

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

2011/0286(COD) - 11/07/2012 - Final act

PURPOSE: to adopt transitional measures as regards the application of direct support schemes for farmers for the calendar year 2013 ahead of the Common Agricultural Policy (CAP) reform which is scheduled to enter into force on 1 January 2014.

LEGISLATIVE ACT: Regulation (EU) No 671/2012 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.

CONTENT: following an agreement with the European Parliament at first reading, the Council adopted a Regulation amending Council Regulation (EC) No 73/2009 as regards the application of direct payments to farmers in respect of the year 2013.

The aim of what is known as the "2013" regulation is to provide for a **smooth transition from the current direct payments system** (Regulation 73/2009) to the new payments scheme foreseen by the Commission in the CAP reform proposals. Another [transitional Regulation](#) concerns support to vine-growers.

Adjustment of direct payments in 2013: Regulation (EC) No 73/2009 established a system of **compulsory**, progressive reduction of direct payments ('**modulation**') including an exemption of direct payments of up to EUR 5 000 which was to apply until calendar year 2012. As a consequence, the total net amounts of direct payments ('**net ceilings**') which may be granted in a Member State, after the application of modulation, were fixed until calendar year 2012.

- So as to maintain the amount of direct payments in calendar year 2013 at a level similar to that of 2012, with due account being taken of their phasing-in in the new Member States, the new Regulation establishes an **adjustment mechanism** for calendar year 2013 **with an effect equivalent to that of modulation and the net ceilings**.
- The text stipulates that any amount of direct payments to be granted in calendar year 2013 to a farmer **in excess of EUR 5 000 shall be reduced by 10%**. This reduction shall be increased by **four percentage points for amounts exceeding EUR 300 000**. This reduction shall not apply to direct payments granted to farmers in Bulgaria and in Romania and in the French overseas departments, in the Azores and Madeira, in the Canary Islands and in the Aegean Islands. By derogation, it shall be set at 0% for new Member States other than Bulgaria and Romania.

Voluntary adjustment of direct payments in 2013: in parallel with the compulsory modulation, Council Regulation (EC) No 378/2007 permits Member States to apply a reduction (voluntary modulation) to reduce direct payments for a given year up to calendar year 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, the new Regulation also allows Member States which made use of **voluntary modulation** in respect of calendar year 2012 to 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.

- Provision is made for where a Member State has applied regionally differentiated voluntary modulation rates in respect of calendar year 2012, for it to have that possibility in respect of calendar year 2013. 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 is made available to that Member State. For reasons of consistency, the prefinancing arrangements for the rural development programmes do not apply to such funds.

Transitional national aid: with the exception of Bulgaria and Romania, the new Member States applying the single area payment scheme shall have the possibility to grant transitional national aid in 2013. Except in the case of Cyprus, the granting of such aid shall be subject to authorisation by the Commission. The transitional national aid may be granted to farmers in sectors in respect of which complementary national direct payments and, in the case of Cyprus, State aids have been authorised in 2012.

Delegated and implementing powers of the Commission: in line with an amendment tabled by Parliament, the Commission shall be empowered to adopt delegated acts laying down rules concerning the basis of calculation for reductions to be applied to farmers by Member States due to the adjustments of payments in 2013 and financial discipline provided for in this Regulation. **Implementing powers** are 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 is empowered to adopt implementing acts without applying Regulation (EU) No 182/2011.

The conditions for granting the aid shall be identical to those authorised for the granting of payments in respect of 2012. The new Member States may decide, on the basis of objective criteria and within the limits authorised by the Commission, on the amounts of transitional national aid to be granted.

ENTRY INTO FORCE: 07/08/2012

APPLICATION: from 01/01/2013

DELEGATED ACTS: the Commission shall be empowered to adopt delegated acts laying down rules concerning the basis of calculation for reductions to be applied to farmers by Member States. This power to adopt such acts is conferred on the Commission for the period running **from 1 September 2012 to 31 December 2013**. A delegated act 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.