

Rural development: support by the European Agricultural Fund for Rural Development (EAFRD)

2006/0082(CNS) - 19/12/2006 - Final act

PURPOSE: to set caps on the total annual allocations of Community **structural spending** for the EU Member States in line with the revised Financial Framework 2007-2013.

LEGISLATIVE ACT: Council Regulation 1944/2006/EC amending Regulation 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

BACKGROUND: in 2005 the Community adopted Regulation 1698/2005/EC *on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)*. For a summary see CNS/2006/0082.

Regulation 1698/2005/EC fixes the ceiling of total annual allocations of Community structural spending from i) the EAFRD; ii) the European Regional Development Fund (ERDF); iii) the European Social Fund (ESF) and; iv) the Cohesion Fund (CF) at no more than **4%** of the Member States' GDP.

Article 70 of the Regulation also sets out the EAFRD contribution rates. The Regulation, however, was adopted in September 2005 – a few months prior to the agreement on the Financial Framework for 2007-2013. Significantly, the ceiling of annual appropriation of Community structural spending in the Financial Agreement differs from those specified in Regulation 1698/2005/EC. In addition to adopting differing levels, the Heads of State also agreed to allocate Portugal a sum of EUR 320 million, which would not be subject to the national co-financing requirement.

CONTENT: the purpose of this Regulation, therefore, is to amend Regulation 1698/2005/EC and to bring its figures in line with the Financial Framework 2007-2013. Specifically speaking, the new total annual allocations from the EAFRD, the ERDF, the ESF and the CF will not be allowed to exceed the following limits:

- 3.7893% of the GDP of Member States whose average 2001–2003 per capita GNI is under 40% of the EU-25 average;
- 3.7135% of the GDP of Member States whose average 2001–2003 per capita GNI is equal or above 40% and below 50% of the EU-25 average;
- 3.6188% of the GDP of Member States whose average 2001–2003 per capita GNI is equal or above 50% and below 55% of the EU-25 average;
- 3.5240% of the GDP of Member States whose average 2001–2003 per capita GNI is equal or above 55% and below 60% of the EU-25 average;
- 3.4293% of the GDP of Member States whose average 2001–2003 per capita GNI is equal or above 60% and below 65% of the EU-25 average;
- 3.3346% of the GDP of Member States whose average 2001–2003 per capita GNI is equal or above 65% and below 70% of the EU-25 average;

- 3.2398% of the GDP of Member States whose average 2001–2003 per capita GNI is equal or above 70% and below 75% of the EU-25 average;
- thereafter, the maximum level of transfer is reduced by 0.09 percentage points of GDP for each increment of 5 percentage points of average 2001–2003 per capita GNI as compared to the EU-25 average.

In addition, Portugal will be exempted from these provisions for an amount of EUR 320 million.

ENTRY INTO FORCE: 30 December 2006.