in these acts. In any event, they shall, in particular not take part in home visits or the formal interrogation of persons in the context of the criminal law of the Member State concerned. They shall, however, have access to information thus obtained.

Article 83

Implementing powers

The Commission shall adopt implementing acts laying down rules necessary for the uniform application of this Chapter and in particular relating to the following:

- (a) the performance of the scrutiny referred to in Article 75 as regards the selection of undertakings, rate and the timescale for the scrutiny;
- (b) the performance of the mutual assistance referred to in Article 78;
- (c) the content of reports referred to in Article 79(2)(b) and any other notification needed under this Chapter.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

Chapter IV

Control system and penalties in relation to conditionality

Article 84

Control system for conditionality

1. Member States shall set up a system in order to control that the following categories of beneficiaries comply with the obligations referred to in Section 2 of Chapter 1 of Title III of Regulation (EU) .../...[CAP Strategic Plan Regulation]:
 - (a) beneficiaries receiving direct payments under Chapter II of Title III of Regulation (EU).../... [CAP Strategic Plan Regulation];
 - (b) beneficiaries receiving annual payments in accordance with Articles 65, 66 and 67 of Regulation (EU).../... [CAP Strategic Plan Regulation];
 - (c) beneficiaries receiving support in accordance with Chapter IV of Regulation (EU) No 228/2013 and Chapter IV of Regulation (EU) No 229/2013.

Member States applying Article 25 of Regulation (EU).../...[CAP Strategic Plan Regulation] may set up a simplified control system:

- (a) for beneficiaries receiving payments under Article 25 of Regulation (EU).../...[CAP Strategic Plan Regulation] or
- (b) for small farmers as defined by Member States pursuant to Article 25 of Regulation (EU).../...[CAP Strategic Plan Regulation not applying for such payments.

Where a Member State does not apply Article 25 of Regulation (EU) .../...[CAP Strategic Plan Regulation], it may set up a simplified control system for farmers with a maximum size of holding not exceeding 5 hectares of agricultural area declared in accordance with Article 67(1).

Member States may make use of their existing control systems and administration to ensure compliance with the rules on conditionality.

Those systems shall be compatible with the control systems referred to in the first and second subparagraphs of this paragraph.

Member States shall conduct a yearly review of the control systems referred to in the first and second subparagraphs in light of the results achieved.

2. For the purposes of this Chapter, the following definitions shall apply:

(a) "requirement" means each individual statutory management requirement under Union law referred to in Article 11 of Regulation (EU) .../...[CAP Strategic Plan Regulation] within a given legal act, differing in substance from any other requirements of the same legal act;

(b) "legal act" means each of the individual Directives and Regulations referred to in Article 11 of Regulation (EU) .../...[CAP Strategic Plan Regulation];

(ba) 'reoccurrence of a non-compliance' means the non-compliance with the same requirement or standard determined more than once within a consecutive period of three calendar years.

3. In order to comply with their control obligations laid down in paragraph 1, Member States:
- (a) shall include on-the-spot checks to verify compliance by beneficiaries with the obligations laid down in Section 2 of Chapter I of Title III of Regulation (EU) .../... [CAP Strategic Plan Regulation];
 - (b) may decide, depending on the requirements, standards, legal acts or areas of conditionality in question, to use the checks, including administrative checks, carried out under the control systems applicable to the respective requirement, standard, legal act or area of conditionality, provided the effectiveness of these checks is, at least, equal to the on-the-spot checks referred to in point (a);
 - (c) may, where appropriate, make use of remote sensing or the area monitoring system or other relevant technologies assisting them to carry out the on-the-spot checks referred to in point (a);
 - (d) shall establish the control sample for the checks referred to in point (a) to be carried out each year on the basis of a risk analysis that shall take into account farm structure, the inherent risk of non-compliance and, where applicable, participation of beneficiaries in the farm advisory services as referred to in Article 13 of Regulation (EU) .../... [CAP Strategic Plan Regulation] and for which weighting factors shall apply, shall include a random component, and shall provide the control sample to cover at least 1 % of the beneficiaries listed in Art 84(1);
 - (e) as regards the obligations of conditionality in relation to Directive 96/22/EC, the application of a specific sampling level of monitoring plans shall be considered to fulfil the requirement of the minimum rate mentioned in point (d).

- (f) may decide, when using the simplified control system referred to in the second and third subparagraphs of paragraph 1, to exclude from the on-the-spot checks referred to in point (a) of this paragraph, the verification of compliance with the obligations referred in that point, where it can be demonstrated that cases of non-compliance by the beneficiaries concerned could not have significant consequences for the achievement of the objectives of the legal acts and standards.

Article 85

System of administrative penalties for conditionality

1. Member States shall set up a system providing for the application of administrative penalties to beneficiaries referred to in Article 84(1) who do not comply, at any time in the calendar year concerned, with the rules on conditionality as laid down in Section 2 of Chapter I of Title III of that Regulation ("penalty system").

Under that system, the administrative penalties referred to in the first subparagraph shall only apply where the non-compliance is the result of an act or omission directly attributable to the beneficiary concerned; and where one or both of the following conditions are met:

- (a) the non-compliance is related to the agricultural activity of the beneficiary;
- (b) the non-compliance concerns the holding as defined in point (b) of Article 3 of Regulation (EU) .../... [CAP Strategic Plan Regulation] or other areas managed by the beneficiary situated within the territory of the same Member State.

With regard to forest areas, however, the administrative penalty referred to in the first subparagraph shall not apply where no support is claimed for the area concerned in accordance with Articles 65 and 66 of Regulation (EU) .../...[CAP Strategic Plan Regulation].

2. In their penalty systems referred to in paragraph 1, Member States:

- (a) shall include rules on the application of administrative penalties in cases where the agricultural land, or an agricultural holding or part thereof is transferred during the calendar year concerned or the years concerned. These rules shall be based on a fair and equitable attribution of the liability for non-compliances among transferors and transferees.

For the purpose of this point, 'transfer' means any type of transaction whereby the agricultural land ceases to be at the disposal of the transferor.

- (b) may decide, notwithstanding paragraph 1, not to apply a penalty per beneficiary and per calendar year when the amount of the penalty is EUR 100 or less. The beneficiary shall be informed about the finding and the obligation to take remedial action for the future;
- (c) shall provide that no administrative penalty be imposed if:
 - i the non-compliance is due to force majeure or exceptional circumstances as set out in Article 3;
 - ii the non-compliance is due to an order from a public authority.

3. The application of an administrative penalty shall not affect the legality and regularity of the expenditure to which it applies.

Article 86

Application and calculation of the penalty

1. The administrative penalties shall be applied by means of reduction or exclusion of the total amount of the payments listed in Article 84(1) granted or to be granted to the beneficiary concerned in respect of aid applications that beneficiary has submitted or will submit in the course of the calendar year of the finding.

For the calculation of those reductions and exclusions account shall be taken of the severity, extent, permanence or reoccurrence and, intentionality of the non-compliance determined. The penalties imposed shall be dissuasive and proportionate.

The administrative penalties referred to in the first subparagraph of this paragraph shall be based on the controls carried out according to Article 84(3).

2. The reduction shall be as a general rule 3% of the total amount of the payments referred to in paragraph 1a of this Article.
- 2a In case the non-compliance has no or only insignificant consequences for the achievement of the objective of the standard or requirement concerned, no administrative penalty shall be applied.

Member States shall set up an awareness mechanism to ensure that beneficiaries are informed about non-compliances found and possible remedial actions to be taken. The mechanism shall also include the specific farm advisory services under Article 13 of Regulation [SPR], attendance of which may be made mandatory for the beneficiaries concerned.

- 2b. If a Member State uses the area monitoring system referred to in point c of Article 64(1) to detect cases of non-compliance, it may decide to apply lower percentage of reductions than those provided for in paragraph 2.
- 2c. In case the non-compliance has grave consequences for the achievement of the objective of the standard or requirement concerned or constitutes a direct risk to public or animal health, a higher reduction than the one applied in accordance with paragraph 2 shall be applied.
3. In case the same non-compliance persists or reoccurs once within three consecutive calendar years the percentage reduction shall be, as a general rule, 10 % of the total amount of the payments referred to in the first subparagraph of paragraph 1a. Further re-occurrences of the same non-compliance without justified reason by the beneficiary shall be considered cases of intentional non-compliance.

In case of intentional non-compliance, the percentage reduction shall be at least 15 % of the total amount of the payments referred to in paragraph 1a.

4. In order to ensure a level-playing field between Member States and the effectiveness, proportionality and dissuasive effect of the penalty system, the Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with detailed rules on the application and calculation of penalties.

Article 87

Amounts resulting from the administrative penalties on conditionality

Member States may retain 25 % of the amounts resulting from the application of the reductions and exclusions referred to in Article 86.

Chapter IVa

Control system and penalties in relation to social conditionality

Article 87a

Control system for social conditionality

1. Member States shall set up a system providing for the application of administrative penalties to beneficiaries referred to in Article 11a of Regulation (EU) .../... [CAP Strategic Plan Regulation] who do not comply with the rules of the social conditionality mechanism as laid down in Annex XIV of that Regulation ("penalty system").

To that end Member States shall make use of their applicable control and enforcement systems in the field of social and employment legislation and applicable labour standards to ensure that beneficiaries of the aid referred to in Article 11a of Regulation (EU) .../... [CAP Strategic Plan Regulation] and in Chapter IV of Regulation (EU) No 228/2013 [outermost regions] and in Chapter IV of Regulation (EU) No 229/2013 [Aegean islands] respectively, comply with the obligations referred to in Annex XX of Regulation (EU) .../...[CAP Strategic Plan Regulation].

2. Member States shall ensure a clear separation of responsibilities between the authorities or bodies competent for the enforcement of employment and social legislation and applicable labour standards on the one hand, and the paying agencies on the other, the role of the latter being execution of payments and application of penalties under the social conditionality mechanism.

Article 87b

System of administrative penalties for social conditionality

1. Under the system referred to in Article 87a (1), first subparagraph, the paying agency shall be notified at least once per year of cases of non-compliance with the legislation referred therein where enforceable decisions in that respect have been made by the competent authorities or bodies referred to in Article 87a (2). This notification shall include an assessment and grading of the severity, extent, permanence or reoccurrence and intentionality of the non-compliance in question. Member States may make use of any applicable national grading system of labour sanctions in order to carry out such assessment. The notification to the paying agency shall respect the internal organisation, tasks and procedures of the competent enforcement authorities and bodies

The paying agency shall only be notified where the non-compliance is the result of an act or omission directly attributable to the beneficiary concerned; and where one or both of the following conditions are met:

- (a) the non-compliance is related to the agricultural activity of the beneficiary;
- (b) the non-compliance concerns the holding as defined in point (b) of Article 3 of Regulation (EU) ... [CAP Strategic Plan Regulation] or other areas managed by the beneficiary situated within the territory of the same Member State.

2. In their penalty systems referred to in paragraph 1, Member States:

- (a) may decide, not to apply a penalty per beneficiary and per calendar year when the amount of the penalty is EUR 100 or less. The beneficiary shall be informed about the finding and the obligation to take remedial action for the future;
- (b) shall provide that no administrative penalty be imposed if:
 - i the non-compliance is due to force majeure;
 - ii the non-compliance is due to an order from a public authority.

3. The application of an administrative penalty shall not affect the legality and regularity of the expenditure to which it applies.

Article 87c

Application and Calculation of the penalty

1. The administrative penalties shall be applied by means of reduction or exclusion of the total amount of the payments listed in Article 84(1) granted or to be granted to the beneficiary concerned in respect of aid applications that beneficiary has submitted or will submit in the course of the calendar year of the finding. The reductions or exclusions shall be calculated on the basis of the payments granted or to be granted in the calendar year in which the non-compliance occurred. However, when it is not possible to determine the calendar year in which the non-compliance occurred, the reductions or exclusions shall be calculated on the basis of the payments granted or to be granted in the calendar year of the finding.

For the calculation of those reductions and exclusions account shall be taken of the severity, extent, permanence or reoccurrence and intentionality of the non-compliance determined, in line with the assessment of the competent enforcement authorities or bodies as provided for in Article XXb(1). The penalties imposed shall be effective, dissuasive and proportionate.

The application and calculation of the penalty shall be effected in line with the relevant provisions of Article 86 (2), 86(2a) and (3).

2. In order to ensure a level-playing field between Member States and the effectiveness, proportionality and dissuasive effect of the penalty system under this Chapter, the Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with detailed rules on the application and calculation of penalties.

Title V

Common provisions

CHAPTER I

Transmission of information

Article 88

Communication of information

1. In addition to the provisions laid down in Regulation (EU) .../... [CAP Strategic Plan Regulation], Member States shall send to the Commission the following information, declarations and documents:
 - (a) for accredited paying agencies and accredited coordinating bodies:
 - (i) their accreditation document,
 - (ii) their function (accredited paying agency or accredited coordinating body),
 - (iii) where relevant, the withdrawal of their accreditation;
 - (b) for certification bodies:
 - (i) their name,
 - (ii) their address;
 - (c) for measures relating to operations financed by the Funds:
 - (i) declarations of expenditure, which also act as payment requests, signed by the accredited paying agency or the accredited coordinating body and accompanied by the requisite information,

- (ii) estimates of their financial requirements, with regard to the EAGF and, with regard to the EAFRD, an update of estimated declarations of expenditure which will be submitted during the year and estimated declarations of expenditure in respect of following financial year,
- (iii) the management declaration and the annual accounts of the accredited paying agencies.

2. Member States shall inform the Commission regularly of the application of the integrated system referred to in Chapter II of Title IV. The Commission shall organise exchanges of views on this subject with the Member States.

Article 89

Confidentiality

1. Member States and the Commission shall take all necessary steps to ensure the confidentiality of the information communicated or obtained under inspection and clearance of accounts measures implemented under this Regulation.

The rules laid down in Article 8 of Regulation (Euratom, EC) No 2185/96 shall apply to that information.

2. Without prejudice to national provisions relating to legal proceedings, information collected in the course of scrutiny as provided for in Chapter III of Title IV shall be protected by professional secrecy. It shall not be communicated to any persons other than those who, by reason of their duties in the Member States or in the institutions of the Union, are required to have knowledge thereof for the purposes of performing those duties.

Article 90

Implementing powers

The Commission may adopt implementing acts laying down rules on:

- (a) the form, content, intervals, deadlines and arrangements for transmitting or making available to the Commission:
 - (i) declarations of expenditure and estimates of expenditure and their updates, including assigned revenue,
 - (ii) management declaration and annual accounts of the paying agencies,
 - (iii) the account certification reports,
 - (iv) the names and particulars of accredited paying agencies, accredited coordinating bodies and certification bodies,
 - (v) arrangements for taking account of and paying expenditure financed by the Funds,
 - (vi) notifications of financial adjustments made by Member States in connection with rural development interventions,
 - (vii) information on the measures taken pursuant to Article 57;
- (b) the arrangements governing exchanges of information and documents between the Commission and the Member States, and the implementation of information systems, including the type, format and content of data to be processed by these systems and the corresponding data storage rules;
- (c) the notifications to the Commission by Member States of information, documents, statistics and reports, and the deadlines and methods for their notification.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

Chapter II

Use of the euro

Article 91

General principles

1. The amounts given in the Commission decisions adopting the CAP Strategic Plans, the amounts of commitments and payments by the Commission and the amounts of expenditure attested or certified and amounts in declarations of expenditure by the Member States shall be expressed and paid in euro.
2. The prices and amounts fixed in the sectoral agricultural legislation shall be expressed in euro.

They shall be granted or collected in euro in the Member States which have adopted the euro and in the national currency in the Member States which have not.

Article 92

Exchange rate and operative event

1. The prices and amounts referred to in Article 91(2) shall be converted in the Member States which have not adopted the euro into the national currency by means of an exchange rate.
2. The operative event for the exchange rate shall be:
 - (a) the completion of customs import or export formalities in the case of amounts collected or granted in trade with third countries;
 - (b) the event whereby the economic objective of the operation is attained in all other cases.

3. Where a direct payment as provided for in Regulation (EU) .../... [CAP Strategic Plan Regulation] is made to a beneficiary in a currency other than the euro, Member States shall convert the amount of aid expressed in euro into the national currency on the basis of the most recent exchange rate set by the European Central Bank prior to 1 October of the year for which the aid is granted.

By way of derogation from the first subparagraph, Member States may decide, in duly justified cases, to carry out the conversion on the basis of the average of the exchange rates set by the European Central Bank during the month prior to 1 October of the year for which the aid is granted. Member States that choose that option shall set and publish that average rate before 1 December of that year.

4. As regards EAGF, when drawing up their declarations of expenditure, Member State which have not adopted the euro shall apply the same exchange rate as that which they used to make payments to beneficiaries or receive revenue, in accordance with the provisions of this Chapter.
5. The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules on those operative events and the exchange rate to be used. The specific operative event shall be determined taking account of the following criteria:
- (a) actual applicability as soon as possible of adjustments to the exchange rate;
 - (b) similarity of the operative events for analogous operations carried out under the market organisation;

- (c) coherence in the operative events for the various prices and amounts relating to the market organisation;
 - (d) practicability and effectiveness of checks on the application of suitable exchange rates.
6. The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules on the exchange rate applicable when declarations of expenditure are drawn up and when public storage operations are recorded in the accounts of the paying agency.

Article 93

Safeguard measures and derogations

1. The Commission may adopt implementing acts safeguarding the application of Union law if exceptional monetary practices related to national currency are likely to jeopardise it. Those implementing acts may only derogate from the existing rules for a period of time which is strictly necessary.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

The European Parliament, the Council and the Member States shall be notified forthwith of the measures referred to in the first subparagraph.

2. Where exceptional monetary practices concerning a national currency are liable to jeopardise the application of Union law, the Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with derogations from this Chapter, in the following cases:
- (a) where a country uses abnormal exchange techniques such as multiple exchange rates or operates barter agreements;
 - (b) where countries have currencies which are not quoted on official foreign exchange markets or where the trend in such currencies is likely to create distortion in trade.

Article 94

Use of the euro by non-euro Member States

1. If a Member State which has not adopted the euro decides to pay the expenditure resulting from sectoral agricultural legislation in euro rather than in its national currency, the Member State shall take measures to ensure that the use of the euro does not provide a systematic advantage compared with the use of national currency.
2. The Member State shall notify the Commission of the measures planned before they come into effect. The measures may not take effect until the Commission has notified its agreement thereto.

Chapter III

Reporting

Article 95

Annual financial report

By end September of each year following the budget year, the Commission shall draw up a financial report on the administration of the Funds during the previous financial year, which it shall submit to the European Parliament and to the Council.

Chapter IV

Transparency

Article 96

Publication of information relating to beneficiaries

1. Member States shall ensure annual ex-post publication of the beneficiaries of the Funds for the purposes of [Article 44(3)-(4) of Regulation (EU) .../...CPR Regulation] and in accordance with paragraphs 2, 3 and 4 of this Article, including, where applicable, the information on groups, as referred to in paragraph 2b of Article 57, as provided to them by those beneficiaries in accordance with that paragraph.
2. [Article 44(3) points (a), (b), (d), (e), (f), (g), (h), (i), (j), (l) and Article 44(4) of Regulation (EU) .../...CPR Regulation] shall apply in respect of beneficiaries of EAFRD and EAGF, where relevant. The application of point (e) of Article 44(3) Regulation (EU) .../... CPR Regulation shall be limited to the purpose of the operation. Article 44 (3) point (k) of Regulation (EU) .../...CPR Regulation shall apply to EAFRD.

3. For the purposes of this Article:

- "operation" means measure, sector, or type of interventions;
- "total cost of the operation" means the amounts of payment corresponding to each measure, sector, or type of interventions financed by the EAGF or the EAFRD received by each beneficiary in the financial year concerned. As regards the payments corresponding to the types of interventions financed by the EAFRD, the amounts to be published shall correspond to the total public funding, including both the Union and the national contribution;
- "location indicator or geolocation for the operation" means the municipality where the beneficiary is resident or is registered and, where available, the postal code or the part thereof identifying the municipality.

4. The information referred to in Article 44(3)-(4) of that Regulation shall be made available on a single website per Member State. It shall remain available for two years from the date of the initial publication.

Member States shall not publish the information referred to in points (a) and (b) of Article 44(3) of the Regulation (EU) .../...[CPR Regulation] if the amount of aid received in one year by a beneficiary is equal to or less than EUR 1 250.

Article 97

Informing beneficiaries of the publication of data concerning them

Member States shall inform the beneficiaries that their data will be made public in accordance with Article 96 and that the data may be processed by auditing and investigating bodies of the Union and the Member States for the purposes of safeguarding the Union's financial interests.

In accordance with the requirements of Regulation (EU) 2016/679, where personal data is concerned, the Member States shall inform the beneficiaries of their rights under that Regulation and of the procedures applicable for exercising those rights.

Article 98

Implementing powers

The Commission shall adopt implementing acts laying down rules on:

- (a) the form, including the way of presentation by measure, sector, or type of intervention, and the timescale of the publication provided for in Articles 96 and 97;
- (b) the uniform application of Article 97;
- (c) the cooperation between the Commission and Member States.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

Chapter V

Protection of personal data

Article 99

Processing and protection of personal data

1. Without prejudice to Articles 96 to 98, Member States and the Commission shall collect personal data for the purposes of carrying out their respective management, control, audit and monitoring and evaluation obligations under this Regulation and, in particular, those laid down in Chapter II of Title II, Chapters III and IV of Title III, Title IV and Chapter III of Title V and for statistical purposes, and shall not process this data in a way that is incompatible with that purpose.
2. Where personal data are processed for monitoring and evaluation purposes under Regulation (EU) .../... [CAP Strategic Plan Regulation], and for statistical purposes, they shall be made anonymous.
3. Personal data shall be processed in accordance with Regulations (EC) No 45/2001 and (EU) 2016/679. In particular, such data shall not be stored in a form which enables data subjects to be identified for longer than is necessary for the purposes for which those data were collected or for which they are further processed, taking into account the minimum retention periods laid down in the applicable national and Union law.
4. Member States shall inform the data subjects that their personal data may be processed by national and Union bodies in accordance with paragraph 1 and that in this respect they enjoy the data protection rights provided by Regulations (EC) No 45/2001 and (EU) 2016/679.

Title VI

Delegated acts and implementing acts

Article 100

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in Articles 10, 15, 21, 36, 38, 39, 42, 45, 50, 52, 53, 58, 62, 72, 74, 79, 86, 92, 93 and 103 shall be conferred on the Commission for a period of seven years from the date of entry into force of this Regulation. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the seven-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.
3. The delegation of powers referred to in Articles 10, 15, 21, 36, 38, 39, 42, 45, 50, 52, 53, 58, 62, 72, 74, 79, 86, 92, 93 and 103 may be revoked at any time by the European Parliament or by the Council. A decision of revocation shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.
5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

6. A delegated act adopted pursuant to Articles 10, 15, 21, 36, 38, 39, 42, 45, 50, 52, 53, 58, 62, 72, 74, 79, 86, 92, 93 and 103 shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and to the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months on the initiative of the European Parliament or of the Council.

Article 101

Committee procedure

1. The Commission shall be assisted by a committee, called the Committee on the Agricultural Funds. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

For the purposes of Articles 10, 11, 15, 16, 19, 21, 24, 30, 37, 38, 39, 40, 42, 45, 50, 51, 52, 53, 56, 57, 58, 62, 73, 83, 90, 93 and 98, as regards matters relating to direct payments interventions, rural development interventions and the common organisation of markets, the Commission shall be assisted by the Committee on the Agricultural Funds, the Common Agricultural Policy Committee established by Regulation (EU) .../... [CAP Strategic Plan Regulation] and the Committee for the Common Organisation of the Agricultural Markets established by Regulation (EU) No 1308/2013, respectively.

2. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.
3. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Title VII

Final provisions

Article 102

Repeal

1. Regulation (EU) No 1306/2013 is repealed.

However:

- (a) Article 4(1)(b), Article 5, Article 7(3), Articles 9, 17, 21, 34, Article 35(4), Articles 36, 37, 38, 40, 41, 42, 43, 51, 52, 54, 56, 59, 63, 64, 67, 68, 70, 71, 72, 73, 74, 75, 77, 91, 92, 93, 94, 95, 96, 97, 99, 100, 102(2), 110 and 111 of Regulation (EU) No 1306/2013 continue to apply:
- in relation to expenditure incurred and payments made for support schemes under Regulation (EU) No 1307/2013 in respect of calendar year 2022 and before;
 - and for measures implemented under Regulation (EU) No 1308/2013, Regulation (EU) No 228/2013, Regulation (EU) No 229/2013 and Regulation (EU) 1144/2014 until 31 December 2022,
 - for the aid schemes referred to in paragraphs [3b(c) and] 3c of Article 6 of Regulation XXXX/XXXX [the CMO amending Regulation] in relation to expenditure incurred and payments made for operations implemented pursuant to Regulation (EU) No 1308/2013 after 31 December 2022 and until the end of the aid schemes referred to in paragraphs [3b(c) and] 3c of this Article; and

- as regards the EAFRD in relation to expenditure incurred by the beneficiaries and payments paid by the paying agency in the framework of the implementation of rural development programmes pursuant to Regulation (EU) No 1305/2013.

(b) Article 69 of Regulation (EU) No 1306/2013 shall continue to apply in relation to expenditure incurred and payments made for support schemes pursuant to Regulation (EU) No 1307/2013 and in the framework of the implementation of rural development programmes approved by the Commission under Regulation (EU) No 1305/2013 and other CAP measures as laid down in Chapter I of Title II of Regulation (EU) No 1306/2013 implemented before the date of entry into force of this Regulation, Regulation (EU) .../...[CAP Strategic Plan Regulation] and Regulation (EU) No 1308/2013 as amended by Regulation (EU) .../...of the European Parliament and of the Council⁷³.

(c) Article 54(2) of Regulation (EU) No 1306/2013 shall continue to apply in relation to revenue declared in the framework of the implementation of rural development programmes approved by the Commission under Regulation (EU) No 1305/2013, Regulation (EC) 1698/2005 and Regulation 27/2004 (Transitional Rural Development Instrument);

(d) Regulation (EU) No 1306/2013 shall continue to apply in relation to expenditure relating to legal commitments referred to in Article 140a (2) of Regulation (EU) .../...[CAP Strategic Plan Regulation]. Article 30 of this Regulation shall apply for the expenditure notified to the Commission in accordance with Article 140a (2) of Regulation (EU) .../...[CAP Strategic Plan Regulation] and shall for this purpose be considered as a type of intervention.

2. References to the repealed Regulation shall be construed as references to this Regulation and shall be read in accordance with the correlation table set out in the Annex.

⁷³ [1] Regulation (EU) .../... of the European Parliament and of the Council of [...][...] (OJ L [...], [...], p. [...]).

Article 103

Transitional measures

The Commission is empowered to adopt delegated acts in accordance with Article 101 supplementing this Regulation with derogations from, and additions to, the rules provided for in this Regulation, where necessary.

Article 104

Entry into force and application

1. 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 2023.

2. However, Article 14 shall apply to expenditure effected from 16 October 2020 as regards the EAGF, and as regards the EAFRD to expenditure effected under Regulation (EU) No.../... [CAP Strategic Plan Regulation].

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

Done at Brussels,

For the European Parliament

The President

For the Council

The President

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulations (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products, (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs, (EU) No 251/2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products and (EU) No 228/2013 laying down specific measures for agriculture in the outermost regions of the Union and (EU)

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), Article 114, the first paragraph of Article 118 and Article 349 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 Committee⁷⁴,

Having regard to the opinion of the Committee of the Regions⁷⁵,

Having regard to the opinion of the Court of Auditors,

Acting in accordance with the ordinary legislative procedure,

Whereas:

⁷⁴ OJ C , , p. .

⁷⁵ OJ C , , p. .

- (1) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled ‘The Future of Food and Farming’ of 29 November 2017 sets out the challenges, objectives and orientations for the future Common Agricultural Policy (CAP) after 2020. These objectives include, inter alia, the need for the CAP to be more result-driven, market oriented, to boost modernisation and sustainability, including the economic, social, environmental and climate sustainability of the agricultural, forestry and rural areas, and to help reducing the Union legislation-related administrative burden for beneficiaries.
- (2) Since the CAP needs to sharpen its responses to the challenges and opportunities as they manifest themselves at Union, international, national, regional, local and farm levels, it is necessary to streamline the governance of the CAP and improve its delivery on the Union objectives and to significantly decrease the administrative burden. In the CAP based on delivery of performance (‘delivery model’), the Union should set the basic policy parameters, such as objectives of the CAP and basic requirements, while Member States should bear greater responsibility as to how they meet the objectives and achieve targets. Enhanced subsidiarity makes it possible to better take into account local conditions and needs and the particular nature of agricultural activity, which results from the social structure of agriculture and from structural and natural disparities between the various agricultural regions tailoring the support to maximise the contribution to Union objectives.
- (2a) Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 of the Treaty on the Functioning of the European Union (‘TFEU’) apply to this Regulation. These rules are laid down in the Financial Regulation and determine in particular the procedure for establishing and implementing the budget through grants, procurement, prizes, indirect implementation, and provide for checks on the responsibility of financial actors. Rules adopted on the basis of Article 322 TFEU also include a general regime of conditionality for the protection of the Union budget.

- (3) To ensure coherence of the CAP, all interventions of the future CAP should be part of a strategic support plan which would include certain sectoral interventions that were laid down in Regulation (EU) No 1308/2013 of the European Parliament and of the Council⁷⁶.
- (4) Annex II to Regulation (EU) No 1308/2013 sets out certain definitions concerning sectors falling within the scope of that Regulation. Definitions concerning the sugar sector set out in Section B of Part II of that Annex should be deleted because they are no longer applicable. In order to update definitions concerning other sectors referred to in that Annex, in light of new scientific knowledge or market developments, the power to adopt acts in accordance with Article 290 of TFEU should be delegated to the Commission in respect of the amendment of those definitions, without adding new ones. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council. Consequently, the individual empowerment delegated to the Commission in point 4 of section A of Part II of that Annex to amend the definition of inulin syrup should be deleted.
- (5) Part I of Regulation (EU) No 1308/2013 should be simplified. Redundant and obsolete definitions and provisions empowering the Commission to adopt implementing acts should be deleted.
- (5a) In the light of experience gained, the periods where the system of public intervention is available should be extended. Where it is open automatically, its duration should be extended by one month. Where its opening depends on market developments, it should be available during the entire year.

⁷⁶ Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007 (OJ L 347, 20.12.2013, p. 671).

- (5b) For the purpose of increased transparency, and in the context of the Union's international commitments, it is appropriate to provide for the publication of the relevant volume and price information where products are bought in and where they are disposed of under public intervention.
- (5c) The granting of aid for private storage for olive oil has proved to be an effective tool for market stabilisation. In light of the experience gained and in order to achieve the aim of ensuring a fair standard of living and of stabilising the market of the olive oil and table olives sector, it is appropriate to extend the list of products eligible for aid for private storage to also cover table olives.
- (6) Following the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the Union, the limits of Union aid for the supply of fruit and vegetables and of milk and milk products in educational establishments, set out in Article 23(a) of Regulation (EU) No 1308/2013 should be updated.
- (7) Provisions concerning Aid schemes set out in Sections 2 to 6 of Chapter II of Title I of Part II of Regulation (EU) No 1308/2013 should be deleted as all types of interventions in these sectors will be set out in Regulation (EU).../... of the European Parliament and of the Council⁷⁷ (CAP Strategic Plan Regulation).

⁷⁷ Regulation (EU).../... of the European Parliament and of the Council of establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council (OJ L ...,, p...).

- (7a) The Union wine policy with its existing scheme of authorisation that allows for an orderly growth of vine plantings since 2016 has contributed to increase the competitiveness of the Union wine sector and to encourage a high-quality production. While the wine sector has achieved a balance between production supply, quality, consumer demand and exports on the world market, this balance is not long standing or stable enough yet, in particular when faced with serious market disturbances. In addition, there is a trend towards a continued decrease in wine consumption in the Union due to changes in consumer habits and lifestyle. In consequence, liberalisation of new vine plantings risks to threaten in the long term, the balance achieved so far between the supply capacity of the sector, the fair standard of living for wine growers and the reasonable prices for consumers. This risks to put into question the positive developments obtained through the Union legislation and policy of the last decades.
- (7b) The existing scheme of authorisations for vine plantings is also considered essential to ensure the diversity and respond to the specificities of the Union wine landscape. The wine sector has specific characteristics, including the long cycle of vineyards with production only taking place several years after planting but then continuing for several decades and the potential for considerable fluctuations in production from one harvest to the next. Unlike many wine producing third countries, the Union wine sector is also characterized by a very high number of small, family-run farms which results in a diverse range of wines. In order to guarantee the economic viability of their projects and to improve the competitiveness of the Union wine sector on the global market, operators in the sector and winegrowers therefore need long-term predictability, given the significant investment that the planting of a vineyard represents.
- (7c) In order to secure the achievements obtained in the Union's wine sector until now and to achieve a long-lasting quantitative and qualitative balance in the sector through the continued orderly growth of vine plantings beyond 2030, the scheme should be extended until 2045, i.e. for a period equivalent to the initial period in place since 2016, but with two mid-term reviews to be carried out in 2028 and 2040, to evaluate the regime and, if necessary, to present proposals based on the results of these mid-term evaluations that can be taken into account to improve the competitiveness of the wine sector.

- (8) In view of the decrease in the actual area planted with vines in several Member States in the years 2014-2017, and in view of the potential loss in production ensuing, when establishing the area for new planting authorisations referred to in Article 63(1) of Regulation (EU) No 1308/2013, Member States should be able to choose between the existing basis and a percentage of the total area actually planted with vines in their territory on 31 July 2015 increased by an area corresponding to the planting rights under Regulation (EC) No 1234/2007 available for conversion into authorisations in the Member State concerned on 1 January 2016.
- (8a-1) It should be clarified that Member States that limit the issuing of vine planting authorisations at regional level, for areas eligible for the production of wines with a protected designation of origin or with a protected geographical indication, may require those authorisations to be used in those regions. Therefore, Article 63(2) of Regulation (EU) No 1308/2013 should be amended accordingly.
- (8a) Allowing growers to delay the replanting of vineyards could have a positive environmental impact by improving soil sanitary conditions with less chemical inputs. Therefore, in order to contribute to a better soil management in viticulture, it is appropriate to allow for the extension of replanting authorisations from three to six years where the replanting takes place on the same parcel of land.

(8aa) Due to the crisis caused by the COVID-19 pandemic in the EU wine sector, Regulation (EU) 2020/2220 of the European Parliament and of the Council⁷⁸ provided for a prolongation of the validity of planting authorisations for new plantings or for replanting expiring in 2020 until 31 December 2021. Due to the prolonged effects of the crisis caused by the COVID-19 pandemic, winegrowers holding planting authorisations for new plantings or for replanting expiring in years 2020 and 2021 continue to be largely prevented from making planned use of those authorisations in the last year of their extended validity or their validity, respectively. To avoid the loss of those authorisations and reduce the risk of the deterioration of the conditions under which the planting would need to be carried out, it is pertinent to allow for a further prolongation of the validity of planting authorisations for new plantings or for replanting which expire in 2020 and a prolongation for those which expire in 2021. All planting authorisations for new plantings or for replanting expiring in years 2020 and 2021 should therefore be prolonged until 31 December 2022. Also, taking into account changes in market perspectives, the holders of planting authorisations expiring in 2020 and 2021 should have the possibility not to use their authorisations without being subject to the administrative penalties. Moreover, in order to avoid any discrimination, producers who, in accordance with the possibility granted in Regulation (EU) 2020/2220 informed the competent authority by 28 February 2021 that they did not intend to make use of their authorisation not knowing about the possibility for a second year of validity extension, should be allowed to retract such declaration by a written communication to the competent authority by 28 February 2022 and make use of their authorisation within the extended validity period until 31 December 2022.

⁷⁸ Regulation (EU) 2020/2220 of the European Parliament and of the Council of 23 December 2020 laying down certain transitional provisions for support from the European Agricultural Fund for Rural Development (EAFRD) and from the European Agricultural Guarantee Fund (EAGF) in the years 2021 and 2022 and amending Regulations (EU) No 1305/2013, (EU) No 1306/2013 and (EU) No 1307/2013 as regards resources and application in the years 2021 and 2022 and Regulation (EU) No 1308/2013 as regards resources and the distribution of such support in respect of the years 2021 and 2022 (OJ L 437, 28.12.2020, p. 1).

- (8ab) The provision of Regulation (EU) No 1308/2013 on planting authorisations for new plantings or for replanting that expire in years 2020 and 2021, amended by this Regulation, should, because of the market disturbances due to the COVID-19 pandemic and the economic uncertainty it caused as regards the use of those authorisations, apply retroactively from 1 January 2021.
- (8aba) It should be clarified that Member States may, for the purpose of granting vine planting authorisations, apply objective and non-discriminatory eligibility and priority criteria at national or regional level. In addition, the experience of Member States shows the necessity to revise some of the priority criteria to be able to give preference to vineyards contributing to the preservation of vine genetic resources and holdings with proved increased cost-efficiency, competitiveness or presence on the markets. Therefore, Article 64 of Regulation (EU) No 1308/2013 should be amended.
- (8b) In order to ensure that no advantage is granted in favour of a natural or legal person in respect of whom it is established that the conditions required for obtaining such advantages were created artificially, it is appropriate to clarify that Member States should be allowed to adopt measures to prevent the circumvention of rules concerning the safeguard mechanism for new wine vine plantings and the eligibility and priority criteria for the granting of authorisations for new wine vine plantings.
- (8c) The latest deadline for the submission of requests for conversion of planting rights into authorisations ends on 31 December 2022. In some cases, circumstances such as the economic crisis caused by the COVID-19 pandemic, may have had the effect of limiting the conversion of planting rights into planting authorisations. Therefore, and in order to allow Member States to preserve the production capacity corresponding to such planting rights, it is appropriate that from 1 January 2023, planting rights still valid on 31 December 2022 and not converted into planting authorisations, remain at the disposal of the concerned Member States that may allocate them at the latest by 31 December 2025 as authorisations for new vine plantings, without being counted for the purposes of the limitations laid down in Article 63 of Regulation (EU) No 1308/2013. Article 68 of Regulation (EU) No 1308/2013 should be amended accordingly.

- (9) In some Member States there are traditional vineyards planted with varieties not allowed for wine production purposes whose production, including grape fermented beverages other than wine, is not intended for the wine market. It is pertinent to clarify that such vineyards are not subject to grubbing-up obligations and that the scheme of authorisation for vine planting set in this regulation does not apply to the planting and replanting of such varieties when used for purposes other than wine production.
- (10) To enable producers to use vine varieties that are better adapted to changing climatic conditions and with higher resistance to diseases, provision should be made permitting products using designations of origin not only from vine varieties belonging to *Vitis vinifera* but also from vine varieties stemming from a cross between *Vitis vinifera* and other species of the genus *Vitis*.
- (11) Article 90 of Regulation (EU) No 1308/2013 lays down that, save as otherwise provided for in international agreements concluded in accordance with the TFEU, Union rules on designations of origin and geographical indications, labelling, definitions, designations and sales descriptions of certain products from the wine sector as well as the oenological practices authorised by the Union, are to apply to the products imported into the Union. Therefore, in the interest of consistency, it is appropriate to also provide that the rules concerning certificates of compliance and analysis reports for the imports of those products should also be applied in light of the international agreements concluded in accordance with the TFEU).

- (12) The definition of a designation of origin in Regulation (EU) No 1308/2013 should be aligned with the definition in the Agreement on Trade-Related Aspects of Intellectual Property Rights ('TRIPS Agreement'), approved by Council Decision 94/800/EC, in particular with Article 22(1) thereof, in that the name is to identify the product as originating in a specific region or a specific place. In the interest of clarity, it is appropriate to explicitly lay down that such new definition of a designation of origin includes names traditionally used. Consequently, the list of the requirements for a traditionally used name to constitute a designation of origin in the wine sector set out in Article 93(2) of Regulation (EU) No 1308/2013 becomes obsolete and should be deleted. For reasons of consistency, such clarification should also be introduced in the definition of geographical indication in the wine sector laid down in Regulation (EU) No 1308/2013 and in the definitions of designation of origin and geographical indications in the food sector laid down in Regulation (EU) No 1151/2012.
- (12a) The geographical environment with its natural and human factors is a crucial element that affects the quality and characteristics of the grapevine products, agricultural products and foodstuffs that benefit from a protected designation of origin or geographical indication. Particularly, where fresh products that undergo little or no processing are concerned, natural factors may be predominant in determining the quality and characteristics of the product concerned whilst the human factors' contribution to the quality and characteristics of the product may be less specific. Therefore, the human factors that should be taken into account for the description of the link of the quality and characteristic of a product to a particular geographical environment to be included in the product specification of protected designations of origin pursuant to Articles 94 of Regulation (EU) No 1308/2013 and 7 of Regulation (EU) No 1151/2012 should not be limited to specific methods of production or processing, conferring a specific quality to the product concerned, but may involve soil and landscape management, cultivation practices as well as any other human activities that contribute to the maintenance of the essential natural factors that predominantly determine the geographical environment and the quality and characteristics of the product concerned.

- (13) To ensure coherent decision-making as regards applications for protection and objection submitted in the preliminary national procedure referred to in Article 96 of Regulation (EU) No 1308/2013 and in Article 49 of Regulation (EU) No 1151/2012, the Commission should be informed in a timely and regular manner when procedures are launched before national courts or other bodies concerning an application for protection forwarded by the Member State to the Commission, as referred to in Article 96(5) of Regulation (EU) No 1308/2013 and in Article 49(4) of Regulation (EU) No 1151/2012. For the same reason, upon communication by a Member State, where the national decision on which the application for protection is based is likely to be invalidated at the end of a national judicial proceeding, the Commission should be exempted from the obligation to carry out, within the prescribed deadline, the scrutiny procedure set out in Articles 97 of Regulation (EU) 1308/2013 and 50 of Regulation (EU) 1151/2012 of an application for protection and from the obligation to inform the applicant of the reasons for the delay. In order to protect the applicant from vexatious legal actions and to preserve its fundamental right to secure protection of a Geographical Indication within a reasonable time, the exemption should be limited to cases where the application for protection has been invalidated at national level by an immediately applicable but not final judicial decision, or the Member States considers that the action to challenge the validity of the application is based on valid grounds.
- (14) Registration of geographical indications should be made simpler and faster by separating the assessment of compliance with intellectual property rules from the assessment of compliance of the product specifications with the requirements laid down in the marketing standards and labelling rules.

- (15) The assessment carried out by the competent authorities of Member States is an essential step in the procedure. Member States have knowledge, expertise and access to data and facts that make them the best placed to verify whether the information provided in the application is correct and truthful. Therefore, Member States should guarantee that the result of that assessment, which is to be faithfully recorded in a single document summarising the relevant elements of the product specification, is reliable and accurate. Having regard to the principle of subsidiarity, the Commission should subsequently scrutinise applications to ensure that there are no manifest errors, in order to assure, in particular, that they contain the required information, are free of obvious substantive errors, that the reasoning presented supports the application, and that Union law and the interests of stakeholders outside the Member State of application and outside the Union are taken into account.
- (16) The period during which an objection can be made in the wine sector should be extended to three months to ensure that all interested parties have sufficient time to analyse the application for protection and the possibility to submit a statement of objection. To ensure that the same procedure for objections is applied under Regulation (EU) No 1308/2013 and under Regulation (EU) No 1151/2012 of the European Parliament and of the Council¹ and thus enable Member States to forward objections stemming from natural or legal persons residing or established in their territory to the Commission in a coordinated and efficient manner, objections from natural or legal persons should be submitted via the authorities of the Member State in which they reside or are established. To simplify the objection procedure, the Commission should be empowered to reject inadmissible statements of objection in the implementing act conferring protection. Therefore, Article 111 of Regulation (EU) No 1308/2013 conferring implementing powers on the Commission to reject inadmissible objections under a separate implementing act should be deleted.

- (17) To increase procedural efficiency and in order to ensure uniform conditions for the conferral of protection on designations of origin or geographical indications, implementing powers should be conferred on the Commission to adopt implementing acts conferring protection in the wine sector without recourse to the examination procedure in circumstances where no admissible statement of objections to the application for protection has been submitted. Where an admissible statement of objection has been submitted, implementing powers should be conferred on the Commission to adopt implementing acts in accordance with the examination procedure either conferring protection or rejecting the application for protection.
- (17a) For reasons of consistency with Regulations (EU) No 1151/2012 and (EU) 2019/787 and ease of application, rules concerning the national procedure, the objection procedure, the classification of the amendments into Union and Standard, including the main rules for their adoption, and the temporary labelling and presentation are of high importance in the economy of the scheme for the protection of designations of origin and geographical indications in the wine sector currently laid down in Commission Delegated Regulation (EU) 2019/33⁷⁹ should be integrated into Regulation (EU) No 1308/2013. Some technical adjustments should be made to adapt these provisions to the new structure.

⁷⁹ Commission Delegated Regulation (EU) 2019/33 of 17 October 2018 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards applications for protection of designations of origin, geographical indications and traditional terms in the wine sector, the objection procedure, restrictions of use, amendments to product specifications, cancellation of protection, and labelling and presentation (OJ L 9, 11.1.2019, p. 2).

(18) Concerning the protection of Geographical Indications, it is important to have due regard to the General Agreement on Tariffs and Trade ('GATT Agreement') including Article V thereof on freedom of transit, which was approved by Council Decision 94/800/EC. Within such legal framework, in order to strengthen geographical indication protection and to combat counterfeiting more effectively, the protection should also apply with regard to goods entering the customs territory of the Union, without being released for free circulation, and placed under customs special procedures such as transit, storage, specific use or processing. As a result, the protection conferred by Articles 103(2) of Regulation (EU) No 1308/2013 and 13(1) of Regulation (EU) No 1151/2012 should be extended to cover goods which are in transit across the Union customs territory as well as the protection conferred by Articles 103(2) of Regulation (EU) No 1308/2013 and 13(1) and 24 of Regulation (EU) No 1151/2012 to designations of origin, geographical indications and traditional specialties guaranteed should be extended to cover goods which are sold over the internet or by other means of electronic commerce.

In addition, designations of origin and geographical indications in the wine sector should also be protected against any direct or indirect commercial use where they refer to products used as ingredient. Designations of origin and geographical indications in the wine sector and traditional specialties guaranteed should also be protected against misuse, imitation and evocation where they refer to products used as ingredients.

- (19) It should be possible to cancel the protection of a designation of origin or geographical indication in circumstances where they are no longer in use or where the applicant referred to in Article 95 of Regulation (EU) No 1308/2013 no longer wishes to maintain that protection.
- (19a) Within the framework of the CAP reform, provisions concerning withdrawal from the market of products that do not comply with the labelling rules should be integrated into Regulation (EU) No 1308/2013. In view of the increasing consumer demand for product controls, Member States should take measures to ensure that products which are not labelled in conformity with that Regulation are not placed on the market or, if they have already been placed on the market, are withdrawn from it. Withdrawal includes the possibility to correct the labelling of the products without definitely removing them from the market.

- (20) In view of the ever increasing consumer demand for innovative grapevine products with a lower actual alcoholic strength than the minimum actual alcoholic strength set out for grapevine products in Part II of Annex VII to Regulation (EU) No 1308/2013, it should be possible to produce such innovative grapevine products also in the Union. To this end, it is necessary to lay down the conditions under which certain grapevine products may be dealcoholised or partially dealcoholised and establish the authorised processes for their dealcoholisation. These conditions should take into account the Resolutions of the International Organisation of Vine and Wine (OIV), OIV-ECO 432-2012 Beverage Obtained By Dealcoholisation of Wine, OIV-ECO 433-2012 Beverage Obtained By Partial Dealcoholisation of Wine and OIV-ECO 523-2016 Wine With An Alcohol Content Modified by Dealcoholisation and OIV-OENO 394A-2012 Dealcoholisation Of Wines.
- (20a) These innovative grapevine products have never been marketed in the Union. For that reason, further research and experimentation would be necessary to improve the quality of these products and, in particular, to ensure that the total removal of the alcohol content allows preserving the differentiating characteristics of quality wines protected by a geographical indication or a designation of origin. Therefore, whereas both partial and total dealcoholisation should be authorised for wines without a geographical indication or a designation of origin, only partial dealcoholisation should be authorised for wines with a protected geographical indication or a protected designation of origin. In addition, to ensure clarity and transparency both for producers and consumers of wines with a geographical indication or a designation of origin, it is appropriate to lay down that where wines with a geographical indication or a designation of origin may be partially dealcoholised, their product specification should contain a description of the partially dealcoholised wine and, where applicable, the specific oenological practices to be used as well as the relevant restrictions.

- (21a) In order to provide a higher level of information to consumers, the mandatory labelling of wine with a nutrition declaration that may be limited on the label to the energy value only, and the list of ingredients should be added to Article 119 of Regulation 1308/2013 under compulsory particulars. As stated in Article 118 of that Regulation, the specific rules laid down in Regulation (EU) No 1169/2011 should apply to the labelling and presentation. Producers should have the option of making the full nutrition declaration and the list of ingredients available by electronic means, while avoiding any collection or tracking of user data and the provision of information aimed at marketing purposes. However, this should not affect the existing requirement to list on the label substances causing allergies or intolerances. In Article 122 of Regulation (EU) No 1308/2013, the Commission should be empowered to adopt delegated acts regarding rules for indication and designation of ingredients. The marketing of existing stocks of wine should be allowed to continue after the dates of application of the new labelling requirements, until those stocks are exhausted.
- (22) In order to ensure that consumers are informed of the nature of dealcoholised wine products and that the rules governing labelling and presentation of products in the wine sector also apply to dealcoholised or partially dealcoholised grapevine products, Article 119 of Regulation (EU) No 1308/2013 should be amended. However, in order to maintain the current level of information on minimum durability required for beverages containing less than 10% by volume of alcohol under Regulation (EU) No 1169/2011, it is appropriate to require products which have undergone a dealcoholisation treatment with an actual alcoholic strength by volume of less than 10 % to include, as compulsory particulars, an indication of the date of minimum durability.
- (22a) In addition, Part XII of Annex I to Regulation (EU) No 1308/2013 that lists the products covered under the wine sector currently covers partially de-alcoholised wines with an alcohol content by volume above 0.5%. In order to ensure that all de-alcoholised wines, including those with an alcohol content by volume up to and including 0.5 %, are covered in the wine sector, it is appropriate to amend Part XII of Annex I to Regulation (EU) no 1308/2013 by adding a new entry.

- (22b) As regards rules concerning the conditions of use of closures in the wine sector in order to ensure that consumers are protected from misleading use of certain closures associated with certain beverages and from hazardous closure materials that may contaminate the beverages the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.
- (23) The rules on production and the requirements applying to the sugar sector expired at the end of the 2016/2017 marketing year. Article 124 and Articles 127 to 144 of Regulation (EU) No 1308/2013 are now obsolete and should be deleted.
- (23--a) Directive (EU) 2019/633 of the European Parliament and of the Council⁸⁰ lays down an exception from the maximum payment deadline for the sale of grapes and must in the wine sector. In order to contribute to the stability of the wine supply chain and to provide agricultural producers with the security of longstanding sales relations, the sales of bulk wine sales should be treated in the same manner. It is therefore appropriate to provide that, by way of derogation from the applicable maximum payment deadlines laid down in Directive (EU) 2019/633, upon request of an interbranch organisation, Member States may decide that the applicable maximum payment deadlines do not apply to the sales of bulk wines, provided that the specific payment deadline terms are included in standard contracts which have been extended by Member States under Article 164 of Regulation (EU) No 1308/2013 before 31 October 2021 and that the supply agreements between suppliers of bulk wines and their direct buyers are multiannual or become multiannual.

⁸⁰ Directive (EU) 2019/633 of the European Parliament and of the Council of 17 April 2019 on unfair trading practices in business-to-business relationships in the agricultural and food supply chain (OJ L 111, 25.4.2019, p. 59).

- (23-a) Where the delivery of agricultural products by a producer to a processor or distributor is covered by a written contract or offer pursuant to Articles 148 and 168 of Regulation (EU) No 1308/2013 and the price payable for the delivery is calculated by combining various factors set out in the contract, those elements, which may include objective indicators, indices and methods of calculation, should be easily understandable by the parties. Furthermore, Member States should have the possibility to determine voluntary indicators on the basis of available objective market information and studies that may be used by the parties to the contracts.
- (23a) Following the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the Union, the total amount of raw milk production in the Union has decreased. In order not to undermine the contractual negotiation powers granted to producer organisations in the milk and milk products sector, the applicable quantitative limit, expressed as a percentage of the total Union production, to the volume of raw milk covered by such negotiations should be increased. It is appropriate for reasons of legal certainty to provide for the application of the increased quantitative limit with retroactive effect, from 1 January 2021.
- (23ab) To help achieve the environmental objectives of the Union, Member States should be able to recognise producer organisations that pursue specific aims relating to the management and valorisation of by-products, residual flows and waste, in particular to protect the environment and boost circularity, as well as to the management of mutual funds for any sector. It is therefore appropriate to extend the existing list of objectives of producer organisations set out Article 152 of Regulation (EU) No 1308/2013. For increased transparency of producer organisations, their statutes should also enable producer members to scrutinise democratically the accounts and budgets of the organisation. Moreover, for the ease of the commercial transactions being engaged in by the producer organisation, it is appropriate to lay down that the statutes of a producer organisation may provide for the possibility for producer members to be in direct contact with purchasers, provided that this does not jeopardise the concentration of supply and placing of products on the market function by the producer organisation and the producer organisation continues to have sole discretion over the essential elements of a sale to be effected by the producer organisation.

- (23b) In the light of the experience gained and the evolution of the milk and milk products sector since the end of the quota system, it is no longer appropriate to maintain specific rules related to the objectives and the recognition arrangements foreseen for interbranch organisations in the sector of milk and milk products. Those rules set out in Article 157(3) of Regulation (EU) No 1308/2013 should be deleted.
- (23c) The experience in different sectors shows that Member States may recognise interbranch organisations at different geographical levels without undermining the role and the aims of such organisations. Therefore, it is pertinent to clarify that Member States may opt for the recognition of such interbranch organisations at one or more geographical levels. Interbranch organisations are to pursue a specific aim taking account of the interests of their members and of consumers. In light of the environmental objectives of the Union, it is appropriate to extend the list of objectives set out in Article 157 of Regulation (EU) No 1308/2013 to including providing the information and carrying out the research necessary towards products more suited to the protection of climate action, animal health and animal welfare, contributing to the valorisation of by-products and the reduction and management of waste, and promoting and implementing measures to prevent, control and manage animal health, plant-protection and environmental risks, including by setting up and managing of funds or by contributing to such funds with a view to paying financial compensation to farmers for the costs and economic losses arising from the promotion and implementation of such measures. To avoid that organisations of a certain stage of the food chain concentrate more power, Member States should only recognise interbranch organisations that strive for a balanced representation of the organisations of the stages of the supply chain that constitute the organisation.

- (23d) The definition of ‘economic area’ laid down in Article 164 of Regulation (EU) No 1308/2013 for the purpose of the extension of rules and compulsory contributions should be complemented to adapt to the production specificities of products with a protected designation of origin or protected geographical indication recognised under Union law. In order to foster sustainable practices, agreements, decisions and concerted practices of interbranch organisation related to plant health, animal health, food safety and environmental risks should be eligible to be made binding for non-members. However, because of the importance of biodiversity in the seed material used in organic farming, rules related to the use of certified seeds should not be eligible to be made binding by extension for non-members practicing organic farming.
- (23e) In view of the importance of protected designations of origin and protected geographical indications in Union agricultural production, and in view of the success of the introduction of supply management rules for cheeses and dry-cured hams under geographical indications in ensuring the added value and maintaining the reputation of the products, as well as in the stabilisation of their prices, the possibility to apply supply management rules should be extended to agricultural products with a protected designation of origin or geographical indication under Regulation (EU) No 1308/2013 or Regulation (EU) No 1151/2012. For clarity and consistency, it is appropriate to integrate the existing rules on the regulation of supply into one single provision covering all agricultural products. Member States should therefore be authorised to apply these rules to regulate the supply of agricultural products under geographical indications at the request of an interbranch organisation, producer organisation, or a group of producers or operators, provided that at least two thirds of the producers or representatives of that product agree, and, where applicable, the agricultural producers of the raw material concerned have been consulted, and in the case of cheese, for reasons of continuity, given their agreement. These rules should be subject to strict conditions, in particular in order to avoid damage to the trade in products in other markets and to protect minority rights. Member States should immediately publish and notify to the Commission the adopted rules, ensure regular checks and repeal the rules in case of non-compliance. The Commission should be empowered to adopt implementing acts requiring that a Member State repeal the rules if the Commission finds that those rules do not comply with certain conditions, prevent or distort competition in a substantial part of the internal market or jeopardise free trade or the attainment of the objectives of Article 39 TFEU. In the light of the Commission’s powers in the field of Union competition policy and given the

special nature of those acts, the Commission should decide without applying Regulation (EU) No 182/2011.

- (23g) The special commercial value of wines covered by a protected designation of origin (PDOs) or a protected geographical indication (PGIs) derives from their belonging to a premium segment of the market thanks to their quality credence related to their production specifications. These wines tend to fetch higher prices in the market as consumers value these characteristics for which the designation of origin and geographical indication vouchsafes. So as to prevent these quality credentials being undercut by detrimental price action, interbranch organisations, representing the operators invested in the credentials and the market-value of the respective designations and indications, should be able to issue price guidance concerning the sales of the respective grapes by way of derogation from Article 101(1) TFEU. However, this guidance should remain non-mandatory so as to avoid eliminating intra-PDO/PGI price competition altogether.
- (23h) Article 5 of the WTO Agreement on Agriculture includes the calculation methods that may be used to fix the trigger volume of the special safeguard clause in the relevant sectors. In order to take into account all possible calculation methods to establish the trigger volume for the purpose of the application of additional import duties, including where domestic consumption is not taken into account, Article 182(1) of Regulation (EU) No 1308/2013 should be amended to reflect the calculation method laid down in Article 5(4) of the WTO Agreement on Agriculture.
- (25) Articles 192 and 193 of Regulation (EU) No 1308/2013 should be deleted as such measures are no longer necessary in view of the end of the production regulation in the sugar sector. In order to ensure that the Union market is adequately supplied by means of imports from third countries, delegated and implementing powers should be conferred on the Commission to suspend import duties for cane and beet molasses.

- (26) The Ministerial Decision of 19 December 2015 on Export Competition of the 10th WTO Ministerial Conference in Nairobi⁸¹ sets down rules on export competition measures. As regards export subsidies, WTO members are required to eliminate their export subsidy entitlements as of the date of that Decision. Therefore, Union provisions on export refunds set out in Articles 196 to 204 of Regulation (EU) No 1308/2013 should be deleted.
- (26a) The internal market relies on a consistent application of competition rules in all Member States. This calls for the continued close cooperation of national competition authorities and the European Commission in the European network of competition authorities, where questions of interpretation and application of competition rules can be discussed and actions to apply competition rules be coordinated, in accordance with Regulation (EC) No 1/2003.
- (26b) In order to ensure the effective use by interbranch organisations of Article 210 of Regulation (EU) No 1308/2013 and for the sake of simplification and with a view to reducing administrative burden, no prior Commission decision should be required for the agreements, decisions and practices of interbranch organisation to benefit from a derogation from Article 101(1) TFEU, provided that they meet the requirements laid down in Article 210 of Regulation (EU) No 1308/2013. However, upon request of the applicant, the Commission should give an opinion concerning the compatibility of those agreements, decisions and concerted practices with this Article. The Commission should retain the possibility to declare at any time that Article 101(1) TFEU applies for the future to the agreements, decisions or concerted practices in question, as soon as the conditions for an opinion to the effect that Article 101(1) TFEU does not apply are no longer met.

⁸¹ WT/MIN(15)/45, WT/L//980

- (26c) Certain vertical and horizontal initiatives concerning agricultural and food products, which aim to apply more stringent than the mandatory requirements can have positive effects on sustainability objectives. The conclusion of such agreements, decisions and concerted practices between producers and operators at different levels of the production, processing and trade could also strengthen the position of producers in the supply chain and increase their bargaining power and therefore should, under specific circumstances, not be subject to the application of Article 101(1) TFEU. In order to ensure the effective use of this new derogation and in the interest of reducing administrative burden, such initiatives should not require a prior Commission decision to be permitted. As this is a new derogation provision, it is appropriate to provide that the Commission should produce guidelines for operators concerning the conditions of applicability of such derogation within two years of the entry into force of this Regulation. After that delay, producers should also be given the possibility to request an opinion from the Commission concerning the compatibility of their agreements, decisions and concerted practices with the relevant provision. In justified cases, the Commission should be able to subsequently change the content of its opinion. National competition authorities should be able to intervene if they consider that this is necessary to protect competition, in which case they should inform the Commission of their actions.
- (26d) Restrictions to free circulation of products from the fruit and vegetables sector resulting from the application of measures intended to combat the spread of plant pests can cause difficulties on the market in one or more Member States. Particularly in light of increased occurrence of plant pests, it is therefore appropriate to allow for exceptional support measures to take account of restrictions on trade as a result of plant pests and to extend the list of products in respect of which exceptional support measures may be adopted to cover the fruit and vegetables sector.
- (27) In respect of export credits, export credit guarantees and insurance programmes, agricultural exporting state trading enterprises and international food aid, Member States may adopt national measures respecting Union law. Since the Union and its Member States are WTO Members, such national measures should also comply with the rules laid down in that WTO Ministerial Decision of 19 December 2015, as a matter of Union law and international law.

- (27a) The existing Union sectoral observatories and working groups for agricultural markets have proved positive in informing the choices of economic operators and public authorities as well as in facilitating the monitoring of market developments. To this end, and in order to enhance agricultural and food market transparency at Union level and to contribute to the stability of the agricultural markets, these instruments should be strengthened. Therefore, it is appropriate to establish a single formal legal framework for the setting-up and functioning of Union observatories of agricultural markets in any of the agricultural sectors and to lay down the notification and reporting obligations.
- (27b) On the basis of the statistical data and information collected for the monitoring of the agricultural markets, the Union observatories of agricultural markets should alert in their reports of threats of market disturbance. The Commission is to regularly present to the European Parliament and the Council the market situation of the agricultural products, the threats of market disturbance and possible measures to be taken, by means of regular participation in meetings of the Committee on Agriculture and Rural Development and the Special Committee on Agriculture.
- (27c) For reasons of clarity, the role of the Commission in respect of its existing obligations of cooperation and exchange of information with competent authorities designated in accordance with Article 22 of Regulation (EU) No 596/2014 of the European Parliament and of the Council⁸² and the European Securities and Markets Authority should be explicitly laid down in Article 223 of Regulation (EU) No 1308/2013.

⁸² Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ L 173, 12.6.2014, p. 1).

- (28) Obsolete reporting obligations of the Commission regarding the milk and milk products market and the extension of the school scheme scope should be deleted. Reporting obligations concerning the apiculture sector should be integrated in Regulation (EU) .../... (CAP Strategic Plan Regulation). New reporting obligations and deadlines should be laid down on the application of competition rules to the agriculture sector, on the setting up of market observatories and on the use of exceptional measures. The Commission should also report on the situation of sales designations and carcass classification in the sheepmeat and goatmeat sector.
- (29) In view of the repeal of Regulation (EU) No 1306/2013 of the European Parliament and of the Council⁸³ by Regulation (EU).../... (CAP Strategic Plan Regulation), provisions concerning checks and penalties related to marketing rules, imports of hem and protected designations of origin, geographical indications and traditional terms should be integrated in Regulation (EU) No 1308/2013.
- (30) Provisions concerning the reserve for crises in the agricultural sector laid down in Chapter III of Part V of Regulation (EU) No 1308/2013 should be deleted as updated provisions concerning the agricultural reserve are laid down in Regulation (EU) .../... of the European Parliament and of the Council⁸⁴ (Horizontal Regulation).

⁸³ 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).

⁸⁴ Regulation (EU).../... of the European Parliament and of the Council of on the financing and monitoring of the common agriculture policy and repealing Regulation (EU) No 1306/2013 (OJ L ..., .., p...).

- (30b) In light of the existing derogation from sales descriptions to be used for veal with a protected designation of origin or geographical indication registered before 29 June 2007, for consistency reasons and in order to provide for unambiguous information to consumers, Member States should be given the possibility to allow groups responsible for protected designations of origin or geographical indications registered before the same date to derogate from compulsory carcass classification for veal.
- (30c) Rules on the assessment of the conflict between a name applied for registration as designation of origin or geographical indication under Regulation (EU) 1151/2012 and a name of a plant variety or animal breed produced in the Union should be laid down in order to reach a fairer balance between the interests at stake.
- (30d) To increase the awareness of consumers in respect of protected designations of origin, protected geographical indications and traditional specialities guaranteed under Regulation (EU) 1151/2012, the obligatory use of the related Union symbols should be extended to the advertising material.
- (33) Provision should be made for specific derogations that permit the use of other names alongside the registered name of a traditional speciality guaranteed. The Commission should fix transitional periods for the use of designations that contain names of traditional specialities guaranteed, in line with the conditions for such transitional periods already in existence for protected designations of origin and protected geographical indications.
- (32) Procedures related to the registration of protected designations of origin, protected geographical indications and traditional specialities guaranteed laid down in Regulation (EU) No 1151/2012 should be streamlined and simplified to ensure that new names can be registered within shorter time periods. The opposition procedure should be simplified. The reasoned statement of opposition should indicate all the grounds for opposition and details thereof. This should not prevent the opponent from adding and developing further details in the course of the consultations referred to in Article 51(3) of Regulation (EU) No 1151/2012.

- (34c) The procedure for approval of amendments to product specifications laid down in Regulation (EU) No 1151/2012 should be simplified by introducing a distinction between Union and standard amendments. In accordance with the subsidiarity principle, Member States should be responsible for approving standard amendments and the Commission should retain responsibility for approving Union amendments to product specifications.
- (34d) In light of the increasing demand from Union consumers of beeswax, its growing use in the food sector, and its close link to agricultural products and to the rural economy, the list of agricultural products and foodstuffs laid down in Annex I to Regulation (EU) no 1151/2012 should be extended to cover this product.
- (34e) In view of the limited number of registrations of geographical indications of aromatised wine products under Regulation (EU) No 251/2014 of the European Parliament and of the Council⁸⁵ the legal framework for the protection of geographical indications for those products should be simplified. Aromatised wine products and other alcoholic beverages with the exception of spirit drinks and of grapevine products listed in Part II of Annex VII to Regulation (EU) No 1308/2013 should have the same legal regime and procedures as other agricultural products and foodstuffs. The scope of Regulation (EU) No 1151/2012 should be extended to cover those products. Regulation (EU) No 251/2014 of the European Parliament and of the Council should be amended to take account of this change as regards its title, scope, definitions and provisions concerning labelling of aromatised wine products. A smooth transition for the names protected under Regulation (EU) No 251/2014 should be ensured.
- (34f) In order to facilitate trade with third countries, it should be laid down that Member States may allow the indication on the label of aromatised wine products produced for export of the sales denominations required by third countries and the indication of those sales denominations in languages other than the official languages of the Union, on condition that the appropriate sales denominations set out in Annex II also appear on the label.

⁸⁵ Regulation (EU) No 251/2014 of the European Parliament and of the Council of 26 February 2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products and repealing Council Regulation (EEC) No 1601/91 (OJ L 84, 20.3.2014, p. 14).

- (34g) It is appropriate to empower the Commission to adopt delegated acts to supplement the sales denominations and descriptions of aromatised wine products laid down in Annex II to Regulation (EU) No 251/2014 in order to adapt them in case of technical progress, scientific and market developments, consumers' health or consumer need for information.
- (34h) In order to provide a higher level of information to consumers, the mandatory labelling of aromatised wine products with a nutrition declaration that may be limited on the label to the energy value only, and the list of ingredients should be added to Regulation (EU) No 251/2014. As stated in Article 1(2) of that Regulation, Regulation (EU) No 1169/2011 applies to the presentation and labelling of aromatised wine products. Producers should have the option of making the full nutrition declaration and the list of ingredients available by electronic means, while avoiding any collection or tracking of user data and the provision of information aimed at marketing purposes. However, this should not affect the existing requirement to list on the label substances causing allergies or intolerances. The Commission should be empowered to adopt delegated acts to lay down detailed rules for the indication and designation of ingredients for aromatised wine products. The marketing of existing stocks of aromatised wine products should be allowed to continue after the dates of application of the new labelling requirements, until those stocks are exhausted.
- (34i) It is appropriate to allow the addition of a limited quantity of spirit drinks to flavour aromatised wine products belonging to any of the aromatised wines categories. Since technical progress enables nowadays the production of Vermouth without the addition of alcohol, this requirement should be made optional. Given consumers' demand, it is appropriate to allow the combination of red and white wine to produce Glühwein. In order to take into account an aromatised wine-based drink existing on the Polish market, it is appropriate to create the new category 'Wino ziołowe', setting out in Union law the traditional requirements for its production. Annexes I and II to Regulation (EU) No 251/2014 should be amended accordingly

- (35a) Given its small size, remoteness and specific situation concerning food security, local markets in the island of La Reunion are particularly vulnerable to price fluctuations. Interbranch organisations bring together producers and other operators of different stages in the food chain and can play a role in supporting the conservation and diversification of local production. In the specific food security context of La Reunion, it is appropriate to provide, by derogation to Article 165 of Regulation (EU) No 1308/2013, that where rules of a recognised interbranch organisation are extended, the Member State concerned may decide, after consulting the relevant stakeholders, that operators who are not members of the interbranch organisation are to pay financial contributions for the activities covered by the extended rules which are in the general economic interest to economic operators whose activities relate to products solely carried out in La Reunion and destined to the local market of La Reunion.
- (36) Regulations (EU) No 1308/2013, (EU) No 1151/2012, (EU) No 251/2014 and (EU) No 228/2013 should therefore be amended accordingly.
- (37) Transitional arrangements should be put in place for applications for protection and for the registration of protected designations of origin, geographical indications and traditional specialities guaranteed that have been submitted before the date of entry into force of this Regulation and for the expenditure incurred before 1 January 2021 under the aid schemes for olive oil and table olives, fruit and vegetables, wine, apiculture and hops established in Articles 29 to 60 of Regulation (EU) No 1308/2013.
- (38) In order to ensure a smooth transition to the new legal framework laid down in Regulation (EU) .../... (CAP Strategic Plan Regulation), the provisions concerning amendments to Regulation (EU) No 1308/2013 as regards certain aid schemes and the reserve for crisis in the agricultural sectors should apply from 1 January 2023,

HAVE ADOPTED THIS REGULATION:

Article 1

Amendments to Regulation (EU) No 1308/2013

Regulation (EU) No 1308/2013 is amended as follows:

(0) Article 2 is replaced by the following:

‘Article 2

General common agricultural policy (CAP) provisions

Regulation (EU) [.../...] [Horizontal Regulation] and the provisions adopted pursuant to it shall apply in relation to the measures set out in this Regulation.’;

(1) Article 3 is amended as follows:

- (a) paragraph 2 is deleted;
- (b) paragraphs 3 and 4 are replaced by the following:

‘3. The definitions set out in Regulation (EU) .../... of the European Parliament and of the Council*[Horizontal Regulation] and Regulation (EU) .../... of the European Parliament and of the Council** [CAP Strategic Plan Regulation] shall apply for the purposes of this Regulation, save as otherwise provided for in this Regulation.

4. The Commission shall be empowered to adopt delegated acts, in accordance with Article 227, amending the definitions concerning the sectors set out in Annex II to the extent necessary to update the definitions in light of market developments and without adding additional definitions.’;

* Regulation (EU) .../... of the European Parliament and of the Council of ... on the financing and monitoring of the common agriculture policy and repealing Regulation (EU) No 1306/2013 (OJ L ...,, p...).

** Regulation (EU) .../... of the European Parliament and of the Council of ... establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council (OJ L ...,, p...);'

(2) Article 5 is replaced by the following:

'Article 5

Article Conversion rates for rice

The Commission may adopt implementing acts fixing the conversion rates for rice at various stages of processing.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 229(2).';

(3) Article 6 is replaced by the following:

‘Article 6

Marketing years

The following marketing years shall be established:

- (a) 1 January to 31 December of a given year for the fruit and vegetables, processed fruit and vegetables and banana sectors;
- (b) 1 April to 31 March of the following year for the dried fodder and silkworm sectors;
- (c) 1 July to 30 June of the following year for:
 - (i) the cereals sector;
 - (ii) the seeds sector;
 - (iii) the flax and hemp sector;
 - (iv) the milk and milk products sector;
- (d) 1 August to 31 July of the following year for the wine sector;
- (e) 1 September to 31 August of the following year for the rice sector and table olives sectors;
- (f) 1 October to 30 September of the following year for the sugar and olive oil sectors.’;

(3a) Article 12 is replaced by the following:

‘Article 12

Public intervention periods

Public intervention shall be available for:

- (a) common wheat, from 1 October to 31 May;
- (b) durum wheat, barley and maize, throughout the year;
- (c) paddy rice, throughout the year;
- (d) beef and veal, throughout the year;
- (e) butter and skimmed milk powder, from 1 February to 30 September.’

(3b) Article 16 is amended as follows:

(a) the following paragraph is inserted:

'2a. Member States shall notify to the Commission all the information needed, to allow monitoring the respect the principles laid down in paragraph 1.’;

(b) paragraph 3 is replaced by the following:

'3. Each year the Commission shall publish details of the conditions under which products bought in under public intervention were bought, if applicable, and sold in the previous year. Those details shall include the relevant volumes, the buying and selling prices.’;

(3c) in the first paragraph of Article 17, point (b) is replaced by the following:

'(b) olive oil and table olives;';

(4) Chapter II of Title I of Part II is amended as follows:

(a) the title is replaced by:

'CHAPTER II

Aid for the supply of fruit and vegetables and of milk and milk products in educational establishments';

(b) the heading 'Section 1' and its title are deleted;

(bd) in Article 23, paragraph 11 is replaced by the following:

‘11. Member States shall choose the products to be featured in distribution or to be included in accompanying educational measures on the basis of objective criteria which shall include one or more of the following: health and environmental considerations, seasonality, variety and the availability of local or regional produce, giving priority to the extent practicable to products originating in the Union. Member States may encourage in particular local or regional purchasing, organic products, short supply chains or environmental benefits, including sustainable packaging, and, if appropriate, products recognised under the quality schemes established by Regulation (EU) No 1151/2012.

Member States may consider, in their strategies, prioritising sustainability and fair-trade considerations.’;

(c) Article 23a is amended as follows:

(i) paragraph 1 is replaced by the following:

'1. Without prejudice to paragraph 4 of this Article, the aid under the school scheme allocated for the distribution of products, the accompanying educational measures and the related costs referred to in Article 23(1) shall not exceed EUR 220 804 135 per school year. Within that overall limit, the aid shall not exceed:

(a) for school fruit and vegetables: EUR 130 608 466 per school year;

(b) for school milk: EUR 90 195 669 per school year.';

(ii) in the third subparagraph of paragraph 2, the last sentence is deleted;

(iii) in paragraph 4 the first sentence is replaced by the following:

'4. Without exceeding the overall limit of EUR 220 804 135 laid down in paragraph 1, any Member State may transfer once per school year up to 20% of either one or the other of its indicative allocations.';

(d) Sections 2 to 6 covering Articles 29 to 60 are deleted;

(4a) Article 61 is replaced by the following:

‘Article 61

Duration

The scheme of authorisations for vine plantings established in this Chapter shall apply from 1 January 2016 to 31 December 2045, with two mid-term reviews to be undertaken by the Commission in 2028 and 2040 to evaluate the operation of the scheme and, if appropriate, make proposals.';

(4b) Article 62 is amended as follows:

(a) paragraph 3 is amended as follows:

(i) the following subparagraph is inserted after subparagraph 1:

'By way of derogation from the first subparagraph, Member States may decide that when the replanting takes place on the same parcel or parcels on which the grubbing up was undertaken, the authorisations referred to in the first paragraph of Article 66 are valid for six years from the date on which they were granted. Such authorisations shall clearly identify the parcel or parcels in which the grubbing up and the replanting will take place.';

(ii) Subparagraphs 2 and 3 are replaced by:

'By way of derogation from the first subparagraph, the validity of authorisations granted in accordance with Article 64 and Article 66(1), which expires in the years 2020 and 2021, is extended until 31 December 2022.

Producers who hold authorisations in accordance with Article 64 and Article 66(1) of this Regulation, which expire in 2020 and 2021, shall not, by way of derogation from the first subparagraph of this paragraph, be subject to the administrative penalty referred to in Article 89(4) of Regulation (EU) No 1306/2013 provided that they inform the competent authorities by 28 February 2022 that they do not intend to make use of their authorisation and do not wish to benefit from the extension of their validity as referred to in the third subparagraph of this paragraph.

Producers who have informed the competent authority by 28 February 2021 that they do not intend to make use of their authorisation whose validity was extended until 31 December 2021 shall be allowed to retract this declaration by a written communication to the competent authority by 28 February 2022 and make use of their authorisation within the extended validity period provided for in the third subparagraph.';

(b) paragraph 4 is replaced by the following:

'4 This Chapter shall not apply to the planting or replanting of areas intended for experimental purposes, for setting-up collections of vine varieties intended to preserve genetic resources or for graft nurseries, to areas whose wine or vine products are intended solely for the consumption by the wine-grower's household or to areas to be newly planted as a result of compulsory purchases in the public interest under national law.';

(5) Article 63 is amended as follows:

(a) paragraph 1 is replaced by the following:

'1. Member States shall make available each year authorisations for new plantings corresponding to either:

(a) 1% of the total area actually planted with vines in their territory, as measured on 31 July of the previous year; or

(b) 1% of an area comprising the area actually planted with vines in their territory, as measured on 31 July 2015, and the area covered by planting rights granted to producers in their territory in accordance with Article 85h, Article 85i or Article 85k of Regulation (EC) No 1234/2007 and available for conversion into authorisations on 1 January 2016, as referred to in Article 68 of this Regulation.';

(b) in paragraph 2 the following second subparagraph is added:

'Member States that limit the issuing of authorisations at regional level, for specific areas eligible for the production of wines with a protected designation of origin or for areas eligible for the production of wines with a protected geographical indication, in accordance with point (b) of the first subparagraph, may require such authorisations to be used in those regions.';

(b) paragraph 3 is amended as follows:

(i) point b is replaced by the following:

'(b) the need to avoid a well-demonstrated risk of devaluation of a particular protected designation of origin or a protected geographical indication;';

(ii) the following point is added:

'(c) the wish to contribute to the development of the products in question while preserving their quality.';

(c) the following paragraph is inserted:

'3a Member States may take any regulatory measures necessary to prevent circumvention by the operators of the restrictive measures taken pursuant to paragraphs 2 and 3.';

(5a) Article 64 is amended as follows:

- (a) in paragraph 1, the introductory sentence of the second subparagraph is replaced by the following:

'Member States may, for the purpose of this Article, apply at national or regional level one or more of the following objective and non-discriminatory eligibility criteria.');

- (b) paragraph 2 is amended as follows:

- (i) the introductory part of the first subparagraph is replaced by the following:

'2. If the total area covered by the eligible applications referred to in paragraph 1 in a given year exceeds the area made available by the Member State, authorisations shall be granted according to a pro-rata distribution of hectares to all applicants on the basis of the area for which they have requested the authorisation. Such granting may establish a minimum and/or a maximum area by applicant and also be partially or completely made in accordance with one or more of the following objective and non-discriminatory priority criteria that may apply at national or regional level.');

- (ii) point (b) is replaced by the following:

'(b) areas where vineyards contribute to the preservation of the environment or the conservation of vine genetic resources;';

- (iii) point (f) is replaced by the following:

'(f) areas to be newly planted which contribute to the increase of the production of holdings of the wine growing sector that proves increased cost-efficiency or competitiveness or presence on the markets;';

(c) the following paragraph is inserted:

'2b. Member States may take any necessary regulatory measures to prevent the circumvention by the operators of the restrictive criteria that they apply pursuant to paragraphs 1, 2 and 2a.';

(5b) in Article 65, the first paragraph is replaced by the following:

'When applying Article 63(2), a Member State shall consider recommendations presented by recognised professional organisations operating in the wine sector referred to in Articles 152, 156 and 157, of interested groups of producers referred to in Article 95, or of other types of professional organisation recognised on the basis of that Member State's legislation, provided that those recommendations are preceded by an agreement entered into by the relevant representative parties in the reference geographical area.';

(5c) Article 68 is amended as follows:

(a) the following paragraph 2a is added:

'2a. From 1 January 2023, an area equivalent to the area covered by planting rights which were valid on 31 December 2022 and have not been converted into authorisations in accordance to paragraph 1, shall remain at the disposal of the concerned Member States which may allocate it in accordance with Article 64 at the latest by 31 December 2025.';

(b) paragraph 3 is replaced by the following:

3. The areas covered by the authorisations granted pursuant to paragraphs 1 and 2a shall not be counted for the purposes of Article 63.';

(6) in Article 81, the following paragraph 6 is added:

‘6. Areas planted for purposes other than wine production with vine varieties which are not classified, in case of Member States other than those referred to in paragraph 3, or which do not comply with the second subparagraph of paragraph 2, in case of Member States referred to in paragraph 3, shall not be subject to a grubbing up obligation.

The planting and replanting of the vine varieties referred to in the first subparagraph, for purposes other than wine production shall not be subject to the scheme of authorisation for vine planting laid down in Chapter 3 of Title I of Part II.’;

(6a) Article 86 is replaced by the following:

‘Article 86

Reservation, amendment and cancellation of optional reserved terms

In order to take account of the expectations of consumers, including as regards production methods and sustainability in the supply chain, developments in scientific and technical knowledge, the situation in the market and developments in marketing standards and in international standards, the Commission shall be empowered to adopt delegated acts in accordance with Article 227:

- (a) reserving an additional optional reserved term, laying down its conditions of use;
- (b) amending the conditions of use of an optional reserved term; or
- (c) cancelling an optional reserved term.’;

(6b) In Article 90, paragraph 1 is replaced by the following:

- ‘1. Save as otherwise provided for in international agreements concluded in accordance with the TFEU, the provisions concerning designation of origin and geographical indications and labelling of wine set out in Section 2 of this Chapter, and the definitions, designations and sales descriptions referred to in Article 78 of this Regulation shall apply to products imported into the Union and falling within CN codes 2009 61, 2009 69, 2204 and, where applicable, ex 2202 99 19, other, dealcoholised wine with an alcoholic strength by volume not exceeding 0.5% vol.’;

(7) in Article 90, paragraph 3 is replaced by the following:

- ‘3. Save as otherwise provided for in international agreements concluded in accordance with the TFEU, the import of the products referred to in paragraph 1 shall be subject to the presentation of:
 - (a) a certificate evidencing compliance with the provisions referred to in paragraphs 1 and 2, drawn up by a competent body, included on a list to be made public by the Commission, in the product's country of origin;
 - (b) an analysis report drawn up by a body or department designated by the product's country of origin, if the product is intended for direct human consumption.’;

(8) in Section 1 of Chapter 1 of Title II of Part II, the following subsection is inserted:

'Subsection 4a

Checks and penalties

Article 90a

Checks and penalties related to marketing rules

1. Member States shall take measures to ensure that the products referred to in Article 119(1) which are not labelled in conformity with this Regulation are not placed on the market or, if they have already been placed on the market, are withdrawn from it.
2. Without prejudice to any specific provisions which may be adopted by the Commission, imports into the Union of the products specified in points (a) and (b) of paragraph 1 of Article 189 of this regulation shall be subject to checks to determine whether the conditions provided for in paragraph 1 of that Article are met.
3. Member States shall carry out checks, based on a risk analysis, in order to verify whether the products referred to in Article 1(2) conform to the rules laid down in this Section and shall, as appropriate, apply administrative penalties.
4. Without prejudice to acts concerning the wine sector that have been adopted pursuant to Article 57 of Regulation (EU) [...] (Horizontal Regulation), in the event of infringement of Union rules in the wine sector, Member States shall apply proportionate, effective and dissuasive administrative penalties in accordance with Title IV, Chapter I of that Regulation (Horizontal Regulation). Member States shall not apply such penalties where the non-compliance is of a minor nature.
5. In order to protect Union funds and to protect the identity, provenance and quality of Union wine, the Commission shall be empowered to adopt delegated acts in accordance with Article 227 relating to:
 - (a) the establishment or maintenance of an analytical databank of isotopic data to help detect fraud to be constructed on the basis of samples collected by Member States;

- (b) rules governing control bodies and the mutual assistance between them;
 - (c) rules governing the common use of the findings of Member States.
6. The Commission may adopt implementing acts laying down all measures necessary for establishing:
- (a) the procedures relating to Member States' respective databanks and to the analytical databank of isotopic data that will help detect fraud;
 - (b) the procedures relating to cooperation and assistance between control authorities and bodies;
 - (c) as regards the obligation referred to in paragraph 3, rules for performing checks on compliance with marketing standards, rules governing the authorities responsible for performing the checks, as well as on the content, the frequency and the marketing stage to which those checks are to apply.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 229(2).’;

- (8a) In Article 92(1), the following subparagraph is added:

‘However, rules laid down in this section do not apply to products referred to in points (1), (4) to (6), (8) and (9) of Part II of Annex VII when such products have undergone a total dealcoholisation treatment in accordance with Section E of Part I of Annex VIII.’;

(9) Article 93 is amended as follows:

(a) in paragraph 1, point (a) and (b) are replaced by the following:

'(a) 'a designation of origin' means a name, including a name traditionally used, which identifies a product, referred to in Article 92(1):

- (i) whose quality or characteristics are essentially or exclusively due to a particular geographical environment, with its inherent natural and human factors;
- (ii) as originating in a specific place, region or, in exceptional cases, a country;
- (iii) produced from grapes which originate exclusively from that geographical area;
- (iv) the production of which takes place in that geographical area; and
- (v) which is obtained from vine varieties belonging to *Vitis vinifera* or a cross between the *Vitis vinifera* species and other species of the genus *Vitis*.

'(b) "a geographical indication" means an indication, including a name traditionally used, referring to a region, a specific place or, in exceptional and duly justifiable cases, a country, used to describe a product referred to in Article 92(1) fulfilling the following requirements:

- (i) it possesses a specific quality, reputation or other characteristics attributable to that geographical origin;
- (ii) at least 85 % of the grapes used for its production come exclusively from that geographical area;
- (iii) its production takes place in that geographical area; and

(iv) it is obtained from vine varieties belonging to *Vitis vinifera* or a cross between the *Vitis vinifera* species and other species of the genus *Vitis*.';

(b) paragraph 2 is deleted;

(c) paragraph 4 is replaced by the following:

'4. Production, as referred to in points (a)(iv) and (b)(iii) of paragraph 1, shall cover all the operations involved, from the harvesting of the grapes to the completion of the wine-making processes, with the exception of the harvesting of the grapes not coming from the geographical area concerned as referred to in point (b)(ii) of paragraph 1 and with the exception of any post-production processes.';

(10) Article 94 is amended as follows:

(a) In paragraph 1, the introductory wording is replaced by the following:

'Applications for protection of names as designations of origin or geographical indications shall include:';

(b) paragraph 2 is amended as follows:

(i) point g is replaced by the following:

‘(g) the details bearing out the link referred to in point (a)(i) of, or, as the case may be, in point (b)(i), of Article 93(1):

(i) as regards a protected designation of origin, the link between the quality or characteristics of the product and the geographical environment referred to in point (a)(i) of Article 93(1); the details concerning the human factors of that geographical environment may, where relevant, be limited to a description of the soil, plant material and landscape management, cultivation practices or any other relevant human contribution to the maintenance of the natural factors of the geographical environment referred to in Article 93(1);

(ii) as regards a protected geographical indication, the link between a specific quality, the reputation or other characteristic of the product, and the geographical origin referred to in point (b)(i) of Article 93(1);’;

(ii) the following subparagraphs are added:

‘The product specification may contain a description of the contribution of the designation of origin or geographical indication to sustainable development.

Where the wine or wines may be partially dealcoholised, the product specification shall also contain a description of the partially dealcoholised wine or wines in accordance with subparagraph 2 point (b) *mutatis mutandis* and, where applicable, the specific oenological practices used to make the partially dealcoholized wine or wines, as well as the relevant restrictions on making them.’;

(10a) in Article 96(5), the following subparagraphs are added:

'When forwarding an application for protection to the Commission under the first subparagraph of this paragraph, the Member State shall include a declaration that it considers that the application lodged by the applicant meets the conditions for protection under this Section and the provisions adopted pursuant thereto and that it certifies that the single document referred to in point (d) of Article 94(1) constitutes a faithful summary of the product specification.

Member States shall inform the Commission of any admissible oppositions submitted under the national procedure.');

(11) in Article 96, the following paragraph is added:

'6. The Member State shall inform the Commission without delay if any procedure is initiated before a national court or other national body concerning an application for protection that the Member State has forwarded to the Commission, in accordance with paragraph 5.');

(12) In Article 97, paragraphs 2, 3 and 4 are replaced by the following:

'2. The Commission shall examine applications for protection that it receives in accordance with Article 94 and Article 96(5). The Commission shall check that the applications contain the required information and that they do not contain manifest errors, taking into account the outcome of the preliminary national procedure carried out by the Member State concerned.
That examination shall focus in particular on the single document referred to in point (d) of Article 94(1).

Scrutiny by the Commission should not exceed a period of six months from the date of receipt of the application from the Member State. Where this period is exceeded, the Commission shall inform the applicants of the reasons for the delay, in writing.

3. Upon communication by a Member State, concerning an application for registration lodged with the Commission in accordance with Article 96(5), which either:
 - (a) informs the Commission that the application has been invalidated at national level by an immediately applicable but not final judicial decision; or,
 - (b) requests the Commission to suspend the scrutiny referred to in paragraph 1 because a national judicial process has been launched to challenge the validity of the application which the Member States considers based on valid grounds,

The Commission shall be exempted from the obligation to comply with the deadline to perform that scrutiny and to inform the applicant of the reasons for the delay.

The exemption shall have effect until the Commission is informed by the Member State that the original application has been restored or that it withdraws its request of suspension, respectively.

4. Where, on the basis of the scrutiny carried out pursuant to paragraph 2 of this Article, the Commission considers that the conditions laid down in Articles 93, 100 and 101 are not met it shall adopt implementing acts rejecting the application.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 229(2).’;

(13) Articles 98 and 99 are replaced by the following:

'Article 98

Objection procedure

1. Within three months from the date of publication in the Official Journal of the European Union, of the single document referred to in point (d) of Article 94(1), the authorities of a Member State or of a third country, or any natural or legal person residing or established in a third country and having a legitimate interest, may submit a reasoned statement of objection to the Commission opposing the proposed protection.

Any natural or legal person residing or established in a Member State other than the Member State that forwarded the application for protection and having a legitimate interest, may submit the statement of objection via the authorities of the Member State in which it is resident or established within a time limit permitting a statement of objections to be lodged pursuant to the first subparagraph.

2. If the Commission considers that the objection is admissible it shall invite the authority or natural or legal person that lodged the objection and the authority or natural or legal person that lodged the application for protection to engage in appropriate consultations for a period of three months. The invitation shall be issued within a period of five months from the date on which the application for protection, to which the substantiated statement of objection relates, is published in the Official Journal of the European Union and it shall be accompanied by a copy of the substantiated statement of objection. At any time during these three months, the Commission may, at the request of the authority or natural or legal person that lodged the application, extend the deadline for the consultations by a maximum of three months.

3. The authority or person that lodged the objection and the authority or person that lodged the application for protection shall start such consultations without undue delay. They shall provide each other with the relevant information to assess whether the application for protection complies with the conditions of this Regulation and the provisions adopted pursuant thereto.
4. If the parties reach an agreement, either the applicant established in the third country or the authorities of the Member State or of the third country from which the application for protection was lodged shall notify the Commission of the results of the consultations carried out and of all the factors which enabled that agreement to be reached, including the opinions of the parties. If the details published in accordance with Article 97(4) have been substantially amended, the Commission shall repeat the scrutiny referred to in Article 97(2) after a national procedure ensuring adequate publication of those amended details has been carried out. Where, following the agreement, there are no amendments to the product specification or where the amendments are not substantial, the Commission shall adopt a decision in accordance with Article 99(1) conferring protection on the designation of origin or geographical indication notwithstanding the reception of an admissible statement of objection.
5. If no agreement is reached, either the applicant established in the third country or the authorities of the Member State or of the third country, from which the application for protection was lodged shall notify the Commission of the results of the consultations carried out and of all the related information and documents. The Commission shall adopt a decision in accordance with Article 99(2) either conferring protection or rejecting the application.

Article 99

Decision on protection

1. Where the Commission has not received an admissible statement of objection in accordance with Article 98, it shall adopt implementing acts conferring the protection. Those implementing acts shall be adopted without applying the examination procedure referred to in Article 229(2) or (3).
2. Where the Commission has received an admissible statement of objection it shall adopt implementing acts either conferring protection or rejecting the application. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 229(2).
3. Protection conferred pursuant to this Article shall be without prejudice to the compliance of products concerned with other Union rules relating in particular to the placing of products on the market, marketing and to food labelling.';

(13a) Article 102 is replaced by the following:

‘Article 102

Relationship with trade marks

1. Where a designation of origin or a geographical indication is registered under this Regulation, the registration of a trade mark the use of which would contravene Article 103(2), and which relates to a product falling under one of the categories listed in Part II of Annex VII, shall be refused if the application for registration of the trade mark is submitted after the date of submission of the registration application in respect of the designation of origin or the geographical indication to the Commission.

Trade marks registered in breach of the first subparagraph shall be invalidated.

2. Without prejudice to Article 101(2) of this Regulation, a trade mark the use of which contravenes Article 103(2) of this Regulation, which has been applied for, registered or established by use, if that possibility is provided for by the legislation concerned, in good faith within the territory of the Union, before the date on which the application for protection of the designation of origin or geographical indication is submitted to the Commission, may continue to be used and renewed notwithstanding the registration of a designation of origin or geographical indication, provided that no grounds for the trade mark's invalidity or revocation exist under Directive 2008/95/EC of the European Parliament and of the Council¹ or under Council Regulation (EC) No 207/2009².

In such cases, the use of the designation of origin or geographical indication shall be permitted as well as use of the relevant trade marks.;

(14) Article 103 is amended as follows:

(a) in paragraph 2, points (a) and (b) are replaced by the following:

'(a) any direct or indirect commercial use of that protected name, including the use for products used as ingredients,

(i) by comparable products not complying with the product specification of the protected name; or

(ii) in so far as such use exploits, weakens or dilutes the reputation of a designation of origin or a geographical indication;

(b) any misuse, imitation or evocation, even if the true origin of the product or service is indicated or if the protected name is translated, transcribed or transliterated or accompanied by an expression such as "style", "type", "method", "as produced in", "imitation", "flavour", "like" or similar, including when those products are used as ingredients;';

(b) the following paragraph is added:

‘4. The protection referred to in paragraph 2 shall also apply with regard to:

- (a) goods entering the customs territory of the Union without being released for free circulation within the customs territory of the Union;
and
- (b) goods sold through means of distance selling such as electronic commerce.

For goods entering the customs territory of the Union without being released for free circulation within that territory, the group of producers or any operator entitled to use the protected designation of origin or protected geographical indication shall be entitled to prevent all third parties from bringing goods, in the course of trade, into the Union without being released for free circulation there, where such goods, including packaging, come from third countries and bear without authorisation the protected designation of origin or protected geographical indication.’;

(14a) Article 105 is replaced by the following:

‘Article 105

Amendments to product specifications

1. An applicant satisfying the conditions laid down in Article 95 may apply for approval of an amendment to the product specification of a protected designation of origin or of a protected geographical indication, in particular to take account of developments in scientific and technical knowledge or to redemarcate the geographical area referred to in point (d) of the second subparagraph of Article 94(2). Applications shall describe and state reasons for the amendments requested.

2. Amendments to a product specification are classified into two categories as regards their importance: Union amendments requiring an objection procedure at Union level and standard amendments to be dealt with at Member State or third country level.

An amendment shall be considered to be a Union amendment where:

- (a) it includes a change in the name of the protected designation of origin or the protected geographical indication;
- (b) it consists of a change, a deletion or an addition of a category of grapevine products referred to in Part II of Annex VII;
- (c) it could potentially void the link referred to in point (a)(i) of Article 93(1) for protected designations of origin or in point (b)(i) of Article 93(1) for protected geographical indications;
- (d) it entails further restrictions on the marketing of the product.

Applications for Union amendments submitted by third countries or by third country producers shall contain proof that the requested amendment complies with the laws on the protection of designations of origin or geographical indications in force in that third country.

All other amendments to product specifications are considered standard amendments.

A temporary amendment is a standard amendment concerning a temporary change in the product specification resulting from the imposition of obligatory sanitary and phytosanitary measures by the public authorities or linked to natural disasters or adverse weather conditions formally recognised by the competent authorities.

3. The procedure for approval of a Union amendment shall follow *mutatis mutandis* the procedure laid down in Articles 94 and 96 to 99.

Applications for approval of Union amendments shall contain Union amendments exclusively. If an application for Union amendment also contains standard or temporary amendments, the procedure for Union amendments shall only apply to Union amendments. The standard or temporary amendments shall be deemed as not submitted.

The scrutiny of the application shall focus on the proposed amendments.

4. Standard amendments shall be approved and made public by Member States in which the geographical area of the designation of origin or geographical indication relates.

Decisions approving standard amendments concerning grapevine products originating in third countries shall be taken in accordance with the system in force in the third country concerned.’;

- (15) Article 106 is replaced by the following:

'Article 106

Cancellation

The Commission may, on its own initiative or at the duly substantiated request of a Member State, a third country, or a natural or legal person having a legitimate interest, adopt implementing acts cancelling the protection of a designation of origin or a geographical indication in one or more of the following circumstances:

- (a) where compliance with the corresponding product specification is no longer guaranteed;
- (b) where no product has been placed on the market bearing the designation of origin or geographical indication for at least seven consecutive years;

- (c) where an applicant satisfying the conditions laid down in Article 95 declares that it no longer wants to maintain the protection of a designation of origin or a geographical indication.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 229(2).!;

- (15a) The following article is inserted:

‘Article 106a

Temporary labelling and presentation

After an application for the protection of a designation of origin or geographical indication has been forwarded to the Commission, producers may indicate it in labelling and presentation and use national logos and indications, in compliance with Union law and in particular with Regulation (EU) No 1169/2011.

Union symbols indicating the protected designation of origin or protected geographical indication, the Union indications ‘protected designation of origin’ or ‘protected geographical indication’ may appear on the labelling only after the publication of the decision conferring protection on that designation of origin or geographical indication.

Where the application is rejected, any grapevine products labelled in accordance with the first paragraph may be marketed until the stocks are exhausted.!;

- (16) Article 111 is deleted;

(17) in Section 2 of Chapter I of Title II of Part II, the following Subsection 4 is added:

'Subsection 4

Checks related to designations of origin, geographical indications and traditional terms

Article 116a

Checks

1. Member States shall take the necessary steps to stop unlawful use of protected designations of origin, protected geographical indications and protected traditional terms referred to in this Regulation.
2. Member States shall designate the competent authority responsible for carrying out the checks in respect of the obligations laid down in this Section. To that end, Articles 4(2), 4(4), 5(1), 5(4) and 5(5) of Regulation (EU) 2017/625 of the European Parliament and of the Council* shall apply.
3. Within the Union, the competent authority referred to in paragraph 2 of this Article or one or more delegated bodies within the meaning of point (5) of Article 3 of Regulation (EU) 2017/625 operating as a product certification body in accordance with the criteria laid down in Chapter III of Title II of that Regulation, shall verify annual compliance with the product specification, during the wine production and during or after conditioning.
4. The Commission shall adopt implementing acts concerning the following:
 - (a) the communication to be made by the Member States to the Commission;
 - (b) rules governing the authority responsible for verifying compliance with the product specification, including where the geographical area is in a third country;

- (c) the actions to be implemented by the Member States to prevent the unlawful use of protected designations of origin, protected geographical indications and protected traditional terms;
- (d) the checks and verification to be carried out by the Member States, including testing.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 229(2).

* Regulation (EU) 2017/625 of the European Parliament and of the Council of 15 March 2017 on official controls and other official activities performed to ensure the application of food and feed law, rules on animal health and welfare, plant health and plant protection products, amending Regulations (EC) No 999/2001, (EC) No 396/2005, (EC) No 1069/2009, (EC) No 1107/2009, (EU) No 1151/2012, (EU) No 652/2014, (EU) 2016/429 and (EU) 2016/2031 of the European Parliament and of the Council, Council Regulations (EC) No 1/2005 and (EC) No 1099/2009 and Council Directives 98/58/EC, 1999/74/EC, 2007/43/EC, 2008/119/EC and 2008/120/EC, and repealing Regulations (EC) No 854/2004 and (EC) No 882/2004 of the European Parliament and of the Council, Council Directives 89/608/EEC, 89/662/EEC, 90/425/EEC, 91/496/EEC, 96/23/EC, 96/93/EC and 97/78/EC and Council Decision 92/438/EEC (Official Controls Regulation) (OJ L 95, 7.4.2017, p. 1).’;

(18) Article 119 is amended as follows:

(a) paragraph 1 is amended as follows:

(i) point (a) is replaced by the following:

‘(a) the designation for the category of the grapevine product in accordance with Part II of Annex VII. For grapevine products categories defined under points (1) and (4) to (9) of Part II of Annex VII, when such products have undergone a dealcoholisation treatment in accordance with Section E of Part I of Annex VIII, the designation of the category is accompanied by:

- (i) the term “dealcoholised” if the product reaches an actual alcoholic strength of no more than 0,5% by volume, and
- (ii) the term “partially dealcoholised” if the product reaches an actual alcoholic strength above 0,5% by volume and below the minimum actual alcoholic strength of the category before dealcoholisation.’;

(ii) the following points are added:

- ‘(h) the nutrition declaration pursuant to Article 9(1), point (l) of Regulation (EU) No 1169/2011;
- (i) the list of ingredients pursuant to Article 9(1), point (b) of Regulation (EU) No 1169/2011;
- (j) in the case of grapevine products which have undergone a dealcoholisation treatment in accordance with Section E of Part I of Annex VIII and with an actual alcoholic strength by volume of less than 10 %, the date of minimum durability pursuant to Article 9(1), point (f) of Regulation (EU) No 1169/2011.’;

(b) paragraph 2 is replaced by the following:

‘2. By way of derogation from point (a) of paragraph 1, for grapevine products other than those which have undergone a dealcoholisation treatment in accordance with Section E of Part I of Annex VIII, the reference to the category of the grapevine product may be omitted for wines whose labels include the name of a protected designation of origin or a protected geographical indication.’;

(c) the following paragraphs are added:

- ‘4. By way of derogation from paragraph 1, point (h), the nutrition declaration may be limited to the energy value on label or packaging, which may be expressed by using the symbol (E) for Energy. In this case, the nutrition declaration shall be provided additionally by electronic means identified on the label or packaging. This nutrition declaration shall not be displayed with other information intended for sales or marketing purposes and no user data shall be collected or tracked;
5. By way of derogation from paragraph 1, point (i), the list of ingredients may be provided by electronic means identified on the label or packaging. In this case, the following requirements apply:
- a) no user data shall be collected or tracked;
 - b) the list of ingredients shall not be displayed with other information intended for sales or marketing purposes; and
 - c) the indication of the particulars referred to in Article 9(1), point (c), of Regulation (EU) No 1169/2011 shall appear directly on the package or on a label attached thereto. This indication shall comprise the word ‘contains’ followed by the name of the substance or product as listed in Annex II of Regulation (EU) No 1169/2011.’;

(20) in Article 122, paragraph 1 is amended as follows:

(a) point (b) is amended as follows:

(i) point (ii) is deleted;

(ii) the following point is added:

‘(vi) rules for indication and designation of ingredients for the application of article 119 paragraph 1 point (i).’;

(b) in point (c), the following point is added:

‘(iii) terms referring to a holding and the conditions for their use.’;

(c) in point (d), point (i) is replaced by the following:

‘(i) the conditions of use of certain bottle shapes and of closures, and a list of certain specific bottle shapes.’;

(21) Section 1 of Chapter II of Title II of Part II is amended as follows:

(a) Article 124 is deleted;

(b) the heading ‘Subsection 1’ and its title are deleted;

(ba) in Article 125, paragraph 3 is replaced by the following:

‘Agreements within the trade shall conform to the purchase terms laid down in Annex X.’;

(c) Subsections 2 and 3 covering Articles 127 to 144 are deleted;

(22) in Article 145(3), the first sentence is replaced by the following:

'Member States which provide in their CAP strategic plans for restructuring and conversion of vineyards in accordance with point (a) of Article 52(1) of Regulation (EU) .../...[CAP Strategic Plan Regulation], shall on the basis of the vineyard register submit to the Commission by 1 March each year an updated inventory of their production potential.';

(22a) the following Article is inserted:

‘Article 147a

Payment delays for sales of bulk wine

By way of derogation from Article 3(1) of Directive (EU) 2019/633, Member States may, upon request of an interbranch organisation recognised under Article 157 operating in the wine sector, provide that the prohibition referred to in point (a) of the first subparagraph of Article 3 of Directive (EU) 2019/633 does not apply to payments made under supply agreements for the sales transactions of bulk wines between producers or resellers of wine and their direct buyers provided that:

- (a) specific terms to make payments after 60 days are included in standard contracts for transactions of bulk wines which have been made binding by the Member State pursuant to Article 164 of Regulation (EU) No 1308/2013 before 30 October 2021 and that this extension of the standard contracts is renewed by the Member States from that date without any significant changes to the terms of payment to the disadvantage of suppliers of bulk wines; and
- (b) that the supply agreements between suppliers of bulk wines and their direct buyers are multiannual or become multiannual.';

(22b) in paragraph 2 of Article 148, point (c)(i) is replaced by the following:

'(i) the price payable for the delivery, which shall:

- be static and be set out in the contract and/or
- be calculated by combining various factors set out in the contract, which may include objective indicators, indices and methods of calculation of the final price, that are easily accessible and comprehensible and that reflect changes in market conditions, the volume delivered and the quality or composition of the raw milk delivered. These indicators may be based on relevant prices, production and market costs.

To that effect, Member States may determine indicators, in accordance with objective criteria based on studies carried out on production and the food chain. The parties to the contracts are free to refer to these indicators or any other indicators which they deem relevant.';

(22c) in Article 149(2), point (c)(i) is replaced by the following:

'(i) the volume of raw milk covered by such negotiations does not exceed 4% of total Union production,';

(22-d) Article 150 is deleted.

(22d) Article 151 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘From 1 April 2015, the first purchasers of raw milk shall declare to the competent national authority the quantity of raw milk that has been delivered to them each month and the average price paid. A distinction shall be made between organic and non-organic milk.’;

(b) paragraph 3 is replaced by the following:

‘Member States shall notify the Commission of the quantity of raw milk referred to in the first subparagraph.’;

(22b) Article 152(1)(c) is amended as follows:

(a) point (vii) is replaced by the following:

‘(vii) the management and valorisation of by-products, residual flows and of waste in particular to protect the quality of water, soil and landscape and preserving or encouraging biodiversity and boosting circularity.’;

(b) point (x) is replaced by the following:

‘(x) managing mutual funds.’;

(22f) Article 153 is amended as follows:

(a) in paragraph 2, point (c) is replaced by the following:

'(c) rules enabling the producer members to scrutinise democratically their organisation and its decisions as well as its accounts and budgets;';

(b) the following paragraph is inserted:

'2a. The statutes of a producer organisation may provide for the possibility for producer members to be in direct contact with purchasers provided that this does not jeopardise the concentration of supply and placing of products on the market by the producer organisation. This concentration shall be deemed ensured provided that the essential elements of the sales such as price, quality and volume are negotiated and determined by the producer organisation.';

(c) paragraph 3 is replaced by the following:

'3. Paragraphs 1, 2 and 2a shall not apply to producer organisations in the milk and milk products sector.';

(22g) in Article 154, point b of paragraph 1 is replaced by the following:

'(b) has a minimum number of members and/or covers a minimum volume or value of marketable production, to be laid down by the Member State concerned, in the area where it operates. Such provisions shall not prevent the recognition of producer organisations which are dedicated to small-scale production;';

(22i) Article 157 is amended as follows:

(a) in paragraph 1, point (c) is amended as follows:

'(i) Point vii is replaced by the following:

providing the information and carrying out the research necessary to innovate, rationalise, improve and adjust production and, where applicable, the processing and marketing, towards products more suited to market requirements and consumer tastes and expectations, in particular with regard to product quality, including the specific characteristics of products with a protected designation of origin or a protected geographical indication, and protection of the environment, climate action, animal health and animal welfare;';

(ii) Point xiv is replaced by the following:

'contributing to the management and developing initiatives for the valorisation of by-products and the reduction and management of waste;';

(iii) Point xvi is replaced by the following:

'promoting and implementing measures to prevent, control and manage animal health, plant-protection and environmental risks, including by setting up and managing of mutual funds or by contributing to such funds with a view to paying financial compensation to farmers for the costs and economic losses arising from the promotion and implementation of such measures;';

(b) paragraph 1a is replaced by the following:

'1a. 1. Member States may, on request, recognise interbranch organisations at national and regional levels and at the level of the economic areas referred to in Article 164(2), in a specific sector listed in Article 1(2) which:';

(c) paragraph 3 is deleted.

(22j) Article 158 is amended as follows:

(a) the following point (ca) is inserted in paragraph 1:

‘(ca) strive for a balanced representation of the organisations of those stages of the supply chain, as referred to in point (a) of Article 157(1) , that constitute the interbranch organisation;’;

(b) paragraph 4, is replaced by the following:

‘Member States may recognise interbranch organisations in all sectors existing prior to 1 January 2014, whether they were recognised on request or established by law, even though they do not fulfil the condition laid down in point (b) of Article 157(1).’;

(22n) Article 163 is amended as follows:

(a) paragraphs 1 and 2 are replaced by the following:

'1. Member States may recognise interbranch organisations in the milk and milk products sector provided that such organisations:

(a) fulfil the requirements laid down in Article 157;

(b) carry out their activities in one or more regions in the territory concerned;

(c) account for a significant share of the economic activities referred to in point (a) of Article 157;

(d) do not themselves engage in the production of, the processing of, or the trade in, products in the milk and milk products sector.

2. Member States may decide that interbranch organisations which have been recognised before 2 April 2012 on the basis of national law and which fulfil the conditions laid down in paragraph 1 are to be considered to be recognised as interbranch organisations under Article 157(3).’;

(b) in paragraph 3, point (d) is replaced by the following:

‘(d) withdraw recognition if the requirements and conditions for recognition laid down in this Article are no longer fulfilled.’;

(22p) Article 164 is amended as follows:

(a) paragraph 2 is replaced by the following:

‘2. For the purposes of this Section, an "economic area" means a geographical zone made up of adjoining or neighbouring production regions in which production and marketing conditions are homogeneous, or, for products with a protected designation of origin or protected geographical indication recognised under Union law, the geographical zone laid down in the product specification.’;

(b) paragraph 4 is amended as follows:

(i) points (l), (m) and (n) are replaced by the following:

‘(l) the use of certified seed except when used for organic production within the meaning of Regulation (EU) 2018/848, and the monitoring of product quality;

(m) the prevention and management of phyto-sanitary, animal health, food safety or environmental risks;

(n) the management and valorisation of by-products.';

(ii) subparagraph 2 is replaced by the following:

'Those rules shall not cause any damage to other operators, nor prevent the entry of new operators, in the Member State concerned or the Union and shall not have any of the effects listed in Article 210(4) or be otherwise incompatible with Union law or national rules in force.';

(22q) Article 165 is replaced by the following:

‘Article 165

Financial contributions of non-members

Where rules of a recognised producer organisation, a recognised association of producer organisations or a recognised interbranch organisation are extended under Article 164 and the activities covered by those rules are in the general economic interest of economic operators whose activities relate to the products concerned, the Member State which has granted recognition may, after consulting the relevant stakeholders, decide that individual economic operators or groups which are not members of the organisation but which benefit from those activities shall pay the organisation all or part of the financial contributions paid by its members to the extent that such contributions are intended to cover costs directly incurred as a result of pursuing one or more of the activities in question. Any organisation which receives contributions from non-members under this Article shall, upon request of a member or a non-member that contributes financially to the activities of the organisation, make those parts of its yearly budget available which relate to the pursuit of activities listed in Article 164(4).’;

(22r) The following article is inserted:

'Article 166a

Regulation of supply of agricultural products with a protected designation of origin or
protected geographical indication

1. Without prejudice to Articles 167 and 167a, Member States may, upon the request of a producer organisation or association of producer organisation recognised under Article 152(1) or 161(1) of this Regulation, an interbranch organisation recognised under Article 157(1) of this Regulation, a group of operators referred to in Article 3(2) of Regulation (EU) No 1151/2012 or a group of producers referred to in Article 95(1) of this Regulation, lay down, for a limited period of time, binding rules for the regulation of the supply of agricultural products referred to in Article 1(2) benefiting from a protected designation of origin or from a protected geographical indication under Article 5(1) and (2) of Regulation (EU) No 1151/2012 or under Article 93(1), points (a) and (b) of this Regulation.
2. The rules referred to in paragraph 1 shall be subject to the existence of a prior agreement that shall be concluded between at least two-thirds of the producers or their representatives of the product defined in paragraph 1, accounting for at least two thirds of the production of that product in the geographical area referred to in Article 7(1), point (c) of Regulation (EU) No 1151/2012 or Article 93(1), points (a)(iii) and (b)(iii) of this Regulation for wine. Where the production of the product referred to in paragraph 1 involves a processing process and the product specification referred to in Article 7(1) of Regulation (EU) No 1151/2012 or in Article 94(2) of this Regulation restricts the sourcing of the raw material to a specific geographical area, Member States shall require, for purposes of the rules to be laid down according to paragraph 1:
 - (a) that the producers of that raw material used for the processing process in the specific geographical area shall, be consulted prior to the conclusion of the agreement referred to in subparagraph 1 of this paragraph; or

- (b) that at least two-thirds of the producers or their representatives of the raw material accounting for at least two thirds of the production of the raw material used for the processing process in the specific geographical area, are also parties to the agreement referred to in subparagraph 1 of this paragraph.
- 3. By way of derogation from paragraph 2, for the production of cheese benefitting from a protected designation of origin or a protected geographic indication, the rules referred to in paragraph 1 shall be subject to the existence of a prior agreement between at least two-thirds of the milk producers or their representatives representing at least two thirds of the raw milk used for the production of cheese and where relevant, at least two-thirds of the producers of that cheese or their representatives representing at least two thirds of the production of that cheese in the geographical area referred to in Article 7(1), point (c) of Regulation (EU) No 1151/2012.⁸ 4. For the purpose of paragraph 1, concerning cheese benefitting from a protected geographical indication, the geographical area of origin of the raw milk, as set in the product specification for the cheese, shall be the same as the geographical area referred to in Article 7(1), point (c) of Regulation (EU) No 1151/2012 relating to that cheese.
- 4. The rules referred to in paragraph 1:
 - (a) shall only cover the regulation of supply of the product concerned and, where applicable, the raw material and shall have the aim of adapting the supply of that product to demand;
 - (b) shall have effect only on the product and, where applicable, the raw material, concerned;
 - (c) may be made binding for no more than three years and may be renewed after this period, following a new request, as referred to in paragraph 1;
 - (d) shall not damage the trade in products other than those concerned by those rules;

- (e) shall not relate to any transaction after the first marketing of the product concerned;
 - (f) shall not allow for price fixing, including where prices are set for guidance or recommendation;
 - (g) shall not render unavailable an excessive proportion of the product concerned that would otherwise be available;
 - (h) shall not create discrimination, constitute a barrier for new entrants in the market, or lead to small producers being adversely affected;
 - (i) shall contribute to maintaining the quality and/or the development of the product concerned.
 - (j) shall be without prejudice to Articles 149 and 152(1a).
5. The rules referred to in paragraph 1 shall be published in an official publication of the Member State concerned.
 6. Member States shall carry out checks in order to ensure that the conditions laid down in paragraph 5 are complied with, and, where it has been found by the competent national authorities that such conditions have not been complied with, shall repeal the rules referred to in paragraph 1.
 7. Member States shall notify the Commission forthwith of the rules referred to in paragraph 1 which they have adopted. The Commission shall inform other Member States of any notification of such rules.
 8. The Commission may at any time adopt implementing acts requiring that a Member State repeal the rules laid down by that Member State pursuant to paragraph 1 if the Commission finds that those rules do not comply with the conditions laid down in paragraph 5, prevent or distort competition in a substantial part of the internal market or jeopardise free trade or the attainment of the objectives of Article 39 TFEU. Those implementing acts shall be adopted without applying the procedure referred to in Article 229(2) or (3) of this Regulation.’;

(22u) in paragraph 4 of Article 168, point (c)(i) is replaced by the following:

‘(i) the price payable for the delivery, which shall:

- be static and be set out in the contract and/or
- be calculated by combining various factors set out in the contract, which may include objective indicators, indices and methods of calculation of the final price, that are easily accessible and comprehensible and that reflect changes in market conditions, the quantities delivered and the quality or composition of the agricultural products delivered. These indicators may be based on relevant prices, production and market costs.

To that effect, Member States may determine indicators, in accordance with objective criteria based on studies carried out on production and the food chain. The parties to the contracts are free to refer to these indicators or any other indicators which they deem relevant.’;

(22-w) Article 172 is deleted.

(22w) Article 172a is replaced by the following:

Article 172a

Value sharing

Without prejudice to any specific value-sharing clauses in the sugar sector, farmers, including associations of farmers may agree with downstream operators on value sharing clauses, including market bonuses and losses, determining how any evolution of relevant market prices for the products concerned or other commodity markets is to be allocated between them.

Article 172b

Guidance by interbranch organisations for the sale of grapes for PDO/PGI wines

By way of derogation from Article 101(1) TFEU, interbranch organisations recognised under Article 157 operating in the wine sector may provide non-mandatory price guidance indicators concerning the sale of grapes for the production of PDO/PGI wines provided that such guidance does not eliminate competition in respect of a substantial proportion of the products in question.';

(22x) in Article 182(1), the second subparagraph is replaced by the following:

'The trigger volume shall be equal to either 125 percent, 110 percent or 105 percent depending on whether market access opportunities, defined as imports expressed as a percentage of the corresponding domestic consumption during the three preceding years, are less or equal to 10 percent, greater than 10 percent, or greater than 30 percent respectively.

Where domestic consumption is not taken into account, the trigger volume shall be equal to 125 percent.';

(24) Articles 192 and 193 are deleted;

(25) in Chapter IV, the following Article is added:

'Article 193a

Suspension of import duties for molasses

1. The Commission shall be empowered to adopt delegated acts in accordance with Article 227 establishing rules for the suspension of import duties in whole or in part for molasses falling within CN Code 1703.
2. In application of the rules referred to in paragraph 1, the Commission may adopt implementing acts to suspend in whole or in part import duties for molasses falling within CN Code 1703, without applying the procedure referred to in Article 229(2) or (3).';

(26) In Part III, Chapter VI, covering Articles 196 to 204, is deleted;

26a) The first paragraph of Article 206 is replaced by the following:

'Save as otherwise provided in this Regulation, and in accordance with Article 42 TFEU, Articles 101 to 106 TFEU and the implementing provisions thereto shall, subject to Articles 207 to 210a of this Regulation, apply to all agreements, decisions and practices referred to in Article 101(1) and Article 102 TFEU which relate to the production of, or trade in, agricultural products.';

(26d) Article 208 is replaced by the following:

‘Article 208

Dominant position

For the purposes of this Chapter, "dominant position" means a position of economic strength enjoyed by an undertaking which enables it to prevent effective competition being maintained in the relevant market by giving it the power to behave to an appreciable extent independently of its competitors, of its suppliers or customers, and ultimately of consumers.';

(26e) Article 210 is amended as follows:

(a) paragraphs 1 and 2 are replaced by the following:

'1. Article 101(1) TFEU shall not apply to agreements, decisions and concerted practices of interbranch organisations recognised under Article 157 of this Regulation which are necessary in order to meet the objectives listed in point(c) of Article 157(1) and for the olive oil and table olives and tobacco sectors, in Article 162 of this Regulation.

Agreements, decisions and concerted practices, which fulfil the conditions referred to in the first sub-paragraph of this Article, shall not be prohibited, no prior Commission decision to that effect being required.

2. Recognised interbranch organisations may request an opinion from the Commission concerning the compatibility of the agreements, decisions and concerted practices referred to in paragraph 1 with this Article. The Commission shall send the applicant its opinion within 4 months of receipt of a complete request.

If the Commission finds that the conditions for an opinion to the effect that Article 101(1) does not apply are no longer met, it shall declare that Article 101(1) TFEU applies for the future to the agreement, decision or concerted practice in question and inform the inter-branch organisation accordingly.

The Commission may at its own initiative or at the request of a Member State change the content of an opinion, in particular if the applicant has provided inaccurate information or misused the opinion.';

(b) paragraphs 3, 5 and 6 are deleted;

(26f) The following article is inserted:

'Article 210a

Vertical initiatives for sustainability

1. Article 101(1) TFEU shall not apply to agreements, decisions and concerted practices of producers of agricultural products that relate to the production of and trade in agricultural products and that aim to apply a sustainability standard higher than mandated by Union or national law, provided that these agreements, decisions and concerted practices only impose restrictions of competition that are indispensable to the attainment of this standard.
2. Agreements, decisions and concerted practices of producers of agricultural products within the meaning of paragraph 1 are concluded or taken either by several producers or by one or more producers with one or more operators at different levels of the production, processing, trade, including distribution, tiers of the chain for agricultural and food products.

3. A sustainability standard within the meaning of paragraph 1 is a standard which aims to contribute to one or more of the following objectives:
- Environmental objectives, including climate change mitigation and adaptation; the sustainable use and protection of landscapes, water and soil; transition to a circular economy, including the reduction of food waste; pollution prevention and control; the protection and restoration of biodiversity and ecosystems;
 - Production of agricultural products in ways that reduce the use of pesticides and manage risks therefrom, or reduce the danger of antimicrobial resistance in agricultural production; and
 - Animal health and animal welfare.
4. Agreements, decisions and concerted practices that fulfil the conditions referred to in this Article shall not be prohibited, no prior decision to that effect being required.
5. The Commission shall issue guidelines concerning the conditions of applicability of this Article for operators by [...date, two years from the entry into force of this regulation].
6. From [... date, two years from the entry into force of this regulation] the producers referred to in paragraph 1 may request an opinion from the Commission concerning the compatibility of the agreements, decisions and concerted practices referred to in paragraph 1 with this Article. The Commission shall send the applicant its opinion within 4 months of receipt of a complete request.

If the Commission finds that the conditions for an opinion to the effect that Article 101(1) does not apply are no longer met, it shall declare that Article 101(1) TFEU applies for the future to the agreement, decision or concerted practice in question and inform the producers accordingly.

The Commission may at its own initiative or at the request of a Member State change the content of an opinion, in particular if the applicant has provided inaccurate information or misused the opinion.

7. The national competition authority referred to in Article 5 of Regulation (EC) No 1/2003 may decide in individual cases that, for the future, one or more of the agreements, decisions and concerted practices referred to in paragraph 1 are to be modified, discontinued or not take place at all if it considers that this is necessary in order to prevent competition from being excluded or if it considers that the objectives set out in Article 39 TFEU are jeopardised.

For agreements, decisions and concerted practices covering more than one Member State, the decision referred to in the first subparagraph of this paragraph shall be taken by the Commission without applying the procedure referred to in Article 229(2) or (3).

When acting under the first subparagraph of this paragraph, the national competition authority shall inform the Commission in writing after initiating the first formal measure of the investigation and shall notify the Commission of the decisions without delay after their adoption.

The decisions referred to in this paragraph shall not apply earlier than the date of their notification to the undertakings concerned.';

(26g) Article 212 is deleted;

(26c) Article 214a is replaced by the following:

'Article 214a

"National payments for certain sectors in Finland"

"Subject to authorisation by the Commission, for the period 2023-2027, Finland may continue to grant national aids which it granted in 2022 to producers on the basis of this Article provided that:

- (a) the total amount of income aid is degressive over the whole period and in 2027 does not exceed 67% of the amount granted in 2022; and
- (b) prior to any recourse to this possibility, full use has been made of the support schemes under the CAP for the sectors concerned.

The Commission shall adopt its authorisation without applying the procedure referred to in Article 229(2) or (3) of this Regulation.';

(26j) in Article 218(2), the row for the United Kingdom is deleted;

(26l) paragraph 1 of Article 219 is amended as follows:

- (a) subparagraph 1 is replaced by the following:

'In order to react efficiently and effectively against threats of market disturbance caused by significant price rises or falls on internal or external markets or other events and circumstances significantly disturbing or threatening to disturb the market, where that situation, or its effects on the market, is likely to continue or deteriorate, the Commission shall be empowered to adopt delegated acts in accordance with Article 227 to take the measures necessary to address that market situation, while respecting any obligations resulting from international agreements concluded in accordance with the TFEU and provided that any other measures available under this Regulation appear to be insufficient or not suitable.';

- (b) subparagraph 4 is replaced by the following:

‘Such measures may to the extent and for the time necessary to address the market disturbance or threat thereof extend or modify the scope, duration or other aspects of other measures provided for under this Regulation, adjust or suspend import duties in whole or in part including for certain quantities or periods as necessary, or take the form of a temporary voluntary production reduction scheme, in particular in cases of oversupply.’;

- (26o) Section 2 of Chapter I of Part V is amended as follows:

- (a) the title is replaced by:

‘Market support measures related to animal diseases and plant pests and loss of consumer confidence due to public, animal or plant health risks’;

- (b) Article 220 is amended as follows:

- (i) the title is replaced by:

‘Measures concerning animal and plant pests and loss of consumer confidence due to public, animal or plant health risks’;

- (ii) in paragraph 1, point (a) is replaced by the following:

‘(a) restrictions on intra-Union and third-country trade which may result from the application of measures for combating the spread of diseases in animals or the spread of plant pests; and’;

- (iii) in paragraph 2, the following point is inserted:

‘(-a) fruit and vegetables’;

(iv) paragraph 4 is replaced by the following:

'4. The measures provided for in point (a) of the first subparagraph of paragraph 1 may be taken only if the Member State concerned has taken health , veterinary and phytosanitary measures quickly to stamp out the disease and to monitor, control and eradicate or contain the pest, and only to the extent and for the duration strictly necessary to support the market concerned.';

(26j) in Part V, the following chapter and articles are inserted:

‘Chapter Ia

Transparency of the markets in agricultural products

Article 222a

Union observatories of agricultural markets

1. In order to improve transparency within the agri-food supply chain, to inform the choices of economic operators and public authorities, to facilitate the monitoring of market developments and threats of market disturbance, the Commission shall establish Union observatories of agricultural markets.
2. The observatories may cover any of the agricultural sectors listed in Article 1(2).
3. The observatories shall make available the statistical data and information necessary for monitoring, in particular:
 - (a) production, supply and stocks;
 - (b) prices, costs and, as far as possible, profit margins at all levels of the food supply chain;
 - (c) short- and medium-term market forecasts;

- (d) imports and exports of agricultural products, in particular the filling of tariff quotas for the import of agricultural products into the Union. The observatories shall produce reports containing the elements referred to in the first subparagraph.
4. The Member States shall collect the information referred to in paragraph 3 and notify it to the Commission.

Article 222b

Commission reporting on market developments

1. The observatories established pursuant to Article 222a shall alert in their reports of threats of market disturbance related, in particular, to significant price rises or falls on internal or external markets or to other events or circumstances having similar effects.
2. The Commission shall regularly present to the European Parliament and the Council the market situation for agricultural products, where relevant, the causes of market disturbance and, where appropriate, possible measures to be taken and their rationale, in particular those provided for in Chapter I of Title I of Part II of this Regulation, and Articles 219, 220, 221 and 222."

(26s) in paragraph 1 of Article 223, the second subparagraph is replaced by the following:

'The information obtained may be transmitted or made available to international organisations, European and national financial market authorities, the competent authorities of third countries and may be made public, subject to the protection of personal data and the legitimate interest of undertakings in the protection of their business secrets, including prices.

The Commission shall cooperate and exchange information with competent authorities designated in accordance with Article 22 of Regulation (EU) No 596/2014 and the European Securities and Markets Authority (ESMA) to help them in fulfilling their tasks laid down in Regulation (EU) 596/2014.';

(27) Article 225 is amended as follows:

(a) points (a) to (c) are deleted;

(b) point (d) is replaced by the following:

'(d) by 31 December 2025, and then every seven years, on the application of the competition rules laid down in this Regulation to the agricultural sector in all Member States;'

(c) the following points are inserted:

'(db) by 31 December 2023 on the market observatories set up in accordance with Article 222a;

(dc) by 31 December 2023, and then every three years, on the use of the crisis measures in particular adopted pursuant to Articles 219, 220, 221 and 222;

(dd) by 31 December 2024 on the use of new information and communication technologies to ensure better market transparency as referred to in Article 223;

(de) by 30 June 2024 on sales designations and carcass classification in the sheep and goat sector;'

(28) In Part V, Chapter III covering Article 226 is deleted.

(28a) Annex I is amended as follows:

(a) in Part I(a), the first and second rows (CN codes 0709 99 60 and 0712 90 19) are deleted;

- (b) in Part I(d), the entry in the first row (CN code 0714) is replaced by:
- ex-0714 - Manioc, arrowroot, salep and similar roots and tubers with high starch or inulin content, fresh, chilled, frozen or dried, whether or not sliced or in the form of pellets, excluding sweet potatoes of subheading 0714 20 and Jerusalem artichokes of subheading ex-0714 90 90; sago pith;
- (c) Part IX is amended as follows:
- (i) the entry in the fifth row (CN code 0706) is replaced by:
- 'Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots⁽¹⁾, fresh or chilled
- ⁽¹⁾ This includes swedes.';
- (ii) the entry in the eighth row (CN code ex 07 09) is replaced by:
- 'Other vegetables, fresh or chilled, excluding vegetables of subheadings 0709 60 91, 0709 60 95, ex0709 60 99 of genus Pimenta, 0709 92 10, 0709 92 90 and 0709 99 60';
- (iii) the following rows are added for CN code 0714:
- '0714 20 sweet potatoes
- ex-0714 90 90 Jerusalem artichokes';
- (d) in Part X, the exclusions for sweetcorn are deleted;
- (e) in Part XII, the following entry is added:
- '(e) ex 2202 99 19 : - - - Other, dealcoholised wine with an alcoholic strength by volume not exceeding 0.5% vol.';
- (f) in Part XXIV, section 1, the entry '0709 60 99' is replaced by the following:
- 'ex 0709 60 99 : - - - Other, of genus Pimenta';

- (29) in Annex II, Part II is amended as follows:
- (a) in point 4 of Section A, the second sentence is deleted;
 - (b) Section B is deleted;

(30) Annex III is amended as follows:

- (a) the title is replaced by the following:

'STANDARD QUALITY OF RICE AND SUGAR AS REFERRED TO IN ARTICLE 1a OF REGULATION (EU) No 1370/2013*

* Council Regulation (EU) No 1370/2013 of 16 December 2013 determining measures on fixing certain aids and refunds related to the common organisation of the markets in agricultural products (OJ L 346, 20.12.2013, p. 12);'

- (b) in Part B, Section I is deleted;

(31) Annex VI is deleted;

(32) Annex VII is amended as follows:

(a) Part I is amended as follows:

(i) in point II, the following subparagraph is added:

‘At the request of a group referred to in Article 3(2) of Regulation (EU) No 1151/2012, the relevant Member State may decide that the conditions referred to in this point shall not apply to the meat of bovine animals with a designation of origin or geographical indication protected in accordance with Regulation (EU) No 1151/2012 registered before 29 June 2007.’;

(ii) point III.1(A), the row for the United Kingdom is deleted;

(b) in Part II is amended as follows:

(i) the following introductory paragraph is added:

'The categories of grapevine products shall be those listed in points 1 to 17. The categories of grapevine products defined in points (1) and (4) to (9) may undergo a total or partial dealcoholisation treatment in accordance with Section E of Part I of Annex VIII, after having reached fully their respective characteristics as described in those points.';

(ii) ' in point 3, point (a) is replaced by the following:

‘with an actual alcoholic strength of not less than 15 % volume and not more than 22 % volume. Exceptionally, and for wines of prolonged ageing, those limits may differ in certain liqueur wines with an appellation of origin or geographical indication on the list established by the Commission by means of delegated acts adopted in accordance with Article 75(2), on the condition that:

- the wines put into the ageing process shall fulfil the definition of liqueur wines; and-
- the actual alcoholic strength of the aged wine shall not be less than 14 % volume;’;

(c) Appendix 1 is amended as follows:

(i) point 1(c) is replaced by the following:

'(c) in Belgium, Denmark, Estonia Ireland, Lithuania, the Netherlands, Poland and Sweden: the wine-growing areas of these Member States;'

(ii) in point 2(g) the word "area" is replaced by "wine-growing region";

(iii) point 4(f) is replaced by the following:

'(f) in Romania, areas planted with vines in the following wine growing regions: Dealurile Munteniei și Olteniei with Dealurile Buzăului, Dealu Mare, Severinului and Plaiurile Drâncei, Colinele Dobrogei, Terasale Dunării, the South wine region, including sands and other favourable regions.';

(iv) point 4(g) is replaced by the following:

'(g) in Croatia, areas planted with vines in the following sub-regions: Hrvatska Istra, Hrvatsko primorje and Dalmatinska zagora';

(v) in point 6, the following point is added:

'(h) in Croatia, areas planted with vines in the following sub-regions: Sjeverna Dalmacija and Srednja i Južna Dalmacija.';

(33) Annex VIII is amended as follows:

(a) Part I is amended as follows:

(i) the title is replaced by:

'Enrichment, acidification, de-acidification in certain wine growing zones and dealcoholisation';

(ii) in Section B, point 7(b) is replaced by the following:

'(b) raise the total alcoholic strength by volume of the products referred to in paragraph 6 for the production of wines with a protected designation of origin or a protected geographical indication to a level to be determined by Member States.';

(iii) Section C is replaced by the following:

'C. Acidification and de-acidification

1. Fresh grapes, grape must, partially fermented grape must, new wine still in fermentation and wine may be subject to acidification and de-acidification.
2. Acidification of the products referred to in point 1 may be carried out only up to a limit of 4 g/l expressed as tartaric acid, or 53,3 milliequivalents per litre.
3. De-acidification of wines may be carried out only up to a limit of 1 g/l expressed as tartaric acid, or 13,3 milliequivalents per litre."
4. Grape must intended for concentration may be partially de-acidified.
5. Acidification and enrichment, except by way of derogation to be adopted by the Commission by means of delegated acts pursuant to Article 75(2), and acidification and de-acidification of one and the same product shall be mutually exclusive processes.';

(iv) in Section D, point 3 is replaced by the following:

'3. Acidification and de-acidification of wines shall take place only in the wine-growing zone where the grapes used to produce the wine in question were harvested.';

- (v) the following Section is added:

'E. Dealcoholisation processes

The following dealcoholisation processes, whether used each of its own or in combination, shall be allowed to reduce part of or almost all the ethanol content in grapevine products referred to in points 1 and 4 to 9 of Part II of Annex VII:

- (a) partial vacuum evaporation;
- (b) membrane techniques;
- (c) distillation.

The dealcoholisation processes shall not result in organoleptic defects of the grapevine product. The elimination of ethanol in grapevine product must not be done in conjunction with the increase of the sugar content in the grape must.'

- (b) in Part II, point 3 of Section B is replaced by the following:

'Points 1 and 2 shall not apply to products intended for the production, in Ireland and Poland, of products falling within CN code 2206 00 for which Member States may allow the use of a composite name, including the sales designation 'wine'.!';

- (34) paragraph 2 of point II of Annex X is replaced by the following:

- '2. The price referred to in paragraph 1 shall apply to sugar beet of sound, fair and marketable quality having a sugar content of 16 % at the reception point.

The price shall be adjusted by price increases or reductions, agreed by the parties in advance, to allow for deviations from the quality referred to in the first subparagraph.!';

(35) in point XI of Annex X, paragraph 1 is replaced by the following:

'1 Agreements within the trade as described in point 6 of Section A of Part II of Annex II shall contain conciliation and/or mediation mechanisms and arbitration clauses.';

(36) Annexes XI, XII and XIII are deleted.

Article 2

Amendments to Regulation (EU) No 1151/2012

Regulation (EU) No 1151/2012 is amended as follows:

(-1) in Article 1(2), point (b) is replaced by the following:

'(b) value-adding attributes of resulting from the farming or processing methods used in their production, or of from the place of their production or from marketing or from their possible contribution to sustainable development.';

(1) in Article 2, paragraphs 2 and 3 are replaced by the following:

- '2. This Regulation shall not apply to spirit drinks or grapevine products as defined in Part II of Annex VII to Regulation (EU) No 1308/2013, with the exception of wine-vinegars.
3. This Regulation, and in particular the registrations made pursuant to Article 52, shall be without prejudice to compliance of products concerned with other Union rules relating in particular to the placing of products on the market, marketing and to food labelling.';

(2) In Article 5, paragraphs 1 and 2 are replaced by the following:

- '1. For the purpose of this Regulation, 'designation of origin' is a name, including a name traditionally used, which identifies a product:
 - (a) originating in a specific place, region or, in exceptional cases, a country;
 - (b) whose quality or characteristics are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors; and
 - (c) the production steps of which all take place in the defined geographical area.
2. For the purpose of this Regulation, 'geographical indication' is a name, including a name traditionally used, which identifies a product:
 - (a) originating in a specific place, region or country;
 - (b) whose given quality, reputation or other characteristic is essentially attributable to its geographical origin; and
 - (c) at least one of the production steps of which take place in the defined geographical area.';

(2a) in Article 6, paragraph 2 is replaced by the following:

- '2. A name may not be registered as a designation of origin or geographical indication where it conflicts with a name of a plant variety or an animal breed and is likely to mislead the consumer as to the true origin of the product or to cause confusion between products with the registered designation and the variety or breed in question.

The conditions referred to in the first subparagraph shall be assessed in relation to the actual use of the names in conflict, including the use of the name of the plant variety or animal breed outside its area of origin and the use of the name of the plant variety protected by another intellectual property right.;

- (3) In Article 7, paragraph 1 is replaced by the following:
- '1. A protected designation of origin or a protected geographical indication shall comply with a specification which shall include at least:
- (a) the name to be protected as a designation of origin or geographical indication, as it is used, whether in trade or in common language, and only in the languages which are or were historically used to describe the specific product in the defined geographical area;
 - (b) a description of the product, including the raw materials, if appropriate, as well as the principal physical, chemical, microbiological or organoleptic characteristics of the product;
 - (c) the definition of the geographical area delimited with regard to the link referred to in point (f)(i) or (ii) of this paragraph, and, where appropriate, details indicating compliance with the requirements of Article 5(3);
 - (d) evidence that the product originates in the defined geographical area referred to in Article 5(1) or (2);
 - (e) a description of the method of obtaining the product and, where appropriate, the authentic and unvarying local methods as well as information concerning packaging, if the applicant group so determines and gives sufficient product-specific justification as to why the packaging must take place in the defined geographical area to safeguard quality, to ensure the origin or to ensure control, taking into account Union law, in particular that on the free movement of goods and the free provision of services;

- (f) details establishing the following:
 - (i) as regards a protected designation of origin the link between the quality or characteristics of the product and the geographical environment referred to in Article 5(1); the details concerning human factors of that geographical environment may, where relevant, be limited to a description of the soil and landscape management, cultivation practices or any other relevant human contribution to the maintenance of the natural factors of the geographical environment referred to in Article 5(1);
 - (ii) as regards a protected geographical indication, the link between a given quality, the reputation or other characteristic of the product and the geographical origin referred to in Article 5(2);
- (g) the name and address of the authorities or, if available, the name and address of bodies verifying compliance with the provisions of the product specification pursuant to Article 37 and their specific tasks;
- (h) any specific labelling rule for the product in question.

The product specification may contain a description of the contribution of the designation of origin or geographical indication to sustainable development.’;

- (4) in Article 10(1), the introductory wording is replaced by the following:

‘A reasoned statement of opposition as referred to in Article 51(1) shall be admissible only if it is received by the Commission within the time limit set out in that paragraph and if it:’;

(4b) In Article 12, paragraph 3 is replaced by the following:

'3. In the case of products originating in the Union that are marketed under a protected designation of origin or a protected geographical indication registered in accordance with the procedures laid down in this Regulation, the Union symbols associated with them shall appear on the labelling and advertising material. The labelling requirements set out in Article 13(1) of Regulation (EU) No 1169/2011 for presentation of mandatory particulars shall apply to the registered name of the product. The indications 'protected designation of origin' or 'protected geographical indication' or the corresponding abbreviations 'PDO' or 'PGI' may appear on the labelling.';

(5) Article 13 amended as follows:

(a) in paragraph 1, point (a) is replaced by the following:

'(a) any direct or indirect commercial use of a registered name in respect of products not covered by the registration where those products are comparable to the products registered under that name or where using the name exploits, weakens or dilutes the reputation of the protected name, including when those products are used as an ingredient;';

(b) the following paragraph is added:

'4. The protection referred to in paragraph 1 shall also apply with regard to:

- (a) goods entering the customs territory of the Union without being released for free circulation within the customs territory of the Union and
- (b) goods sold through means of distance selling such as electronic commerce.;

For goods entering the customs territory of the Union without being released for free circulation within that territory, the group or any operator entitled to use the protected designation of origin or protected geographical indication shall be entitled to prevent all third parties from bringing goods, in the course of trade, into the Union without being released for free circulation there, where such goods, including packaging, come from third countries and bear without authorisation the protected designation of origin or protected geographical indication.';

(6) Article 15 is amended as follows:

(a) in paragraph 1, the second subparagraph is replaced by the following:

’Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 57(2) except those where the admissible statement of opposition is lodged under Article 49(3).’;

(b) in paragraph 2, the introductory wording is replaced by the following:

’Without prejudice to Article 14, the Commission may adopt implementing acts extending the transitional period mentioned in paragraph 1 of this Article up to 15 years in duly justified cases where it is shown that.’;

(7) the following Article is inserted:

'Article 16a

Existing geographical indications for aromatised wine products

Names entered in the register established pursuant to Article 21 of Regulation (EU) No 251/2014 of the European Parliament and of the Council* shall automatically be entered in the register referred to in Article 11 of this Regulation as protected geographical indications. The corresponding specifications shall be deemed to be the specifications for the purposes of Article 7 of this Regulation.

- * Regulation (EU) No 251/2014 of the European Parliament and of the Council of 26 February 2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products and repealing Council Regulation (EEC) No 1601/91 (OJ L 84, 20.3.2014, p. 14).';

(8) In Article 21(1), the introductory wording is replaced by the following:

'A reasoned statement of opposition as referred to in Article 51(1) shall be admissible only if it is received by the Commission before expiry of the time limit and if it:';

(8a) in Article 23, paragraph 3 is replaced by the following:

- ‘3. In the case of products originating in the Union that are marketed under a traditional speciality guaranteed registered in accordance with this Regulation, the symbol referred to in paragraph 2 shall, without prejudice to paragraph 4, appear on the labelling and advertising material. The labelling requirements set out in Article 13(1) of Regulation (EU) No 1169/2011 for presentation of mandatory particulars shall apply to the registered name of the product. The indications ‘traditional speciality guaranteed’ or the corresponding abbreviation ‘TSG’ may appear on the labelling.”

The symbol shall be optional on the labelling of traditional specialities guaranteed which are produced outside the Union.’;

(8b) Article 24 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. 1. Registered names shall be protected against any misuse, imitation or evocation, including as regards products used as ingredients, or against any other practice liable to mislead the consumer.’;

(b) the following paragraph is added:

‘4. The protection referred to in paragraph 1 shall also apply with regard to goods sold through means of distance selling such as electronic commerce.’;

(9) the following Article is inserted:

'Article 24a

Transitional periods for use of traditional specialities guaranteed

The Commission may adopt implementing acts granting a transitional period of up to five years to enable products the designation of which consists of or contains a name that contravenes Article 24(1) to continue to use the designation under which they were marketed on condition that an admissible statement of opposition under Article 49(3) or Article 51 shows that such name has been legally used on the Union market for at least five years preceding the date of the publication provided for in point (a) of Article 50(2).

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 57(2) except those where an admissible statement of opposition is lodged under Article 49(3).’;

(10) in Article 49, the following paragraph is added:

'8. The Member State shall inform the Commission without delay if any procedure is initiated before a national court or other national body concerning an application lodged with the Commission, in accordance with paragraph 4.';

(11) Article 50 is replaced by the following:

'Article 50

Scrutiny by the Commission and publication for opposition

1. The Commission shall examine applications for registration that it receives in accordance with Article 49(4) and (5). The Commission shall check that the applications contain the required information and that they do not contain manifest errors, taking into account the outcome of the scrutiny and opposition procedure carried out by the Member State concerned.

Scrutiny by the Commission should not exceed a period of six months from the date of receipt of the application from the Member State. Where this period is exceeded, the Commission shall inform the applicant of the reasons for the delay in writing.

The Commission shall, at least each month, publish the list of names for which applications for registration have been submitted to it, as well as the date of their submission.

2. Where, based on the scrutiny carried out pursuant to paragraph 1 of this Article, the Commission considers that the conditions laid down in Articles 5 and 6 are fulfilled as regards registration applications under the scheme set out in Title II, or that the conditions laid down in Article 18(1) and (2) are fulfilled as regards applications under the scheme set out in Title III, it shall publish in the *Official Journal of the European Union*:
 - (a) for applications under the scheme set out in Title II, the single document and the reference to the publication of the product specification;
 - (b) for applications under the scheme set out in Title III, the specification.;
3. Upon communication by a Member State, concerning an application for registration lodged with the Commission in accordance with Article 49(4), which either:
 - (a) informs the Commission that the application has been invalidated at national level by an immediately applicable but not final judicial decision; or,
 - (b) requests the Commission to suspend the scrutiny referred to in paragraph 1 because a national judicial process has been launched to challenge the validity of the application which the Member States considers based on valid grounds,

The Commission shall be exempted from the obligation to comply with the deadline to perform that scrutiny and to inform the applicant of the reasons for the delay.

The suspension shall have effect until the Commission is informed by the Member State that the original application has been restored or that it withdraws its request of suspension, respectively.;

(12) Article 51 is amended as follows:

(a) paragraph 1 is replaced by the following:

'1. Within three months from the date of publication in the Official Journal of the European Union, the authorities of a Member State or of a third country, or any natural or legal person resident or established in a third country and having a legitimate interest, may lodge a reasoned statement of opposition with the Commission.

Any natural or legal person resident or established in a Member State other than that from which the application was submitted, and having a legitimate interest, may lodge a reasoned statement of opposition with the Member State in which it is resident or established within a time limit permitting an opposition to be lodged pursuant to the first subparagraph.');

(b) paragraph 2 is replaced by the following:

'2. The Commission shall examine the admissibility of the reasoned statement of opposition based on the grounds of opposition laid down in Article 10 as regards protected designations of origin and protected geographical indications and based on the grounds for opposition laid down in Article 21 as regards traditional specialities guaranteed.');

(c) paragraph 3 is replaced by the following:

'3. If the Commission considers that the reasoned statement of opposition is admissible it shall, within five months from the date of publication of the application in the Official Journal of the European Union, invite the authority or person that lodged the reasoned statement of opposition and the authority or body that lodged the application with the Commission to engage in appropriate consultations for a reasonable period that shall not exceed three months.

The authority or person that lodged the reasoned statement of opposition and the authority or body that lodged the application shall start such appropriate consultations without undue delay. They shall provide each other with the relevant information to assess whether the application for registration complies with the conditions laid down in this Regulation. If no agreement is reached, this information shall be provided to the Commission.

At any time within the period of consultations, the Commission may, at the request of the applicant extend the deadline for the consultations by a maximum of three months.’;

(d) paragraph 5 is replaced by the following:

‘5. The reasoned statement of opposition and other documents which are sent to the Commission in accordance with paragraphs 1, 2 and 3 shall be in one of the official languages of the Union.’;

(13) in Article 52, paragraphs 1 and 2 are replaced by the following:

- ‘1. Where, on the basis of the information available to the Commission from the scrutiny carried out pursuant to the first subparagraph of Article 50(1), the Commission considers that the conditions laid down in Articles 5 and 6, as regards the quality schemes set out in Title II, or in Article 18, as regards the quality schemes set out in Title III, are not fulfilled, it shall adopt implementing acts rejecting the application. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 57(2).”
2. If the Commission receives no admissible reasoned statement of opposition under Article 51, it shall adopt implementing acts, without applying the examination procedure referred to in Article 57(2), registering the name.’;

(14) Article 53 is replaced by the following:

‘Article 53

Amendment to a product specification

1. A group having a legitimate interest may apply for approval of an amendment to a product specification.

Applications shall describe and give reasons for the amendments requested.

2. Amendments to a product specification shall be classified into two categories as regards their importance: Union amendments, requiring an opposition procedure at the Union level, and standard amendments to be dealt with at Member State or third country level.

An amendment shall be considered to be a Union amendment where:

- (a) it includes a change in the name of the protected designation of origin, protected geographical indication or in the use of that name;
- (b) it risks voiding the links referred to in point (b) of Article 5(1) for protected designations of origin and of Article 5(2) for protected geographical indications;
- (c) it concerns a traditional speciality guaranteed;
- (d) it entails new restrictions on the marketing of the product.

All other amendments to product specifications shall be considered to be standard amendments.

A temporary amendment that concerns a temporary change in the product specification resulting from the imposition of obligatory sanitary and phytosanitary measures by the public authorities or a temporary amendment necessary because of a natural disaster or adverse weather conditions formally recognised by the competent authorities shall also be considered to be standard amendments.

Union amendments shall be approved by the Commission. The approval procedure shall follow, *mutatis mutandis*, the procedure laid down in Articles 49 to 52.

Standard amendments shall be approved by the Member State in the territory of which the geographical area of the product concerned is located and communicated to the Commission. Third countries shall approve standard amendments in accordance with the law applicable in the third country concerned and communicate them to the Commission.

The scrutiny of the application shall focus on the proposed amendment. Where appropriate, the Commission or the Member State concerned may invite the applicant to modify other elements of the product specifications.

3. In order to facilitate the administrative process of Union and standard amendments to product specification, including where the amendment does not involve any change to the single document, the Commission shall be empowered to adopt delegated acts, in accordance with Article 56, complementing the rules of the amendment application process.

The Commission shall be empowered to adopt implementing acts laying down detailed rules on procedures, form and presentation of an amendment application and notification of standard amendments to the Commission. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 57(2).’;

(15) in Point I of Annex I, the following indents are added:

- ‘- aromatised wines as defined in Article 3(2) of Regulation (EU) No 251/2014;
- other alcoholic beverages, except for spirit drinks and grapevine products as defined in Part II of Annex VII to Regulation (EU) No 1308/2013.
- beeswax’;

Article 3

Amendments to Regulation (EU) No 251/2014

(1) the title is replaced by the following:

'Regulation (EU) No 251/2014 of the European Parliament and of the Council of 26 February 2014 on the definition, description, presentation and labelling of aromatised wine products and repealing Council Regulation (EEC) No 1601/91';

(2) in Article 1, paragraph 1 is replaced by the following:

'1. This Regulation lays down rules on the definition, description, presentation and labelling of aromatised wine products.';

(3) in Article 2, point 3 is deleted;

(4) Article 5 is amended as follows:

(a) paragraph 4 is replaced by the following:

'4. Sales denominations may be supplemented or replaced by a geographical indication of aromatised wine product protected under Regulation (EU) No 1151/2012.';

(b) the following paragraphs are added:

'6. In the case of aromatised wine products produced in the Union and destined for export to third countries whose legislation requires different sales denominations, Member States may allow that those sales denominations accompany the sales denominations set out in Annex II. Those additional sales denominations may appear in languages other than the official languages of the Union.

7. The Commission shall be empowered to adopt delegated acts in accordance with Article 33 to supplement Annex II to this Regulation in order to take into account technical progress, scientific and market developments, consumers' health or consumer need for information.;

(4a) The following article is inserted:

'Article 6a

Nutrition declaration and ingredients list

1. The labelling of aromatised wine products marketed in the Union shall contain the following mandatory particulars:
 - (a) the nutrition declaration pursuant to Article 9(1), point (l), of Regulation (EU) No 1169/2011; and
 - (b) the list of ingredients pursuant to Article 9(1), point (b), of Regulation (EU) No 1169/2011.'
2. By way of derogation from paragraph 1, point (a), the nutrition declaration may be limited to the energy value on the label or packaging, which may be expressed by using the symbol (E) for Energy. In that case, the nutrition declaration shall be provided additionally by electronic means identified on the label or packaging. This nutrition declaration shall not be displayed with other information intended for sales or marketing purposes and no user data shall be collected or tracked.

3. By way of derogation from paragraph 1, point (b), the list of ingredients may be provided by electronic means identified on the label or packaging. In this case, the following requirements apply:
- (a) no user data shall be collected or tracked;
 - (b) the list of ingredients shall not be displayed with other information intended for sales or marketing purposes; and
 - (c) the indication of the particulars referred to in Article 9(1), point (c), of Regulation (EU) No 1169/2011 shall appear directly on the package or on a label attached thereto. This indication shall comprise the word ‘contains’ followed by the name of the substance or product as listed in Annex II of Regulation (EU) No 1169/2011.
4. The Commission is empowered to adopt delegated acts in accordance with Article 33 to further detail the rules for the indication and designation of ingredients for the application of paragraph 1, point (b).’;

(5) in Article 8, paragraph 2 is replaced by the following:

- ’2. The name of the geographical indication of aromatised wine product protected under Regulation (EU) No 1151/2012 shall appear on the label in the language or languages in which it is registered, even where the geographical indication replaces the sales denomination in accordance with Article 5(4) of this Regulation.

Where the name of a geographical indication of aromatised wine product protected under Regulation (EU) No 1151/2012 is written in a non-Latin alphabet, it may also appear in one or more of the official languages of the Union.’;

(6) Article 9 is deleted;

(7) Chapter III is deleted.

(7a) Article 33 is amended as follows:

(a) the following paragraph is inserted:

‘2a. The power to adopt delegated acts referred to in Articles 5(5b) and 6a(4) shall be conferred on the Commission for a period of five years from [entry into force of Regulation]. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the five-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.’;

(b) paragraph 3 is replaced by the following:

‘3. The delegation of power referred to in Articles 4(2), 5(7), 6a(4), 28, 32(2) and 36(1) may be revoked at any time by the European Parliament or by the Council. A decision of revocation shall put an end to the delegation of the powers specified in that decision. It shall take effect the day following the publication in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of the delegated acts already in force.’;

(c) paragraph 5 is replaced by the following:

‘5. A delegated act adopted pursuant to Articles 4(2), 5(7), 6a(4), 28, 32(2) and 36(1) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months on the initiative of the European Parliament or the Council.’;

(8) in the first paragraph of Part (a) of Annex I, the following point is added:

'(iv) spirit drinks in a quantity not exceeding 1% of the overall volume.';

(9) Annex II is amended as follows:

(a) in part A, the first indent of point (3) is replaced by the following:

‘- to which alcohol may have been added, and’

(b) part B is amended as follows:

(i) in point 8, the first indent is replaced by the following:

‘- which is obtained exclusively from red or white wine or both,’;

(ii) the following point is added:

‘14. *Wino ziolowe*

Aromatised wine-based drink:

- (a) which is obtained from wine and in which grapevine products represent at least 85% of the total volume,
- (b) which has been flavoured exclusively with flavouring preparations obtained from herbs or spices or both,
- (c) which has not been coloured,
- (d) which has an actual alcoholic strength by volume of not less than 7 % vol.’

Article 4

Amendment to Regulation (EU) No 228/2013

The following article is inserted:

'Article 22a

Interbranch agreements in la Reunion

1. Pursuant to Article 349 of the Treaty on the Functioning of the EU, by way of derogation from Article 101(1) of the Treaty on the Functioning of the EU and notwithstanding Article 164(4)(a) to (n) of Regulation (EU) No 1308/2013, where an interbranch organisation recognised pursuant to Article 157 of Regulation (EU) No 1308/2013, operating exclusively in la Reunion and considered to be representative of the production of or trade or processing of one specified products, the Member State concerned may, at the request of that organisation, extend to other operators who are not members of this organisation rules aimed at supporting the maintenance and diversification of local production in order to increase food security in la Reunion, provided that the effect of these rules benefits only those operators whose activities relate to products solely carried out la Reunion and destined for the local market. Notwithstanding Article 164(3) of this Regulation, an interbranch organisation is to be regarded as representative under this Article where, it accounts for at least 70% of the volume of production, trade or processing of the product or products concerned.

2. By way of derogation from Article 165 of Regulation (EU) No 1308/2013, where the rules of a recognised interbranch organisation operating exclusively in la Reunion are extended under paragraph 1 of this Article, and the activities covered by those rules are in the general economic interest to economic operators whose activities relate to products solely carried out of the same outermost region territory and destined for the local market, the member State may, after consulting the relevant stakeholders, decide that individual economic operators or groups which are not members of the organisation but which operate on the local market in question are to pay the organisation all or part of the financial contributions paid by its members to the extent that such contributions are intended to cover costs directly incurred as a result of pursuing the activities in question.
3. The Member State shall inform the Commission of any agreement whose scope is extended in accordance with this Article.

The Commission shall adopt implementing acts establishing the requirements in accordance with which Member States may amend the allocation of resources allocated every year to the various products benefiting from the supply arrangements. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 34(2).'

Article 6

Transitional provisions

1. The rules applicable before the date of entry into force of this Regulation shall continue to apply to applications for protection, applications for approval of amendment and requests of cancellation of designations of origin or geographical indications received by the Commission pursuant to Regulation (EU) No 1308/2013 before... [the date of entry into force of this Regulation] and to applications for registration, applications for approval of amendment and requests of cancellation of protected designations of origin, protected geographical indications or traditional specialities guaranteed received by the Commission pursuant to Regulation (EU) No 1151/2012 before... [the date of entry into force of this Regulation].

2. The rules applicable before... [the date of entry into force of this Regulation] shall continue to apply to applications for protection, applications for approval of amendment and requests for cancellation of names of aromatised wines as geographical indication received by the Commission pursuant to Regulation (EU) No 251/2014 before... [the date of entry into force of this Regulation]. However, the decision on registration shall be adopted pursuant to Article 52 of Regulation (EU) No 1151/2012 as amended by point (13) of Article 2 of this Regulation.
3. Articles 29 to 38 and 55 to 57 of Regulation (EU) No 1308/2013 shall continue to apply after 31 December 2022 as regards expenditure incurred and payments made for operations implemented before 1 January 2023 within the aid schemes referred to in those Articles.
 - 3a. Articles 58 to 60 of Regulation (EU) No 1308/2013 shall continue to apply after 31 December 2022 as regards expenditure incurred and payments made before 1 January 2023 within the aid scheme referred to in those Articles.
 - 3b. Recognised producer organisations or their associations in the fruit and vegetables sector having an operational programme as referred to in Article 33 of Regulation (EU) No 1308/2013 that has been approved by a Member State for a duration beyond 31 December 2022 shall, by 15 September 2022, submit a request to that Member State to the effect that its operational programme:
 - (a) be modified to meet the requirements of this Regulation; or
 - (b) be replaced by a new operational programme approved under this Regulation; or
 - (c) continues to operate until its end under the conditions applicable under Regulation (EU) No 1308/2013.

Where such recognised producer organisations or their associations do not submit such request by 15 September 2022, their operational programme approved under Regulation (EU) No 1308/2013 shall end on 31 December 2022.

- 3c. The support programmes in the wine sector referred to in Article 40 of Regulation (EU) No 1308/2013 shall continue to apply until 15 October 2023. Articles 39 to 54 of Regulation (EU) No 1308/2013 shall continue to apply after 31 December 2022 as regards:
- (a) expenditure incurred and payments made for operations implemented pursuant to that Regulation before 16 October 2023 within the aid scheme referred to in Articles 39 to 52 of that Regulation;
 - (b) expenditure incurred and payments made for operations implemented pursuant to Articles 46 and 50 of that Regulation before 16 October 2025, provided that, by 15 October 2023 such operations have been partially implemented and the expenditure incurred amounts to at least 30 % of their total planned expenditure and, that such operations are fully implemented by 15 October 2025.
4. Wine which meets the labelling requirements of Article 119 of Regulation (EU) No 1308/2013 and aromatised wine products which meet the labelling rules of Regulation (EU) No 251/2014 applicable in both cases before [two years after the entry into force of this Regulation] and which were produced and labelled before that date may continue to be placed on the market until stocks are exhausted.

Article 7

Entry into force and application

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

Points (1)(b), (4)(a), (4)(b), (4d), (8), (17), (22), (26c), (27), (28) and (31) of Article 1 shall apply from 1 January 2023.

Points (4)(c)(i), (4)(c)(iii), (4b)(ii) and (22c) of Article 1 shall apply from 1 January 2021.

Points (18)(a)(ii), (18)(c) and (18)(d) of Article 1 and point (4a) of Article 3 shall apply from...
[two years after the entry into force of this Regulation].

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

Done at Brussels,

For the European Parliament

For the Council

The President

The President
