

Direct payments to farmers in respect of the calendar year 2017: adjustment rate

2017/0068(COD) - 30/03/2017 - Legislative proposal

PURPOSE: to fix the adjustment rate provided for in Regulation (EU) No 1306/2013 for direct payments in respect of the calendar year 2017.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: in accordance with Article 25 of [Regulation \(EU\) No 1306/2013](#) of the European Parliament and of the Council, a reserve intended to provide additional support for the agricultural sector in the case of major crises affecting the agricultural production or distribution is to be established by applying, at the beginning of each year, a reduction to direct payments with the financial discipline mechanism referred to in Article 26 of that Regulation.

According to this Regulation, **the total amount of the reserve for crises in agricultural sector shall be EUR 2 800 million** with equal annual instalments of EUR 400 million (at 2011 prices) for the period 2014-2020 and shall be included under Heading 2 of the Multiannual Financial Framework.

The amount of the reserve to be included in the Commission 2018 Draft Budget amounts to **EUR 459.5 million in current prices**. To cover that amount, the financial discipline mechanism has to apply to direct payments under the support schemes listed in Annex I to [Regulation \(EU\) No 1307/2013](#) of the European Parliament and of the Council in respect of the calendar year 2017.

The preliminary forecasts for the direct payments and market related expenditure to be determined in the Commission 2018 Draft Budget indicate that there is no need for any further financial discipline.

On this basis of the above, the Commission presents a proposal for setting the adjustment rate for direct payments in respect of calendar year 2017, which is to be adopted by the European Parliament and the Council by 30 June 2017.

CONTENT: this proposal implements the rules provided for in Article 26 of Regulation (EU) No 1306/2013 and Article 8 of Regulation (EU) No 1307/2013. It seeks to **set the percentage rate of the financial discipline adjustment rate in respect of calendar year 2017**.

The proposal provides that the amounts of direct payments under the support schemes listed in Annex I to Regulation (EU) No 1307/2013 to be granted to farmers in excess of EUR 2 000 for an aid application submitted in respect of the calendar year 2017 shall be **reduced by an adjustment rate of 1.388149%**. The reduction shall not apply in Croatia.

BUDGETARY IMPLICATIONS: the calculation of the financial discipline adjustment rate is part of the preparation of the 2018 Draft Budget. Thus the total reduction resulting from the application of financial discipline amounts to EUR 459.5 million. The percentage of the financial discipline adjustment rate is 1.388149%.

The application of this adjustment rate will result in the reduction of the amounts of direct payments for budget lines covering expenditure relating to aid applications submitted by farmers in respect of calendar year 2017 (financial year 2018).