



ANNEX

to the briefing on

Towards the Common Agricultural Policy beyond 2020: comparing the reform package with the current regulations

DASHBOARDS



DASHBOARD 1. NEW REGULATION ESTABLISHING RULES ON SUPPORT FOR 'CAP STRATEGIC PLANS' AND REPEALING REGULATIONS (EU) No 1305/2013 AND 1307/2013

(Current Regulations (EU) No 1305/2013 and 1307/2013 compared with CAP reform proposal (COM (2018) 392) topic-by-topic)

TOPIC	CURRENT CAP REGULATIONS	CAP REFORM (2021 /2027) - CAPR
<p>1. OVERVIEW</p>	<p>Regulation (EU) No 1305/2013, amended by Regulation (EU) No 2017/2393, ('Omnibus Regulation'). Support for rural development (repealed)</p> <p>Regulation (EU) No 1307/2013, amended by Regulation (EU) No 2017/2393, ('Omnibus Regulation'). Direct payments (repealed)</p> <p>Regulation (EU) No 1306/2013, Titles III and VI (Chapter I). Farm advisory system and Cross-compliance scope (transferred)</p> <p>Regulation (EU) No 1308/2013, Part II, Title I, Chapter II, Arts 29 to 60: Sectorial aids (transferred). (See Box 1 for supplementary rules)</p> <p>See also:</p> <p>Regulation (EU) No 2018/1046 concerning the references to the 'Financial Regulation' provisions.</p> <p>WTO Agreement on Agriculture concerning the references to domestic support framework of Article 10</p>	<p>COM (2018) 392, proposal for a Regulation on support for Strategic Plans to be drawn by Member States under the Common Agricultural Policy.</p> <p>The EC Communication entitled '<i>The Future of Food and Farming</i>' confirmed the need for the CAP to be more result-driven, to boost modernisation and sustainability of agricultural areas and to decrease the administrative burden for beneficiaries (Recitals 1 and 2).</p> <p>This proposal provides a new legal framework <u>in one single regulation</u> that covers the Union support financed by the EAGF and the EAFRD and that replaces the arrangements currently laid in Regulations (EU) No 1305 and 1307/2013 (Recitals 18 and 19)</p> <p>The new delivery model implies an enhanced subsidiarity in favour MS taking into account local conditions and needs. New EU regulation allows Member States the flexibility to define the eligibility criteria and detailed rules related to CAP beneficiaries (Recitals 13 and 19).</p> <p><u>EU future action</u> would be focused on basic requirements (regulatory framework) applicable to MS on objectives, interventions, funding, control and reporting. <u>MS</u> would design the CAP Plans content in line with the EU legal specifications (provided by CAPR and HZR). <u>Commission</u> would approve and sign off each National Strategic Plan. Lastly, <u>MS</u> would report annually on progress made on each Plan implementation.</p> <p>Following this scheme, <u>MS should be exclusively in charge of translating that Union framework</u> into support arrangements <u>applicable to beneficiaries</u>.</p> <p>This proposal lays down rules on (Art. 1):</p> <ul style="list-style-type: none"> . General and specific objectives under the CAP as well as the related indicators (Title II); . Types of interventions to pursue these objectives (Title III) and related financial arrangements (Title IV); . CAP Strategic Plans architecture (Title V); . Coordination and governance (Title VI); . Monitoring, reporting, evaluation (Title VII) and competition provisions (Title VIII); . General and final provisions (Title IX). <p><u>EP POSITION</u>: The EP's Plenary has requested a clear and simple model of national strategic plans in order to enable the co-legislators to assess their scope and content. The EP expressed doubts as to the</p>

		<p>subsidiarity impacts on the Union objectives as well as to the Commission ability to ensure a strong common framework in order to guarantee a level playing field for EU farmers.</p> <p>MEPs emphasised that additional flexibility to MS should only be granted on the condition that there is a strong, common set of EU rules, objectives, indicators and checks (Points 6, 7, 9 and 31 of Resolution of 30.5.2018 on the 'Future of Food and Farming' - Box 2). MEPs also underlined the risks of gold-plating at national and regional level and the great degree of uncertainty for farmers owing the possibility that MS have to independently define their national plans and to review their implementation (Point 11 of Resolution of 30.5.2018). Lastly, the EP considered that a new delivery model should ensure a direct relationship between the EU and European farmers (Points K and 4 of Resolution of 30.5.2018).</p>
<p>2. REGULATORY SCOPE</p>	<p>Regulation (EU) No 1305/2013, Title I, Art. 1. Subject matter.</p> <p>Regulation (EU) No 1307/2013, Title I, Arts. 1 to 3. Scope.</p>	<p>Title I, Arts. 1 and 2. <i>Subject matter, scope and applicable provisions.</i> (see above).</p> <p>CAPR applies to Union support financed by <u>both agricultural funds (EAGF and EAFRD)</u> for interventions specified in the national <u>CAP Strategic Plans</u> covering the <u>period from 1 January 2012 to 31 December 2027</u>.</p> <p>Pillars 1 and 2 remain in force but integrated within the future CAP Strategic Plans.</p> <p>EP POSITION: The European Parliament supported to maintain the current two-pillared CAP architecture and emphasised that the pillars might be coherent and complementary (Point 38 of Resolution of 30.5.2018).</p>
<p>3. DEFINITIONS (INCLUDING 'GENUINE FARMER')</p>	<p>Regulation (EU) No 1305/2013, Title I, Art. 2. Definitions.</p> <p>Regulation (EU) No 1307/2013, Title I, Art. 4. Definitions and related provisions.</p> <p>Title II, Art. 9. Active farmer. An EU-wide '<i>negative list</i>' is currently applied to DP beneficiaries</p>	<p>Title I, Arts. 3 and 4 (& Recital 3). <i>Definitions.</i> Current definitions have been adapted to the new CAP delivery model</p> <p>- Art. 3 (& Recital 3). <i>General definitions.</i> New terms have been added following the CAP Strategic Plans architecture and monitoring systems. See in particular definitions Art. 3 (c) to (j): intervention (c), support rate (d), beneficiary in rural development interventions (h), targets (i) and milestones (j).</p> <p>- Art. 4 (& Recitals 4 to 10). <i>Framework definitions of CAP Strategic Plans.</i> Terminology more structured with some changes.</p> <p>. Art. 4(1)(d) (& Recital 9). The most important change concerns the '<i>active farmer</i>' rules (now called '<i>genuine farmer</i>'). Henceforth, MS will define in their CAP Strategic Plans which farmers will be not considered as '<i>genuine farmers</i>'. This subsidiarity on the beneficiaries implies that '<i>pluriactive farmers</i>' would <i>a priori</i> not be excluded from CAP support. The negative list of non-agricultural activities defined at EU level is removed.</p> <p>. Art. 4(1)(e) (& Recitals 10 and 30). Young farmer definition. Eligibility criteria have been simplified</p>

		<p>and will be defined by MS. But new training requirements and some conditions for being <i>'head of holding'</i> have been added. See also Arts. 27 (Section 11) and 69 (Section 19) below).</p> <p><u>EP POSITION:</u> The EP's Plenary considered that farm output could be a better-targetted and quantifiable alternative for the future <i>'active farmer'</i> definition (Points 26 and 53 of Resolution of 30.5.2018). MEPs also stressed that part-time farmers are <i>'geunine farmers'</i> (Points 30 and 56 of Resolution of 30.5.2018).</p>
<p>4. OBJECTIVES AND INDICATORS</p>	<p>Regulation (EU) No 1305/2013, Title I, Arts. 3 and 4. Mission and objectives.</p> <p>Regulation (EU) No 1306/2013, Title VII, Art. 110.2. Monitoring and evaluation of the CAP - measure of CAP performance</p>	<p>Title II. Objectives and indicators. In order to give substance to the objectives of the CAP as established in <u>Article 39 of TFEU</u>, as well as the <u>EU-wide priorities</u>, the CAPR provides a set of objectives (Recital 11):</p> <ul style="list-style-type: none"> . <u>Three general objectives</u> or policy orientations in order to serve the multifunctionality of UE agriculture (Art. 5); these general objectives would replace those developed in Art. 110.2 of current Regulation (EU) No 1306/2013 (HZR - see DASHBOARD 2). In fact, the new core objectives are equivalent to those of the current HZR, keeping the CAP multifunctional approach (including economic, environmental and socio-territorial dimensions). . <u>Nine specific objectives</u> to be defined and developed by the CAP Strategic Plans (Art. 6); and . <u>Three cross-cutting objectives</u> (Arts 5 and 6). <p><u>EP POSITION:</u> The EP emphasised that the overriding priorities of CAP reform might be the principles set out in the Treaty, the integrity of the single market and a truly common policy (Points 1 and 39 of Resolution of 30.5.2018). The EP also welcomed the recognition that one of the CAP's objectives should be to enhance the sustainable management of natural resources and to contribute to the EU environmental and climate objectives (Point 2 of Resolution of 30.5.2018).</p> <p>- Art. 5. General objectives at EU level in order to improve the sustainable development of farming,</p>

**4. OBJECTIVES
AND
INDICATORS**

food and rural areas (confirming CAP *multifunctionality approach*):

- . To foster a smart, resilient and diversified farm sector (*economic sustainability objective*);
- . To bolster environmental and climate action (*environmental sustainability objective*);
- . To strengthen the socio-economic fabric of rural areas (*socio-territorial objective*).

- **Art. 6. Specific objectives.** CAP Strategic Plans are aimed at addressing nine (economic, environmental and social) objectives:

. Three economic objectives

- . support viable farm income (**Art. 6(1)(a)**);
- . increase competitiveness (**Art. 6(1)(b)**);
- . improve farmers' position in the food value chain (**Art. 6(1)(c)**);

. Three environmental objectives

- . contribute to climate change mitigation and adaptation (**Art. 6(1)(d)**);
- . foster sustainable and efficient management of natural resources (**Art. 6(1)(e)**);
- . contribute to the protection of biodiversity and landscapes (**Art. 6(1)(f)**);

. Three social and territorial objectives

- . support generational renewal (**Art. 6(1)(g)**);
- . develop vibrant rural areas (**Art. 6(1)(h)**); and
- . improve the response to societal demands on food, health and animal welfare (**Art. 6(1)(i)**).

- **Arts. 5 and 6 (& Recitals 6 and 12).** *Cross-cutting objectives*:

- . Sustainable development of farming, food and rural areas (**Art. 5, first paragraph**);
- . Modernising the sector by fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas (**Art. 5, second paragraph**) (see also **Art. 102**);
- . Ensure simplification and performance of the CAP support (**Art. 6(2)**).

- **Art. 7 and Annex I.** CAP objectives should be assessed on the basis of common indicators related to

. *output indicators* serving the purpose of linking expenditure to output (*CAP assurance*); to be used for the 'Annual Performance clearance' - see Art. 52 of new HZR - **DASHBOARD 2 - Section 10**);

. *result indicators* used for CAP Strategic Plan target setting (*CAP Plan management*); to be used to monitor progress through the 'annual performance review' - see **Art. 121** of this proposal) (**Section 24**);

. *impact indicators* used to evaluate the performance at the level of overall objectives set

		<p>out in Arts. 5 and 6 (mid-term and ex-post) (<i>CAP policy performance</i>).</p> <p><u>COMMENTS</u>: Common set of indicators has been formally well structured (Art. 7) but that may lead to confusion for MS: i.e. <u>output</u> should count each <u>intervention</u> once but one action can contribute to several <u>results</u>; furthermore, one <u>result</u> can contribute to several <u>impacts</u>. Furthermore, some doubts remain about whether the environmental objectives will be enhanced within each national plan.</p>
<p>5. GENERAL PRINCIPLES</p>	<p>No provisions</p>	<p>Title III, Chapter I, Section 1. General principles.</p> <p>- Arts. 8 and 9 (& Recital 13). <i>General principles of CAP delivery model.</i> Art. 9 lays down the key condition that the CAP Plans have to be established in accordance with the Charter of Fundamental Rights of the EU and the general principles of Union law. Gender equality and non-discriminatory criteria in general have to be applied. In addition, Art. 94 requires that relevant bodies for promoting social inclusion or gender equality should be involved in the preparation of the CAP Plans.</p> <p>- Art. 10 and Annex II (& Recitals 4 and 20). <i>WTO domestic support.</i> The new regulation mentions the WTO 'Green Box' requirements in order to ensure that the MS will respect the international obligations on domestic support. Annex II lists the specific paragraphs of Annex 2 of WTO Agreement on Agriculture ('Green Box') related to each type of intervention. See the link: WTO Agreement on Agriculture</p> <p><u>COMMENTS</u>: The European Commission has not proposed any provision/table clarifying the WTO <i>Amber Box</i> requirements related to the CAP post 2020. However, the multilateral framework will affect some interventions of CAP Strategic Plans, such as: coupled income payments (Arts. 29 to 33), crop-specific payment for cotton (Arts. 34 to 38), some expenditure linked to sectorial programmes (Arts. 39 to 63) and/or risk management tools (Art. 70). Just as information, see the latest EU notification on domestic support to the WTO: G/AG/N/EU/46 and corrigendum.</p> <p>The single specific reference to the Union's international commitments related to coupled support is the <i>Memorandum of Understanding between the EU and the USA</i> (Art. 33).</p> <p>Anyway, the coupled payments have a specific ceiling and the EU room of manoeuvre for the <i>Amber Box</i> interventions in general is currently wide.</p> <p><u>EP POSITION</u>: On the WTO, Point 61 of Resolution of 30.5.2018. On the gender equality issues, points BM and 179 of Resolution of 30.5.2018.</p>

6. CONDITIONALITY

Regulation (EU) No 1306/2013. Title VI, Chapter I, Arts. 91 to 95 and Annex II. Cross-compliance. Including two key elements:

- . Thirteen 'Statutory Management Requirements' (SMR)
- . Seven standards for 'Good Agricultural and Environmental Condition of Land' (GAEC).

Regulation (EU) No 1307/2013, Title III, Chapter 3, Arts. 43 to 47, Annexes IX and X. Payment for agricultural practices beneficial for the climate and the environment ('Greening payment'). 30% of each farmer's entitlement is paid dependent on compliance with land management requirements (crop diversification; permanent grassland; and/or ecological focus areas - EFAs).

Title III, Chapter I, Section 2 (Arts. 11 and 12) and Annex III. Conditionality.

- **Art. 11 (& Recital 21).** *Principle and scope.* MS would include in their CAP Strategic Plans a system of 'conditionality', including an administrative penalty regime. See Title IV, Chapter IV (Arts. 84 to 87) of new HZR (**DASHBOARD 2 - Section 15**) concerning the control systems and penalties in relation to conditionality.

- **Art. 12 and Annex III (& Recitals 22 and 23).** *Obligations of Member States relating to good agricultural and environmental conditions.* MS should define minimum standards for GAEC at national or regional level. The list of GAEC of **Annex III** includes new obligations : mandatory nutrient management plans at farm level (a 'Farm Sustainability Tool for Nutrients' have to be established by the MS - **Art. 12(3) and Annex III - GAEC 5**); crop rotation instead of current crop diversification (**Annex III - GAEC 8**); and preserving carbon-rich soils through protection of wetlands and peatlands (**Annex III - GAEC 2**).

Building on the current 'cross-compliance' scheme, a new 'Conditionality' system would take place linking full receipt of CAP support to the compliance by beneficiaries of basic EU standards/requirements concerning the climate, environment, public health, animal health, plant health and animal welfare. Furthermore, the 'Greening support' would remain (in the form of 'schemes for the climate and the environment') (see **Art. 28**) but their key land management principles would be incorporated into the new 'Conditionality' framework. As a result, the 'Conditionality system' would become an integral part of the CAP Strategic Plans containing a combination of elements from the current 'cross-compliance' and 'greening' schemes.

To receive (all) 'direct payments' (under **Arts. 14 to 38**) and the 'annual premia of rural development' (under **Arts. 65 to 67**), farmers would have to comply with requirements and/or standards listed in **Annex III**:

- . Sixteen 'Statutory Management Requirements' (SMR), including up-to-date Union law to be applied by MS. The Directive 2009/128/EC establishing a framework for EU action to achieve the sustainable use of pesticides has been added (SMR 13);
- . Ten standards for 'Good Agricultural and Environmental Condition of Land' (GAEC), to be defined at national or regional level by MS. The new list of standards includes the current land management rules of greening payments.

6. CONDITIONALITY

As a result, the future CAP green architecture would be based on:

- . the *conditionality framework* (mandatory for CAP support beneficiaries), complemented by
- . the *eco-schemes* funded by the *European Agricultural Guarantee Fund (EAGF)* (**Art. 14(d) and 28**) (voluntary for farmers); and
- . the *environmental and climate management commitments* funded by the *European Agricultural Fund for Rural Development (EAFRD)* (**Arts. 64(a) and 65**) (mandatory for MS and voluntary for farmers).

The new '*green architecture*' is much simpler and it enhances flexibility. The European Commission is no longer proposing to elaborate detailed environmental rules to apply throughout the EU agricultural area. Henceforth, MS would set up implementing rules, which were appropriate to local conditions within their Strategic Plans. As examples, MS will have the opportunity to define crop rotation requirements better adapted to their farming systems as well as the possible rules on the future '*ecological focus areas*' (EFAs) (see **Art. 28**, new '*eco-schemes*' replacing the current '*green payment*') (**Section 12** below).

COMMENTS: Eight MS have proposed to simplify the requirements of conditionality and reduce their number to include only those common rules that are relevant and necessary for all farmers in all MS across the EU. Furthermore, the *new conditionality system* remains fundamentally as an environmental framework (with some additional elements related to public health).

The CAP proposal does not include any labour / social requirement within the new conditionality regime even though the EU institutions are making progress towards a '*European Pillar of Social Rights*' (see EP resolution of 19.1.2017 - **Box 2**) and they are also putting the '*migration*' issues on the top of European agenda (see EP Resolutions of 10.9.2015 and 12.4.2016 - **Box 2**). It should be remarked that the first CAP reform (Fishler's proposals) incorporated some social regulations within the *cross-compliance* framework (without any success, it has to be acknowledged). In this context, the European Parliament has considered '*quality jobs*' as a public good (**Point 63 of Resolution of 30.5.2018**) and has also stressed the need to support the farming transition towards sustainability with no reduction in social and employment standards (**Point 38 of Resolution of 30.5.2018**).

EP POSITION: The EP's Plenary considered that CAP payments should include a strong, simplified and common conditionality regime improving the farming delivery of public goods, including such as quality jobs or the protection of pollinators, no longer referenced into the COM (2018) 392

		document. MEPs also stressed the need to improve coherence between the CAP and the Natura 2000 Directive (Points BP, 12, 35, 38, 63, 65, 68, 92, 93, 94, 98, 102, 172, 180, 181 and 186 of Resolution of 30.5.2018).
<p style="text-align: center;">7. FARM ADVISORY SERVICES (FAS)</p>	<p>Regulation (EU) No 1306/2013. Title III, Arts. 12 to 15. Farm Advisory system (FSS).</p> <p>Currently, the 'Farm Advisory System' (FAS) must cover <u>at least</u> the obligations at farm level resulting from cross-compliance standards, land management requirements ('greening'), and measures accompanying rural development programmes in general. The FAS <u>may</u> also cover other measures (conversion and diversification of farms, risk management, climate change mitigation and adaptation).</p>	<p>Title III, Chapter I, Section 3, Art. 13. Farm Advisory Services.</p> <p>- Art. 13 (& Recitals 24 and 46). CAP Strategic Plans would include 'Farm Advisory Services' (FAS) for CAP beneficiaries. These FAS should cover economic, environmental and social dimensions. Current elements remain such as conditionality standards (SMRs and GAEC), land management requirements (current 'greening' rules), Water Framework Directive, and sustainable use of pesticides rules.</p> <p>- Art. 13(2) increases their scope adding some <u>new elements</u>:</p> <ul style="list-style-type: none"> . all rural development measures; . information on financial instruments and business plans; . Clean Air Directive requirements; . National Emission Ceiling Directive requirements; . EU Animal Health requirements; . EU Plant Health requirements; . Practices preventing antimicrobial resistance (AMR); . Risk management tools; . Innovation support linked to EIP-AGRI; and . Development of digital technologies. <p>One new feature of Art. 13(2) is the integration of farm advisory services within the 'Agricultural Knowledge and Innovation System' (AKIS). The future EIP would support the AKIS (Art. 114(4)).</p> <p><u>EP POSITION:</u> Points 41, 47, 73, 98 and 116 of Resolution of 30.5.2018.</p>
<p style="text-align: center;">8. TYPES OF DIRECT PAYMENTS (DP)</p>	<p>Regulation (EU) No 1307/2013. Titles III, IV, V and VI, Arts. 21 to 66.</p> <p>Currently the CAP architecture is composed by a system of multi-purpose payments with <i>eight components</i>, compulsory or voluntary for MS:</p>	<p>Title III. Chapter II, Arts. 14 to 38. Types of interventions in the form of direct payments. Annexes IV, VI and VII. MS allocations</p> <p>The new structure of direct payments is substantially similar to the previous one, with certain exceptions: the <i>small farmers' scheme</i> would become a 'round sum payment'; and the <i>Single Area Payment Scheme</i> (SAPS) as well as the <i>payment for areas with natural constraints</i> would be removed.</p> <p>- Art. 14 (& Recital 26). <i>Types of interventions in the form of direct payments.</i> Apparent mistake in numbering of paragraphs. Anyway, Art. 14 summarises the new architecture of (decoupled and coupled) direct payments:</p> <p><u>Four decoupled direct payments</u></p> <ol style="list-style-type: none"> 1) <i>Basic income support for sustainability</i>, including a <i>round sum payment for small farmers</i>

<p style="text-align: center;">8. TYPES OF DIRECT PAYMENTS (DP)</p>	<p>1) A <i>basic payment scheme</i> and a <i>single area payment scheme</i> (SAPS) per hectare (mandatory for MS) (Arts. 21 to 40);</p> <p>2) A simplified <i>small farmers scheme</i>, offering payments of up to EUR 1 250 (voluntary for MS) (Arts. 61 to 65);</p> <p>3) A <i>redistributive payment</i> (voluntary) (Arts. 41 and 42 and Annex VIII);</p> <p>4) A <i>complementary payment for young farmers</i> (mandatory for MS) (Arts. 50 and 51);</p> <p>5) A <i>payment for agricultural practices beneficial for the climate and the environment</i> ('Greening payment') (mandatory for MS with flexible application) (Arts. 43 to 47 and Annexes IX and X);</p> <p>6) A <i>complementary income payment for areas with natural constraints</i> (voluntary for MS) (Arts. 48 and 49);</p> <p>and 7) <i>Coupled support</i>, granted in respect of certain areas or types of farming for socio-economic reasons (voluntary for MS) (Arts. 52 to 55);</p> <p>8) <i>Specific cotton provisions</i>, for producing MS (Arts. 56 to 60 and 66).</p>	<p>(compulsory for MS). No support provisions concerning the Single Area Payment Scheme (SAPS) in the new CAP (Arts. 17 to 25; Recitals 26 to 28);</p> <p>2) The <i>complementary redistributive income support for sustainability</i> (mandatory for MS) (Art. 26; Recital 29);</p> <p>3) The <i>complementary income support for young farmers</i> (voluntary for MS) (Art. 27; Recitals 10, 30, 42 and 43);</p> <p>4) The <i>schemes for the climate and the environment</i> (mandatory for MS) (Art. 28; Recital 31);</p> <p>Removed. No provisions. Voluntary payment currently only chosen by one MS. Areas facing natural constraints support would be exclusively focused within Pillar 2 (see Art. 66).</p> <p><u>Two coupled direct payments</u></p> <p>5) <i>Coupled income support</i> (voluntary for MS) (Arts. 29 to 33; Recitals 32 and 33);</p> <p>6) <i>Crop-specific payment for cotton</i> (compulsory for MS producers: Bulgaria, Greece, Portugal and Spain) (Arts. 34 to 38; Recital 34).</p> <p>The MS concerned can decide not to apply decoupled payments' provisions to the outermost regions and to the smaller Aegean Islands (Arts. 16(3) and 135, Recitals 73 and 74) (see also DASHBOARD 6).</p> <p>MS should set a maximum amount of support per unit or a percentage of variation for the decoupled direct payments and coupled income support (Art. 89(1)(a)).</p> <p><u>EP POSITION:</u> The EP stressed the importance of maintaining specific support for farms in less-favoured areas (Points 43 and 87 of Resolution of 30.5.2018). See also Points M, O, W, 52 and 57.</p>
<p style="text-align: center;">9. REDISTRIBUTION OF DIRECT SUPPORT</p>	<p>Regulation (EU) No 1307/2013.</p> <p>Art. 11. Reduction of payments ('capping').</p>	<p>Title III. Chapter II. Types of interventions in the form of direct payments. Arts. 15 and 26. The Commission looks set to introduce a <u>compulsory ceiling on direct payments at EUR 100 000</u> per beneficiary per year (taking labour costs into account), while support will be <u>reduced as of EUR 60 000</u> to ensure a more balanced distribution of farming income across the EU.</p> <p>- Article 15 (& Recital 25). <i>Reduction of payments</i> (from EUR 60 000) and 'capping' (at EUR 100 000). Mandatory provision for MS and it would be applied</p>

9. REDISTRIBUTION OF DIRECT SUPPORT

A mandatory *capping* of direct payments exists, to be granted to a farmer by at least 5% for the part of the amount exceeding EUR 150 000. Only applies to greening payment is exempt. Salary costs and social contributions for farm workers may be deducted before reduction of payments is applied.

MS making use of the redistributive payment may be exempted from capping.

For 2015, the product of the reduction of payments amounted to €98 million, and in 2016 to €79 million, representing only 0.36% of the basic payment expenditure.

Arts. 41 and 42. Redistributive payment. Currently it is an optional alternative to mandatory '*capping*' of direct payments.

MS have the right to use the redistributive payment for the first hectares whereby they can take up to 30% of the national allocation and redistribute it to farmers on their first 30 hectares (or up to the average farm size if greater than 30 hectares).

to all DP support, including coupled payments and eco-scheme payments.

MS would reduce direct payments over EUR 60 000 as follows:

- . by at least 25% for the tranche between EUR 60 000 and EUR 75 000;
- . by at least 50% for the tranche between EUR 75 000 and EUR 90 000;
- . by at least 75% for the tranche between EUR 90 000 and EUR 100 000;
- . by 100% for the amount exceeding EUR 100 000 ('*capping*') (**Art. 15(1)**).

MS have to subtract salaries and other direct and indirect labour costs from the amount of direct payments to be granted to a farmer (**Art. 15(2)**).

Money saved would remain in MS. It would be used to contribute to the financing of the complementary redistributive income support (up to a maximum amount per hectare) and/or Rural Development measures.

See financial rules related to the transfers according to **Art. 15: Arts. 81, 82(2), 83(4) and 86(6)**.

See also Art. 60 HZR (**DASHBOARD 2**): Circumvention clause preventing possible artificial division of holdings in order to avoid the '*capping*'. However, a specific provision could be added in the CAPR (following current Art. 11(4) of Regulation (EU) No 1307/2013).

- **Article 26 (& Recital 29)**. *Complementary redistributive income support for sustainability* (compulsory for MS).

Additional amount per hectare not exceeding the national average from bigger to smaller and medium-sized farms. MS would establish the amount per hectare, or different amounts for different ranges of hectares, as well as the maximum number of hectares per farmer for which the redistributive income support would be paid (**Art. 26(3)**).

COMMENTS: The redistribution of direct support was a contentious element in the 2013 CAP reform debates. All signs suggest that the current Commission proposal for mandatory reduction of direct payments will be equally highly contentious. Many MS are reluctant to apply reductions to all direct payments making less attractive for farmers to adhere to voluntary measures.

However, the new CAP redistributive provisions are not likely to release significant amounts of funding, in particular whether salaries and other implicit costs of labour can be deducted from the payment before the cap is applied. In addition, deduction of salaries and labour costs would lead to significant administrative burden and, seeing the average standard salaries vary significantly between MS, the **Art. 15(2)** provisions might cause unequal treatment of farmers.

It should also be noted that the principle of this provision is in contradiction with the levelling of

<p>9. REDISTRIBUTION OF DIRECT SUPPORT</p>		<p>direct payments amounts per hectare via compulsory convergence mechanism (Art. 20 below).</p> <p>As a technical suggestion, current Art. 11(5) of Regulation (EU) No 1307/2013 allows MS to apply the payments' reduction at the level of the members of legal persons or groups under certain conditions. This provision could be reinserted.</p> <p><u>EP POSITION:</u> The EP's Plenary supported a compulsory redistributive higher support rate for the first hectares of a holding and stressed that support for larger farms should be degressive with mandatory capping to be decided at European level (Points 52, 64 and 70 of Resolution of 30.5.2018).</p>
<p>10. DP - BASIC INCOME SUPPORT</p>	<p>Regulation (EU) No 1307/2013. Arts. 21 to 35. Basic payment scheme</p> <p>Arts. 21 to 24. General rules of payment entitlements.</p> <p>Arts. 25, 26, 29, 32 and 33. Value and activation of payment entitlements and convergence</p>	<p>Title III, Chapter II, Arts. 17 to 25. <i>Basic income support for sustainability.</i></p> <p>In order to guarantee a minimum level of agricultural income support for all genuine farmers, as well as to comply with the Treaty objective in ensuring a fair standard of living for the agricultural community, an annual area-based decoupled payment should be established. A '<i>basic income support for sustainability</i>' per eligible hectare would replace the current '<i>basic payment scheme</i>'.</p> <p>The new basic income support should be paid as two forms:</p> <ol style="list-style-type: none"> 1) a <i>uniform amount per hectare</i>; or 2) an <i>individual entitlement</i> (basic payment + greening) (optional for MS). <p>- Arts. 17 to 19 (& Recital 26). <i>General rules.</i> The new basic income support should be paid as a unitary amount per hectare (Art. 18(1)). However, the payment's amounts can be differentiated, by groups of territories, based on socio-economic and/or agronomic conditions (Art. 18(2)). It remains unclear if this provision includes an 'administrative region'.</p> <p>Current Art. 24(6) of Regulation (EU) No 1307/2013 gives to MS the option to apply a reduction coefficient to the basic income support in areas with difficult climate conditions and other natural constraints. This provision could be reintroduced in order to clarify this issue.</p> <p>MS can also <u>choose to implement this support based on payment entitlements</u> (Art. 19). The (possible) removal of entitlements would be an important source of reduction of administrative burden for farmers and administrations, but it remains optional.</p> <p>See also Art. 71 of new HZR (DASHBOARD 2) concerning the system for the identification and registration of payment entitlements.</p> <p>- Arts. 20 and 21 (& Recitals 26 and 48). <i>Value and activation of payment entitlements and convergence.</i> The value of payment entitlements before any further convergence should be proportional to their value as established under the current basic payment schemes, <u>taking also</u></p>

<p style="text-align: center;">10. DP</p> <p style="text-align: center;">-</p> <p style="text-align: center;">BASIC INCOME SUPPORT (INCLUDING CURRENT SFS AND SAPS)</p>	<p>. Arts 30 and 31. National and regional reserves</p> <p>. Art. 34. Transfer of payment entitlements</p> <p>. Art. 35. Delegated powers.</p> <p>Arts. 36 to 40. Single area payment scheme (SAPS).</p> <p>Arts. 61 to 65. Small farmers scheme (SFS). MS may adopt a <i>simplified scheme for small farmers</i> if an annual payment of up to EUR 1 250 is made, irrespective of farm size. Participants are subject to less stringent <i>cross-compliance</i> requirements and do not have to meet <i>greening</i> requirements. The total cost of the small farmers' scheme may not account for more than 10% of the national funding allocation, except when MS decide to ensure that small farmers receive what they would have been paid without this scheme. Generally, direct payments are not granted where the amount of direct payments would be less than an amount fixed by Member States between EUR 100 and EUR 500 and/or where the claimed eligible area is less than an area ranging from 0.3 hectare to 5 hectare.</p>	<p><u>account the payments for agricultural practices beneficial for the climate and the environment (Art. 20(1))</u>. MS should achieve further convergence in order to continue to move progressively away from historical values. MS should establish <u>maximum value for payment entitlement by 2026 at least</u>. MS should also ensure that <u>by 2026 at latest all payment entitlements would be 75% of the average unit amount</u> for the basic income support (Art. 20(4) and (5)). MS could limit the loss to any individual farmer's support between 2011 and 2027 resulting from the internal convergence process to a <u>maximum of 30%</u> (Art. 20(7)).</p> <p>- Art. 22 (& Recital 27). <i>Reserves for payment entitlements</i>. When providing decoupled support based on the system of payment entitlements, MS should continue to manage a national reserve or reserves per groups of territories. Such reserves should be used, as a matter of priority, for young farmers and new entrants (Art. 22(4)). This provision is simplifying the (extended) priorities of current Art. 30(7). Some of them could be reintroduced into Art. 22(4) as national / regional options.</p> <p>- Art. 24 (& Recital 27). <i>Transfers of payment entitlements</i>. Similar provisions in current Regulation (EU) No 1307/2013. Except in the case of inheritance, payments entitlements should only be transferred to a '<i>genuine farmer</i>' (Art. 24(1)). Where MS decide to differentiate the basic support, entitlements should only be transferred within the group of territories concerned (Art. 24(2)).</p> <p>- Art. 23. <i>Delegated powers</i>.</p> <p>No provisions on SAPS.</p> <p>- Article 25 (& Recital 28). <i>Round sum payment for small farmers</i>. MS should have the <u>option</u> of offering to small farmers the possibility of replacing the other direct payments by providing a <i>round sum payment</i>. The characteristics of this scheme would be fully designed by MS and incorporated into the CAP Strategic Plan. On this basis, it is up to each individual country to define how to classify '<i>small farmers</i>'. New '<i>conditionality rules</i>' would be applied. Finally, this new scheme would not have a financial ceiling (the budgetary allocation in CAP Strategic Plan would be based on an estimated number of applicants).</p> <p>COMMENTS and EP POSITION: Seven Member States have reiterated their demands to equalise the direct payments amounts received by EU farmers. However, another coalition of eight MS are simultaneously against a greater harmonisation of farm payments across the EU suggesting that differences in labour costs, agronomic conditions and land prices should be taken into account. The European Parliament has stressed that an increased convergence of the amount of direct payments between MS could only</p>
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		<p>be achieved if the agricultural budget was adequately increased (Points 66 and 67 of Resolution of 30.5.2018).</p> <p>Furthermore, the EP requested the preservation of the simplified <i>Small Farmers Scheme</i> (Points 23, 24, and 54 of Resolution of 30.5.2018) and the SAPS beyond 2020 (Point 58 of Resolution of 30.5.2018). The new scheme would be more targeted (beneficiaries must be 'genuine' farmers) but doubts remain as to the simplification: MS would define eligibility conditions for the round-sum.</p> <p>MEPs also suggested the repeal of historic references, the payments entitlements and its treatment as tradable commodities (Points 57, 59 and 60 of Resolution of 30.5.2018).</p>
<p style="text-align: center;">11. DP</p> <p style="text-align: center;">-</p> <p style="text-align: center;">YOUNG FARMERS' SUPPORT</p>	<p>Regulation (EU) No 1307/2013.</p> <p>Arts. 50 and 51. Payment for young farmers.</p> <p>MS <u>are currently obliged</u> to offer top-up aids to new young farmers (under the age of 40). <u>Up to 2%</u> of national DP envelope can be used to finance these extra payments. The number of hectares eligible for these payments must be between 25 ha and 90 ha per farm.</p>	<p>- Art. 27 (& Recitals 10 and 30). <i>Complementary income support for young farmers.</i></p> <p>Generational renewal is among the nine EU-wide objectives underpinning the revamped policy framework (Art. 6).</p> <p>The so-called '<i>complementary income support payment for young farmers</i>' would be <u>voluntary for MS</u> (it is currently compulsory, including a maximum share of national DP envelope). This direct support would be provided to young farmers who had newly set up for the first time in the form of an annual and decoupled payment per eligible hectare (Art. 27(3)). Eligibility criteria have been simplified and the limits of hectares for these payments are not mentioned again. In contrast, new training requirements and some conditions for the head of holding have been added (Art. 4(1)(e)).</p> <p><u>At least 2%</u> of national DP envelope should be allocated to the '<i>complementary income support for young farmers</i>' (Art. 27(2)). MS can use this amount to finance an increased '<i>installation allowance</i>' for young farmers and rural business start-ups of up to EUR 100 000 (Art. 69(4)).</p> <p>On this basis, the new schemes related to young farmers have specific financial provisions (Arts. 86(4) and Annex X). Annex X sets out the <u>minimum amount</u> to be reserved for contributing to the specific objective '<i>attract young farmers and facilitate business development</i>' as a whole (including direct payments and rural development interventions) (Art. 86(4)).</p> <p>COMMENTS: In addition to the voluntary approach proposed, the '<i>complementary income support for young farmers</i>' contains room for flexibility for MS to establish the eligibility criteria. It can indeed be derived that the success or the failure of this scheme will be in the hands of the MS. In contrast, the available budget is increased but it could also be a deterrent for the implementation at national level.</p> <p>EP POSITION: The EP supported a comprehensive approach addressed to generational renewal objectives, including an additional payment for young farmers under Pillar 1 and measures to help</p>

		young farmers get set up under Pillar 2 (Points 71, 72, 75, 76 and 77 of Resolution of 30.5.2018).
<p style="text-align: center;">12. DP</p> <p style="text-align: center;">-</p> <p style="text-align: center;">ECO-SCHEMES FOR THE CLIMATE AND THE ENVIRONMENT</p> <p style="text-align: center;">-</p> <p style="text-align: center;">(GREENING DIRECT SUPPORT)</p>	<p>Regulation (EU) No 1307/2013, Title III, Chapter 3, Arts. 43 to 47, Annexes IX and X. Payment for agricultural practices beneficial for the climate and the environment (<i>'Greening payment'</i>). 30% of each farmer's entitlement is paid dependent on compliance with land management requirements (crop diversification; permanent grassland; and/or ecological focus areas - EFAs).</p> <p>Certain national measures can be approved as <i>'equivalent'</i> in terms environmental benefit. Organic producers and small farmers are exempted from <i>'greening'</i> requirements.</p>	<p>- Art. 28 (& Recital 31). Schemes for the climate and the environment.</p> <p>As mentioned above, the <u>future CAP green architecture</u> would be based on:</p> <ul style="list-style-type: none"> . the <i>conditionality framework</i> (mandatory for CAP support beneficiaries) (Arts 11 and 12); . <u>the eco-schemes funded by the EAGF</u> (Arts. 14(d), 28 and 87(2)(b)) (mandatory for MS, voluntary for farmers); and . the <i>environmental and climate management commitments</i> funded by the EAFRD (Arts. 64(a) and (c), 65, 67, 86(2) and 87(2)(c)) (mandatory for MS and voluntary for farmers). <p>In addition, 40% for expenditure under the income support schemes and for natural constraints should also aim to strengthen climate change action (Arts. 66 and 87(2)(a) and (d)).</p> <p>Under Art. 28 of the draft legislation, the Commission proposes mandatory eco-schemes in order to strengthen agricultural practices beneficial to environment and climate. Support for eco-schemes should take the form of an annual payment for eligible hectare, voluntary for (genuine) farmers. Requirements and amount per hectare should be determined by MS.</p> <p>These measures would be beyond the conditionality requirements (Art. 28(5)(a)) as well as the maintenance of agricultural land (Art. 28(5)(c)). The eco-schemes should also be different from other relevant environmental interventions of Pillar 2 (Art. 28(5)(d) - see also Art. 65(5)(d)). They could include <i>'entry-level schemes'</i> which might be a condition for taking up more ambitious rural development commitments.</p> <p>The eco-schemes should be defined by the MS as:</p> <ol style="list-style-type: none"> 1) a top-up to the basic income payment, granted either for <u>incentivising and remunerating the provision of public goods</u> by agricultural practices beneficial to the environment and climate; or 2) a <u>compensation</u> for all or part of additional costs incurred and income foregone.. <p>COMMENTS: From a general point of view, some doubts remain about whether the environmental objectives will be enhanced within each national plan. In addition, the maintenance of two pillars makes confusing the implementing measures of the greening direct support and the eco-schemes of rural development policy (despite the safeguards contained in Arts. 28(5)(d), 65(5) and 87(2)). Art. 28(1) could include a specific reference to groups of farmers, in line with current practices under the Pillar 2. Finally, it should be noted that organic farming would lose its privileged position (automatic</p>

		<p>exemptions) within the future greening direct support.</p> <p><u>EP POSITION:</u> The EP proposed a new form of greening in Pillar 1 accompanied by significant, coordinated and more efficient means in Pillar 2 (Points 94, 97, 98, 99, 100, 103 and 186 of Resolution of 30.5.2018)</p>
<p>13. DP - COUPLED SUPPORT</p>	<p>Regulation (EU) No 1307/2013.</p> <p>Arts. 52 to 55. Voluntary coupled support. For all CAP products other than tobacco. In general, a maximum of <u>13% of Pillar 1 envelope</u> may be allocated, <u>plus additional 2%</u> for protein crops. Some MS had the right to increase the ceiling.</p> <p>Arts. 56 to 60 and 66. Specific cotton provisions. Art. 58 establishes the base areas, fixed yields and reference amounts.</p>	<p>- Arts. 29 to 33 and 86(5) (& Recitals 32, 33 and 51). <i>Coupled income support.</i> Optional payments to 'genuine farmers' largely retained as at present (Art. 29). MS should use <u>10% of their financial ceiling (Annex VII)</u>, for coupled income support (to be granted to the productions listed in Art. 30 (including non-food biofuel / biomass crops). MS should add <u>2% of financial ceiling</u> available to direct payments to support protein crops production in order to reduce the UE's deficit in this regards. By way of derogation, some MS that used more than 13% of their national ceiling could decide to use more than 10% of ceiling of Annex VII. See financial provisions of Art. 86(5).</p> <p>. Art. 31. Eligibility conditions to be defined by the MS.</p> <p>. Art. 32. Measures to avoid beneficiaries of coupled support suffering from structural market imbalances. The Commission is empowered to adopt delegated acts to deal with such situations.</p> <p>. Art. 33. Compliance of coupled payments with the Union's international commitments should be ensured, in particular the requirements of the Memorandum of Understanding between the EU and the USA on oilseeds within the framework of the GATT.</p> <p>MS should set a maximum amount of support per unit or a percentage of variation for the coupled income support (Art. 89(1)(a)).</p> <p>- Arts. 34 to 38 and Annex VI (& Recital 34). <i>Crop-specific payment for cotton.</i> It remains compulsory for MS producers: Bulgaria, Greece, Portugal and Spain. The national base areas as well as the fixed yields remain unchanged (Art. 36(1)), but the amount of this crop-specific payment per hectare decreases (Art. 36(3)). Consequently, the MS allocations for cotton are reduced (in current prices) (Art. 81(1), second paragraph, and Annex VI).</p> <p><u>COMMENTS:</u> Twenty-seven MS have implemented coupled payments for about 10% of the total direct support envelope. According to this precedent as well as to the marge of manoeuvre for using <i>Amber Box</i> measures, it is hard to understand why the EC advocates reducing the financial ceiling of coupled support. One possible option could be to merge the coupled support ceiling (Art. 86(5)) and the sectorial envelopes, wholly (Art. 82) or partially (Art. 82(6)), in order to increase the available budget for sectors and, indirectly, to reinforce the MS room of manoeuvre.</p> <p>On the other hand, the conditions to apply to this support (amount per hectare or per head;</p>

<p style="text-align: center;">13. DP - COUPLED SUPPORT</p>		<p>environmental restrictions; possible limits per beneficiary) should be explicitly developed within the basic act (CAPR). In particular, the measures to avoid beneficiaries of coupled support suffering from structural market imbalances, to be defined by means of delegated acts (Art. 32), would need more details within the CAPR.</p> <p>EP POSITION: The EP called for coupled payments, to be limited per hectare and beneficiary to the equivalent of twice the average of EU direct payments per hectare, in order to prevent distortion of competition (Points 69 and 70 of Resolution of 30.5.2018).</p>
<p style="text-align: center;">14. SECTORIAL PROGRAMMES (TRANSFERRED FROM CMO REGULATION)</p>	<p>Regulation (EU) No 1308/2013, Part II, Title I, Chapter II, Sections 2 to 6, Arts 29 to 60: Aid schemes.</p>	<p>Title III, Chapter III, Articles 39 to 63. Sectoral interventions (current Arts. 29 to 60 CMO) removed and transferred to in CAP Plan Regulation. See Recitals 3, 7 and 37 of COM (2018) 394 (DASHBOARD 3). The EAGF should continue financing current Operational Programmes to be covered within national CAP Strategic Plans, compulsory in some sectors, optional in others (Art. 40). Essential elements of current sectorial programmes remain largely unchanged within CAPR. However, these schemes could be extended to new sectors. Where MS introduce support for 'other sectorial interventions' in their CAP Strategic Plans (Arts. 59 to 63), the corresponding financial allocation will be deducted from the direct payments allocations of the MS in order to remain financially neutral. Art. 82, and Annexes V and VIII, provide the financial rules for these types of sectorial interventions. Table 3.4 (above) summarises the EAGF allocations for sectorial interventions.</p> <p>- Section 1, Arts. 39 to 41 I(& Recital 35). General provisions.</p> <ul style="list-style-type: none"> . Art. 39 (& Recital 35). Scope. The current schemes are (optionally) extended to 'other sectors' (Art. 30(f)). This new provision is developed in Arts. 59 to 63 and it includes olive oil, table olives and hops in other MS who have not implemented these programmes in the past. . Art. 40 (& Recital 35). Mandatory and optional sectorial types of interventions. The nature of the interventions could be different: mandatory in F & V, apiculture and wine; sectors (Art. 40(1) and (2)); optional in hops, olive oil, table olive and new sectors (Art. 40(3)). Germany for hops sector, and France, Greece and Italy for olive oil sector (Art. 40(4) and (5)) may opt for organising their sectors under 'other sectors' schemes (Art. 39(f)) instead of the specific ones. This implies to copy the F & V programming model. Furthermore, only hops and olive oil sectors' envelopes may be transferred to in direct payments envelopes (Art. 82(5)). . Art. 41. Delegated powers for additional requirements. This provision seems too vague (i.e. 'ensuring the proper functioning of sectorial

14. SECTORIAL PROGRAMMES (TRANSFERRED FROM CMO REGULATION)

- Section 3, Arts. 32 to 38. Aid in the Fruit and vegetables sector.

Operational Programmes managed by fruit and vegetable producer organisations (POs). POs may draw up these programmes lasting 3-5 years financed by contributions from MS (50%) and Pillar 1 budget (50%). Operational programmes had at least two of the objectives referred to Art. 33.

- Section 5, Arts. 55 to 57. Aid in the apiculture sector. Optional national programmes lasting three years to cover objectives listed in Art. 55 (4). Cofinancing rate of 50%.

- Section 4, Arts. 39 to 54 and Annex VI. Support programmes in the wine sector. Optional national support programmes, partly funded from Pillar 1 budget. Eligible measures listed in Art. 43.

types interventions') (**Art. 41(a)**). Some elements could be developed within the basic act (CAPR) (i.e. the basis for calculation of Union financial assistance and/or the calculation of the value of marketed production of Art. 46(2)) (**Art. 41(b)**).

- **Section 2, Arts. 42 to 47 (& Recitals 35 and 36). The Fruit & Vegetables sector.** Mandatory Operational Programmes to be integrated into each national CAP Strategic Plan. All sectoral objectives of **Art. 42** shall be linked to specific CAP objectives (**Art. 6(1)**). However, MS shall choose one or more of the types of interventions listed in **Art. 43** in order to pursue the objectives referred in Art. 42.

Status quo in general but with some novelties:

. **Art. 42 (h):** New objective is added: increasing consumption in a fresh or processed form; it should be useful to insert a reference to *food waste* as indicated in **Art. 6(1)(i)**.

. **Art. 44(7)** lays down new spending requirements on F & V operational programmes: at least 20% of expenditure to be linked to environmental and climate action; at least 5% of expenditure to be devoted to research and development of sustainable methods. *Status quo* on provisions related to crisis and prevention and risk management (no more than one third of the expenditure) (**Art. 44(7)(c)**).

. **Art. 46.** UE financial assistance is increased. in the case of associations of PO (5% VMP - **Art. 46 (2), second paragraph (b)**) and in the case of transnational producer organisations and associations of PO (5,5% VMP - **Art. 46 (2), second paragraph (c)**).

- **Section 3, Arts. 48 to 50 (& Recitals 35 and 36). The apiculture sector.** Seven-years national programmes mandatory for MS. Funds per MS are set out in **Annex VIII** (following **Art. 82 (2)**). To be financed within Pillar 1 (EAGF). Allocation is increased (EUR 60 million/year). National financial assistance is reinforced and can exceed 50% of the expenditure (**Art. 49(4)**). Reporting obligation concerning the apiculture sector has been removed (**Art. 225 (a) of new CMO**).

- **Section 4, Arts. 51 to 54 (& Recitals 35 and 36). The wine sector.** Operational programmes mandatory for all wine-producing MS to be financed within Pillar 1 (by EAGF). Current Annex VI (budgetary limits for wine support programmes) is removed. See **Art. 82 (1) and Annex V** related to the financial assistance for interventions in wine sector.

Status quo in general related to the scope of specific interventions (**Art. 52**). Main novelties:

. **Art. 51.** Broader set of objectives linked to CAP specific objectives (**Art. 6(1)**) to be chosen by MS. Sustainable production requirements are emphasised (**Art. 51(a) and (b)**) - linked to **Art. 54(4)**. In order to clarify the content of this provision it could be considered to include some definitions such as '*wine grower*'/'*wine producer*',

14. SECTORIAL PROGRAMMES (TRANSFERRED FROM CMO REGULATION)

- **Section 6, Arts. 58 to 60. Aid in the hops sector.** Aid to German POs.

- **Section 2, Arts. 29 to 31. Aid in the olive oil and table olives sector.** Optional Operational Programmes managed by recognised olive oil producer organisations (POs). PO's work programmes of Greece, France and Italy covering three years and cofinanced by EU budget. Support capped at maximum 75% of eligible cost.

currently laid down in a delegated act (Regulation (EU) No 2018/273) (see **Box 1**).

. **Art. 52.** Summary (very general) of types of interventions (currently developed in Arts. 43 to 52 of CMO) in order to provide maximum flexibility to MS.. As novelties, it includes a new action consisting of technical files responding to third country requirements to facilitate market access (**Art. 52(h)(vi)**).

. **Art. 53.** Financial provisions of interventions of **Art. 52.** Substance of **Art. 53(1)**, related to restructuring and conversion of vineyards, is similar to Art. 46(6) of OCM (Union contribution not exceeding 50% in general and 75% in less developed regions). It could be considered to increase the EU financial assistance in line with **Art. 68(4)** of EAFRD investments (support to the maximum rate of 75% of the eligible costs) (see **Section 17** below). The same approach could be adopted in order to reinforce the financial assistance for investments in general (**Art. 53(2)**) and for innovation (**Art. 53(5)**).

. **Art. 54.** As novelty, MS shall set a minimum percentage of expenditure for actions aimed at protection of the environment, adaption to climate change and improving sustainability of production systems (**Art. 54(4)**). This percentage remains undetermined: it could be considered to define this percentage and to include it in **Art. 87** (see **Section 23** below - Financial provision of CAP Plan).

- **Section 5, Art. 55 (& Recitals 35 & 36). The hops sector.** Only for POs of Germany. See also **Art. 82 (3)** (financial allocation). *Status quo*.

- **Section 6, Arts 56 to 58 (& Recitals 35 and 36). The olive oil and table olives sector.** Optional Operational programmes as part of CAP Strategic Plans of Greece, France and Italy (**Art. 82(4)**). Scope of scheme enlarged including new crisis prevention (**Art. 56(f)**). Possible new objectives to be added to **Art. 56**: developing local oil varieties; promoting access to new markets; replanting of orchards. Types of interventions are aligned with interventions for 'other sectors' (**Art. 57(1)**).

As usual, support capped at maximum 75% of eligible cost (*status quo*) excepting new measures related to crisis prevention and management (50%) (**Art. 58**). Where a Member State would choose not to implement sectoral interventions for olive oil, the related allocations for that MS (**Art. 82(4)**) should be made available as additional allocations for direct payments.

- **New Section 7, Arts. 59 to 63 (& Recital 36). Other sectors.** Extension of the possibility to initiate operational programmes to other agricultural sectors excluding ethyl alcohol or tobacco. Up to 3% of DP of

14. SECTORIAL PROGRAMMES (TRANSFERRED FROM CMO REGULATION)

Annex IV (see **Art. 82(6)**). Limited to 5% of the value of marketed production (VMP) of each OP.

. **Art. 59**. Broader set of objectives linked to CAP specific objectives (**Art. 6(1)**) to be chosen by MS. Possible adjustments to be considered such as additional specific objectives linked to animal sectors: i.e. animal diseases control, prevention of predators' attacks (and compensating of losses caused), and/or reduction of use of antimicrobial substances.

. **Art. 60**. One or more interventions to be chosen among the actions listed in **Art. 60(1)**). As regards the crisis prevention objective (**Art. 59(h)**) one or more interventions to be chosen among the list of **Art. 60(2)**.

. **Arts 61 and 62**. Sectorial interventions have currently different schemes / approaches: *PO and operational programmes* (F & V and olive oil model) and *national programmes* (apiculture and wine model). However, new sectorial interventions (*other sectors*) will have to implement through F & V model (PO - APOs, operational programmes and operational funds) (**Arts. 61 and 62**). In fact, the level of development of PO in MS is very different. Furthermore, other types of organisations are consolidated at sectorial level. As conclusion, MS would have to choose the future organising model of new sectorial interventions (including, as examples, cooperatives (no-OP) or interbranch organisations).

GENERAL COMMENTS: The EU financial assistance for sectorial interventions is reduced by 3.9% in general excepting the apiculture sector (+70%) and the fruit and vegetable sector (based on the evolution assumed of the value of marketed production of producer organisations, +2.6%) (see **Art. 82 and Annexes V and VIII** as well as **Table 3.4**). The sectorial support seems very limited, in particular the funding intending to cover '*other sectors*'. One possible option could be to merge the coupled support ceiling (**Art. 86(5)**) and the sectorial envelopes, wholly (**Art. 82**) or partially (**Art. 82(6)**), in order to increase the available budget for sectors and, indirectly, to reinforce the MS room of manoeuvre.

Detailed transitional rules for existing programmes (to be completed beyond 2021) would be needed in the basic act instead of a delegated act (as provided for in **Art. 141**). In addition, specific provisions are needed setting out the principles for demarcation between sectorial and rural development interventions in order to avoid overlapping and duplication of funding (only mentioned in **Art. 61(6)(c)** related to '*other sectors*').

EP POSITION: The EP called on the Commission to maintain compulsory sector programmes for producing countries (wine, fruit and vegetables, olive oil and apiculture) and to extent operational

<p style="text-align: center;">15. TYPES OF INTERVENTIONS FOR RURAL DEVELOPMENT (RD)</p>		<p>programmes to other sectors (Points S, 122 and 123 of Resolution of 30.5.2018).</p>
	<p>Regulation (EU) No 1305/2013, Title I, Arts. 4 and 5. Objectives and UE priorities for RD</p> <p>Title III, Arts. 13 to 50. Rural Development support</p> <p>Annexes I and II. Financial provisions.</p> <p>EU Rural development policy is currently based on: menu of interventions at EU level, national and/or regional programmes, EAFRD participation, cofinancing by MS.</p> <p>Arts. 4 and 5. Six key priority areas:</p> <ul style="list-style-type: none"> . fostering knowledge transfer and innovation; . enhancing competitiveness and farm viability; . promoting food chain organisation, processing and marketing, and risk management; . restoring, preserving and enhancing eco-systems; . promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture; . promoting social inclusion, poverty reduction and economic development in rural areas. <p>All those priorities have to contribute to the <i>cross-cutting objectives</i> of innovation, environment and climate change mitigation and adaptation. At <i>least four priorities</i> have to be taken in consideration by each national programme.</p> <p>Arts. 13 to 44. Rural Development support</p> <p>Arts. 45 to 50. Common provisions for several measures</p>	<p>Title III, Chapter IV, Articles 64 to 78. <i>Types of interventions.</i></p> <p>Title IV, Arts. 83 to 86 and Annexes IX and IXa. <i>Financial provisions.</i></p> <p>The key elements of the current rural development policy remain unchanged: decentralised approach, national and/or regional multiannual programming, EU funding (EAFRD) cofinanced by MS. The CAPR recognises ample discretion to MS in order to choose the menu of interventions. However, the programmed rural development interventions are incorporated into the CAP Strategic Plans using an integrated approach with direct payments (new governance of delivery model). On the other hand, the types of interventions is simplified (Art. 64).</p> <p>Art. 64 (& Recital 37). <i>Types of interventions for rural development.</i> The new structure of rural development interventions covers <u>eight policy measures</u>:</p> <ul style="list-style-type: none"> . environmental, climate and other management commitments (Arts. 64(a) and 65; Recitals 37, 38 and 39); . natural or other area-specific constraints (Arts. 64(b) and 66; Recital 40); . Area-specific disadvantages resulting from certain mandatory requirements (Arts. 64(c) and 67; Recital 40); . investments (Arts. 64(d) and 68; Recitals 39 and 41); . installation of young farmers and rural business start-up (Arts. 64(e) and 69; Recital 42); . risk management tools (Arts. 64(f) and 70; Recital 44); . cooperation (Arts. 64(g) and 71; Recital 45); . knowledge exchange and information (Arts. 64(h) and 72; Recital 46). <p>Despite the number of policy fields is increased, the list of <u>specific measures</u> (currently developed in Arts 13 to 44 of Regulation (EU) No 1305/2013) is reduced. New Arts. 65 to 72 are much more general: as examples, organic farming, animal welfare, forestry measures, basic services in rural areas, farming diversification, producer organisations, local development (LEADER) and/or restoration investments lose their current particularity; and risk management provisions are fused into one. In addition, common elements applying to several</p>

15. TYPES OF INTERVENTIONS FOR RURAL DEVELOPMENT (RD)

types of interventions under the CAP Strategic Plans are simplified (**Arts. 73 to 78**) replacing the current rules of rural development policy (Arts. 45 to 50 of Regulation (EU) No 1305/2013). New provisions have been added concerning the use of *financial instruments* (**Art. 74 & Recital 42**), *InvestEU* tools (**Art. 75 & Recital 42**) and *simplified cost options* (**Art. 76**). By way of derogation of general rules, financial instruments can be used to finance *working capital*, standalone or as part an operation within the rural development policy (**Art. 74(3)**).

EP POSITION and COMMENTS: The EP underlined the importance of allocating a strong budget to Pillar II within the overall CAP budget (**Point 46 of Resolution of 30.5.2013**). However, the MFF / CAP proposals reduce drastically the EAFRD allocation (seeking 10 point reduction in EU co-financing rates - see **Arts. 83(1) and 85(2)**). The EP also called on the Commission to provide tools designed to increase the use of synergies between CAP and cohesion policy funding (**Points 12, 34 and 81 of Resolution of 30.5.2013**). However, CPR no longer covers EAFRD. Therefore, the common provisions / integrated approach that characterises the current cohesion policy will lose strength faced with the CAP Strategic Plans. Coordination, demarcation and complementarity with other European Structural and Investment Funds (ESIF) would be the sole responsibility of the CAPR. As examples, CAPR establishes the full alignment with CPR provisions on community-led local development - LEADER (**Art. 71**) as well as financial instruments (**Art. 74**).

The '*internal integrated approach*' of CAP Strategic Plans may cause the isolation of the EU agricultural action and the loss of the current synergies between the rural development policy and other policies and funds. The CAP post 2020 would therefore be characterised by a clear delimitation of tasks between EAFRD and ERDF (European Regional Development Fund):

- . Investments in large infrastructures, including for broadband, would be solely supported by ERDF, while the EAFRD would still support small infrastructures with a clear local / farming relevance (**Art. 68(3)(g)**);
- . Business development in rural areas would move to the ERDF, except where it was linked to rural business start-up (**Art. 69**);
- . In rural areas, nature conservation action (*Natura 2000*) would be dealt with exclusively by EAFRD - **Art. 67**). However, to avoid gaps the ERDF would still be able to finance this outside rural areas (and notably in peri-urban areas).

About the EP positions see also **Points AV, AX, 38, 45 and 110** (general RD issues), **27 and 51** (RD budget), **78, 82, 89 and 113** (smart villages), **84, 79 and 88** (financial instruments) **of Resolution of 30.5.2018**.

16. RD
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ENVIRONMENT
AND CLIMATE
INTERVENTIONS

Regulation (EU) No 1305/2013, Title III, Arts. 28 (agri-environment-climate), **29** (organic farming), **30** (Natura 2000 and Water Framework Directive payments), **33** (animal welfare) **and 34** (forest-environmental and climate services and forest conservation).

Annex II. Amounts and support rates.

Arts. 28 (Agri-environment-climate), **29** (organic farming), **33** (animal welfare) **and 34** (forest-environmental and climate services and forest conservation)

Art. 30. Natura 2000 and Water Framework Directive payments,

Title III, Chapter IV, Article 65 (& Recitals 37, 38 and 39). *Environmental, climate and other management commitments. Art. 67 (& Recital 40).* *Area-specific disadvantages resulting from certain mandatory requirements.*

As mentioned above (**Sections 6 and 12**), the future CAP green architecture would be based on:

- . the *conditionality framework* (mandatory for CAP support beneficiaries) (**Arts 11 and 12**);
- . the *eco-schemes* funded by the EAGF (**Art. 14(d), 28 and 87(2)(b)**) (mandatory for MS, voluntary for farmers); and
- . the *environmental and climate management commitments* funded by the EAFRD (**Art. 64(a) and (c), Arts. 65, 67, 86(2) and 87(2)(c)**) (mandatory for MS and voluntary for farmers).

In addition, 40% for expenditure under the income support schemes and for natural constraints should also aim to strengthen climate change action (**Art. 87(2)(a) and (d)**).

MS may also decide in their CAP Strategic Plan to use a certain share of the EAFRD allocation to leverage support and upscale integrated Strategic Nature Projects as defined under the LIFE Regulation (**Art. 86(7)**).

Finally, a performance bonus (equal to 5% of the MS amount of **Annex IX**) may be attributed to MS in the year 2026 in order to enhance environmental and climate performance (**Arts. 123 and 124**).

- **Art. 65** establishes the EU support for management commitments in the environmental field. These commitments may include a long series of payments: i.e. organic farming premia, agro ecology support, agricultural conservation and/or integrated production support, forestry support, or animal welfare (see **Recital 38**). **Art. 65** incorporates the specific provisions on these issues of Regulation (EU) No 1305/2013 (Arts. 28, 29, 33 and 34).

The payments covering environmental commitments have to be different from eco-schemes of **Art. 28** and/or must go beyond basic conditionality requirements (**Art. 65(5)**). Commitments should be undertaken for a period of five to seven years (**Art. 65(8)**).

MS should set a maximum amount of support per unit or a percentage of variation for the payments for management commitments (**Art. 89(1)(b)**).

- **Art. 67** (*area-specific disadvantages resulting from certain mandatory requirements*) would replace the current provisions of Art. 30 (Natura 2000 and Water Framework Directive payments). In fact, the scope for the scheme is enlarged: MS may grant compensatory payments for area-specific disadvantages imposed by any mandatory requirements resulting from the current environmental framework (Directives 92/43/EEC, 2000/60/EC and 2009/147/EC) that go beyond the relevant standards of GAEC and/or the SMR linked to the new conditionality scheme. It

<p style="text-align: center;">16. RD</p> <p style="text-align: center;">-</p> <p style="text-align: center;">ENVIRONMENT AND CLIMATE INTERVENTIONS</p>		<p>should be remarked the insertion of the 'river basin management plans'. MS should set a maximum amount of support per unit or a percentage of variation for the payments for area-specific disadvantages from certain mandatory requirements (Art. 89(1)(c)).</p> <p>It should be noted that the reference to SMR 2 in Art. 67(5) is a clear error already confirmed by the Commission (to be corrected in the course of the legislative procedure).</p> <p><u>COMMENTS:</u> The large range of interventions covered by environmental-climate measures (Art. 65), to be chosen by the MS, could undermine the most ambitious and effective actions in environmental terms. As example, MS can give priority to conservation practices or integrated production schemes at the expense of organic farming.</p> <p><u>EP POSITION:</u> The EP's Plenary called for better policy coordination between the CAP and Directives 2000/60/EC, 91/676/EEC and Regulation (EC) No 1107/2009 as a means to achieving the sustainable protection of water resources (Point 35 of Resolution of 30.5.2018). MEPs also proposed a new form of greening accompanied by significant and coordinated means in Pillar 2 through targeted investments (Point 98 of Resolution of 30.5.2018). Furthermore, the EP stressed that the Commission should continue to ensure the strict enforcement of EU animal welfare legislation (Points 180 and 181 of Resolution of 30.5.2018). See also Points BJ, BO, 38, 47, 93, 94, 102, 103, 104 and 186 of Resolution of 30.5.2018.</p>
<p style="text-align: center;">17. RD</p> <p style="text-align: center;">-</p> <p style="text-align: center;">NATURAL OR OTHER AREA-SPECIFIC CONSTRAINTS</p>	<p>Regulation (EU) No 1305/2013, Title III, Arts. 31 and 32. Payments to areas facing natural or other specific constraints.</p> <p>Annex II. Amounts and support rates.</p>	<p>Title III, Chapter IV, Article 66 (& Recital 40). <i>Natural or other area-specific constraints.</i></p> <p>As today, MS may grant compensatory payments to 'genuine farmers' in areas facing natural and other area-specific constraints. Eligible areas as established in 2018 will continue to apply as regards future payments (Art. 140 (1)). These areas benefit from an increase of EAFRD contribution rate (65%) (Art. 85(2)(c)). MS should set a maximum amount of support per unit or a percentage of variation for the payments for natural constraints (Art. 89(1)(c)).</p> <p><u>EP POSITION:</u> The EP insisted that special consideration should be granted to farmers who face extra costs owing to specific constraints and stressed the importance of maintaining specific compensatory support for farms in less-favoured areas (Points 43, 87, 101 and 182 of Resolution of 30.5.2018).</p>
<p style="text-align: center;">18. RD</p> <p style="text-align: center;">-</p> <p style="text-align: center;">INVESTMENTS</p>	<p>Regulation (EU) No 1305/2013, Title III., Art. 17 (investments in physical assets), Art. 18 (restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate</p>	<p>Title III, Chapter IV, Art. 68 (& Recitals 39, 41 and 50). Investments</p> <p>Art. 68 provides the EAFRD support for investments in general, productive as well non-productive, on farm as well as off-farm. However, investments in large infrastructures, including for broadband, would</p>

<p style="text-align: center;">18. RD - INVESTMENTS</p>	<p>prevention actions), Art. 20 (basic services and village renewal in rural areas), Art. 21 (investments in forest area development and improvement of the viability of forestry), Art. 22 (afforestation and creation of woodland), Art. 23 (establishment of agroforestry systems), 24 (prevention and restoration of damage to forests), Art. 25 (investments improving the resilience and environmental value of forest ecosystems), Art. 26 (investments in forestry technologies), Art. 45 (common provisions for investments) and Art. 46 (investments in irrigation).</p> <p>Annex II. Amounts and support rates.</p>	<p>be solely supported by the regional policy (ERDF) in the near future (see previous 'comments' - Section 15 Types of interventions of RD). Art. 68 recasts the specific investment provisions of Regulation (EU) No 1305/13 into one single item of legislation covering <u>only 7 fields</u> (instead of previous 13 investment's fields). The new scheme can cover, <i>inter alia</i>: investments in basic / local services in rural areas, land purchase for environmental conservation, agricultural and forestry infrastructures linked to the environmental and climate-related issues, land purchased by young farmers through the use of financial instruments, restoring investments following natural disasters and catastrophic events, or, last but not least, investments in irrigation respecting river basin management plans.</p> <p>In fact Art. 68(3) explicitly provides a negative list of (ineligible) investments from it can be (implicitly) inferred the potential expenditure supported by the EAFRD. <u>New features</u> are: a single support rate of 75% for productive investments; and the possibility of higher support rate for non-productive investment, basic services and forest-related investments.</p> <p><u>COMMENTS:</u> The EC is suggesting developing the new investments scheme in a delegated act (Art. 78(b)). Alternatively, the oversimplified text of Art. 68 could be improved including an indicative (positive) list of eligible investments based on the most common co-financed measures within the current rural development programmes. Furthermore, Art. 68 could explicitly mention topics particularly sensitive at present like the preventive / protective investments against large carnivores' attacks on livestock.</p> <p><u>EP POSITION:</u> The EP called on the Commission to introduce a multi-funded-investment approach in the post-2020 legislative period so as ensure the smooth implementation of the integrated rural development tools (Point 82 of Resolution of 30.5.2018). MEPS also proposed targeted tangible and intangible investments (Point 98 of Resolution of 30.5.2018) adding incentives for investment in environmental protection, biodiversity and resource-efficiency (Point 93 of Resolution of 30.5.2018).</p>
<p style="text-align: center;">19. RD - INSTALLATION OF YOUNG FARMERS</p>	<p>Regulation (EU) No 1305/2013, Title III., Art. 19. Farm and business development.</p> <p>Annex II. Amounts and support rates.</p> <p>MS may support business start-up for young farmers, non-agricultural activities in rural areas and the development of small farms. Support to young farmers is conditional on the submission of a business-plan.</p>	<p>Title III, Chapter IV, Art. 69 (& Recitals 42 and 43). Installation of young farmers and rural business start-up</p> <p>'Business development' in rural areas would move to the cohesion policy (ERDF), except where it was linked to rural business start-up. Future CAP Strategic Plans would continue the support for the setting up of new business and new farms in order to guarantee generation renewal and vibrant rural areas. The new scheme is simplified..</p> <p>In addition to 2% of annual direct payment's envelope (Art. 27(2)), MS can increase 'installation allowance' up to EUR 100 000 (Art. 69(4)). This grant support could be combined with financial</p>

<p style="text-align: center;">19. RD</p> <p style="text-align: center;">-</p> <p style="text-align: center;">INSTALLATION OF YOUNG FARMERS</p>		<p>instruments (Art. 74). Eligibility criteria have been simplified (Art. 69(2)). EU basic requirements would be focused on training, maximum age of beneficiaries, conditions as head of holding, and to have a business plan (Art. 4(1)(e)). MS should set the conditions for the submission as well as the content of a business-plan (Art. 69(3)).</p> <p>MS may also decide in their CAP Strategic Plan to use a certain share of the EAFRD allocation to finance actions in respect of transnational learning mobility of people in the field agricultural and rural development with a focus on young farmers, in accordance with the Erasmus Programme (Art. 86(7)).</p> <p><u>EP POSITION:</u> Points 72 to 77 and 79 of Resolution of 30.5.2018.</p>
<p style="text-align: center;">20. RD</p> <p style="text-align: center;">-</p> <p style="text-align: center;">RISK MANAGEMENT TOOLS</p>	<p>Regulation (EU) No 1305/2013, Title III, amended by Regulation (EU) No 2017/2393 ('<i>Omnibus Regulation</i>'), Arts. 36 to 39a. Risk management tools.</p> <p>Annex II. Amounts and support rates.</p> <p>Currently EAFRD supports financial contributions to premiums for <i>insurance schemes</i> as well as to <i>mutual funds</i> for crop damage, animal disease and climatic/environment incidents. Furthermore, EAFRD can support <i>income stabilisation tools (IST)</i> that may operate on sector-specific basis from 2018 (see Art. 39a, introduced by the '<i>Omnibus Regulation</i>').</p>	<p>Title III, Chapter IV, Art. 70 (& Recital 44). Risk management tools</p> <p>Under this new framework, MS are obliged to put in place risk management tools. The EARFD support comprises financial contributions to premia for insurance schemes and mutual funds for <u>both production and income risks</u>. In fact, the new scheme consolidates the '<i>Omnibus Regulation</i>' provisions, adopted at the initiative of the European Parliament. On this basis, financial contribution to administrative cost of setting up of mutual funds has been retained. However, the current '<i>income stabilisation tool</i>' (IST) is not explicitly mentioned. It can be assumed that income stabilisation systems can take the form of an insurance scheme or a mutual fund, but always depending of the willingness of the MS.</p> <p>MS have to ensure that support is granted only for covering losses of at least 20% of the average annual production or income of the farmer (Art. 70(5)). MS have also to limit the support to the maximum rate of 70% of the eligible costs (Art. 70(6)).</p> <p>Furthermore, MS could adopt national fiscal measures encouraging farmers to make savings in good years to cope with bad years in order to alleviate the effects of income volatility. These national fiscal measures, based on a multiannual period, should be exempted from the application of the State aid rules (Art. 133 and Recital 80).</p> <p>Finally, it should be mentioned that the <i>Horizon 2020</i> programme would finance research of risk management while the <i>European Innovation Partnership (EIP)</i> can also back risk management projects (Art. 114(3)).</p> <p><u>COMMENT:</u> The removal of the IST implies a reversal of the achievements made by the CAP against price / income volatility. The EC is indirectly consolidating the direct payments as the only CAP income support mechanism. On the other hand, it would be needed specific rules covering '<i>insurance schemes</i>'</p>

		<p>compensating economic loss due to livestock depredation by large carnivores.</p> <p><u>EP POSITION:</u> The EP insisted on the critical need for the future CAP to support farmers more efficiently in order to cope with price and income volatility by creating additional incentives stimulating the development and voluntary use of risk management and stabilisation tools (Points BC and 127 of Resolution of 30.5.2018).</p>
<p>21. RD</p> <p>-</p> <p>COOPERATION (INCLUDING LEADER)</p>	<p>Regulation (EU) No 1305/2013, Title III, Art. 35. Co-operation.</p> <p>Regulation (EU) No 1305/2013, Title III, Art. 16. Quality schemes for agricultural products and foodstuffs</p> <p>Regulation (EU) No 1305/2013, Title III, Art. 27. Setting-up of producer groups and organisations.</p> <p>Regulation (EU) No 1305/2013, Title III, Arts. 42 to 44. LEADER</p> <p>Annex II. Amounts and support rates.</p>	<p>Title III, Chapter IV, Art. 71 (& Recitals 6 and 45). Cooperation</p> <p>Art. 71 confirms the EARDF support to cooperation between at least two entities in view of achieving CAP objectives. This support can entail <u>all aspects of such cooperation</u> merging current RD schemes into the new one.</p> <p>Therefore, the new cooperation scheme would include : the setting up of producer groups and producer organisations (currently in Art. 27 RDR); the setting up of quality schemes (currently in Art. 16 RDR); EIP local development projects (see Art. 114 CAPR); LEADER actions (currently in Arts. 42 to 44 RDR); forest management plans (compulsory for the support to forestry sector - see Art. 68(2)); collective environmental and climate actions; 'smart villages'; the promotion of short supply chain and local markets; etc.</p> <p><u>COMMENTS:</u> The new regime becomes a hotchpotch that mixes all kinds of cooperative interventions (economic, environmental or territorial actions) without giving priority to anyone. It should be remarked that some innovative proposals of the previous EC Communication (such as 'smart villages') are hidden within the new scheme. Furthermore, LEADER lose its current singularity in the CAP (Arts. 42 to 44 RDR) and its design is transferred to the cohesion - community-led local development - policy (CPR). However, at least 5% of the total EAFRD should be allocated to LEADER (Art. 86(1)) with a higher EAFRD contribution rate of 80% (Art. 85(3)(a)).</p> <p><u>EP POSITION:</u> The EP insisted on the importance of strengthening the support to the creation and development of economic organisations (Points 132 of Resolution of 30.5.2018). The EP also supported to promote the concept of 'smart villages' (Points 78, 82, 89 and 113 of Resolution of 30.5.2018). Furthermore, MEPs called for the creation of a new fund for community-led local, building upon the LEADER initiative (Points 81, 83 and 85 of Resolution of 30.5.2018).</p>
	<p>Regulation (EU) No 1305/2013, Title III., Arts 14 (knowledge transfer and information actions) and 15 (advisory services, farm management and farm relief services)</p> <p>Annex II. Amounts and support rates.</p>	<p>Title III, Chapter IV, Art. 72 (& Recitals 12 and 46). Knowledge exchange and information</p> <p>Following the current rules, MS may cover costs of any relevant action to promote innovation, access to training and advice and exchange and dissemination</p>

<p style="text-align: center;">22. RD</p> <p style="text-align: center;">-</p> <p style="text-align: center;">KNOWLEDGE EXCHANGE AND INFORMATION</p>		<p>of knowledge and information, which contribute to achieving the CAP objectives.</p> <p>Furthermore, <i>Farm Advisory Services (FAS)</i> should be strengthened within the <i>Agricultural Knowledge and Innovation System - AKIS (Arts. 13(2) and 114(4))</i>.</p> <p><u>EP POSITION</u>: The EP called on the Commission to foster innovation and know-how transfer across the MS, such as through the AKIS (Points 73, 80, 106, 107, 108, 111, 114, 116, 118 and 187 of Resolution of 30.5.2018).</p>
<p style="text-align: center;">23. FINANCIAL PROVISIONS</p>	<p>Regulation (EU) No 1305/2013, Title V, Arts. 58 to 63 and Annex I. RD financial provisions.</p> <p>Regulation (EU) No 1306/2013, Title II, Arts. 3 to 6. General provisions of agricultural funds.</p> <p>Regulation (EU) No 1307/2013, Arts. 6, 7 and 14 and Annexes II and III. DP ceilings and flexibility between pillars. See also specific financial provisions for direct payments: Arts. 26, 40, 42, 49, 51, 53, and 65.</p> <p>Regulation (EU) No 1308/2013, Arts. 29 to 60. Aid schemes (see above, Section 14).</p>	<p>Title IV, Arts. 79 to 90 and Annexes IV to X. Financial provisions.</p> <p><u>OVERVIEW</u></p> <p>The draft legislation reduces the CAP budget (Arts. 81(1) and 83(1) and Annexes IV, VII and IX). Financial flexibility for planning is increased, including a greater transfer capacity between Pillars. However, the Commission proposes <u>minimum and maximum funding allocations</u>:</p> <p>1) <u>Direct payments and sectoral interventions - EAGF expenditure</u>: More flexibility in DP implementation is proposed but unit amount have to be respected within a margin. Compulsory ring-fencing is limited to:</p> <ul style="list-style-type: none"> . At least 2% of DP envelope to be dedicated to young farmers support (in DP or in RD) (Arts. 27(2) and 86(4) and Annex X); . 10 + 2% of DP envelope to be devoted to coupled support (with some exceptions) (Arts. 81(2) and 86(5)) and ; . Up to 3% of DP to pre-allocations for all types of sectorial interventions (excepting F & V) (Art. 82(6) and Annexes V and VIII). <p>2) <u>Rural Development - EAFRD contribution</u>:</p> <ul style="list-style-type: none"> . At least 30% of the total EAFRD contribution should be ring-fenced to agri-environment-climate schemes (Art. 86(2)). It should be remarked that the measures in favour of ANC - areas with natural constraints (Art. 66) are excluded although Art. 87(d) recognises the environmental contribution of ANC; . At least 5% of the total EAFRD contribution should be reserved for LEADER (Art. 86(1)) with a higher EAFRD contribution rate of 80% (Art. 85(3)(a)); . 0,25% of the total rural development funding (EUR 197 million) should be devoted to finance EU technical assistance (at the initiative of the Commission), including the EIP (Arts. 7 and 83(1) and Annex IX); . A maximum 4% of the total EAFRD contribution to the CAP Strategic Plans (Annex IX) may be used to finance the actions of technical assistance (Arts. 86(3), first paragraph) at the initiative of the MS (Art. 112). This contribution may be increased to 6% where the total amount of EU

<p style="text-align: center;">23. FINANCIAL PROVISIONS</p>	<p>Art. 60 of Regulation (EU) No 1305/2013. Eligibility of EAFRD expenditure</p> <p>Arts. 3 to 6 of Regulation (EU) No 1306/2013. General provisions of agricultural funds</p>	<p>support for rural development is up to EUR 90 million (Art. 86(3), second paragraph).</p> <p>In addition to these minimum and maximum funding allocations, CAPR establishes an incentive system for good environmental and climate performance (Arts. 123 and 124). A performance bonus (equal to 5% of the MS amount of Annex IX) may be attributed to MS in the <u>year 2026</u> in order to enhance environmental and climate performance if the CAP Strategic Plan have achieved at least 90% of the target values related to the environmental objectives.</p> <p><u>FINANCIAL PROVISIONS</u></p> <p>- Arts. 79 and 80 (& Recital 47). <i>Eligibility of EAGF and EAFRD expenditure.</i> Both current Pillars 1 and as well both agricultural funds (EAGF and EAFRD) remain. The rules for the financial management of the CAP still vary for the two funds but taking into account that the <i>new delivery model</i> gives more flexibility and subsidiarity for MS to reach their objectives. The <u>EAGF</u> should continue financing types of interventions in the form of direct payments (Art. 14) and sectoral interventions (Art. 39). The <u>EARFD</u> should continue financing types of interventions for rural development (Arts. 64 to 78).</p>
	<p>Arts. 6 and 7 and Annexes II and III of Regulation (EU) No 1307/2013. National ceilings.</p>	<p>- Arts. 81, 86(4) and (5) and Annexes IV, VII and X (& Recitals 48 and 51). <i>Financial (and minimum and maximum) allocations for direct payments.</i> The total amount of the types of interventions in the form of direct payments should not exceed EUR 286 195 million (Art. 81(1)) (see also Table 1 -1.D). The Annex IV lays down the MS allocations for direct payments. For calculating the indicative amount for the coupled income support, the Annex VII lays down the total amounts, which may granted in each MS without cotton and before capping transfer. These Annexes / tables reflect a continuation of the changes whereby the national allocations with the lowest support level per hectare are gradually increased to close 50% of the gap towards 90% of the Union average (see Art. 20 as regard the convergence).</p> <p>For the purpose of ensuring adequate financing for certain priorities and/or of ensuring a level playing field between farmers, Art. 86(4) and (5) lays down the minimum and maximum financial allocations related to different types of interventions in the form of direct payments: young farmers support (Art. 86(4)) and Annex X); and coupled income support (Art. 86(5)). See detailed comments above.</p>
	<p>Arts. 29 to 60 of Regulation (EU) No 1308/2013, Aid schemes (see above, Section 14)</p>	<p>- Art. 82 and Annexes V and VIII (& Recitals 47 and 51). <i>Financial allocations for sectoral interventions.</i> The EAGF should continue financing sectoral types of interventions (see Arts. 39 to 63). MS may decide to use up to 3% of the DP pre-allocations for all types of sectoral interventions (excepting F & V) (Art. 82(6)). The Union financial assistance for each type of</p>

23. FINANCIAL PROVISIONS

Article 58(1) to (3) and Art. 59(5) and (6) of Regulation (EU) No 1305/2013.
Resources and their distribution

Article 59(1) to (4) of Regulation (EU) No 1305/2013(1). Fund contribution

sectoral intervention is provided for in **Art. 82 and/or Annexes V and VIII**.

The MS concerned may decide to transfer the total financial allocations currently attributed to the hops sector and the olive oil sector to their allocation for direct payments (**Art. 82(5)**).

Where MS introduce support for 'other sectorial interventions' in their CAP Strategic Plans (**Arts. 59 to 63**), the corresponding financial allocation will be deducted from the direct payments allocations of the MS in order to remain financially neutral.

- **Arts. 83 and 86(1) to (3) and (7) and Annexes IX and IXa (& Recitals 49 and 51)**. Financial (and minimum and maximum) allocations for rural development (EAFRD). With a decreased budget of EUR 78 811 million - compared to over EUR 90 billion for the current financing period (in current prices) - the Commission proposes to rebalance the financing between the EU and the MS budgets under Pillar 2 (**Art. 83(1)**). In line with what is foreseen for the *European Structural and Investment Funds (ESIF)* and in a bid to generate savings for the new EU challenges, the Commission is seeking a 10 point reduction in EU cofinancing rates (**Art. 85(2)**).

0,25% of EAFRD should be devoted to technical assistance for the Commission (**Art. 83(2)**) (current Art. 58(2) of Regulation (EU) No 1305/2013 unchanged).

For the purpose of ensuring adequate financing for certain priorities, **Art. 86(1) to (3)** lays down the minimum and maximum financial allocations related to different types of rural development interventions: LEADER (**Art. 86(1)**); environmental and climate change-related objectives (**Art. 86(2)**); and technical assistance at the initiative of the MS (**Arts. 86(3) and 112**). See details above ('Overview') and current Arts. 59(5) and (6) of Regulation (EU) No 1305/2013).

- **Arts. 84 and 85 (& Recitals 49 and 50)**. EAFRD contribution rates. The maximum EAFRD contribution rate should be (**Art. 85(2)**):

- . 70% in less developed regions, the outermost regions and smaller Aegean islands (currently 85% - Art. 59(3)(a) RDR);
- . 65% for payments for natural or other area-specific constraints (currently without specific cofinancing rate);
- . 43% in other regions (currently *between 75 and 53%*, depending of the region status - Art. 59(3)(b) to (d) RDR).

The minimum EAFRD contribution rate should be 20% (current rate unchanged).

As mentioned, this is equivalent to an overall decrease of 10 points. Under the rules outlined in the MFF post 2020, MS can to reinforce their contribution to rural development policy in order to ensure that

23. FINANCIAL PROVISIONS

Arts. 26 and 40 of Regulation (EU) No 1307/2013. Initial unit value of payment entitlement

Art. 14 of Regulation (EU) No 1307/2013. Flexibility between pillars

public support to rural areas remain largely unchanged.

By way of derogation, the maximum EAFRD contribution rate is increased for some specific rural development interventions (**Art. 85(3)(a)**): environmental, climate and other management commitments; non-productive investments; EIP actions; and LEADER (to be compared to current Art. 59(4) of Regulation (EU) No 1305/2013).

In complementing this preferential treatment, EAFRD should not provide any support to investments that would harm the environment, notably: investments in irrigation, which do not contribute towards the preservation of water resources, and investments in afforestation, which are not consistent with climate and environmental objectives (**Art. 68(3) and Recital 50**).

- **Art. 87 (& Recital 52).** *Tracking climate expenditure.*

A. 92 declares an increased ambition with regard to environmental and climate-related objectives within the CAP Strategic Plans following the Union's commitments (*Paris Agreement* and *United Nations Sustainable Development Goals*). In financial terms, 40% for expenditure under the income support schemes and for natural constraints should aim to strengthen climate change action, in addition to the entire expenditure under the climate / environmental schemes (**Art. 87(2)**). Sectoral interventions could be added (see comments on **Art. 54 - Section 14** above - *Sectorial interventions*).

- **Arts. 88 and 89 (& Recital 48).** *Indicative financial allocation and variation of the unit amount.* MS should set a maximum amount of support per unit or a percentage of variation for the following types of interventions: decoupled direct payments; coupled income support; payments for management commitments; payments for natural constraints; and area-specific disadvantages from certain mandatory requirements (**Art. 89(1)**).

- **Art. 90 (& Recital 53).** *Flexibility between direct payments allocations and EAFRD allocations.*

Members States would have the option to transfer up to 15% of their CAP allocations between direct payments and rural development and vice-versa. In addition, MS would also have the possibility to transfer an additional 15% from the Pillar 1 to the Pillar 2 for spending on climate and environment measures without the need for national co-financing. A mid-term review is provided: MS may modify in 2023 their decisions on transfers between Pillars as part of a request for amendment of their CAP Strategic Plans (**Arts. 90(3) and 107**). See also **Arts. 81(2), 82(2) and 83(4)** concerning the Commission's powers related to transfers.

In addition, the MS concerned may decide to transfer the total financial allocations currently attributed to

<p>23. FINANCIAL PROVISIONS</p>		<p>the hops sector and the olive oil sector to their allocation for direct payments (Art. 82(5)).</p> <p><u>COMMENTS:</u> The Commission propose to exclude measures aimed at areas of natural constraint (ANC) from the minimum 30% budget ring-fenced for agri-environment commitments under the Pillar 2 (Art. 86(2)). It could be considered a contradiction in the blueprint: Art. 87(d) recognises that ANC contribute to mitigating the effects of climate change by maintaining grasslands and alpine pastures and avoiding land abandonment.</p> <p>It is also questionable whether the higher co-financing rates attributed to certain measures provide the best incentives (Art. 85(2)). Why, for example, does agri-environment not benefit from the preferential rate?.</p> <p><u>EP POSITION:</u> See Points 27, 42, 44, 46, 48, 49, 81, 83, 91, 100 of Resolution of 30.5.2018 on the 'Future of Food and Farming' (Box 2). See also points 5 and 6 of the EP Resolution of 30.5.2018 on the 2021-2027 multiannual financial framework and own resources - Box 2</p>
<p>24. CAP STRATEGIC PLAN</p>	<p>No provisions</p>	<p>Title V, Arts. 91 to 109 and Annex XI. CAP Strategic Plan.</p> <p>One of the hallmarks of the revamped CAP design is greater subsidiarity at MS level and the introduction of so-called 'CAP Strategic Plans', whereby national capitals set out how each country intends to meet the nine EU-wide objectives of Art. 6 (see above).</p> <p>Three different regimes (direct payments, rural development measures and sectorial strategies) would be integrated into a single one administrative process. As a result, (26) DP notifications per MS, (118) rural development programmes and (65) sectorial programmes would become 27 CAP Plans (one for each MS).</p> <p>Furthermore, rather than rules and compliance the focus would shift to results and performance moving away from a one-size-fits-all to a more tailor-made approach, improving subsidiarity and flexibility.</p> <p>- Chapter I. Arts. 91 to 94. General requirements.</p> <p>. Art. 91 and Annex I (& Recitals 54 and 66). CAP Strategic Plans. Title V of CAPR establishes the framework of a structured process that should materialise in one single CAP Strategic Plan in each MS (Art. 93). These Plans have to be based on a SWOT analysis (Art. 103(2)), an assessment of needs (Art. 96) and an intervention strategy (Art. 97) with quantitative targets and result indicators (Art. 7 and Annex I).</p> <p>. Art. 92 (& Recital 54). Increased ambition with regard to environmental and climate-related objectives. In order to prevent a back sliding with regard to environmental and climate-related objectives, A. 92 declares an increased ambition</p>

<p style="text-align: center;">24. CAP STRATEGIC PLAN</p>	<p>No provisions</p>	<p>in this field within the CAP Strategic Plans. See also Arts. 87, 123 and 124.</p> <p>. Art. 93 (& Recital 55). Architecture. In order to ensure a clear strategy nature of CAP Strategic Plans, and to facilitate the links with other Union policies or international agreement, there should be one single CAP Strategic Plan per MS. Where elements of CAP Strategic Plans are established at regional level, the MS should ensure their consistency with the national framework.</p> <p>. Art. 94 (& Recital 56). Procedural requirements. Art. 94 sets rules on the institutional structure of CAP Strategic Plans. MS should ensure that the national environmental authorities, competent regional and local authorities and relevant bodies representing civil society should be involved in the preparation of the CAP Strategic Plans. See Arts. 9, 110 and 113.</p> <p>- Chapter II. Arts. 95 to 105 and Annex XI. Content of the CAP Strategic Plan.</p> <p>. Art. 95 (& Recitals 56 and 64). Content. In the process of development of CAP Strategic Plans, MS should: analyse their specific situation and needs (Art. 96), set targets and financial plans linked to the achievement of the objectives of the CAP (Art. 100), design the interventions which will allow reaching these objectives (Arts. 97 to 99) and describe the governance system of CAP Strategic Plans, including the elements that ensure simplification and modernisation of the CAP (Arts. 101 and 102).</p> <p>. Art. 96 and Annex XI (& Recitals 56 and 57). Assessment of needs. Following Art. 95(1)(a), MS should assess their specific situation and needs (at national and/or regional level). This analysis should include the <u>prioritisation and ranking of needs</u> as well as a sound justification of the choices made (Art. 96(e)).</p> <p>. Art. 97 and Annex XI (& Recitals 58, 59 and 60). Intervention strategy. Following Art. 95(1)(b), MS should ensure and demonstrate the alignment of the choices made to the Union's priorities and objectives (Art. 6(1)) containing a result-oriented intervention strategy structured around these objectives, including quantified targets. The intervention strategy has to provide <u>specific explanations</u> on: a) the <i>environmental and climate architecture</i> (see also Annex XI); b) the strategy adopted in order to attract <i>young farmers</i> and facilitate their business development (see also Annex X); c) the <i>sector-related interventions</i> including coupled payments (Arts. 29, 35 and 39); d) the integrated approach to <i>risk management</i> (Art. 70); and, last but not least, e) the <i>interplay between national and regional interventions</i> (Art. 97(2)).</p> <p>. Art. 98 and Annex XI (& Recitals 58, 59 and 60). Elements common to several interventions. The intervention strategy should highlight <u>complementarity both CAP tools and with the</u></p>
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<p style="text-align: center;">24. CAP STRATEGIC PLAN</p>	<p>No provisions</p>	<p>other Union policies. In particular each CAP Strategic Plan should take account: a) the definitions used (in compliance with Art. 4(1)); b) the minimum requirements for receiving the decoupled direct payments (Art. 16); c) the environmental and climate legislation linked to the conditionality (Annexes III and XI); d) the technical assistance rules used (on the initiative on the Commission - Art. 83(2) - and at the initiative of the MS - Arts. 86(3) and 112); e) the payment entitlements rules (Arts. 20 and 22); f) the reduction payments framework (Art. 15); and g) the coordination, demarcation and complementarities between EAFRD and other Union funds (Arts. 71, 75, 83 and 85).</p> <p>. Art. 99 (& Recital 61). Interventions. Strategic Plans have to contain a specific description of the individual interventions, including the eligibility conditions, the budgetary allocations, the planned outputs and the unit costs (Art. 95(1)(d)).</p> <p>. Art. 100 (& Recital 61). Target and financial plans. Plans have to contain a <i>target plan</i> recapitulating targets and indicating a breakdown in annual milestones (Arts. 95(1)(e) and 97(1)). They have also provide a <i>financial plan</i> on all budgetary aspects (Arts. 95(1)(e) and 99(f) and (h)).</p> <p>. Art. 101 (& Recital 62). Governance and coordination systems. CAP Strategic Plans should include the identification of all governance and coordination structures, including the control systems and penalties, and the monitoring and reporting structure (Art. 95(1)(f)). See new HZR (DASHBOARD 2).</p> <p>. Art. 102 (& Recital 63). Modernisation. Modernising the sector by fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas is a cross-cutting objective of the future CAP (Art. 5, second paragraph) (see Section 4). The EC notion of '<i>agricultural modernisation</i>' is strikingly confined to this objective. This provision is silent on other possible policy priorities: i.e. to strengthen the position of farmers in the food supply chain, to boost group farming and structural change, to develop innovative risk management tools to cope price volatility, etc.</p> <p>. Art. 103 and Annex XI (& Recital 65). Annexes. Each CAP Strategic Plan should contain five annexes (Art. 95(2)). Art. 103 provides detailed rules for the content of these documents.</p> <p>. Arts. 104 and 105. Delegated and implementing powers for the content of the CAP Strategic Plan. The EC is very possibly impinging on legislative competences of EP and Council by providing that <u>future amendments of the Chapter I of CAPR</u></p>
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<p style="text-align: center;">24. CAP STRATEGIC PLAN</p>	<p>No provisions</p>	<p>should be adopted through delegate acts. See also Arts. 138 and 139.</p> <p>- Chapter III, Arts. 106 to 109. Approval and amendment of the CAP Strategic Plan.</p> <p>. Art. 106 (& Recital 67). Approval of the CAP Strategic Plan. Each CAP Strategic Plan should be based on the <u>completeness</u> of the plans as well as on the <u>consistency and coherence</u> with the general principles of Union law (Art. 106(2)). The EC should approve each Plan by means of an implementing decision, without any participation of legislators (Art. 106(6)). In fact, the one to suffer the consequences of this decision making process should be the European Parliament because each CAP Strategic Plan had previously been arranged between the Commission and the MS concerned. The assessment period for obtain the approval is of maximum eight months (Art. 106(5)).</p> <p>. Art. 107 (& Recital 68). Amendment of the CAP Strategic Plan. MS requests for amendment of CAP Strategic Plans (no more than per calendar year) should be duly justified. The assessment period for obtain the approval of the amendment is of maximum three months. A specific amendment is already provided by the CAPR proposal: MS may review in 2023 their decisions on transfers between Pillars as part of a request for amendment of their CAP Strategic Plans (Art. 90(3)).</p> <p>. Art. 108. Calculation of time limits for Commission actions.</p> <p>. Art. 109. Delegated powers. See Art. 138.</p> <p><u>GENERAL COMMENT:</u> The most critical point is to ensure coherence between the EU objectives and the need and targets to be defined at national level. The definition of needs should reflect the priorities of the decision-makers but also should determine the performance of the policy management in view to achieve the EU objectives.</p> <p>Furthermore, although environmental concerns are clearly stated at EU level, the transfer of strategic planning to the national level may weaken the future green architecture. To avoid that, the Commission has therefore introduced safeguards, such as minimal compulsory percentages of funds allocated to climate / environmental schemes (Arts. 87 and 92) but the precise effects will always depend on the form and the content of the national implementation measures.</p> <p><u>EP POSITION:</u> The EP's Plenary has requested a clear and simple model of national strategic plans in order to enable the co-legislators to assess their scope and content. However, the EC proposal fails to recognise the legislative and monitoring competences of co-legislators in the decision making-process of CAP Strategic Plans (Art. 106(6)). The EP has also expressed doubts as to the subsidiarity impacts on</p>
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		<p>the Union objectives as well as to the Commission ability to ensure a strong common framework in order to guarantee a level playing field for EU farmers.</p> <p>MEPs emphasised that additional flexibility to MS should only be granted on the condition that there is a strong, common set of EU rules, objectives, indicators and checks (Points 6, 7, 9 and 31 of Resolution of 30.5.2018). MEPs also underlined the risks of gold-plating at national and regional level and the great degree of uncertainty for farmers owing the possibility that MS have to independently define their national plans and to review their implementation (Point 11 of Resolution of 30.5.2018). Lastly, the EP considered that a new delivery model should ensure a direct relationship between the EU and European farmers (Points K and 4 of Resolution of 30.5.2018). However, MS should be exclusively in charge of translating that Union framework into support arrangements applicable to beneficiaries.</p> <p>See also Points 8, 13, 14, 15, 16 and 19 of Resolution of 30.5.2018.</p>
<p style="text-align: center;">25. COORDINATION AND GOVERNANCE OF CAP STRATEGIC PLANS</p>	<p>Regulation (EU) No 1305/2013. Title VI, Arts. 64 to 66. Management, control and publicity.</p> <p>Title VII, Arts. 72 to 74. Monitoring</p> <p>Title III, Arts. 51 to 54. Technical assistance and networking.</p>	<p>Title VI. Arts 110 to 114. Governance and coordination.</p> <p>. Art. 110 (& Recital 69). Managing Authority. MS should designate a Managing Authority as responsible for the management and implementing of their CAP Strategic Plans. The Managing Authority could to delegate part of its duties to intermediate bodies (Art. 94(3)) while retaining the responsibility for the efficiency and correctness of management. See current Art. 66 of Regulation (EU) No 1305/2013 in order to compare the scope of tasks of Managing Authority. See also Art. 120 (monitoring procedures).</p> <p>. Art. 111 (& Recital 70). Monitoring Committee. In accordance with the principle of 'shared management', the Commission should be assisted by committees formed by MS representatives in the implementation of the CAP. <u>Only one Monitoring Committee</u> should be established for each CAP Strategic Plan, merging the current 'Rural Development' and 'Direct Payments' Committees. MS should decide the composition of Monitoring Committee ensuring a balanced representation of the intermediate bodies involved (Art. 94(3)). A 'Common Agricultural Policy' Committee should also assist the EC (see Art. 120 - monitoring procedures). See also current Arts. 47 of Regulation (EU) No 1303/2013 and Arts. 73 and 74 of Regulation (EU) No 1305/2013 in order to compare scope and tasks of the future Monitoring Committee.</p> <p>. Art. 112 (& Recital 71). Technical assistance at the initiative of the Member States. The EAFRD should support technical assistance <u>at the initiative of the Commission</u> (Art. 83(2)) for the purpose of the fulfilment of the tasks referred to in Art. 7 of HZR - DASHBOARD 2). However, the EAFRD could also support actions <u>at the initiative</u></p>

<p style="text-align: center;">25. COORDINATION AND GOVERNANCE OF CAP STRATEGIC PLANS</p>	<p style="text-align: center;">Title IV, Arts. 55 to 57. EIP for agricultural productivity and sustainability</p>	<p>of MS for the purpose of the fulfilment of the tasks necessary for the effective administration and implementation of CAP Strategic measures (Art. 86(3) and Annex X), including the establishing and operating of the national 'Common Agricultural Policy Network' (Art. 113).</p> <p>. Art. 113 (& Recital 72). <i>European and national Common Agricultural Policy Networks</i>. The 'European and national CAP Network' replace:</p> <ul style="list-style-type: none"> . the current 'European Network for Rural Development' (Art. 52 of Regulation (EU) No 1305/2013); . the 'EIP for agricultural and sustainability networks' (Art. 53 of Regulation (EU) No 1305/2013); and . the 'National Rural Networks' (Art. 54 of Regulation (EU) No 1305/2013). <p>0.25% of the EARFD allocations should be devoted to the technical assistance on the initiative of the Commission, including the European Network for the CAP (Art. 83(2)).</p> <p>. Art. 114 (& Recital 72). <i>European Innovation Partnership for the Agricultural Productivity and Sustainability</i>. This provision consolidates the EIP (currently developed under Arts. 55 to 57 of Regulation (EU) No 1305/2013) in order to stimulate innovation and improve the exchange of knowledge (see Art. 72). The EIP should support the AKIS referred to in Art. 13(2). 0.25% of the EARFD allocations should be devoted to the technical assistance on the initiative of the Commission, including the EIP (Art. 83(2)).</p>
<p style="text-align: center;">26. MONITORING, REPORTING, EVALUATION AND OTHER GENERAL PROVISIONS OF CAP STRATEGIC PLANS</p>	<p style="text-align: center;">Regulation (EU) No 1305/2013. Title VII, Arts. 67 to 71 and 75 to 79. Monitoring and evaluation.</p>	<p>Title VII, Arts. 115 to 129 and Annex XII (& Recitals 73 to 78). <i>Monitoring, reporting and evaluation</i>. Each CAP Strategic Plan should be subject to regular monitoring of the implementation and of progress towards the established targets. The reporting system of the performance framework, to be put in place by the MS, is a governance system (Art. 2(b) of HZR - DASHBOARD 2) and pre-requisite for the proper implementation of the new CAP. A performance-based policies implies annual and multiannual assessment on the basis of selected outputs, result and impact indicators (Art. 115(2)(a)).</p> <p><u>Annual performance reports</u> should set out key qualitative and quantitative information on the implementation of the CAP Strategic Plans by reference to financial data, output and result indicators (Art. 121). The Commission should carry out an annual performance review and an annual performance clearance based on the information provided in the annual performance reports (see Art. 52 of HZR - DASHBOARD 2). Significant and non-justified underperformance could lead to suspensions and, in the end, reductions of the Union funds.</p> <p>Moreover, an environmental <u>performance bonus</u> (equal to 5% of the MS amount of Annex IX) may be attributed to MS in the <u>year 2026</u> if the CAP Strategic Plan have achieved at least 90% of the target values</p>

<p style="text-align: center;">26. MONITORING, REPORTING, EVALUATION AND OTHER GENERAL PROVISIONS OF CAP STRATEGIC PLANS</p>	<p>Title VIII, Arts. 80 to 82. Competition provisions.</p>	<p>related to the environmental and climate objectives (Arts. 123 and 124).</p> <p>Finally, it should be remarked that the Commission should present to the EP and the Council the performance reporting measured by the core set of indicators set out in Annex XII (Art. 128).</p> <p>Title VIII, Arts. 130 to 133 (& Recitals 79 and 80). <i>Competition provisions.</i> Arts. 107, 108 and 109 TFEU (competition policy framework) should apply to the support the <u>sectorial interventions</u> under the CAPR. Given the specific characteristics of the agricultural sector, competition rules should not apply to direct payments and rural development interventions. Furthermore, national tax measures should be exempted from the application of the State aid rules whereby the income tax base applied to farmers is calculated for a multiannual period (Art. 133).</p> <p>Title IX, Chapters I and II, Arts. 134 to 137. <i>General provisions.</i> Different provisions are provided related to specific problems to be resolved by implementing acts (informing the EP and the Council) (Art. 134), application to the outermost regions and the smaller Aegean Islands (Art. 135 & Recital 89 - see also DASHBOARD 6), information system and protection of personal data (Arts. 136 and 137 & Recitals 78 and 81).</p> <p><u>COMMENTS:</u> The Commission should adopt implementing acts without applying a Committee procedure in order to attribute the environmental performance bonus referred to in Arts. 123 and 124. The Commission is trying to give an appearance of automaticity to this decision with a hard political bias. In addition, the ruling would be taken without participation of colegislators (Art. 124(2) and (6)).</p>
<p style="text-align: center;">27. DELEGATED AND IMPLEMENTING ACTS</p>	<p>Regulation (EU) No 1305/2013, Title IX, Chapter I, Arts. 83 and 84. Commission powers.</p> <p>Regulation (EU) No 1307/2013, Title VII, Chapter 2, Arts. 70 and 71. Delegations of power and implementing provisions.</p>	<p>Title IX, Chapter III, Arts. 138 and 139. <i>Delegations of power and implementing provisions.</i></p> <p>- Art. 138 (& Recitals 82 to 86). <i>Exercise of delegation.</i></p> <p>- Art. 139 (& Recitals 87 and 88). <i>Committee procedure.</i></p> <p><u>COMMENTS:</u> The monitoring system on the new delivery model implementation could jeopardise the colegislators' prerogatives and, in particular, the EP's scrutiny powers: the EC would be solely responsible for deciding and monitoring the national implementation the CAP Strategic Plans. Furthermore, the EC is keeping to itself the power to adapt the basic act framework as regards CAP Strategic Plans by delegated act (Art. 104). In order to counteract the powers risks, colegislators could: 1) modify the design of the multi-level decision process within the CAPR; 2) increase the delegated acts at the expense of implementing acts (within the CAPR and</p>

		<p>the HZR); and/or 3) improve the reporting system (within the HZR).</p> <p>Detailed explanations on the justification of delegated acts are provided by the EC (Recitals 82 to 86) (even though the explanation is not always sufficient: i.e. see Art. 32). In contrast, it can be noted a general lack of details as to why the advisory procedure is sometimes used for the adoption of certain implementing acts and on other occasions the Commission adopts implementing acts without committee. It remains also unclear why examination procedures of Art. 139(1), 139(2) or 139(3) have been selected depending of the field.</p> <p>Recital 64 of proposal COM (2018) 392 points out that simplification will be subject to a specific attention in the CAP Strategic Plan. However, it should be remarked that the enhanced subsidiarity may result in increasingly complexity with the national implementation, replacing the current delegated and implementing provisions at EU level by similar (and detailed) internal rules.</p>
<p>28. FINAL PROVISIONS</p>	<p>Regulation (EU) No 1305/2013, Title IX, Chapter III, Arts. 88 to 90. Transitional and final provisions.</p> <p>Regulation (EU) No 1307/2013, Title VII, Chapter 3, Arts. 72 and 74. Transitional and final provisions.</p>	<p>Title IX, Chapter IV, Arts. 140 to 142. Final provisions.</p> <p>- Art. 140 (& Recital 91). Repeals. Regulations (EU) No 1305 and 1307/2017 should therefore repealed excepting:</p> <ul style="list-style-type: none"> . Art. 32 and Annex III of Regulation (EU) No 1305/2015 (designation of areas facing natural and other specific constraints); . Arts. 17 and 19 of Regulation (EU) No 1307/2018 (special provisions for Croatia - phasing-in mechanism) should be continue to apply until 31 December 2021. . <p>- Art. 141 (& Recital 92). Transitional measures. Some transitional rules merit further development in the basic act / CAPR., in particular those related to existing programmes. See comments of Section 14 above (<i>Sectorial programmes</i>).</p> <p>- Art. 142 (& Recital 93). Entry into force and application. This new CAPR should be entered into force on the day following that of its publication in the OJ.</p> <p><u>COMMENTS:</u> A new transitional regulation will be necessary in the event of a delay in the adoption of the CAP / MFF 2021/2027. Furthermore, CAP Strategic Plans will need a transitional period in order to ensure a smooth implementation by MS (including the completion of new software systems, administrative circuits, new management authorities, etc.)</p> <p><u>EP POSITION:</u> The EP regreted that the CAP post-2020 legislative process had started with a significant delay, which jeopardises the possibility of a final agreement being reached before the European Parliament elections (Points 168 and 171 of Resolution of 30. 5.2018). MEPs also called on the MS to ensure that there are no delays in disturbing payments to farmers and to take responsibility and</p>

		<p>properly compensate farmers should such delays occur (Point 170 of Resolution of 30.5.2018). Lastly, MEPs also called on the Commission to propose a transitional period long enough to ensure a soft landing and time for Member States to implement the new CAP in an orderly manner (Point 173 of Resolution of 30.5.2018).</p>
<p>29. ANNEXES</p>	<p>Annexes I to VI of Regulation (EU) No 1305/2013 Annexes I to XI of Regulation (EU) No 1307/2013</p>	<p>Annexes I to XII. See comments above on the provisions concerned</p>

DASHBOARD 2. NEW REGULATION ON THE FINANCING, MANAGEMENT AND MONITORING FOR THE CAP AND REPEALING REGULATION (EU) No 1306/2013

(Current Horizontal Regulation - HZR - compared with CAP reform proposal (COM (2018) 393) topic-by-topic)

TOPIC	REGULATION (EU) No 1306/2013 AND OTHER PROVISIONS	CAP REFORM (2021 /2027)
1. OVERVIEW	<p>Regulation (EU) No 1306/2013 (repealed)</p> <p>Art. 8 of Regulation (EU) No 1307/2013. Financial discipline (integrated)</p> <p>Part V, Chapter III. Art. 226 of Regulation (EU) No 1308/2013. Crisis reserve (integrated)</p> <p>(See Box 1 for supplementary rules)</p> <p>See also Regulation (EU) No 2018/1046, concerning the references to the 'Financial Regulation' provisions (i.e. Arts. 8(3), 14, 25, 27, 43...)</p> <p>Regulation (EU) No 1306/2013:</p> <p>Title I, Art. 1 and 2. Scope and definitions.</p> <p>Title II, Arts. 3 to 15. General provisions on agricultural funds.</p> <p>Title III, Arts. 12 to 15. Farm advisory system.</p> <p>Title IV, Arts. 16 to 57. Financial management of funds.</p> <p>Title V, Arts. 58 to 88. Control systems and penalties.</p> <p>Title V, Arts. 89 and 90. Control systems and penalties.</p> <p>Title VI, Chapter I, Arts. 91 to 95. Cross-compliance.</p> <p>Title VI, Chapter II, Arts. 96 to 101. Control system</p> <p>Title VII, Arts 102 to 114. Common provisions.</p> <p>Title VII, Arts. 115 to 121. Final provisions.</p> <p>Annexes I to III</p>	<p>COM (2018) 393 repealing Regulation (EU) No 1306/2013. The current Horizontal Regulation (HZR) is adapted to the new delivery model and reflects more flexibility for MS in implementing the CAP measures (Recitals 1 and 3). Main changes:</p> <ul style="list-style-type: none"> - Title III (Farm advisory system), Title VI - Chapter I (Cross-compliance - scope), Art. 110 (Monitoring and evaluation of the CAP) as well as Annexes of current HZR are removed from HZR and transferred to the new CAPR (DASHBOARD 1). - Arts. 89 and 90 of current HZR (<i>Checks related to markets policy</i>) will be transferred to CMO Regulation (DASHBOARD 3). - In addition, 'Financial discipline' provisions (currently described in the Regulation (EU) No 1307/2013) and 'crisis reserve' provisions (currently developed by Regulation (EU) No 1308/2013) will be transferred to the new HZR (Title III, Chapter I, Section 1, EAGF). <p>Excepting these specific provisions, regulatory structure and financial features remain broadly unchanged.</p> <ul style="list-style-type: none"> - Title I, Art. 1 to 3. Scope and definitions. Minor changes - Title II, Arts. 4 to 11. General provisions on agricultural funds. Minor changes. <p>Removed and transferred to CAPR</p> <ul style="list-style-type: none"> - Title III, Arts. 12 to 56. Financial management of the Funds. Adding 'Financial discipline' and 'crisis reserve' provisions. - Title IV, Arts. 57 to 87. Control systems and penalties. <p>Removed and transferred into CMO Regulation.</p> <p>Removed and transferred into CAPR</p> <ul style="list-style-type: none"> - Title V, Arts 88 to 99. Common provisions. - Title VI, Arts. 100 and 101. Delegated and implementing acts. - Title VII, Arts. 102 to 104. Final provisions. - Annex I: Correlation table.

		<p><u>GENERAL COMMENT:</u> The new HZR requires the adoption of the new MFF (COM (2018) 322).</p> <p><u>EP POSITION:</u> The EP's Plenary considered that MS should enjoy a reasonable level of flexibility within a strong framework of controls and financial allocations agreed at EU level (Points 6, 7, 9 and 31 of Resolution of 30.5.2018 on the 'Future of Food and Farming' - Box 2). MEPs also emphasised the taxpayers' right to be reassured that the EU funds are exclusively used in a targeted and transparent manner (Point 50 of Resolution of 30.5.2018).</p>
<p>2. SCOPE AND DEFINITIONS</p>	<p>Title I, Art. 1 and 2 (repealed)</p>	<p>Title I, Art. 1 to 3.</p> <ul style="list-style-type: none"> - Art. 1. Scope. References to 'Farm advisory system' and 'cross-compliance system' deleted. - Art. 2. Definitions. Current terms used in Art. 2(1) of Regulation (EU) No 1306/2013 are, deleted (remaining only the definition of 'irregularity'). New terms have been added (see Recital 3): 'governance systems' (referred to Chapter II) and 'basic Union requirements' (referred to CAP Strategic Plan Regulation) (DASHBOARD 1). - Art. 3 (& Recital 6). Exemptions in cases of force majeure and exceptional circumstances. Non-exhaustive list of possible cases of force majeure. Some exemptions already mentioned in Art. 2(3) of Regulation (EU) No 1306/2013 remain. Two cases related to the beneficiaries, the 'death of the beneficiary' and 'long-term professional incapacity of beneficiary', have been removed (to be developed by the national competent authorities).
<p>3. AGRICULTURAL FUNDS</p>	<p>Title II. Chapter I, Arts. 3 to 6 (repealed).</p>	<p>Title II. Chapter I, Arts. 4 to 7.</p> <ul style="list-style-type: none"> - Art. 4 (& Recital 4). Funds financing agriculture expenditure. Agricultural funds (namely EAGF and EAFRD) remain unchanged, with its key characteristics. - Art. 5 (& Recitals 5 and 7). EAGF expenditure, distinguishing between 'shared management' (Art.5(2)) and 'direct management' expenditure (Art. 5(3)). Direct management scope remains unchanged (Art. 5(3)). Shared management includes two new interventions: sectoral interventions of CAPR (formerly in CMO) (Art. 5(2)(b)) and specific measures for agriculture in the outermost regions and the smaller Aegean islands (Art. 5(2)(e)). In fact the control of POSEI expenditure is globally improved (see Arts. 15(1), 58(4)(e), 63(2) and 84(1)). - Art. 6 (& Recitals 5 and 7). EAFRD expenditure. Formal changes compared to current Art. 5 HZR. - Art. 7 (& Recitals 5 and 7). Other expenditure, including technical assistance. Measures listed in current Art. 6 of Regulation (EU) No 1306/2013 remain valid. Art. 7 adds 'studies carried out with the EIB' (Art.

		<p>7(f) and 'information technology networks in connection with the management of the CAP' (Art.7(i)).</p> <p>EP POSITION: The EP considered that the collection of information should rely on satellite images and integrated administration and control system databases (Points 20 and 21 of Resolution of 30.5.2018).</p>
<p style="text-align: center;">4. GOVERNANCE BODIES</p>	<p>Title II. Chapter II, Arts. 7 to 11. Paying agencies and other bodies (repealed).</p> <p>Art. 7. Accreditation and withdrawal of accreditation of paying agencies and coordinating bodies</p> <p>Art. 10. Admissibility of payments made by the paying agencies</p> <p>Art. 8. Commission powers</p> <p>Art. 11. Payment in full to beneficiaries</p> <p>Art. 9. Certification bodies.</p>	<p>Title II. Chapter II, Arts. 8 to 11 (& Recital 8). <i>Governance structure</i> which characterise the CAP will be maintained: a) paying agency; b) coordinating body; c) certification body; d) competent authority. However, it foresees reducing the number of paying agencies (Art. 8) and reinforcing the role of the coordinating body (Art. 8) and certification body (Art. 11) in line with the new delivery model.</p> <p>Furthermore, in order to advance towards a more result-driven policy mechanism, there will be a shift from assurance on legality and regularity of the underlying transactions to assurance on performance and the respect of EU basic requirements by the governance bodies.</p> <p>- Art. 8 (& Recitals 9, 10 and 11). <i>Paying agencies and coordinating bodies.</i> Structure remains similar to that of Art. 7 of Regulation (EU) No 1306/2013. Main changes to be remarked:</p> <p>. Art. 8(2). Each MS shall restrict the number of its accredited paying agencies to: a <u>single agency</u> at national level or one per region; a <u>single agency</u> for the management of both EAGF and EAFRD expenditure. Where paying agencies are established at regional level, MS shall either in addition,accredit a paying agency at national level for aid schemes <u>or, alternatively</u>, confer the management of these schemes on the regional agencies. Commission's report on the operation of the system of paying agencies (current Art. 7(2), paragraph 4), is removed.</p> <p>. Art. 8(3) and (4). 'Annual performance report' to be provided annually by the person in charge of the accredited paying agency. In addition, where support is provided through a financial instrument, the paying agency shall rely on the control report supporting the payment applications submitted by the EIB or another international institution.</p> <p>- New Art. 9 (& Recital 8). <i>Competent authority.</i> New provision defining the 'competent authority' to be designated by the MS in order to guarantee the coordination with the Commission.</p> <p>- Current Art. 10 becomes Art. 35(a). See below.</p> <p>- Art. 10 (& Recitals 74, 75 and 76). <i>Commission powers.</i> Defining the scope of delegated act (similar to current Art. 8 of Regulation (EU) No 1306/2013).</p> <p>- Current Art. 11 becomes new Art. 42(1). See below.</p> <p>- Art. 11 (& Recitals 8, 11, 76 and 77). <i>Certification bodies</i> to be designated by the MS for a minimum three years period (new). The 'performance reporting' is added (Art. 11(1)(c)) as well a reference to the 'annual audit report' of financial instruments drawn</p>

<p style="text-align: center;">4. GOVERNANCE BODIES</p>		<p>up by external auditors. It should be noted that the performance reporting system could imply additional administrative burden at national level.</p> <p><u>COMMENTS:</u> The European Commission intends to ensure consistency in the management of Agricultural Funds and performance of the system of checks to be carried out at national level by a centralised power structure, restricting the number of internal authorities (Art. 9: competent authority at ministerial level; Art. 8(2): single paying agency). On the other hand, '<i>certification bodies</i>' (currently developed at regional level in some MS) reinforce its role. Anyway, the new structure have to respect constitutional framework of powers of Member States.</p> <p>It should be considered the reinsertion of the Commission's report on the new implemented system of paying agencies accompanying the CAP Strategic Plans (see Art. 7(2), paragraph 4, of current Regulation (EU) No 1306/2013).</p> <p><u>EP POSITION:</u> The EP highlighted the need for the future CAP to respect the distribution of powers within each MS, particularly in terms of respecting the legal competences of the EU regions (Point 13 of Resolution of 30.5.2018).</p>
<p style="text-align: center;">5. FARM ADVISORY SYSTEM</p>	<p>Title III, Arts. 12 to 15. Farm Advisory system</p>	<p>- Provisions transferred to in CAPR (New Art. 13 (DASHBOARD 1 - Section 7))</p>
<p style="text-align: center;">6. EAGF - BUDGET DISCIPLINE AND CRISIS RESERVE</p>	<p>Title IV, Chapter I, Arts. 16 to 29 of Regulation (EU) No 1306/2013. EAGF. Section 1 (Art. 16) and Section 2 (Arts 24 to 29) (repealed).</p> <p>Art. 16. Budget ceiling</p> <p>Art. 24. Compliance with the ceiling</p> <p>Art. 25. Reserve for crises in the agricultural sector</p>	<p>Title III, Chapter I. EAGF. Section 1. Arts. 12 to 17. Budget discipline. Status quo in general but more flexible and adding '<i>Financial discipline</i>' provisions (from current Regulation (EU) No 1307/2013) and '<i>crisis reserve</i>' provisions (from current CMO).</p> <p>- Art. 12 (& Recitals 12, 79 and 88). <i>Budget ceiling.</i> EAGF annual sub-ceiling to be fixed taking into account the maximum amount laid down under the MFF (proposal COM (2018) 322 to be previously adopted).</p> <p>- Art. 13 (& Recital 13). <i>Compliance with the DP ceiling.</i> Simplified. Linked to Arts. 15 and 37 to 40.</p> <p>- Art. 14 (& Recital 14). <i>Pluriannual 'agriculture reserve'</i> replaces the current annual '<i>reserve for crises</i>' (Art. 226 of CMO is consequently removed) (see DASHBOARD 3). This tool would finance safety net and exceptional measures in the case of market developments affecting the agricultural sector (currently only '<i>major crises</i>') (Art. 14(1), third paragraph). By an approach to simplification, a derogation of Art. 12(2) of new Financial Regulation (COM (2018) 322) is applied, allowing for non-committed appropriations of the reserve to be carried out without time limitation to finance this tool in the following financial year(s). <u>Pluriannuality</u> means that a roll over mechanism should be applied for any unused amounts of the reserve. <u>At least EUR 400 million in current prices</u> at a start of budget year' (currently EUR 400 million at</p>

<p style="text-align: center;">6. EAGF - BUDGET DISCIPLINE AND CRISIS RESERVE</p>	<p>Art. 26. Financial discipline</p>	<p>2011 prices; instalment of EUR 459.5 million in 2018). The initial amount of the new crisis reserve is to be obtained from inside the CAP budget (DP.envelopes). The Commission may adjust the amount in view of market developments.</p>
	<p>Art. 27. Budget discipline procedure</p>	<p>- Art. 15 (& Recitals 14, 15, 16, 74, 75 and 79). <i>Financial discipline.</i> This instrument is simplified and inserting some <u>specific changes</u>: a) the financial discipline would cover all direct payments (EUR 2 000 franchise is abolished) (Art. 15(1)); b) the 'adjustment rate' (to be determined by the Commission) would affect the level of direct payments (as usual) and also the support to outermost regions and Aegean Islands (Art. 15(1)); c) no longer annual application (Art. 15(3)); d) the reimbursement of the amounts carried out should take place only whether the financial discipline is not applied next year and whether the amount to reimburse represents more than 0.2% of the EAGF annual ceiling (Art. 15(3)); and d) the instrument of financial discipline should only apply in Croatia from 1 January 2022 (Art. 15(5)).</p>
	<p>Art. 28. Early-warning and monitoring system</p>	<p>- Art. 16 (& Recitals 17, 18 and 79). <i>Budget discipline procedure.</i> Provision to be applied when the Commission considers that there is a risk of the annual budget ceiling (Art. 12) being exceeded. The procedure is also simplified.</p>
	<p>Art. 29. Reference exchange rates</p>	<p>- Art. 17 (& Recital 19). <i>Early-warning and monitoring system.</i> Unchanged.</p> <p>- Current Art. 29 removed.</p>
		<p>COMMENTS: Considering the experience of the F & V crisis (Russian embargo) as well as the 2014/2016 livestock crises, the amount for the reserve of crises (EUR 400 million) are not deemed enough to cope with future market disturbances. Furthermore, the proposal involves a reduction of reserve's funding in real terms. The best alternative would be to increase the initial amount of the reserve from outside the CAP budget but this scenario is highly unlikely. Another alternative would be to increase the reserve's amount using other CAP funds but this would imply to reduce the EAGF budget for other measures and, in particular, the DP national envelopes.</p> <p>On the other hand, the reserve's amount can be refilled but under the initiative of the European Commission (and wasting precious time to react to market developments) (Art. 14(2)).</p> <p>Lastly, one of the first challenges of the revamped agricultural reserve will likely be the market disturbances caused by the Brexit. The new multiannual reserve does not foresee anything in this respect.</p> <p>EP POSITION: MEPs called for an in-depth review of the current crisis reserve in order to create a workable and independent EU fund for agricultural crises (Point 142 of Resolution of 30.5.2018).</p>

<p style="text-align: center;">7. EAGF - FINANCING OF EXPENDITURE</p>	<p>Title IV, Chapter I, Arts. 16 to 29. EAGF. Section 1, Art. 17 to 23. Financing of expenditure (repealed). Arts. 17 and 18. Monthly payments</p> <p>Art. 19. Administrative and personal costs</p> <p>Art. 20. Public intervention expenditure</p> <p>Art. 21. Acquisition of satellite data</p> <p>Art. 22. Monitoring of agricultural resources</p> <p>Art. 23. Implementing powers</p>	<p>Title III, Chapter I. EAGF. Section 2. Arts. 18 to 24. <i>Financing of expenditure.</i> Continuity in general terms</p> <p>- Arts. 18 and 19 (& Recitals 20, 79 and 88). <i>Monthly reimbursements</i> provided to the MS for EAGF based on expenditure incurred and paid by paying agencies in the period concerned. Minor changes. See similar financing provisions for EAFRD: Art. 29 (pre-financing arrangements); Art. 30 (quarterly reimbursements); and Art. 32 (N+2 de-commitment rule). See also Art. 42 regulating payments to beneficiaries.</p> <p>- Art. 20 (& Recital 20). <i>Administrative and personal costs.</i> Unchanged.</p> <p>- Art. 21 (& Recital 75 and 78). <i>Public intervention expenditure</i> (CMO). Formal changes.</p> <p>- Art. 22 (& Recitals 21 and 78). <i>Acquisition of satellite data for the area monitoring system</i> referred to in Arts. 63(4)(b), 64 (1)(c) and 68. Technical changes.</p> <p>- Art. 23 (& Recital 21). <i>Monitoring of agricultural resources.</i> Additions: a) Art. 23(b) inserts monitoring of 'agricultural impacts associated with exceptional circumstances'; b) Art. 23(c) adds the 'greenhouse gas inventories under the UNFCCC'; Art. 23, paragraph 2, mentions 'geo-spatial data' and some collaborating entities as EEA and JRC.</p> <p>- Art. 24 (& Recitals 76, 78 and 79). <i>Implementing powers.</i> Unchanged.</p>
<p style="text-align: center;">8. EAFRD FINANCING UNDER THE CAP STRATEGIC PLAN</p>	<p>Title IV, Chapter II. Arts. 30 to 38. EAFRD (repealed).</p> <p>Art. 30. No double funding</p> <p>Art. 31. Provisions applying to all payments.</p> <p>Art. 32. Financial contribution from the EAFRD.</p> <p>Art. 33. Budget commitments.</p> <p>Art. 34. Provisions applying to payments for rural development programmes.</p> <p>Art. 35. Pre-financing arrangements</p>	<p>Title III, Chapter II. Arts. 25 to 32. EAFRD. Financing provisions under the new delivery model. Broadly unchanged: EAFRD financing and programming inspires the new CAP Strategic Plans.</p> <p>- Double funding rules become common provisions (see new Art. 34 below).</p> <p>- Art. 25 (& Recital 22). <i>Provisions applying to all payments.</i> Formal changes.</p> <p>- Art. 26 (& Recital 22). <i>Financial contribution from the EAFRD.</i> Adapted to new delivery model / CAP Strategic Plan framework.</p> <p>- Art. 27 (& Recital 22). <i>Budget commitments.</i> The Commission decision adopting a CAP Strategic Plan will constitute an EU legal commitment once notified to the MS. This decision shall specify the contribution per year</p> <p>- Art. 28 (& Recital 22). <i>Provisions applying to payments for rural development interventions.</i> Unchanged.</p> <p>- Art. 29 (& Recital 22). <i>Pre-financing arrangements</i> to ensure a steady flow of funds to beneficiaries.</p>

<p>8. EAFRD FINANCING UNDER THE CAP STRATEGIC PLAN</p>	<p>Art. 36. Interim payments</p> <p>Art. 37. Payment of the balance and closure of the programme</p> <p>Art. 38. Automatic decommitment for rural development programmes</p>	<p>1+1+1% rule is maintained. Provision adapted to the new financing period 2021/2027.</p> <p>- Art. 30 (& Recitals 23 and 80). <i>Interim payments.</i> Quarterly reimbursement to the MS for EAFRD.</p> <p>- Art. 31 (& Recital 23). <i>Payment of the balance and closure of the rural development interventions in the CAP Strategic Plan.</i></p> <p>- Art. 32 (& Recitals 22, 23 and 24). <i>Automatic decommitment for CAP Strategic Plans</i> when expenditure made without respecting deadlines for payments. N+2 decommitment rule is maintained.</p>
<p>9. FINANCING COMMON PROVISIONS</p>	<p>Title IV, Chapter II, Art. 30. No double funding. Chapter III. Arts. 39 to 46. Common provisions (repealed).</p> <p>Title V, Article 75. Payments to beneficiaries</p> <p>Art. 39. Agricultural financial year.</p> <p>Art. 30. No double funding</p> <p>Art. 40. Compliance with payment deadlines.</p> <p>Art. 41. Reduction and suspension of monthly and interim payments.</p> <p>Art. 42. Suspension of payments in the case of late submission.</p>	<p>Title III, Chapter III. Arts. 33 to 45. <i>Common provisions.</i></p> <p>- Art. 33. Agricultural financial year. Unchanged.</p> <p>- Art. 34. No double funding. Adaption following the integrated approach of CAP Strategic Plans. Current rules of Art. 30 of Regulation (EU) No 1306/2013 concern only EAFRD. This article develops common provisions related to EAGF and EAFRD.</p> <p>- New Art. 35 (& Recital 25). <i>Eligibility of expenditure incurred by the paying agencies</i> under the new delivery model (new compliance). Future payments no longer depend on the legality and regularity. Expenditure effected by paying agencies will be eligible if it is matched by corresponding <u>output (excepting advances)</u> and <u>in compliance with the EU rules.</u> Eligibility conditions for beneficiaries established in the CAP Strategic Plan <u>are not considered</u> for EU eligibility. Art. 35(a) includes Art. 10 of Regulation (EU) No 1306/2013.</p> <p>- Arts. 36, 37 and 52. Reduction of payments. Three types of reduction of payments:</p> <ul style="list-style-type: none"> . a) Art. 36 (& Recitals 27, 75 and 80): Compliance with payment <u>deadlines</u> (formal changes compared to current Art. 40); . b) Art. 37 (& Recitals 26, 27 and 80). Reduction of monthly and interim payments when financial <u>ceilings</u> are exceeded. The difference between reductions and suspensions is clarified. Current Art. 41 concerns both reductions and suspensions of payments. Now, <u>Art. 37 is exclusively focused on reduction</u> of monthly and interim payments. Current HZR provides for reductions of monthly or interim payments for the only purpose of supporting the control of legality and regularity. With the new delivery model those instruments should be used <u>to support performance</u>; . c) Art. 52 ('Annual performance clearance'): Amounts to be reduced when the expenditure does not have a corresponding <u>output</u> as reported in the annual performance report. See comments on Art. 52 below. <p>- Arts. 38, 39 and 40 (& Recital 26). <i>Suspension of payments.</i> Current HZR provides for suspensions of</p>

<p>9. FINANCING COMMON PROVISIONS</p>	<p>Art. 44. Keeping of separate accounts.</p> <p>Art. 75. Payments to beneficiaries</p> <p>Art. 43. Assignment of revenue.</p> <p>Art. 45. Information measures.</p> <p>Art. 46. Commission powers.</p>	<p>monthly or interim payments for the only purpose of supporting the control of legality and regularity. With the new delivery model, those instruments should be used <u>to support performance</u>. Suspension of payments could be decided in relation to:</p> <ul style="list-style-type: none"> . a) The annual financial clearance (Art. 38 & Recitals 28, 74, 75 and 80), when difference between the expenditure declared and the amount corresponding to the <u>relevant outputs</u> reported is more than 50%; . b) Multi-annual performance monitoring (Art. 39 & Recitals 29, 30, 74, 75 and 80), when targets deviate more than 25% from the CAP Strategic Plan and the MS fails to submit or to implement an action-plan (see Art. 121 CAPR - DASHBOARD 1). New form of payments' suspension introduced for situations of abnormally low outputs; and . c) Deficiencies in the governance systems (Art. 40 & Recitals 31 and 80), in case of serious deficiencies and the MS fails to submit or to implement an action-plan. The financial consequences of such suspensions should be decided in an ad-hoc conformity procedure (see Art. 53) <p>- Art. 41 (& Recital 80). <i>Keeping separate accounts.</i> Unchanged.</p> <p>- Art. 42 (& Recitals 32, 74, 75 and 80). <i>Payments to beneficiaries.</i> Current Art. 75 becomes Art. 42 (2), (3) and (5). National authorities should make the CAP payments to the beneficiaries in full. Deadlines for area/animal payments and rates for advances remain unchanged. MS may decide to pay advances of up to 50% for DP and for up to 75% for rural development interventions. As usual, in the event of an emergency (severe drought, epizootic disease, disruption of trade...) the Commission may adopt implementing acts to resolve specific problems.</p> <p>- Art. 43 (& Recital 33). <i>Assignment of revenue</i> (see Art. 21 of new Financial Regulation - COM (2018) 122). The list of sums of current Art. 43 of HZR are amended and harmonised with the existing provisions on assigned revenue.</p> <p>- Art. 44 (& Recital 34). <i>Information measures.</i> Unchanged.</p> <p>- Art. 45 (& Recitals 74, 75 and 80). <i>Commission powers.</i> Simplified.</p> <p><u>EP POSITION:</u> MEPS considered that all actors involved in the process of controlling EU finances must have the same understanding of the performance-based control system (Point 28 of Resolution of 30.5.2018).</p>
		<p>Title III, Chapter IV. Arts. 46 to 56. <i>Clearance of accounts.</i> The concept of the 'single audit approach' is introduced (in line with the (Financial) Regulation (EU) No 2018/1046) and the number of Commission audits can be reduced (Art. 46). Furthermore, the new annual performance clearance (Art. 52) reflects</p>

10. CLEARANCE OF ACCOUNTS	Title IV, Chapter IV. Arts. 47 to 57. Clearance of accounts (repealed).	the shift from compliance by the individual beneficiary to performance of the policy in the MS. - <i>New Art. 46 (& Recital 38). Single audit approach.</i> New Article formalising the single audit principle in order to reduce the risk of overlap between audits by various institutions. National certification bodies (see Art. 11 above) would implement internal audits. The Commission shall take assurance from the work of reliable certification bodies.
	Art. 47. On-the-spot checks by the Commission (linked to Art. 59)	- <i>Art. 47 (& Recitals 35 and 36). Checks by the Commission.</i> Substantial changes on the nature of checks to be performed by the Commission (verifying in particular the outputs reported in the annual performance report).
	Art. 48. Access to information	- <i>Art. 48 (& Recital 37). Access to information.</i> Technical changes.
	Art. 49. Access to documents.	- <i>Art. 49 (& Recital 37). Access to documents.</i> Minor changes. This Article should apply <i>mutatis mutandis</i> to the certification bodies.
	Art. 50. Commission powers.	- <i>Art. 50 (& Recitals 74, 75, 81 and 82). Commission powers.</i> Simplified.
	Art. 51. Clearance of accounts.	- <i>Art 51 (& Recitals 39 and 81). Annual financial clearance.</i> Implementing act covering the completeness, accuracy and veracity of the annual accounts submitted by accredited paying agencies. Technical changes. - <i>New Art. 52 (& Recitals 40, 74, 75 and 81). Annual performance clearance.</i> New Article establishing the reductions to be applied after the verification of the correspondence between expenditure and outputs. See Arts. 8, 11 and 37 of new HZR. See also Arts. 7, 121 and Annex I of CAPR (DASHBOARD 1). Annex I of CAPR lists the outputs per intervention to be assessed.
	Art. 52. Conformity clearance.	- <i>Art. 53 (& Recitals 41, 74 & 75). Conformity procedure.</i> Only in cases of serious deficiencies in the functioning of the MS' governance systems (Art. 53 (1), paragraph 2). Non-compliance with eligibility conditions for individual beneficiaries established in the CAP Plan and national rules will not be considered (Art. 53 (1), paragraph 3). Similar contradictory procedure remains recognising to MS the right to justify their decisions to make payments (Art. 53 (3)). - Current Arts. 53 and 54 removed.
	Art. 53. Commission powers related to clearance.	- <i>Art. 54. Provisions specific to the EAGF.</i> Unchanged.
	Art. 54. Common provisions on irregularities.	- <i>Art. 55. Provisions specific to the EAFRD.</i> Addition of provisions related to the reuse of aids from financial instruments (Art. 55(2)).
	Art. 55. Provisions specific to the EAGF.	- <i>Art. 56 (& Recital 83). Implementing powers.</i> Simplified.
Art. 56. Provisions specific to the EAFRD.		
Art. 57. Commission powers related to irregularities.		
	EP POSITION: MEPs called for the development of a system of legal adjustments that would be conducive to changing the implementing model in order to prevent additional costs from being incurred (Point 19 of Resolution of 30.5.2018). MEPs also	

		called on the Commission to carry out financial and performance control and audits with the aim of guaranteeing that functions are performed to the same high standards across all MS (Point 25 of Resolution of 30.5.2018).
11. CONTROL SYSTEMS AND PENALTIES - GENERAL RULES	<p>Title V, Chapter I. Arts. 58 to 66. General rules (repealed).</p> <p>Art. 58. Protection of the financial interest of the Union</p> <p>Art. 59. General principles of checks</p> <p>Art. 62. Commission powers as regards checks.</p> <p>Art. 63. Undue payments and administrative penalties</p> <p>Art. 60. Circumvention clause</p> <p>Art. 61. Compatibility of support schemes for the purposes of checks in the wine sector</p> <p>Art. 64. Application of administrative penalties.</p> <p>Art. 65. Suspension of payments to the Member States in specific cases covered by Regulation (EU) No 1308/2013.</p> <p>Art. 66. Securities</p>	<p>Title IV, Chapter I. Arts. 57 to 62. Control systems and penalties - General rules.</p> <p>- Art. 57 (& Recitals 42 and 83). Protection of the financial interest of the Union. New paragraphs (3) and (4) explaining the scope of MS' arrangements for ensuring compliance with the EU financial law.</p> <p>- Current Art. 59 removed. See new Arts. 46 and 47.</p> <p>- Art. 58 (& Recitals 43, 75 and 83). Rules regarding checks to be carried out. Current Art. 62 HZR is adapted to the CAP Strategic Plan Regulation - CAPR (DASHBOARD 1). Art. 58(4)(e) extends the checking system to the outermost regions and smaller Aegean Islands.</p> <p>- Art. 59 (& Recital 44). Non-compliance with public procurement rules. Clarification of such non-compliance affects the legality and regularity of the transactions only up to the level of the part of the aid not to be paid or to be withdrawn. Most of current Article 63(1) HZR is removed.</p> <p>- Art. 60 (& Recital 45). Circumvention clause. Unchanged. Provision preventing possible artificial division of holdings in order to avoid the 'capping'.</p> <p>- Art. 61 (& Recital 45). Compatibility of interventions for the purposes of checks in the wine sector. Adaptation to the CAP Strategic Plan Regulation - CAPR (DASHBOARD 1).</p> <p>- Current Arts. 64 and 65 removed.</p> <p>- Art. 62 (& Recitals 45, 75 and 83). Securities. No changes.</p> <p><u>EP POSITION:</u> MEPs underlined the necessity of identifying the key elements of a well-balanced, transparent, simple and objective system of penalties and incentives (Points 14, 15, 16 and 55 of Resolution of 30.5.2018).</p>
12. CONTROL SYSTEMS AND PENALTIES - IACS	<p>Title V, Chapter II. Arts. 67 to 78. Integrated administration and control system (IACS) (repealed).</p> <p>Art. 67. Scope and terms used</p>	<p>Title V, Chapter II. Arts. 63 to 73. Integrated administration and control system (IACS).</p> <p>- Art. 63 (& Recital 46). Scope and definitions. New terms are added: <i>geo-spatial application</i> (Art. 63(4)(a)); <i>area monitoring system</i> (Art. 63(4)(b)); <i>system for identification and registration of animals</i> (Art. 63(4)(c)); <i>geographic information system</i> (Art. 63(4)(e)); and <i>claimless system</i> (Art. 63(4)(f)). Art. 63(2) lays also down that the IACS should be applied</p>

<p>12. CONTROL SYSTEMS AND PENALTIES</p> <p>-</p> <p>IACS</p>	<p>Art. 68. Elements of the integrated system</p> <p>Art. 69. Computerised database</p> <p>Art. 70. Identification system for agricultural parcels</p> <p>Art. 72. Aid applications and payment claims</p> <p>Art. 73. System for the identification of beneficiaries</p> <p>Art. 74. Verification of eligibility conditions and reductions</p> <p>Art. 75. Payment to beneficiaries.</p> <p>Art. 71. System for the identification and registration of payment entitlements.</p> <p>Art. 76. Delegated powers.</p> <p>Art. 77. Application of administrative penalties</p> <p>Art. 78. Implementing powers.</p>	<p>to the outermost regions and smaller Aegean Islands measures.</p> <p>- Art. 64 (& Recitals 46 and 47). <i>Elements of the integrated system.</i> Adaptation to the new definitions of Art. 63.</p> <p>- Current Art. 69 removed.</p> <p>- New Art. 65 (& Recital 48). <i>Data keeping and sharing.</i> The IACS should ensure that the aggregate data provided in the annual performance reporting is reliable and verifiable.</p> <p>- Art. 66 (& Recitals 48, 49, 74 and 75). <i>Identification system for agricultural parcels</i> (to be based on a 'geographic information system'. Technological updating.</p> <p>- Art. 67 (& Recitals 48, 74 and 75). <i>Geo-spatial and animal-based application system.</i> Similar to current Art. 72.</p> <p>- New Art. 68 (& Recitals 47, 48, 49, 74 and 75). <i>Area monitoring system.</i> See Art. 22.</p> <p>- Art. 69. <i>System for the identification of beneficiaries.</i></p> <p>- Art. 70. <i>Control and penalties system.</i> Similar to current Art. 74.</p> <p>- Current Art. 75 becomes Art. 42(2), (3) and (5).</p> <p>- Art. 71. <i>System for the identification and registration of payment entitlements.</i> Updating. See Arts. 20 and 21 CAPR (entitlement rules) (DASHBOARD 1).</p> <p>- Art. 72 (& Recitals 74 & 75). <i>Delegated powers.</i> Updated and simplified.</p> <p>- Current Art. 77 removed.</p> <p>- Art. 73 (& Recital 84). <i>Implementing powers.</i> Updated and simplified</p> <p>COMMENTS: The existing key elements of the IACS are maintained, in particular:</p> <ul style="list-style-type: none"> . a) the provisions for identifying agricultural parcels - <i>Land Parcel Identification System, LPIS (Art. 66)</i>; . b) the provisions concerning a geo-spatial and an animal-based system (Art. 67);; . c) a system for recording the identity of beneficiaries (Art. 69); . d) a control and penalties system (Art. 70); and . e) a system for identifying and registering payment entitlements (Art. 71). <p>As <u>new elements</u> can be mentioned:</p> <ul style="list-style-type: none"> . a) Data keeping and sharing (Art. 65); and . b) Area monitoring system (Art. 68). <p>New provisions should increase flexibility. Many key elements of the IACS would be defined by MS (i.e. system for identification and registration of payment entitlements, system for identification and registration of animals, rules on calculation of payments; deadlines for submission of applications,</p>
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		<p>rules on amendment and penalties for late applications, or control and penalties systems).</p> <p>It should be also noted that the IACS would be complemented by a specific control system on the conditionality (Arts. 84 to 87 - See Section 15 below).</p> <p><u>EP POSITION:</u> The EP supported a reasonable level of flexibility with a strong common framework of checks (Points 7 and 9 of Resolution of 30.5.2018). The EP also stressed the role of space technologies such as <i>Galileo, EGNOS and Copernicus</i> (mentioned in Recital 47) in order to collect information, to assist in the monitoring systems and/or to respond to agri-environment-climate challenges (Points 20, 21, 40, 106, 107, 108, 109, 111, 177 and 178 of Resolution of 30.5.2018).</p>
<p>13. CONTROL SYSTEMS AND PENALTIES</p> <p>-</p> <p>OTHER PROVISIONS</p>	<p>Title V, Chapters III and IV. Arts. 79 to 90. Scrutiny of transactions and other provisions (repealed).</p>	<p>Title IV, Chapter III. Arts. 74 to 83 (& Recitals 50 to 54). <i>Scrutiny of transactions.</i> Minor changes</p> <ul style="list-style-type: none"> - Title of Art. 76 (<i>Cross-checks</i>) (former Art. 81) - Current Arts. 89 and 90 (<i>Checks and penalties related to marketing rules, DOs and GIs</i>) transferred to new CMO Regulation (Arts. 90a and 116a) (DASHBOARD 3). <p><u>COMMENTS:</u> National provisions relating to scrutiny may be more extensive than those provided for by Union law.</p>
<p>14. CROSS-COMPLIANCE</p>	<p>Title VI, Chapter I, Arts. 91 to 95. Cross-compliance - Scope (repealed)</p>	<ul style="list-style-type: none"> - Transferred to in CAPR (Arts. 11 and 12) (DASHBOARD 1 - Section 6)
<p>15. CONTROL SYSTEMS AND PENALTIES IN RELATION TO CONDITIONALITY</p>	<p>Title VI, Chapter II. Arts. 96 to 101. Control systems and penalties in relation to conditionality (repealed)</p> <p>Art. 96. Checks of cross-compliance.</p> <p>Art. 97. Application of the administrative penalty</p> <p>Art. 98. Application of the administrative penalty in Bulgaria, Croatia and Romania</p> <p>Art. 99. Calculation of the administrative penalty</p>	<p>Title IV, Chapter IV. Arts. 84 to 87. <i>Control systems and penalties in relation to conditionality.</i> Changes to the terms: 'Cross-compliance' becomes 'conditionality' (see DASHBOARD 1).</p> <ul style="list-style-type: none"> - Art. 84 (& Recitals 55 and 56). <i>Control system for conditionality.</i> Provisions of current Art. 96 are clarified and developed. A minimum control rate at Union level is provided (at least 1% of beneficiaries receiving the CAP aid) (Art. 84(3)(d)). Art. 84(1) extends the control system and penalties in relation to conditionality to the outermost regions and smaller Aegean Islands. - Art. 85 (& Recital 57). <i>System of administrative penalties for conditionality.</i> - Art. 98 removed. - Art. 86 (& Recitals 57, 58, 74, 75 and 88). <i>Calculation of the penalty.</i> Provision integrating current Articles 99 and 101. However, the minimum percentage of reduction in the case of reoccurrence is removed (current Art. 99(22) compared to Art. 86(1) amd (3) proposed). In the case of non-compliance due to negligence the minimum percentage remains but

<p>15. CONTROL SYSTEMS AND PENALTIES IN RELATION TO CONDITIONALITY</p>	<p>Art. 100. Amounts resulting from cross-compliance</p> <p>Art. 101. Commission powers in relation to the application and calculation of administrative penalties</p>	<p>reduced 3% as general rule (Art. 86(2)) to be compared to 5% of current Art. 99(2)).</p> <p>- Art. 87. Amounts resulting from the administrative penalties and conditionality. Member States may retain 20% of these amounts (currently 25%).</p> <p><u>COMMENTS:</u> Increased flexibility in favour MS. Organisation of controls should be at the discretion of MS. Furthermore, the new HZR does not develop the rules on the application and calculation of penalties in relation to conditionality. These rules should be adopted by a delegated act. The European Commission keeps the powers of calculating of the penalties (Art. 86(1), second paragraph). Some doubts remain on how a continued consistency of penalties for equivalent errors will be ensured in the future.</p> <p><u>EP POSITION:</u> The EP called on the Commission to introduce a new, coherent, reinforced and simplified conditionality regime (Points 63 and 92 of Resolution of 30.5.2018).</p>
<p>16. OTHER COMMON PROVISIONS</p>	<p>Title VII, Arts. 102 to 114. Common provisions (repealed)</p>	<p>Title V, Arts. 88 to 99 (& Recitals 59 to 73). <i>Common provisions.</i> Main changes:</p> <ul style="list-style-type: none"> - Current Art. 110.1 (<i>Monitoring and evaluation framework of the CAP</i>) transferred to in Art. 115 of CAPR (DASHBOARD 1). - Current Art. 110(2) translates in operational terms the agricultural policy objectives set out in the Treaty (Article 39 TFEU). These objectives should be replaced by the '<i>General objectives</i>' of Art. 5 of CAPR (DASHBOARD 1). - Current Arts. 111 and 112 have been simplified and inserted into new Art. 96. See also Arts. 44(3) to (5) of CAPR (DASHBOARD 1). <p>Title VI, Arts. 100 and 101. <i>Delegated and implementing acts.</i> New structure of delegated and implementing acts.</p> <ul style="list-style-type: none"> - Art. 100 (& Recitals 74 and 75). <i>Exercise of delegation.</i> See delegated acts referred to in Arts. 10, 15, 21, 36, 39, 42, 45, 50, 52, 53, 58, 62, 72, 74, 79, 86, 92, 93 and 103. - Art. 101 (& Recitals 87 & 88). Committee procedure. <p><u>COMMENTS:</u> The monitoring system on the new delivery model implementation could jeopardise the legislators' prerogatives and, in particular, the EP's powers: the EC would be solely responsible for monitoring the national decisions implementing the CAP Strategic Plans. In order to counteract this risk, legislators could: modify the design of the new delivery system (multi-level structure within the CAPR); increase the delegated acts at the expense of implementing acts (within the CAPR and the HZR); and to improve the reporting system (within the</p>

		<p>HZR). Furthermore, the EC is providing vague explanations of why delegated / implementing acts have been chosen. In addition, it should be noted a lack of details. As example, why the advisory procedure is sometimes used for the adoption of certain implementing acts (see Arts.10, 11, 15, 16, 19, 21, 24, 30, 37, 38, 39, 40, 42, 45, 50, 51, 52, 53, 56, 57, 58, 62, 73, 83, 90, 93 and 98). Moreover, why the Commission adopts implementing acts without committee on other occasions (i.e. Arts. 12 or 19). It remains also unclear why examination procedures of Art. 101(1), 101(2) or 101(3) have been selected depending of the field.</p>
17. FINAL PROVISIONS	Title VII, Arts. 115 to 121 (repealed).	<p>Title VII, Arts. 102 to 104. Updating.</p> <ul style="list-style-type: none"> - Art. 102 (& Recital 89). <i>Repeal.</i> Regulation (EU) No 1306.2013 should therefore be repealed. - Art. 103 (& Recital 90). <i>Transitional measures.</i> - Art. 104. <i>Entry into force and application.</i> This new HZR should be applied from 1 January 2021. <p><u>COMMENTS:</u> Transitional regulation will be necessary in the event of a delay in the adoption of the CAP / MFF 2021/2027. Furthermore, CAP Strategic Plans will need a transitional period in order to ensure a smooth implementation (including new software systems, administrative circuits, management authorities, etc.)</p> <p><u>EP POSITION:</u> MEPs called for the current rural development programmes to continue to apply until 2024 or until a new CAP reform is adopted (Points 112 and 169 of Resolution of 30.5.2018). The EP also called on the Commission to propose a transitional period long enough to ensure a soft landing and time for Member States to properly implement the new CAP in an orderly manner (Point 173 of Resolution of 30.5.2018).</p>
18. ANNEXES	Annexes I to III	<p>Only Annex I including a correlation table.</p> <p>No other Annexes following the deletion of the cross-compliance issues (scope).</p>

DASHBOARD 3. AMENDING COMMON MARKET ORGANISATION**(Current CMO compared with CAP reform proposal (COM (2018) 394) topic-by-topic)**

TOPIC	CMO CONSOLIDATED	CAP REFORM (2021 /2027)
1. OVERVIEW	<p>Regulation (EU) No 1308/2013 (See Box 1 for supplementary rules)</p> <p>Part I, Art. 1 to 7. Introductory provisions</p> <p>Part II, Title I, Chapter I, Arts 8 to 21. Market intervention.</p> <p>Part II, Title I, Chapter II, Arts 22 to 60. Aid schemes</p> <p>Part II, Title II, Chapter I, Arts. 73 to 123. Marketing rules</p> <p>Part II, Title II, Chapter II, Arts. 124 to 151. Specific provisions for individual sectors</p> <p>Part II, Title II, Chapter III, Arts. 152 to 175. POs and interbranch organisations</p> <p>Part III, Arts 176 to 205. Trade with third countries</p> <p>Part IV, Arts. 206 to 218. Competition rules</p> <p>Part V, Arts. 219 to 226. General provisions</p> <p>Part VI. Arts. 227 to 232. Final provisions</p> <p>Annexes I to XIV</p>	<p>Articles 1 of COM (2018) 394: CMO architecture and main features remain broadly unchanged:</p> <ul style="list-style-type: none"> - Part I, Introductory provisions. Minor changes: simplification (Recital 5). Art. 3. Definitions. Some paragraphs deleted; Art. 5 amended; Art. 6. Marketing years. Obsolete and deleted. - Part II, Title I, Chapter I, Arts. 8 to 21. Safety net (public intervention & private storage) remains in force. - Part II, Title I, Chapter II, Arts 22 to 60. Aid schemes. School schemes (Art. 23a) amended and sectorial programmes (Arts. 29 to 60) to be integrated into each MS' CAP Strategic Plan - Part II, Title II, Chapter I Marketing rules. Unchanged excepting some wine sector provisions - Part II, Title II, Chapter II, Arts. 124 to 151. Specific provisions for individual sectors. Unchanged excepting some specific provisions related to sugar sector (Arts 124 to 144) and wine sector (Art. 145) - Part II, Title II, Chapter III, Arts. 152 to 175. POs and interbranch organisations. Unchanged (largely amended by Omnibus regulation) - Part III, Arts 176 to 205. Trade with third countries. Unchanged excepting some provisions related to hemp and sugar imports (Arts 189, 192, 192) and export refunds (Arts 196 to 204) - Part IV, Arts. 206 to 218. Competition rules. Unchanged. - Part V, Arts. 219 to 226. General provisions. Broadly unchanged. Art. 225 removed (reporting obligations of the Commission concerning apiculture, milk, school schemes and competition rules - requested by the EP in the past) and Art. 226 (use of the reserve for crises). - Part VI. Arts. 227 to 232. Final provisions. Replaced. - Annexes II, III, VII and VIII amended. Annex VI deleted <p>GENERAL COMMENT: CAP reform process is progressively devoiding CMO of their budgetary content (see Table 3). CMO regulation is just becoming a regulatory framework. The integration of sectorial programmes in the CAP Strategic Plans and the concurrent weakening of crisis reserve consolidate this process. In addition, the shifting of sectorial programmes resources to the CAP Strategic Plans indirectly reduces the budget of national envelopes available for direct payments (see Art. 5(2) of HZR proposal (COM (2018) 393) (DASHBOARD 2).</p> <p>EP POSITION: The EP has always stressed the role of CMO within the CAP. However, the Commission's proposal has failed to respond to some EP specific</p>

		<p>calls developed by the Resolution of 30. 5.2018 on the 'Future of Food and Farming' - Box 2). By way of examples: 1) to improve of EU school programmes (point 122); 2) to introduce innovative market and crisis management instruments, e.g. EU Milk Supply Reduction Scheme (points 125, 126 and 138); 3) to better address health issues (points 128 and 129); 4) to improve support to POs and cooperatives (point 132); 5) to clarify competition rules (points 133 and 136); 6) to improve sectors support (points 139, 140 and 141); and / or 7) to reinforce safeguard mechanisms (points 145 and 146).</p>
<p>2. SCHOOL SCHEMES</p>	<p>Part II, Title I, Chapter II. Aid schemes Part II, Title I, Chapter II, Art. 23a. (created by Regulation (EU) No 2016/791) Financing provisions of school schemes (250 million per school year) Part VI, Chapter II, Art. 225. Reporting obligation of the Commission</p>	<p>- Part II, Title I, Chapter II: New Title - Part II, Title I, Chapter II, Recital 6 and Art. 23a. Adjustment of budgetary limits following the MFF proposal (220 million per school year deducting UK envelope) (Table 3). - Part VI, Chapter II, Art. 225 (d). Report concerning school schemes removed.</p> <p><u>COMMENTS:</u> The EP called for enhanced school programmes.</p> <p><u>EP POSITION:</u> Point 122 of Resolution of 30.5.2018.</p>
<p>3. SECTORIAL PROGRAMMES (TO BE INCLUDED INTO THE CAP PLAN REGULATION - CAPR - COM (2018) 392)</p>	<p>Part II, Title I, Chapter II, Sections 2 to 6, Arts. 29 to 60: Aid schemes (transferred).</p> <p>-Section 3, Arts. 32 to 38. Aid in the Fruit and vegetables sector. - Section 5, Arts. 55 to 57. Aid in the apiculture sector. - Section 4, Arts. 39 to 54 and Annex VI. Support programmes in the wine sector. - Section 6, Arts. 58 to 60. Aid in the hops sector. - Section 2, Arts. 29 to 3. Aid in the olive oil and table olives sector.</p>	<p>Articles 29 to 60 removed (see Recitals 3, 7 and 37 of COM (2018) 394). Sectoral interventions transferred to in CAP Plan Regulation (CAPR - COM (2018) 392 - Chapter III) (DASHBOARD 1 - Section 14). Current Operational Programmes to be covered within national CAP Strategic Plans, compulsory in some sectors (F & V, apiculture, wine - only producing MS), optional in others. Essential elements of programmes largely unchanged into CAPR including financing by EAGF.</p> <p>- Chapter III, Section 2, Arts. 42 to 47 CAPR. The fruit & vegetables sector. - Chapter III, Section 3, Arts. 48 to 50 CAPR. The apiculture sector.. - Chapter III, Section 4, Arts. 51 to 54 CAPR. The wine sector. - Chapter III, Section 5, Art. 55 CAPR. The hops sector. - Chapter III, Section 6, Arts 56 to 58 CAPR. The olive oil and table olives sector. - Chapter III, New Section 7, Arts. 59 to 63 CAPR. Other sectors.</p> <p>See DASHBOARD 1 (Section 14) for details.</p> <p><u>COMMENTS:</u> The EP's Plenary called on the Commission to maintain compulsory sector programmes for producing countries (wine, fruit and</p>

		<p>vegetables, olive oil and apiculture) and to extent operational programmes to other sectors.</p> <p>EP POSITION: Points S, 122 and 123 of Resolution of 30.5.2018.</p>
<p>4. OTHER SPECIFIC PROVISIONS CONCERNING WINE SECTOR</p>	<p>Part II, Title I, Chapter III, Art. 63. Safeguard mechanism for new vine plantings</p> <p>Part II, Title II, Chapter I. Marketing rules. Arts. 81 (Wine grape varieties) and 90 (imports of wine)</p> <p>Part II, Title II, Chapter I. Marketing rules. Arts. 93 to 123. Origin and GI protection</p>	<p>- Art. 63(1) (& Recital 8). More flexibility for new vine planting authorisations. In view of the decrease in the planted area with wines, MS would establish the area for new planting authorisations choosing between the existing basis and a percentage of the total area actually planted.</p> <p>- Art. 81(2) (& Recital 9). To ensure that EU wine production develops a higher resistance to diseases and that it uses vine varieties better adapted to changing climate conditions, rules for classifying wine grape varieties are modified. Additional <i>Vitis</i> species and wine grape varieties could be planted.</p> <p>- Art. 90(3) (& Recital 11). Mention of international agreements provisions paragraph (3).</p> <p>- NEW Art.90a (& Recital 29). Checks and penalties. Art. 89 of Regulation (EU) No 1306/2013 (repealed) concerning checks and penalties related to marketing rules are integrated in the CMO Regulation. See also Art. 57 of new HZR, COM (2018) 393 - DASHBOARD 2).</p> <p>- Part II, Title II, Chapter I. Marketing rules. The changes proposed) aim to a simplified GI protection system that would be more understandable to consumers, easier to manage and would reduce administrative costs (Arts. 93, 94, 96, 97, 103, 119, 120 & 122 amended; Arts. 98, 99 and 106 replaced; Arts. 111 & 124 deleted; NEW Art. 116a).</p> <p>Art. 93 (& Recitals 10 and 12). Change / simplification of 'designation of origin' definition and criteria. Following amendment of Art. 81(2), crosses between <i>vitis vinifera</i> and other species of the genus <i>vitis</i> permitted.</p> <p>Art. 94. Technical amendment.</p> <p>Art. 96(6) and (7) (& Recital 13). Applications for GI protection - MS communication of on-going national procedures. Paragraphs 6 and 7 added regarding possible procedures launched at national level concerning an application for GI protection. Commission can suspend the examination of the application until national procedure has finished. See also New Art. 116a).</p> <p>Art. 97(2) to (4) (& Recitals 14 and 15). Simplification of registration of GIs and Commission's scrutiny. Competent authorities of MS should guarantee the result of assessment of compliance of the product specifications. MS habilitation to decide on amendments that do not have impacts at EU level. Commission's scrutiny of applications will be focused on checking them against manifest errors. Scrutiny's period should</p>

4. OTHER SPECIFIC PROVISIONS CONCERNING WINE SECTOR

Part II, Title II, Chapter II, Specific provisions for individual sectors.
Art. 145. Vineyard register

Annex VII. Definitions of products referred to in Art. 78

Annex VIII. Annex VIII. Oenological practices referred to in Art. 80

not exceed six months from the date of receipt of the application.

Arts. 98, 99 and 111 (& Recitals 16 and 17). Objection procedure. New texts envisaging to make the approval process more efficient, without notice. The deadline is standardised: three months for submitting statement of objection (previously two months). Objections from natural and legal persons should be submitted via the authorities of the MS in which they reside or are established. No formal decision for inadmissible objections (former **Art. 111** deleted). Registration without objection implemented without examination procedure referred to in Arts. 229(2) or (3) (no Committee).

Art. 103(4) (& Recital 18). GI's protection extended to goods in transit across the Union, as well as to goods of electronic commerce. See also Art. 13 of Regulation (EU) No 1151/2012 (**DASHBOARD 4**).

Art. 106 (& Recital 19). Cancellation of protection. New text aligning grounds. Committee's procedure (Art. 229(2) remains in force).

NEW Art. 116a (& Recital 13). Checks. MS communication on on-going national procedures including designation of competent authority responsible for carrying out the checks related to GIs. Current Article 90 of HZR (*Checks related to designations of origin, geographical indications and traditional terms*) becomes new Art. 116a of CMO (**DASHBOARD 2**). See also **Art. 96** amended.

Art. 119(1) and (4) (& Recital 21). Compulsory particulars. Improving protection by MS. Adapting to **Annex VII, Part II, new points (18) and (19)**.

Art. 120(1) (& Recital 21). Adapting to **Annex VII, Part II, new points (18) and (19)** (see below).

Art. 122(1) (& Recital 22). Delegated powers. Technical amendment.

- **Art. 145 (3).** *Vineyard register*. Adapting restructuring and conversion measures to CAP Plans provisions.

- **Annex VII, Part II, points (18) and (19)** (addition) and **Annex VIII, Part I, Section E (& Recitals 20 and 21)** (addition). In view of the ever increasing consumer demand for innovative grapevine products, introduction of de-alcoholised and partially de-alcoholised wines and grapevine products. See also reference of **Arts. 119(1) and 120(1) of CMO** and amendments to **Art. 2 (2) and (3) of Regulation (EU) No 1151/2012 (DASHBOARD 4)**.

COMMENTS: The EP has requested to extend specific supply management measures to cover all quality-labelled products.

EP POSITION: **Points 141 and 164 of Resolution of 30.5.2018.**

<p>5. SPECIFIC PROVISIONS FOR SUGAR SECTOR</p>	<p>Part II, Title II, Chapter II, Specific provisions for individual sectors. Arts 124 to 144. Sugar</p> <p>Part III, Chapter VI, Export refunds. Arts 196 to 204. Sugar exports</p> <p>Annex II. Definitions</p> <p>Annex III. Standard quality of rice and sugar</p>	<p>- Arts. 124 and 127 to 144 (& Recital 23) linked to sugar quota scheme expired at the end of the 2016/2017 marketing year. Provisions obsolete are deleted.</p> <p>- Arts 196 to 204. Removed.</p> <p>- Annex II, Part II, Point 4 of Section A and Section B (& Recital 4), concerning the sugar sector, deleted. Recital 4 explains the context.</p> <p>- Annex III. Title amended and Section B (Standard qualities for sugar) removed.</p>
<p>6. IMPORT PROVISIONS</p>	<p>Part III, Chapter IV, Arts. 189 to 193. Special import provisions for certain products</p>	<p>- Art. 189 (& Recital 24) (hemp imports). Deleted.</p> <p>- Arts. 192 and 193 (& Recital 25) (sugar imports). Deleted.</p> <p>- NEW Art. 193a (& Recital 25). Implementing powers in order to suspend import duties for cane and beet molasses.</p>
<p>7. EXPORT PROVISIONS</p>	<p>Part III, Chapter V, Arts. 196 to 204. Export refunds</p>	<p>- Arts. 196 to 204 (& Recitals 26 and 27). Translating into internal legislation commitments taken by the EU and its MS in the context of WTO Ministerial Decision of Nairobi, export refunds provisions deleted.</p> <p><u>COMMENTS:</u> In respect of export credits, export credit guarantees and insurance programmes, agricultural exporting state trading enterprises and international food aid, Member States may adopt national measures. This provision is not developed by the EC proposal.</p> <p><u>EP POSITION:</u> Point 157 of Resolution of 30.5.2018.</p>
<p>8. REPORTING OBLIGATIONS</p>	<p>Part V, Chapter III, Art. 225. Reporting obligation of the Commission</p>	<p>- Art. 225 (& Recital 28). Deletion of reporting obligations of the Commission concerning apiculture, milk, school schemes and competition rules</p> <p><u>COMMENTS:</u> EP has requested regular reports in the past.</p>
<p>9. CRISIS RESERVE</p>	<p>Part V, Chapter III.. Art. 226. Reserve for crises in the agriculture sector (intending to provide additional support in the case of major crisis) (Art. 25 of Regulation (EU) No 1306/2013, HZR). Funded by linear cuts to Pillar 1 direct payments via Financial discipline mechanism (Art. 26 of Regulation (EU) No 1306/2013, HZR). Annual instalment of EUR 459,5 million in 2018 without annual roll-over of the unused amounts</p>	<p>- Art. 226 (& Recitals 30 and 38). The current 'reserve for crises' is replaced by a new 'agricultural reserve' for safety-net measures in the context of market management or stabilisation and/or in case of crises affecting agricultural production (See Art. 14 of new HZR - DASHBOARD 2). The Commission proposal means a reduction of funding in real terms ('at least EUR 400 million in current prices') but adding pluri-annuality: an annual roll over of the unused amounts would be applied from 2021 to the end of the financial period (2027).</p> <p><u>COMMENTS:</u> The EP called for an in-depth review of the current crisis reserve in order to create a workable and independent EU fund for agricultural crises.</p> <p><u>EP POSITION:</u> Point 142 of Resolution of 30.5.2018</p>

<p>10. TRANSITIONAL PROVISIONS</p>	<p>Part VI. Delegations of power, implementing provisions, transitional and final provision</p>	<p>- Article 6 of COM (2018) 394 (& Recitals 37 and 38)</p> <p><u>COMMENTS:</u> New transitional regulation will be necessary in the event of a delay in the adoption of the CAP / MFF 2021/2027. Furthermore, CAP Strategic Plans will need a transitional period long enough to ensure a soft landing and time for MS to properly implement new software systems, administrative circuits, management authorities, etc.</p> <p><u>EP POSITION:</u> Points 112, 169 and 173 of Resolution of 30.5.2018.</p>
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DASHBOARD 4. AMENDING QUALITY SCHEMES FOR AGRICULTURAL PRODUCTS AND FOODSTUFFS

Current Regulation (EU) No 1151/2012 compared with CAP reform proposal (Art. 2 of COM (2018) 394) topic-by-topic

TOPIC	REGULATION (EU) No 1151/2012	CAP REFORM PROPOSAL 2021 /2027
1. OVERVIEW	<p>Regulation (EU) No 1151/2012 (See Box 1 for supplementary rules)</p> <p>Title I, Arts. 1 to 3. General provisions</p> <p>Title II, Arts. 4 to 16. PDO and PGI.</p> <p>Title III, Arts. 17 to 26. Traditional specialities guaranteed</p> <p>Title IV, Arts. 27 to 34. Optional quality schemes</p> <p>Title V, Arts. 35 to 54. Common provisions</p> <p>Title VI, Arts. 55 to 59. Procedural and final provisions</p> <p>Annexes I and II</p>	<p>Article 2 of COM (2018) 394: Simplification proposal for wine GIs (DASHBOARD 3) to be also applied to agricultural products and foodstuffs in order to ensure reasonable level of coherence between the schemes. The scope of Regulation (EU) No 1151/2012 (see Art. 2 and Annex I below) is extended to cover aromatised wines and other alcoholic beverages with the exception of spirit drinks and of grapevine products listed in Annex VII to CMO Regulation (DASHBOARD 3).</p> <p>- Title I. General provisions. Scope. Art. 2 amended.</p> <p>- Title II. PDO and PGI. Arts. 5, 7, 10, 13 and 15 amended. Art. 16sa inserted.</p> <p>- Title III. Traditional specialities guaranteed. Art. 21 amended. Art. 24a inserted.</p> <p>- Title IV. Optional quality terms. Unchanged.</p> <p>- Title V. Common provisions. Art. 49 addition. Art. 50 replaced. Arts. 51 to 53 amended.</p> <p>- Title VI. Procedural and final provisions. Unchanged.</p> <p>Annex I amended.</p> <p>GENERAL COMMENT: The EP has always supported initiatives to reinforce quality food schemes. Now, AGRI Committee could extend the scope of this proposal and improve the current optional quality terms (Title IV) including mountain and island products.</p> <p>EP POSITION: Points 160, 165 and 166 of Resolution of 30.5.2018</p>
2. SCOPE	<p>Title I, Art. 2. Scope</p>	<p>- Art. 2 (& Recital 31). <i>The scope of Regulation</i> (EU) No 1151/2012 is extended to cover aromatised wines and other alcoholic beverages with the exception of spirit drinks and of grapevine products listed in Annex VII to CMO Regulation (DASHBOARD 3). See also Annex I addition.</p>

<p>3. GENERAL SCHEME PROTECTING DOs AND GIs</p>	<p>Title II. Protected designations of origin and protected geographical indications.</p> <p>Title II. Art. 5. PDO requirements</p> <p>Title II. Art. 7. Product specification</p> <p>Title II. Art. 10. Grounds for opposition</p> <p>Title II. Art. 13. Protection</p> <p>Title II. Art. 15. Transitional periods</p>	<ul style="list-style-type: none"> - Art. 5(b) (& Recital 32). Insertion of 'relevant' human factors - Art. 7(d) (& Recital 32). Deletion of the requirement of 'evidence of origine'. - Art. 10 (& Recital 32). Technical amendment (reference to Art. 51(2) replaced by Art. 51(1)). See new Art. 51. - Art. 13 (& Recital 32). Strengthening protection against counterfeiting of GIs on the internet and on goods in transit. - Art. 15 (& Recital 32). Simplification. No Committee's examination procedure. Deletion of reference to possible extension of transitional period to '15 years'. - NEW Art. 16a (& Recital 31). Geographical indications for aromatised wine products would enter in the register of PDO and PGI (Art. 11). The current aromatised wines GI scheme that only has 5 out of 3350 GIs, cannot be operational in practical terms and it would be merged into the Regulation (EU) No 1151/2022 scheme. This regulation is already covering other alcoholic beverages. See also amendments to Regulation (EU) No 251/2014 (DASHBOARD 5).
<p>4. TRADITIONAL SPECIALITIES GUARANTEED</p>	<p>Title III. Arts. 17 to 26. Traditional specialities guaranteed</p>	<ul style="list-style-type: none"> - Article 21 (& Recital 33). <i>Grounds for opposition.</i> The opposition procedure is simplified in order to ensure that new names can be registered within shorter time period. Linked to new Art. 51 (see below). - NEW Art. 24a (& Recital 33). The Commission should fix transitional periods for the use of designations that contained names of traditional specialities guaranteed.
<p>5. COMMON PROVISIONS</p>	<p>Title V. Arts. 35 to 54. Common provisions</p>	<ul style="list-style-type: none"> - Art. 49. Application for registration of names. MS communication of on-going national procedures. Paragraphs 8 and 9 are added regarding possible procedures launched at national level concerning an application for registration of names. Commission can suspend the examination of the application until national procedure has finished. Amendment in line with the new conditions for GIs' registration (see above Art. 96 CMO - DASHBOARD 3). - Art. 50 (replaced). <i>Scrutiny by the Commission and publication for opposition.</i> Simplification of registration of names and Commission's scrutiny. Competent authorities of MS should guarantee the result of assessment of compliance of the product specifications. MS habilitation to decide on amendments that do not have impacts at EU level. Commission's scrutiny of applications will be focused on checking them against manifest errors. Scrutiny's period should not exceed six months from the date of receipt of the application. Amendment in line with the new conditions for GIs' registration (see above Art. 97 CMO - DASHBOARD 3). - Art. 51. Opposition procedure. New texts envisaging to make the approval process more efficient, without notice. Objections from natural and legal persons should be submitted via the authorities of the MS in which they reside or are established. Amendment

		<p>partially in line with the new conditions for GIs' registration (see above Art. 98 CMO - DASHBOARD 3).</p> <p>- Art. 52. Decision of registration. Registration without objection is implemented without examination procedure referred to in Arts. 229(2) or (3) (no Committee). Amendment in line with the new conditions for GIs' registration (see above Art. 99 CMO - DASHBOARD 3).</p> <p>- Art. 53 (& Recital 34). Amendment to a product specification. The procedure is simplified by introducing a distinction between Union and standard amendments. MS should be responsible for approving standards amendments and the Commission should retain responsibility for approving Union amendments to product specifications.</p>
<p>6. ANNEX</p>	<p>Annex I. Agricultural products and foodstuffs referred to in Art. 2(1)</p>	<p>- Point I of Annex I (& Recital 31). The scope of Regulation (EU) No 1151/2012 is extended to cover aromatised wines and other alcoholic beverages with the exception of spirit drinks and of grapevine products listed in Annex VII to CMO Regulation (DASHBOARD 3)</p>

DASHBOARD 5. AMENDING AROMATISED WINE PRODUCTS FRAMEWORK**Current Regulation (EU) No 251/2014 compared with CAP reform proposal (Art. 3 of COM (2018) 394) topic-by-topic**

TOPIC	CONSOLIDATED REGULATION (EU) No 251/2014	CAP REFORM PROPOSAL 2021 /2027)
1. OVERVIEW	<p>Regulation (EU) No 251/2014 (See Box 1 for supplementary rules)</p> <p>Chapter I, Arts. 1 and 2. Scope and definitions</p> <p>Chapter II, Arts. 3 to 9. General provisions.</p> <p>Chapter III, Arts. 10 to 30. Geographic indications</p> <p>Chapter IV, Arts. 31 to 37. Transitional and final provisions</p> <p>Annexes I to III</p>	<p>Article 3 of COM (2018) 394: In view of the limited number of registrations of geographical indications of aromatised wines under Regulation (EU) No 251/2014, the legal framework for the protection of geographical indications for those products is simplified. The scope of Regulation (EU) No 1151/2012 (DASHBOARD 4) is extended to cover aromatised wines and other alcoholic beverages with the exception of spirit drinks and of grapevine products listed in Annex VII to CMO Regulation (DASHBOARD 3). Regulation (EU) No 251/2014 is amended to take account of these changes concerning labelling of aromatised products.</p> <ul style="list-style-type: none"> - New Title of Regulation (EU) No 251/2014 - Chapter I, Arts. 1 and 2. Technical changes - Chapter II, Arts. 5(4) and 8(2) amended. Art. 9 is deleted. - Chapter III. Removed. - Chapter IV. Unchanged. - Annexes I to III. Unchanged
2. TITLE	<p>Regulation (EU) No 251/2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products and repealing Council Regulation (EEC) No 160/91</p>	<p>Regulation (EU) No 251/2014 on the definition, description, presentation and labelling of aromatised wine products and repealing Council Regulation (EEC) No 160/91. Reference to 'protection of geographical indications' deleted.</p>
3. CHAPTER I	<p>Chapter I, Arts. 1 and 2. Scope and definitions</p>	<ul style="list-style-type: none"> - Art. 1(1) (& Recital 32). Deletion of reference to 'protection of geographical indications' - Art. 2(3) (& Recital 32). Deletion of 'geographical indication' definition.
4. CHAPTER II	<p>Chapter II, Arts. 3 to 9. General provisions</p>	<ul style="list-style-type: none"> - Art. 5(4) (& Recital 32). Addition of reference to new Regulation (EU) No 1151/2012 (DASHBOARD 4). Aromatised wines GI to be incorporated in the food register. - Art. 8(2) (& Recital 32). Addition of reference to new Regulation (EU) No 1151/2012 (DASHBOARD 4). - Art. 9 (& Recital 32). Stricter rules decided by MS. Deleted.
5. CHAPTER III	<p>Chapter III, Arts. 10 to 30. Geographic indications</p>	<ul style="list-style-type: none"> - Chapter III (& Recital 32). Deletion. The current aromatised wines GI scheme that only has 5 out of 3350 GIs, cannot be operational in practical terms and it would be merged into the Regulation (EU) No 1151/2102. Aromatised wines GI to be incorporated in the food register. See NEW Art. 16a of Regulation (EU) No 1151/2012 (DASHBOARD 4).

DASHBOARD 6. AMENDING SPECIFIC MEASURES FOR AGRICULTURE IN THE OUTERMOST REGIONS AND SMALLER AEGEAN ISLANDS

Current Regulations (EU) No 228 and 229/2013 compared with CAP reform proposal (Articles 4 and 5 of COM (2018) 394) topic-by-topic

TOPIC	REGULATIONS (EU) No 228/2013 and 229/2013	CAP REFORM PROPOSAL 2021 /2027
<p>1. OVERVIEW</p>	<p>Regulation (EU) No 228/2013 laying down specific measures for agriculture in the outermost regions of the Union and Regulation (EU) No 229/2013 laying down specific measures for agriculture in favour of the smaller Aegean Islands.</p> <p>(See Box 1 for supplementary rules)</p>	<p>Arts. 4 and 5 of COM (2018) 394: The budgetary amounts available to finance measures under Regulations (EU) No 228/2013 and 229/2013 are reduced. The MS concerned might decide not to apply decoupled payments' provisions to the outermost regions and to the smaller Aegean Islands.</p> <p>COMMENT: In addition to the amendments to the Regulations ((EU) 228 and 229/2103, it should be noted that the new HZR improve the control of the CAP expenditure in the outermost regions and the smaller Aegean Islands: see Arts. 5(2)(e), 15(1), 58(4)(e), 63(2) and 84(1) COM (2018) 393 (DASHBOARD 2).</p> <p>See also Arts. 16(3), 53(2), 72(4) and 135 of COM (2018) 392 - DASHBOARD 1.</p> <p>EP POSITION: The EP has pointed out that the budget of POSEI should be maintained at sufficient level to face the challenges of agriculture in the outermost regions. See Points AZ, BS, 182 and 183 of Resolution of 30.5.2018 on the 'Future of Food and Farming' - Box 2.</p> <p>See also: EP Resolution of 6 July 2017 on <i>promoting cohesion and development in the outermost regions of the EU: implementation of Article 349 of the TFEU</i> (Box 2)</p>

<p>2. OUTERMOST REGIONS</p>	<p>Regulation (EU) No 228/2013.</p> <p>Art. 30(2). Budget allocated for each financial year (in current prices) to finance the measures provided for in Chapters III (specific supply arrangements) and IV (local agricultural products), up to a maximum annual sum of:</p> <ul style="list-style-type: none"> - in the French overseas departments: <i>EUR 278.41 million</i>; - Azores and Madeira: <i>EUR 106.21 million</i>; - Canary Islands: <i>EUR 268.42 million</i>. <p>Art. 30(3). The sums for each financial year to finance the measures provided for in Chapter III (specific supply arrangements) may not exceed the following amounts::</p> <ul style="list-style-type: none"> - in the French overseas departments: <i>EUR 26.9 million</i>; - Azores and Madeira: <i>EUR 21.2 million</i>; - Canary Islands: <i>EUR 72.7 million</i>. 	<p>Regulation (EU) No 228/2013 amended</p> <p>- Art. 30 (2). <i>Budget allocated for each financial year</i> (in current prices) to finance the measures provided for in Chapters III (specific supply arrangements) and IV (local agricultural products), up to a maximum annual sum of:</p> <ul style="list-style-type: none"> . in the French overseas departments: <i>EUR 267.58 million</i>; . Azores and Madeira: <i>EUR 102.08 million</i>; . Canary Islands: <i>EUR 257.97 million</i>. <p>- Art. 30(3). The sums for each financial year to finance the measures provided for in Chapter III (specific supply arrangements) may not exceed the following amounts::</p> <ul style="list-style-type: none"> . in the French overseas departments: <i>EUR 25.9 million</i>; . Azores and Madeira: <i>EUR 20.4 million</i>; . Canary Islands: <i>EUR 69.9 million</i>. <p><u>COMMENT:</u> Measures to be financed by the EAGF (see Art. 5(2e) of HZR proposal (COM (2018) 393 (DASHBOARD 2)). See also Arts. 85(2)(a) and 86(2) of COM (2018) 392 - CAPR (DASHBOARD 1)).</p>
<p>3. SMALLER AEGEAN ISLANDS</p>	<p>Regulation (EU) No 229/2013</p> <p>Art. 18(2). Budget allocated to finance the measures provided for in Chapter III (specific supply arrangements) and IV (local agricultural products), up to a maximum amount of <i>EUR 23.93 million</i>.</p> <p>Art. 18(3). The amount allocated to finance the specific supply arrangements shall not exceed <i>EUR 7.11 million</i>.</p>	<p>Regulation (EU) No 229/2013 amended</p> <p>- Art. 18(2). Budget allocated to finance the measures provided for in Chapter III (specific supply arrangements) and IV (local agricultural products), up to a maximum amount of <i>EUR 23 million</i>.</p> <p>- Art. 18(3). The amount allocated to finance the specific supply arrangements shall not exceed <i>EUR 6.83 million</i>.</p> <p><u>COMMENT:</u> Measures to be financed by the EAGF (see Art. 5(2e) of HZR proposal (COM (2018) 393 (DASHBOARD 2)).</p>

Further information

This briefing is available in summary, with option to download the full text, at: <http://bit.ly/2Oz3jMO>
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