Transitional provisions for the support by the European Agricultural Fund for Rural Development (EAFRD) and by the European Agricultural Guarantee Fund (EAGF) in the year 2021

2019/0254(COD) - 31/10/2019 - Legislative proposal

PURPOSE: to ensure certainty and continuity in the granting of support to European farmers and for rural development in the transitional period for those Member States that have used their 2014-2010 EAFRD allocations by extending the current legal framework until the new common agricultural policy (CAP) becomes applicable.

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’s legislative proposals on the common agricultural policy (CAP) beyond 2020 aimed to make the CAP more responsive to current and future challenges such as climate change or generational renewal, while continuing to support farmers in the Union for a sustainable and competitive agricultural sector. Those proposals are closely linked to the multiannual financial framework (MFF) of the Union for the years 2021 to 2027.

The legislative procedure was not concluded in time to allow Member States and the Commission to prepare all elements necessary to apply the new legal framework and the CAP Strategic Plans as of 1 January 2021, as initially proposed by the Commission.

Therefore, in order to ensure that support can be granted to farmers and other beneficiaries from the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD) in 2021, the Union should continue to grant such support for one more year under the conditions of the existing legal framework, which covers the period 2014 to 2020.

CONTENT: this proposal aims at providing certainty and continuity in the granting of support to European farmers and ensuring the continuity of support for rural development in the transitional period for those Member States that have used their 2014-2010 EAFRD allocations by extending the current legal framework until the new CAP becomes applicable. In order to allow Member States to make the necessary adaptations at national level, these changes would need to be adopted by the Council and the European Parliament by mid-2020

Extension of the applicability of the existing regulations

The existing legal framework is laid down in particular in Regulations (EU) No 1303/2013, (EU) No 1305/2013, (EU) No 1306/2013, (EU) No 1307/2013, (EU) No 1308/2013, (EU) No 228/2013 and (EU) No 229/2013 of the European Parliament and of the Council. In addition, to facilitate the transition from existing

support schemes to the new legal framework which covers the period starting on 1 January 2022, rules shall be laid down to regulate how certain support granted on a multiannual basis will be integrated into the new legal framework.

In light of the fact that the Union should continue to support rural development in 2021, Member States, that demonstrate the risk to run out of funds and not to be able to undertake new legal commitments in accordance with Regulation (EU) No 1305/2013, shall have the possibility to extend their rural development programmes or certain of their regional rural development programmes supported by the EAFRD to 31 December 2021 and to finance those extended programmes from the corresponding budget allocation for the year 2021.

Transition to the next CAP period

The new CAP comes with significant changes. Transitional rules are needed to ensure a smooth transition from the current to the next CAP period, in particular concerning the continuation of multiannual commitments undertaken in the current and previous programming periods.

The Single CMO Regulation (EU) No 1308/2013 lays down rules for the common organisation of agricultural markets, including aid schemes for specific sectors. It sets out the parameters for intervening on agricultural markets and providing sector-specific support. To ensure coherence, most interventions of the new CAP will be part of one strategic CAP support plan per Member State, including several sectorial interventions that have previously been set out in Regulation (EU) No 1308/2013.

Under the current rules, the different sectoral programmes follow different time frames. To ensure coherence, continuity and a smooth transition between the aid schemes under Regulation (EU) No 1308 /2013 and the sectoral types of interventions under the new CAP it is necessary to set rules regarding the duration of each of these aid schemes with respect to the entry into application of the Member States' CAP Strategic Plans.

For aid schemes in the fruit and vegetables sector and in the olive oil and table olives sector, it is necessary to regulate the continuation and modification of operational programmes and work programmes.

Budgetary implications

The current Regulations (EU) No 1305/2013 on rural development and (EU) No 1307/2013 on direct payments do not lay down allocations for the transitional period (beyond calendar year 2020). Therefore, the initiative has a budgetary impact in the sense that it adds the allocations for direct payments and rural development for the relevant transitional period to ensure smooth continuity. These allocations are equal to those in the CAP Plan proposal and they are coherent with the Commission's proposal on the MFF 2021-2027. Where Member States do not decide to prolong their current rural development programmes, the 2021 EAFRD allocations will be transferred to the 2022 – 2025 EAFRD allocations.

Similarly, for the transitional period, the allocations contained in Regulations (EU) No 1308/2013, (EU) No 228/2013 and (EU) No 229/2013 need to be adjusted to respect the overall amounts for the European Agricultural Guarantee Fund (EAGF) included in the MFF proposal.

The reserve for agricultural crises referred to in Regulation (EU) No 1306/2013 is proposed to be maintained throughout the transitional period to ensure continuity. It is to be financed through financial discipline applied on direct payments. As such, it does not entail any additional expenditure.

The present proposal is neutral in terms of overall budgetary commitments. The impact as regards the estimated schedule for payment appropriations will depend on Member States decisions as regards the prolongation of the current rural development programmes.

Similarly, any decision of Member States to transfer funds between direct payments and rural development will be neutral in terms of overall budgetary commitments but may have an impact in terms of timing of payments that however cannot be estimated.