

# Common agricultural policy (CAP): application of direct payments for farmers in respect of the year 2013

2011/0286(COD) - 04/07/2012 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 654 votes to 21, with 15 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 73/2009 as regards the application of direct payments to farmers in respect of the year 2013.

Parliament reached its position in first reading under the ordinary legislative procedure. The amendments adopted in plenary are the result of a compromise negotiated between the European Parliament and the Council. They modify the Council's position as follows:

**Voluntary modulation during the 2013 calendar year:** Regulation (EC) 378/2007 established a mechanism for voluntary modulation of direct payments, with a view to strengthening rural development policy in certain Member States. The current provision for voluntary modulation of direct payments ends in 2012. In order to maintain the amount of direct payments to be made in respect of applications made in calendar year 2013 on a level similar to that of 2012, Member States which made use of voluntary modulation in respect of calendar year 2012 should continue to have the possibility to reduce direct payments in respect of calendar year 2013 and to use the funds generated thereby to finance rural development programmes. Therefore, it is appropriate to provide for the possibility to further reduce the amount of direct payments by applying a system of voluntary adjustment of direct payments in respect of calendar year 2013. Such reduction should be in addition to the compulsory adjustment of direct payment foreseen in respect of calendar year 2013.

- Where a Member State has applied regionally differentiated voluntary modulation rates in respect of calendar year 2012, it should also have that possibility in respect of calendar year 2013. In order to safeguard the level of direct support to farmers, the combined application of the compulsory and voluntary adjustment of direct payments in calendar year 2013 should not lead to a reduction of direct payment in excess of the reductions applied in 2012, through both compulsory and voluntary modulation. Therefore, the maximum rate of adjustment of direct payments to be applied in respect of calendar year 2013 in each region should not exceed the reductions resulting from both compulsory and voluntary modulation, as applied in respect of calendar year 2012.
- Where a Member State made use of the option provided for in Regulation (EC) No 378/2007 by deciding not to apply the maximum rate for the contribution from the European Agricultural Fund for Rural Development (EAFRD) to the net amounts resulting from the application of voluntary modulation in the programming period 2007 to 2013, the same option should be made available to that Member State in respect of the funds raised through the voluntary adjustment of direct payments, in order to ensure continuity in the financing of public expenditure of the rural development measures in 2014. For reasons of consistency, the prefinancing arrangements for the rural development programmes should not apply to such funds.

**Transitional national support:** because of the gradual introduction of direct payments in the new Member States, these countries are authorised to grant additional national direct payments. This possibility will no longer exist in 2013. In the new Member States applying the single area payment scheme, the complementary national direct payments have played an important role in supporting the income of farmers in specific sectors. As regards Cyprus, the same can be said of State aids.

For that reason, and in order to avoid a sudden and substantial decrease of support in 2013 in those sectors benefiting, until 2012, from complementary national direct payments and, in the case of Cyprus, from State aids, it is appropriate to provide, in those Member States, for the possibility to grant, subject to authorisation by the Commission, transitional national aids to farmers in 2013.

In order to ensure the continuity of the level of support to farmers in 2013, only those sectors that benefited, in 2012, from complementary national direct payments and, in the case of Cyprus, from State aids should be eligible for the transitional national aid, and if that transitional aid is granted, it should be granted under the same conditions as the ones applied to those payments in 2012.

**Transfers for rural development provided for in Article 136 of Regulation (EC) No 73/2009:** in order to facilitate the more efficient use of the funds, Regulation (EC) No 73/2009 provided for the possibility for Member States to grant support above their national ceilings up to an amount the level of which ensures that it remains within the margins of the under-execution of the national ceiling. That Regulation provided for those amounts either to be used for the funding of specific support or to be transferred to the EAFRD under Article 136 of Regulation (EC) No 73/2009.

As the possibility to grant support above the national ceilings will be abolished when the new direct support system becomes applicable, the financial transfer to the EAFRD provided for in Article 136 of Regulation (EC) No 73/2009 should be **maintained only until 31 December 2013**.

The possibility to make the amounts resulting from the application of voluntary adjustment available as an additional Union support under rural development programming and financing under EAFRD for financial year 2014 and the prolongation of the financial transfers provided for in Article 136 of Regulation (EC) No 73/2009 should not affect the future adjustment of the level of direct payments with a view to a more equal distribution of direct support among Member States which is foreseen to be part of the new direct support system.

**Re-examination of decisions regarding specific support for farmers:** under Regulation (EC) No 73/2009, Member States had the possibility to decide to use, from the following year, a certain percentage of their national ceiling for specific support for their farmers as well as to review a previous decision by deciding to modify, or put an end to, such support. It is appropriate to provide for an additional review of those decisions with effect for calendar year 2013.

**Delegation of powers to the Commission:** in order to ensure the correct application of the adjustments of direct payments to be made by the Member States in respect of applications made in 2013 and financial discipline for calendar year 2013, the power to adopt acts should be delegated to the Commission in respect of the relevant rules concerning the basis of calculation for reductions to be applied to the farmers by the Member States.

Implementing powers should be conferred on the Commission as regards the presentation of the amounts resulting from the voluntary adjustment. In respect of fixing the amounts resulting from voluntary adjustment, setting the net balance available for EAGF expenditure in respect of financial year 2014 and authorising the granting of transitional national aids, the Commission should be empowered to adopt implementing acts without applying Regulation (EU) No 182/2011.