Basic information

2013/0087(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure lapsed or withdrawn
Common agricultural policy (CAP): adjustment rate to direct payments in respect of the year 2013 **Subject** 3.10.14 Support for producers and premiums	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
AGRI Agriculture and Rural Development	CAPOULAS SANTOS Luis Manuel (S&D)	25/03/2013
	Shadow rapporteur JAHR Peter (PPE)	

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets	LA VIA Giovanni (PPE)	15/04/2013

Council of the European Union

European Commission

Commission DG	Commissioner
Agriculture and Rural Development	CIOLOŞ Dacian

European Economic and Social Committee

Key events

Date	Event	Reference	Summary
25/03/2013	Legislative proposal published	COM(2013)0159	Summary
16/04/2013	Committee referral announced in Parliament, 1st reading		
30/05/2013	Vote in committee, 1st reading		
03/06/2013	Committee report tabled for plenary, 1st reading	A7-0186/2013	Summary
11/06/2013	Debate in Parliament		

12/06/2013	Decision by Parliament, 1st reading	T7-0263/2013	Summary
12/06/2013	Results of vote in Parliament		
07/03/2015	Proposal withdrawn by Commission		

Technical information

Procedure reference	2013/0087(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	Treaty on the Functioning of the European Union TFEU 043-p2
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Procedure lapsed or withdrawn
Committee dossier	AGRI/7/12319

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE508.289	18/04/2013	
Amendments tabled in committee		PE510.613	03/05/2013	
Committee opinion	BUDG	PE508.265	24/05/2013	
Committee report tabled for plenary, 1st reading/single reading		A7-0186/2013	03/06/2013	Summary
Text adopted by Parliament, 1st reading/single reading		T7-0263/2013	12/06/2013	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2013)0159	25/03/2013	Summary
Commission response to text adopted in plenary	SP(2013)520	16/07/2013	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2013)0159	15/05/2013	
Contribution	ES_PARLIAMENT	COM(2013)0159	26/05/2013	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES2942/2013	22/05/2013	

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Common agricultural policy (CAP): adjustment rate to direct payments in respect of the year 2013

2013/0087(COD) - 25/03/2013 - Legislative proposal

PURPOSE: to apply the financial discipline adjustment rate to amounts in excess of EUR 5000, to be granted to farmers for aid applications lodged in calendar year 2013.

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 first estimates of budget appropriations for direct payments and market related expenditure for the 2014 draft budget showed the **need to reduce the total amount of direct payments** that can be granted to farmers in respect of calendar year 2013 **by EUR 1 471.4 million** through financial discipline, in order to respect the EAGF net ceiling for financial year 2014 and establish the reserve for crises in the agricultural sector (EUR 424.5 million). As a consequence, the level of direct payments should be reduced in order to comply with the ceiling.

On this basis, the Commission presents a **proposal for setting the adjustment rate for direct payments in respect of calendar year 2013,** which must be adopted by the European Parliament and the Council by 30 June 2013 in accordance with Regulation (EC) No 73/2009.

However, if this adjustment rate has not been set by 30 June 2013, the Commission will set that rate pursuant to Council Regulation (EC) No 1290 /2005 on the financing of the common agricultural policy.

IMPACT ASSESSMENT: the proposal implements the rules provided for in Article 11 of Council Regulation (EC) No 73/2009 and Article 18 of Council Regulation (EC) No 1290/2005. Prior consultation with the interested parties and the preparation of an impact assessment were not needed.

LEGAL BASIS: Article 43(2) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT : the draft regulation provides that **the amounts of direct payments within the meaning of Regulation (EC) No 73/2009 to be granted to a farmer in excess of EUR 5000 for an aid application submitted in respect of calendar year 2013 shall be reduced by 4.981759 %.**

The reduction provided for shall not apply in Bulgaria, Romania and Croatia.

The unequal distribution of direct payments between small and large beneficiaries remains a cause for concern for the Common Agricultural Policy. The draft regulation proposes to apply the financial discipline adjustment rate to amounts in excess of EUR 5000 in order to contribute to achieving the objective of a more balanced distribution of payments. This is in line with what is proposed on financial discipline in the context of the CAP reform, presented by the Commission in its proposal for a regulation establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy.

BUDGETARY IMPLICATIONS: the financial discipline adjustment rate of 4.981759 % has been calculated taking into account that it is to be applied only to amounts in excess of EUR 5000 and not in all Member States. **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 2013 (financial year 2014). **The total reduction resulting from the application of financial discipline amounts to EUR 1471.4 million.**

The adjustment rate has been calculated taking into account the estimated share of direct payments to be granted to farmers below EUR 5000 for each direct payment scheme subject to financial discipline and for each Member State, except Bulgaria, Romania and Croatia. Since direct payments in

Bulgaria, Romania and in Croatia, subject to accession, are in the process of phasing-in in calendar year 2013, the financial discipline will not apply to them as a consequence.

It should be noted that **the final calculation of the financial discipline rate will depend on the sub-ceiling under Heading 2 set by the Council Regulation laying down the multiannual financial framework for the years 2014-2020** and the Interinstitutional Agreement between the European Parliament, the Council and the Commission on cooperation in budgetary matters and on sound financial management.

Common agricultural policy (CAP): adjustment rate to direct payments in respect of the year 2013

2013/0087(COD) - 03/06/2013 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Agriculture and Rural Development adopted the report by Luis Manuel CAPOULAS SANTOS (S&D, PT) on the proposal for a regulation of the European Parliament and of the Council on fixing an adjustment rate to direct payments provided for in Regulation (EC) No 73/2009 in respect of calendar year 2013.

The parliamentary committee recommends that the European Parliament's position adopted at first reading according to the ordinary legislative procedure should amend the Commission's proposal.

The report notes that pending the adoption of a regulation laying down the multiannual financial framework, the level of the applicable ceiling for the year 2014 remains uncertain. Until there is clarity on the level of the applicable ceiling, it is not possible to determine whether an adjustment of the direct payments for 2013 is necessary and, if so, what the rate should be.

Given the context, Members consider that Parliament should not accept a cut in direct payments which is based on the Conclusions of the 7-8 February European Council, including its proposal of placing the crises reserve under Heading 2.

At present, the cut to direct payments should be based on the ceiling for 2014 proposed by the Commission in its own MFF proposal, which is consistent with the European Parliament's negotiating mandate, approved in plenary on 13 March 2013, on the Direct Payments Regulation.

This is why the committee is tabling an amendment where the cut to direct payments for claims made in 2013 would **amount to 0.748005%**, rather than the 4.981759% put forward by the Commission.

In the event of a non-agreement on the multiannual financial framework 2014-2020, no financial discipline for the 2014 financial year shall apply, since the total amount shall be calculated on the basis of the 2013 budget figures plus 2% inflation.

Common agricultural policy (CAP): adjustment rate to direct payments in respect of the year 2013

2013/0087(COD) - 12/06/2013 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 506 votes to 147, with 28 abstentions, a legislative resolution on the proposal for a Regulation of the European Parliament and of the Council on fixing an adjustment rate to direct payments provided for in Regulation (EC) No 73/2009 in respect of calendar year 2013.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the Commission's proposal.

In its amendments, Parliament recalls that pending the adoption of a regulation laying down the multiannual financial framework (MFF), **the level of the applicable ceiling for the year 2014 remains uncertain**. Until there is clarity on the level of the applicable ceiling, it is not possible to determine whether an adjustment of the direct payments for 2013 is necessary and, if so, what the rate should be.

In this context, Parliament suggests an amendment that would bring the cut to direct payments to **0.748005%**, rather than the 4.981759% put forward in the Commission's proposal. This reduction shall not apply to the **outermost regions** or **to the smaller Aegean islands,** as defined in Regulation (EC) No 229/2013 of the European Parliament and of the Council.

Members add that in the event of non-agreement on the multiannual financial framework 2014-2020, **no financial discipline for the 2014 financial year shall apply**, since the total amount will be calculated on the basis of the 2013 budget figures, plus 2% inflation.

Parliament considers that **the amount of financial discipline required should be revised** by the budgetary authority in the framework of the adoption of the Budget 2014 on the basis, *inter alia*, of the Amending letter to the Draft General Budget 2014 by which the Commission provides updated estimated needs on market related expenditures and direct payments.