

Direct payments and support for rural development in respect of the years 2019 and 2020

2018/0414(COD) - 07/12/2018 - Legislative proposal

PURPOSE: to ensure the continuity of support to European farmers in the years 2019 and 2020.

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: the Commission considers it necessary to make certain amendments to [Regulation \(EU\) No 1305/2013 \(Rural Development Regulation\)](#) to ensure policy continuity in the final years of the programming period and to ensure a smooth transition to the next programming period.

In relation to direct payments, some of the provisions in [Regulation \(EU\) No 1307/2013 \(Direct Payment Regulation\)](#) do not cover calendar year 2020 since expenditure relating to calendar year 2020 is made in financial year 2021, which is the first year of the new Multiannual Financial Framework (MFF) 2021-2027.

Those Member States would be faced with important changes in their direct payments and rural development envelopes with considerable effects on the payments to farmers under both pillars.

CONTENT: this proposal aims to **ensure the continuity of support to European farmers in the years 2019 and 2020** by adapting two legislative acts of the Common Agricultural Policy (CAP): rural development under Regulation (EU) No 1305/2013 and direct payments under Regulation (EU) No 1307/2013.

As regards support for rural development under Regulation (EU) No 1305/2013 (EAFRD), the proposal relates to financial years 2019 – 2021, whereas the proposed modifications for direct payments under Regulation (EU) No 1307/2013 relate to **calendar year 2020/financial year 2021**.

Rural development: the proposal makes it possible for the Member States to modify the degressivity schedule for payments to areas, which had received such payments in the previous programming period, while in the ongoing period, not being classified anymore as areas facing natural constraints other than mountain areas pursuant to the Rural Development Regulation. This modification would allow calculating transitional payments for the years **2019 and 2020** based on payment levels of the 2014-2020 period.

The proposal extends the use of the technical assistance at the initiative of the Commission funded by the European Agricultural Fund for Rural Development (EAFRD) to actions related to the preparation of the future CAP. The proposal concerns exclusively the scope of technical assistance without modifying the financial support.

Flexibility between pillars in year 2020 and transfer of the product of reduction of direct payments to Rural development: flexibility between pillars is an optional transfer of funds between direct payments and rural development. The proposal includes provisions regarding the possibility for Member States to **transfer funds between pillars in calendar year 2020 (corresponding to financial year 2021)**.

It calls for a transfer between pillars to remain possible in calendar year 2020 under the same conditions as currently standing and that the estimated product of reduction continues to be transferred from direct payments to rural development.

In order to promptly provide the necessary flexibility to the Member States and to ensure the continuity of the rural development policy in the final years of the 2014-2020 programming period, this Regulation should apply from 1 March 2019.

BUDGETARY IMPLICATIONS: the proposal does not have any financial implications in terms of increased expenditure.

The effect of the proposed provisions giving Member States an option to transfer amounts between direct payments allocations in calendar year 2020/financial year 2021 and EAFRD in financial year 2021 as well as the transfer of the estimated product of reduction from direct payments in calendar year 2020 to EAFRD in financial year 2021 will **depend on Member States' implementation** and can therefore not be quantified at present.

Such transfers will in any case remain neutral with regard to overall commitment appropriations in the way that any deductions from the direct payments allocations will be off-set by a corresponding increase in the EAFRD allocations and vice versa.