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Committee on Agriculture and Rural Development

2011/0282(COD)

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*****I**

DRAFT REPORT

on the proposal for a regulation of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)
(COM(2011)0627 – C7-0340/2011 – 2011/0282(COD))

Committee on Agriculture and Rural Development

Rapporteur: Luis Manuel Capoulas Santos

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

In amendments by Parliament, amendments to draft acts are highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the draft act which may require correction when the final text is prepared – for instance, obvious errors or omissions in a language version. Suggested corrections of this kind are subject to the agreement of the departments concerned.

The heading for any amendment to an existing act that the draft act seeks to amend includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend. Passages in an existing act that Parliament wishes to amend, but that the draft act has left unchanged, are highlighted in **bold**. Any deletions that Parliament wishes to make in such passages are indicated thus: [...].

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a regulation of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)
(COM(2011)0627 – C7-0340/2011 – 2011/0282(COD))**

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2011) 0627),
 - having regard to Article 294(2) and Articles 42 and 43 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C7-0340/2011),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the reasoned opinion submitted, within the framework of Protocol No 2 on the application of the principles of subsidiarity and proportionality, by the Luxembourg Chamber of Deputies, asserting that the draft legislative act does not comply with the principle of subsidiarity,
 - having regard to the opinion of the European Court of Auditors of 8 March 2012¹
 - having regard to the opinion of the European Economic and Social Committee of 25 April 2012²,
 - having regard to the opinion of the Committee of the Regions of 4 May 2012³
 - having regard to Rule 55 of its Rules of Procedure,
 - having regard to the report of the Committee on Agriculture and Rural Development and the opinions of the Committee on Development, the Committee on Budgets, the Committee on Budgetary Control, the Committee on the Environment, Public Health and Food Safety and the Committee on Regional Development (A7-0000/2012),
1. Adopts its position at first reading hereinafter set out;
 2. Points out that the financial envelope specified in the legislative proposal is only an indication to the legislative authority and cannot be fixed until agreement is reached on the proposal for a regulation laying down the multiannual financial framework for the years 2014-2020;

¹ Not yet published in the Official Journal

² Not yet published in the Official Journal.

³ Not yet published in the Official Journal

3. Calls on the Commission to refer the matter to Parliament again if it intends to amend its proposal substantially or replace it with another text;
4. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Amendment 1

Proposal for a regulation Citation 1

Text proposed by the Commission

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 42 and **43** thereof,

Amendment

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 42 and **43(2)** thereof,

Or. en

Justification

Clarification. The same legal basis should be used for all of the legislative acts of the reform package.

Amendment 2

Proposal for a regulation Recital 21

Text proposed by the Commission

(21) The creation and development of new economic activity in the form of new farms, new businesses or new investments in non-agricultural activities is essential for the development and competitiveness of rural areas. A farm and business development measure should facilitate the initial establishment of young farmers and the structural adjustment of their holdings after initial setting up, diversification of farmers into non-agricultural activities and the setting up and development of non-agricultural SMEs in rural areas. The development of small farms which are

Amendment

(21) The creation and development of new economic activity in the form of new farms, new businesses or new investments in non-agricultural activities is essential for the development and competitiveness of rural areas. A farm and business development measure should facilitate the initial establishment of young farmers and the structural adjustment of their holdings after initial setting up, diversification of farmers into non-agricultural activities and the setting up and development of non-agricultural SMEs in rural areas. The development of small farms which are

potentially economically viable should also be encouraged. In order to ensure the viability of new economic activities supported under this measure, support should be made conditional on the submission of a business plan. Support for business start up should cover only the initial period of the life of a business and not become operating aid. Therefore, where Member States opt to grant aid in instalments these should be for a period of no more than five years. In addition in order to encourage the restructuring of the agricultural sector, support ***in the form of annual payments*** should be provided for farmers ***participating in the small farmers scheme established by Title V of Regulation (EU) No DP/2012*** who commit to transfer their entire holding and the corresponding payment entitlements to another farmer ***who does not participate in that scheme***.

potentially economically viable should also be encouraged. In order to ensure the viability of new economic activities supported under this measure, support should be made conditional on the submission of a business plan. Support for business start up should cover only the initial period of the life of a business and not become operating aid. Therefore, where Member States opt to grant aid in instalments these should be for a period of no more than five years. In addition, in order to encourage the restructuring of the agricultural sector, support should be provided for farmers who commit to transfer their entire holding and the corresponding payment entitlements to another farmer. ***In order to make the measure more attractive, such support should take the form of a one-off payment.***

Or. en

Justification

See the corresponding amendments to Article 20, paragraphs 1, 2 and 7.

Amendment 3

Proposal for a regulation Recital 28

Text proposed by the Commission

(28) Agri-environment-climate payments should continue to play a prominent role in supporting the sustainable development of rural areas and in responding to society's increasing demands for environmental services. They should further encourage farmers and other land managers to serve society as a whole by introducing or continuing to apply agricultural practices contributing to climate change mitigation

Amendment

(28) Agri-environment-climate payments should continue to play a prominent role in supporting the sustainable development of rural areas and in responding to society's increasing demands for environmental services. They should further encourage farmers and other land managers to serve society as a whole by introducing or continuing to apply agricultural practices contributing to climate change mitigation

and adaptation and compatible with the protection and improvement of the environment, the landscape and its features, natural resources, the soil and genetic diversity. In this context the conservation of genetic resources in agriculture and the additional needs of farming systems that are of high nature value should be given specific attention. Payments should contribute to covering additional costs and income foregone resulting from the commitments undertaken and should only cover commitments going beyond relevant mandatory standards and requirements, in accordance with the "polluter pays" principle. In many situations the synergies resulting from commitments undertaken jointly by a group of farmers multiply the environmental and climate benefit. However, joint action brings additional transaction costs which should be compensated adequately. In order to ensure that farmers and other land managers are in a position to correctly implement the commitments they have undertaken, Member States should endeavour to provide them with the required skills and knowledge. Member States should maintain the level of efforts made during the 2007-2013 programming period and have to spend a minimum of **25 %** of the total contribution from the EAFRD to each rural development programme for climate change mitigation and adaptation and land management, through the agri-environment-climate, organic farming and payments to areas *facing natural or other specific constraints measures*.

and adaptation and compatible with the protection and improvement of the environment, the landscape and its features, natural resources, the soil and genetic diversity. In this context the conservation of genetic resources in agriculture and the additional needs of farming systems that are of high nature value should be given specific attention. Payments should contribute to covering additional costs and income foregone resulting from the commitments undertaken and should only cover commitments going beyond relevant mandatory standards and requirements, ***including "greening" requirements for direct payments***, in accordance with the "polluter pays" principle. In many situations the synergies resulting from commitments undertaken jointly by a group of farmers ***or a group of other land managers*** multiply the environmental and climate benefit. However, joint action brings additional transaction costs which should be compensated adequately. In order to ensure that farmers and other land managers are in a position to correctly implement the commitments they have undertaken, Member States should endeavour to provide them with the required skills and knowledge. Member States should maintain the level of efforts made during the 2007-2013 programming period and have to spend a minimum of **30 %** of the total contribution from the EAFRD to each rural development programme for climate change mitigation and adaptation and land management, through the agri-environment-climate ***and organic farming measures*** and payments to areas ***covered by implementation of Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora¹, Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds² or of Directive 2000/60/EC of***

*the European Parliament and of the Council of 23 October 2000 establishing a framework for the Community action in the field of the water policy*³.

¹ OJ L 206, 22.7.1992, p. 7.

² OJ L 20, 26.1.2010, p. 7.

³ OJ L 327, 22.12.2000, p. 1.

Or. en

Justification

See corresponding amendments to Article 29 and Article 64 paragraph 5a.

Amendment 4

Proposal for a regulation

Recital 30

Text proposed by the Commission

(30) Payments for the conversion to or maintenance of organic farming should encourage farmers to participate in such schemes thus answering society's increasing demand for the use of environmentally friendly farm practices and for high standards of animal welfare. In order to increase synergy in biodiversity benefits delivered by the measure, collective contracts or ***collaboration*** between farmers should be encouraged to cover larger adjacent areas. In order to avoid large-scale reversion of farmers to conventional farming, both conversion and maintenance measures should be supported. Payments should contribute to covering additional costs incurred and income foregone as a result of the commitment and should cover only commitments going beyond relevant mandatory standards and requirements.

Amendment

(30) Payments for the conversion to or maintenance of organic farming should encourage farmers to participate in such schemes thus answering society's increasing demand for the use of environmentally friendly farm practices and for high standards of animal welfare. In order to increase synergy in biodiversity benefits delivered by the measure, collective contracts or ***co-operation*** between farmers ***or other land managers*** should be encouraged to cover larger adjacent areas. In order to avoid large-scale reversion of farmers to conventional farming, both conversion and maintenance measures should be supported. Payments should contribute to covering additional costs incurred and income foregone as a result of the commitment and should cover only commitments going beyond relevant mandatory standards and requirements.

Justification

See corresponding Amendment to Article 30

Amendment 5**Proposal for a regulation****Recital 33***Text proposed by the Commission*

(33) In order to ensure efficient use of Union funds and equal treatment for farmers across the Union mountain areas and areas facing natural or other specific constraints should be defined in accordance with objective criteria. In the case of areas facing natural constraints these should be bio-physical criteria underpinned by robust scientific evidence. ***Transitional arrangements should be adopted in order to facilitate the phasing out of payments in areas that will no longer be considered as areas facing natural constraints as a result of the application of these criteria.***

Amendment

(33) In order to ensure efficient use of Union funds and equal treatment for farmers across the Union mountain areas and areas facing natural or other specific constraints should be defined in accordance with objective criteria. In the case of areas facing natural constraints these should be bio-physical criteria underpinned by robust scientific evidence. ***An indicative list of such criteria should be set out in an Annex to this Regulation. By 31 December 2015, the Commission should present a legislative proposal for mandatory bio-physical criteria and the corresponding threshold values to be applied for the future delimitation, as well as appropriate rules for fine-tuning and transitional arrangements.***

Or. en

Justification

The Commission shall present a separate legislative proposal on mandatory biophysical criteria for the delimitation of areas with significant natural constraints, as soon as all data necessary for the impact assessment for such criteria and appropriate thresholds are available, but at the latest by the end of 2015. In the meantime, Member States shall be able to maintain or adapt their current delimitations, as they consider most appropriate, while respecting the provisions of the WTO Marrakesh Agreement for Agriculture.

Amendment 6

Proposal for a regulation Recital 53a (new)

Text proposed by the Commission

Amendment

(53a) In order to facilitate the programming, the annual breakdown by Member State should be provided for in an Annex to this Regulation. The power to adopt acts in accordance with Article 290 of the Treaty should be delegated to the Commission in respect of the adaptation of the Annex made necessary by decisions of the Member States to transfer funds between the EAGF and the EAFRD.

Or. en

Justification

The distribution of funds between Member States should not be decided by an implementing act, but should be part of the legal act (see amendments to Article 64).

Amendment 7

Proposal for a regulation Article 2– paragraph 1 – point f

Text proposed by the Commission

Amendment

(f) "monitoring and evaluation system": a general approach developed by the Commission and the Member States defining a limited number of common indicators relating to the baseline situation **and the financial execution**, outputs, results, and impacts of the programmes;

(f) "monitoring and evaluation system": a general approach developed by the Commission and the Member States defining a limited number of common indicators relating to the baseline situation, the outputs, results, and impacts **as well as the financial execution** of the programmes;

Or. en

Justification

Clarification

Amendment 8

Proposal for a regulation
Article 3

Text proposed by the Commission

The EAFRD shall contribute to the Europe 2020 Strategy by promoting sustainable rural development throughout the Union in a complementary manner to the other instruments of the common agricultural policy (hereinafter “CAP”), to cohesion policy and to the common fisheries policy. It shall contribute to a more territorially and environmentally balanced, climate-friendly and resilient and innovative Union agricultural sector.

Amendment

The EAFRD shall contribute to the Europe 2020 Strategy by promoting sustainable rural development throughout the Union in a complementary manner to the other instruments of the common agricultural policy (hereinafter “CAP”), to cohesion policy and to the common fisheries policy. It shall contribute to ***the development of*** a more territorially and environmentally balanced, climate-friendly and resilient and innovative Union agricultural sector ***and of vital rural territories.***

Or. en

Justification

As the objectives of the EAFRD outlined in Articles 4 and 5 also concern measures targeting rural territories beyond the agricultural sector, the mission of the EAFRD should be formulated in a more inclusive manner.

Amendment 9

Proposal for a regulation
Article 4 – point 1

Text proposed by the Commission

(1) the competitiveness of agriculture;

Amendment

(1) the competitiveness of agriculture ***and forestry;***

Or. en

Justification

The objective of competitiveness should not be limited to the agricultural sector.

Amendment 10

Proposal for a regulation

Article 5 – paragraph 1 – point 2

Text proposed by the Commission

(2) enhancing competitiveness of all types of agriculture and enhancing farm viability, with a focus on the following areas:

(a) facilitating restructuring of farms facing major structural problems, notably farms with a low degree of market participation, market-oriented farms in particular sectors and farms in need of agricultural diversification;

(b) facilitating generational renewal in the agricultural sector.

Amendment

(2) enhancing competitiveness of all types of agriculture **and forestry** and enhancing farm viability, with a focus on the following areas:

(a) encouraging investment in innovative farm technologies and facilitating their diffusion and uptake;

(b) facilitating entry into the farming sector of new, fully skilled, entrants, including through generational renewal;

(c) improving the economic performance of all farms, increasing market participation, orientation and diversification;

(d) facilitating restructuring of farms facing major structural problems.

Or. en

Justification

The scope of the concept of competitiveness should be broadened in order to correspond to the range of challenges for farm viability across the EU.

Amendment 11

Proposal for a regulation

Article 5 – paragraph 1 – point 4 – introductory sentence

Text proposed by the Commission

(4) restoring, preserving and enhancing ecosystems ***dependent on*** agriculture and forestry, with a focus on the following areas:

Amendment

(4) restoring, preserving and enhancing ecosystems ***that are influenced by*** agriculture and forestry, with a focus on the following areas:

Or. en

Justification

Linguistic clarification

Amendment 12

Proposal for a regulation

Article 5 – paragraph 1 – point 4 – point aa (new)

Text proposed by the Commission

Amendment

(aa) improving animal welfare;

Or. en

Amendment 13

Proposal for a regulation

Article 5 – paragraph 1 – point 5 – point d

Text proposed by the Commission

(d) reducing ***nitrous oxide and methane*** emissions from agriculture;

Amendment

(d) reducing ***greenhouse gas and ammonia*** emissions from agriculture ***and improving air quality;***

Or. en

Justification

A broader concept of greenhouse gas reduction should be used.

Amendment 14

Proposal for a regulation

Article 5 – paragraph 1 – point 5 – point e

Text proposed by the Commission

(e) fostering carbon sequestration in agriculture and forestry;

Amendment

(e) fostering carbon **conservation and** sequestration in agriculture and forestry;

Or. en

Amendment 15

Proposal for a regulation

Article 9 – paragraph 1 – point j

Text proposed by the Commission

(j) an indicator plan comprising for each of the Union priorities for rural development included in the programme the indicators and the selected measures with planned outputs and planned expenditure, broken down between public and private;

Amendment

(j) an indicator plan comprising for each of the Union priorities for rural development included in the programme the indicators and the selected measures with planned **process and policy focused** outputs and planned expenditure, broken down between public and private;

Or. en

Justification

To ensure a clear link between policy objectives for rural development and evidence in the programming documents justifying specific objectives where intervention is required, it is necessary to maintain a focus on policy objectives in the programme output measures.

Amendment 16

Proposal for a regulation

Article 9 – paragraph 2 – point c

Text proposed by the Commission

(c) a separate specific indicator plan, with planned outputs and planned expenditure, broken down between public and private.

Amendment

(c) a separate specific indicator plan, with planned ***process and policy focused*** outputs and planned expenditure, broken down between public and private.

Or. en

Justification

To ensure a clear link between policy objectives for rural development and evidence in the programming documents justifying specific objectives where intervention is required, it is necessary to maintain a focus on policy objectives in the programme output measures.

Amendment 17

Proposal for a regulation

Article 12 – paragraph 1a (new)

Text proposed by the Commission

Amendment

1a. The approval referred to in paragraph 1 shall be deemed to have been granted if the Commission has not taken a decision on the request after a period of two months from the receipt of the request.

Or. en

Justification

Programme modifications should not be subject to lengthy decision procedures.

Amendment 18

Proposal for a regulation Article 17 – paragraph 1a (new)

Text proposed by the Commission

Amendment

1a. Support may also cover costs arising from information and promotion activities for products under the quality schemes referred to in paragraph 1(a) and (b).

Or. en

Justification

Information and promotion activities are an important element of quality schemes and should be eligible in order to make the schemes more attractive for farmers searching access to local markets.

Amendment 19

Proposal for a regulation Article 18 – paragraph 1 – point a

Text proposed by the Commission

Amendment

(a) improve the overall performance of the agricultural holding;

(a) improve the overall performance of the agricultural holding, ***including its resource efficiency and greenhouse gas balance;***

Or. en

Justification

In line with priority number 5, it is appropriate to specify the concept of "overall performance" of a farm in terms of "green growth".

Amendment 20

Proposal for a regulation

Article 18 – paragraph 1 – point c

Text proposed by the Commission

(c) concern infrastructure related to the development and adaptation of agriculture, including access to farm and forest land, land consolidation and improvement, energy supply and, water management; or

Amendment

(c) concern infrastructure related to the development and adaptation of agriculture, including access to farm and forest land, land consolidation and improvement, energy supply and water management ***and supply***; or

Or. en

Amendment 21

Proposal for a regulation

Article 18 – paragraph 1 – point d

Text proposed by the Commission

(d) are non productive investments linked to the achievement of agri- and forest-environment commitments, biodiversity conservation status of species and habitat as well as enhancing the public amenity value of a Natura 2000 area or other high nature value area to be defined in the programme.

Amendment

(d) are non productive investments linked to the achievement of agri- and forest-environment commitments, biodiversity conservation status of species and habitat ***and to the sustainable management of cynegetic resources*** as well as enhancing the public amenity value of a Natura 2000 area or other high nature value area to be defined in the programme.

Or. en

Justification

Fostering cynegetic resources through sustainable management can contribute significantly to the EU's biodiversity policy. Moreover, in some regions, cynegetic resources are the most important, if not the only, resource available with commercial value.

Amendment 22

Proposal for a regulation

Article 18 – paragraph 4a (new)

Text proposed by the Commission

Amendment

4a. Support may be granted in respect of investments made by farmers in order to comply with newly introduced Union standards in the fields of environmental protection, public health, animal and plant health, animal welfare and occupational safety. These standards must be newly introduced in national legislation implementing Union law and impose new obligations or restrictions on farming practice which have a significant impact on typical farm operating costs and concern a significant number of farmers.

Or. en

Justification

The current regulation provides for support for complying with new Community standards (see Article 31 of Regulation (EC) No 1698/2005). A similar provision should be maintained, but limited to support of specific investments undertaken by farmers.

Amendment 23

Proposal for a regulation

Article 20 – paragraph 1 – point c

Text proposed by the Commission

Amendment

(c) ***annual*** payments for farmers participating in the small farmers scheme established by Title V of Regulation (EU) No DP/2012 (hereafter "the small farmers scheme") who permanently transfer their holding to another farmer.

(c) ***one-off*** payments for farmers participating in the small farmers scheme established by Title V of Regulation (EU) No DP/2012 (hereafter "the small farmers scheme") who permanently transfer their holding to another farmer

Or. en

Justification

See Amendment on Article 20 paragraph 7

Amendment 24

Proposal for a regulation

Article 20 – paragraph 1 – point ca (new)

Text proposed by the Commission

Amendment

(ca) retirement payments for farmers who permanently transfer their holding to another farmer.

Or. en

Justification

The current early retirement scheme should be maintained and not restricted to small farmers only. It should however be adapted to a higher retirement age and transformed into a flat rate payment, limited to a maximum amount of 35.000 EUR (corresponding to half of the current maximum amount and half of the maximum amount made available for the installation of young farmers).

Amendment 25

Proposal for a regulation

Article 20 – paragraph 2 – subparagraph 2

Text proposed by the Commission

Amendment

Support under paragraph 1(a)(ii) shall be granted to farmers or members of the farm household diversifying into non-agricultural activities and to non-agricultural micro- and small- enterprises in rural areas.

Support under paragraph 1(a)(ii) shall be granted to farmers or members of the farm household diversifying into non-agricultural activities and to non-agricultural micro- and small- enterprises in rural areas, ***including tourism.***

Or. en

Justification

Amendment 26

Proposal for a regulation

Article 20 – paragraph 2 – subparagraph 5

Text proposed by the Commission

Support under paragraph 1(c) shall be granted to farmers participating in the small farmers scheme, at the time of submitting their application for support, for at least one year and who commit to permanently transfer their entire holding and the corresponding payment entitlements to another farmer. Support shall be ***paid*** from the date of the transfer until 31 December 2020.

Amendment

Support under paragraph 1(c) shall be granted to farmers participating in the small farmers scheme, at the time of submitting their application for support, for at least one year and who commit to permanently transfer their entire holding and the corresponding payment entitlements to another farmer. Support shall be ***calculated*** from the date of the transfer until 31 December 2020.

Or. en

Justification

Support for small farmers transferring their holding should be paid as a one-off payment.

Amendment 27

Proposal for a regulation

Article 20 – paragraph 2 – subparagraph 5a (new)

Text proposed by the Commission

Amendment

Support under paragraph 1(ca) shall be granted to farmers who have practised farming for at least 10 years, are not less than 65 years old, commit to permanently transfer their entire holding and the corresponding payment entitlements to another farmer and stop all commercial farming activity definitively.

Or. en

Justification

The current early retirement scheme should be maintained and not restricted to small farmers only. It should however be adapted to a higher retirement age and transformed into a flat rate

payment, limited to a maximum amount of 35.000 EUR (corresponding to half of the current maximum amount and half of the maximum amount made available for the installation of young farmers).

Amendment 28

Proposal for a regulation

Article 20 – paragraph 4 – subparagraph 2a (new)

Text proposed by the Commission

Amendment

Support under paragraph 1(a)(i) may also be targeted at land leasing for young farmers, taking the form of a bank guarantee for land lease contracts and support for interest rates.

Or. en

Justification

In addition to the proposed flat rate payments supporting the business start-up of young farmers, Member States should be encouraged to facilitate access to land for these farmers, which is a major hurdle for setting up a new farm in many European regions. Providing for bank guarantees through the rural development funds can give young farmers access to long-term lease contracts (and advance payments), while being cost effective for public expenditure.

Amendment 29

Proposal for a regulation

Article 20 – paragraph 7

Text proposed by the Commission

Amendment

7. Support under paragraph 1(c) shall be equal to 120% of the annual payment that the beneficiary received under the small farmers scheme.

7. Support under paragraph 1(c) shall be equal to 120 % of the annual payment that the beneficiary received under the small farmers scheme, ***calculated for the period from the date of the transfer until 31 December 2020. The corresponding amount shall be paid as a one-off payment.***

Or. en

Justification

Support for small farmers transferring their holding should be paid as a one-off payment

Amendment 30

Proposal for a regulation

Article 20 – paragraph 7a (new)

Text proposed by the Commission

Amendment

7a. Support under paragraph 1(ca) shall be granted as a one-off payment up to the maximum amount laid down in Annex I.

Or. en

Justification

The current early retirement scheme should be maintained and not restricted to small farmers only. It should however be adapted to a higher retirement age and transformed into a flat rate payment, limited to a maximum amount of 35.000 EUR (corresponding to half of the current maximum amount and half of the maximum amount made available for the installation of young farmers).

Amendment 31

Proposal for a regulation

Article 21 – paragraph 1 – point b

Text proposed by the Commission

Amendment

(b) investments in the creation, improvement or expansion of all types of small scale infrastructure, including investments in renewable energy;

(b) investments in the creation, improvement or expansion of all types of small scale infrastructure, including investments in ***agro-tourism and*** renewable energy;

Or. en

Amendment 32

Proposal for a regulation

Article 21 – paragraph 1 – point e

Text proposed by the Commission

(e) investments *by* public *bodies* in recreational infrastructure, tourist information and sign-posting of touristic sites;

Amendment

(e) investments *for* public *use* in recreational infrastructure, tourist information, *small scale tourist infrastructure, marketing of rural tourism services* and sign-posting of touristic sites;

Or. en

Amendment 33

Proposal for a regulation

Article 22 – paragraph 2 – subparagraph 1

Text proposed by the Commission

2. Limitations on ownership of forests provided for in Articles **36** to **40** shall not apply for the tropical or subtropical forests and for the wooded areas of the territories of the Azores, Madeira, the Canary islands, the smaller Aegean islands within the meaning of Council Regulation (EEC) No 2019/93 and the French overseas departments.

Amendment

2. Limitations on ownership of forests provided for in Articles **23** to **27** shall not apply for the tropical or subtropical forests and for the wooded areas of the territories of the Azores, Madeira, the Canary islands, the smaller Aegean islands within the meaning of Council Regulation (EEC) No 2019/93 and the French overseas departments.

Or. en

Justification

Technical correction

Amendment 34

Proposal for a regulation Article 23 – paragraph 1

Text proposed by the Commission

1. Support under Article 22(1)(a) shall be granted to private land-owners and tenants, municipalities and their associations and shall cover the costs of establishment and an annual premium per hectare to cover the costs of maintenance, including early and late cleanings, for a maximum period of **ten** years.

Amendment

1. Support under Article 22(1)(a) shall be granted to private landowners and tenants, other **land managers**, municipalities and their associations and shall cover the costs of establishment and an annual premium per hectare to cover the costs of **agricultural income foregone and** maintenance, including early and late cleanings, for a maximum period of **fifteen** years.

Or. en

Justification

In some Member States, for historical reasons related to the practice of grazing and collection of wood, common land is managed by individuals who collectively make use of the land, which is neither public nor under private ownership.

Amendment 35

Proposal for a regulation Article 24 – paragraph 1

Text proposed by the Commission

1. Support under Article 22(1)(b) shall be granted to private landowners, tenants, municipalities and their associations and shall cover the costs of establishment and an annual premium per hectare to cover the costs of maintenance for a maximum period of **three** years.

Amendment

1. Support under Article 22(1)(b) shall be granted to private landowners, tenants, **other land managers**, municipalities and their associations and shall cover the costs of establishment and an annual premium per hectare to cover the costs of maintenance for a maximum period of **five** years.

Or. en

Amendment 36

Proposal for a regulation Article 24 – paragraph 2

Text proposed by the Commission

2. "Agro-forestry systems" shall mean land use systems in which trees are grown in combination with extensive agriculture on the same land. The maximum number of trees to be planted per hectare shall be determined by the Member States taking account of local pedo-climatic conditions, forestry species and the need to ensure agricultural use of the land.

Amendment

2. "Agro-forestry systems" shall mean land use systems in which trees are grown in combination with extensive agriculture on the same land. The maximum number of trees to be planted per hectare shall be determined by the Member States taking account of local pedo-climatic conditions, forestry species and the need to ensure **sustainable** agricultural use of the land.

Or. en

Amendment 37

Proposal for a regulation Article 25 – paragraph 1 – introductory sentence

Text proposed by the Commission

1. Support under Article 22(1)(c) shall be granted to private, semi public and public forest owners, municipalities, state forests and their associations and shall cover the costs for:

Amendment

1. Support under Article 22(1)(c) shall be granted to private, semi-public and public forest owners, **other land managers**, municipalities, state forests and their associations and shall cover the costs for:

Or. en

Amendment 38

Proposal for a regulation Article 26 – paragraph 1

Text proposed by the Commission

1. Support under Article 22(1)(d) shall be granted to natural persons, private forest owners, private law and semi-public bodies, municipalities and their

Amendment

1. Support under Article 22(1)(d) shall be granted to natural persons, private forest owners, private law and semi-public bodies, **other land managers**,

associations. In the case of state forests support may also be granted to bodies managing such forests, which are independent from the state budget.

municipalities and their associations. In the case of state forests support may also be granted to bodies managing such forests, which are independent from the state budget.

Or. en

Amendment 39

Proposal for a regulation Article 27 – paragraph 1

Text proposed by the Commission

1. Support under Article 22(1)(e) shall be granted to private forest owners, municipalities and their associations and to SMEs for investments enhancing forestry potential or relating to processing and marketing adding value to forest products. In the territories of the Azores, Madeira, the Canary islands, the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93 and the French overseas departments support may also be granted to enterprises that are not SMEs.

Amendment

1. Support under Article 22(1)(e) shall be granted to private forest owners, ***other land managers***, municipalities and their associations and to SMEs for investments enhancing forestry potential or relating to processing and marketing adding value to forest products. In the territories of the Azores, Madeira, the Canary islands, the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93 and the French overseas departments support may also be granted to enterprises that are not SMEs.

Or. en

Amendment 40

Proposal for a regulation Article 28 – paragraph 2 – subparagraph 1

Text proposed by the Commission

Support shall be granted to producer groups which are officially recognised by the Member States' competent authority on the basis of a business plan. ***It shall be limited*** to producer groups ***coming under*** the definition of SMEs.

Amendment

Support shall be granted to producer groups which are officially recognised by the Member States' competent authority on the basis of a business plan. ***No support shall be granted*** to producer groups ***which do not meet the criteria set by the***

definition of SMEs.

Or. en

Justification

Linguistic clarification

Amendment 41

Proposal for a regulation
Article 29 – paragraph 3

Text proposed by the Commission

3. Agri-environment-climate payments cover only those commitments going beyond the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No HR/2012 and *other* relevant obligations established under Chapter 2 of Title III of Regulation (EU) No DP/2012, relevant minimum requirements for fertiliser and plant protection products use as well as other relevant mandatory requirements established by national legislation. All such mandatory requirements shall be identified in the programme.

Amendment

3. Agri-environment-climate payments cover only those commitments going beyond the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No HR/2012 and *all* relevant obligations established under Chapter 2 of Title III of Regulation (EU) No DP/2012, relevant minimum requirements for fertiliser and plant protection products use as well as other relevant mandatory requirements established by national legislation. All such mandatory requirements shall be identified in the programme.

Or. en

Justification

Clarification. All agri-environment-climate measures shall go beyond the greening requirements.

Amendment 42

Proposal for a regulation
Article 29 – paragraph 6

Text proposed by the Commission

6. Payments shall be granted annually and

Amendment

6. Payments shall be granted annually and

shall compensate beneficiaries for all or part of the additional costs and income foregone resulting from the commitments made. Where necessary they may also cover transaction costs to a value of up to 20% of the premium paid for the agri-environment-climate commitments. Where commitments are undertaken by groups of farmers, the maximum level shall be 30 %.

shall compensate beneficiaries for all or part of the additional costs and income foregone resulting from the commitments made. Where necessary they may also cover transaction costs to a value of up to 20% of the premium paid for the agri-environment-climate commitments. Where commitments are undertaken by groups of farmers *or groups of other land managers*, the maximum level shall be 30 %.

No support from EARDF shall be granted for commitments covered by Chapter 2 of Title III of Regulation (EU) No DP/2012.

Or. en

Justification

Double payments under the greening and the AEM scheme shall be excluded. There should be a specific incentive for collective commitments, also for cooperation between other land managers or between farmers and other land managers. The wording should be consistent with the wording used in Article 29(1).

Amendment 43

Proposal for a regulation Article 30 – paragraph 4

Text proposed by the Commission

4. Payments shall be granted annually and shall compensate beneficiaries for all or part of the additional costs and income foregone resulting from the commitments made. Where necessary they may also cover transaction costs to a value of up to 20 % of the premium paid for the commitments. Where commitments are undertaken by groups of farmers, the maximum level shall be 30 %.

Amendment

4. Payments shall be granted annually and shall compensate beneficiaries for all or part of the additional costs and income foregone resulting from the commitments made. Where necessary they may also cover transaction costs to a value of up to 20 % of the premium paid for the commitments. Where commitments are undertaken by groups of farmers *or groups of other land managers*, the maximum level shall be 30 %.

Or. en

Justification

There should be a specific incentive for collective commitments, also for cooperation between other land managers or between farmers and other land managers. The wording should be consistent with the wording used in Article 29(1).

Amendment 44

Proposal for a regulation Article 32 – paragraph 5

Text proposed by the Commission

5. Member States may grant payments under this measure ***between 2014 and 2017*** to farmers in areas which were eligible under Article 36(a)(ii) of Regulation (EC) No 1698/2005 during the 2007-2013 programming period but are no longer eligible following ***the*** new delimitation referred to in ***Article 46(3)***. These payments shall be degressive starting in ***2014*** at 80% of the payment received in 2013 and ending in ***2017*** at 20%.

Amendment

5. Member States may grant payments under this measure ***for a period of four years*** to farmers in areas which were eligible under Article 36(a)(ii) of Regulation (EC) No 1698/2005 during the 2007-2013 programming period but are no longer eligible following ***a*** new delimitation referred to in ***Article 33(3)***. These payments shall be degressive starting, in ***the first year***, at 80% of the payment received in 2013 and ending, in ***the fourth year***, at 20%.

Or. en

Justification

The payment shall be degressive over a period of four years, but for the entry into force of the new delimitation flexibility may be left to the Member States. The reference to Article 33(3) is a technical correction.

Amendment 45

Proposal for a regulation Article 32 – paragraph 6

Text proposed by the Commission

6. In Member States which have not completed the delimitation referred to in Article 33(3) before 1 January 2014, paragraph 5 shall apply to farmers receiving payments in areas which were

Amendment

deleted

eligible for such payments during the 2007-2013 period. Following completion of the delimitation, farmers in areas that remain eligible shall receive full payments under this measure. Farmers in areas that are no longer eligible shall continue to receive payments in accordance with paragraph 5.

Or. en

Amendment 46

Proposal for a regulation Article 33 – paragraph 3

Text proposed by the Commission

3. In order to be eligible for payments under Article 32, areas, other than mountain areas, shall be considered as facing significant natural constraints at least 66% of the UAA meets at least one of the criteria listed in Annex II at the threshold value indicated. Respect of this condition shall be ensured at the appropriate level of local administrative units ("LAU 2" level).

When delimiting the areas concerned by this paragraph, Member States shall undertake a fine-tuning exercise, based on objective criteria, with the purpose of excluding areas in which significant natural constraints in accordance with the first subparagraph have been documented but have been overcome by investments or by economic activity.

Amendment

3. Member States shall designate areas, other than mountain areas, facing significant natural constraints, as eligible for payments under Article 32. These areas shall be characterised by significant natural constraints, notably low soil productivity or poor climate conditions and by the fact that maintaining extensive farming activity is important for the management of the land.

Indicative biophysical criteria for delimiting areas with significant natural constraints are listed in Annex II.

By 31 December 2015, the Commission shall present a legislative proposal for mandatory bio-physical criteria and the corresponding threshold values to be applied for the future delimitation, as well as appropriate rules for fine-tuning and transitional arrangements.

Justification

The Commission shall present a separate legislative proposal on mandatory biophysical criteria for the delimitation of areas with significant natural constraints, once all data necessary for the impact assessment for such criteria and appropriate thresholds are available. In the meantime, Member States shall use delimitation criteria which respect the provisions of the WTO Marrakech Agreement for Agriculture.

Amendment 47**Proposal for a regulation
Article 33 – paragraph 5***Text proposed by the Commission*

5. Member States shall attach to their rural development programmes:

(a) the existing or amended delimitation pursuant to paragraphs 2 and 4;

(b) *the new delimitation of the areas referred to in paragraph 3.*

Amendment

5. Member States shall attach to their rural development programmes the existing or amended delimitation pursuant to paragraphs 2, 3 and 4.

Justification

The Commission shall present a separate legislative proposal on mandatory biophysical criteria for the delimitation of areas with significant natural constraints, once all data necessary for the impact assessment for such criteria and appropriate thresholds are available. In the meantime, Member States shall use delimitation criteria which respect the provisions of the WTO Marrakech Agreement for Agriculture.

Amendment 48**Proposal for a regulation
Article 34 – paragraph 2***Text proposed by the Commission*

2. Animal welfare payments cover only those commitments going beyond the

Amendment

2. Animal welfare payments cover only those commitments going beyond the

relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No HR/2012 and other relevant mandatory requirements established by national legislation. These relevant requirements shall be identified in the programme.

Those commitments shall be undertaken for a renewable period of *one year*.

relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No HR/2012 and other relevant mandatory requirements established by Union legislation. These relevant requirements shall be identified in the programme.

Those commitments shall be undertaken for a renewable period of *one to seven years*.

Or. en

Amendment 49

Proposal for a regulation Article 35 – paragraph 1 – subparagraph 1

Text proposed by the Commission

Support under this measure shall be granted per hectare of forest to forest holders, municipalities and their associations who undertake, on a voluntary basis, to carry out operations consisting of one or more forest-environment commitments. Bodies managing state owned forests may also benefit from support provided they are independent from the state budget

Amendment

Support under this measure shall be granted per hectare of forest to forest holders, municipalities and their associations *and other land managers* who undertake, on a voluntary basis, to carry out operations consisting of one or more forest-environment commitments. Bodies managing state owned forests may also benefit from support provided they are independent from the state budget

Or. en

Amendment 50

Proposal for a regulation Article 36 – paragraph 2 – point g

Text proposed by the Commission

(g) *collective* approaches to environmental

Amendment

(g) *co-ordinated* approaches to

projects and ongoing environmental practices;

environmental projects and ongoing environmental practices

Or. en

Amendment 51

Proposal for a regulation Article 36 – paragraph 3 – subparagraph 1

Text proposed by the Commission

Amendment

Support under paragraph 1(b) shall be granted only to newly formed clusters and networks and those commencing an activity that is new to them.

deleted

Or. en

Amendment 52

Proposal for a regulation Article 37 – paragraph 1 – point a

Text proposed by the Commission

Amendment

(a) financial contributions, paid directly to farmers, to premiums for crop, animal and plant insurance against economic losses caused by adverse climatic events and animal or plant diseases or pest infestation;

(a) financial contributions, paid directly to farmers ***or groups of farmers***, to premiums for crop, animal and plant insurance against economic losses caused by adverse climatic events and animal or plant diseases or pest infestation;

Or. en

Amendment 53

Proposal for a regulation

Article 37 – paragraph 1 – point b

Text proposed by the Commission

(b) financial contributions to mutual funds to pay financial compensations to farmers, for economic losses caused by the outbreak of an animal or plant disease or an environmental incident;

Amendment

(b) financial contributions to mutual funds to pay financial compensations to farmers, for economic losses caused by the outbreak of an animal or plant disease, an environmental incident *or adverse climatic events, including draughts*;

Or. en

Amendment 54

Proposal for a regulation

Article 37 – paragraph 1 – point c

Text proposed by the Commission

(c) an income stabilisation tool, in the form of financial contributions to mutual funds, providing compensation to farmers who experience a severe drop in their income.

Amendment

(c) an income stabilisation tool, in the form of financial contributions to mutual funds *or insurance*, providing compensation to farmers who experience a severe drop in their income.

Or. en

Amendment 55

Proposal for a regulation

Article 37 – paragraph 2

Text proposed by the Commission

2. For the purpose of paragraph 1 points (b) and (c), ‘mutual fund’ shall mean a scheme accredited by the Member State in accordance with its national law for affiliated farmers to insure themselves, whereby compensation payments are made to affiliated farmers affected by economic

Amendment

2. For the purpose of paragraph 1 points (b) and (c), ‘mutual fund’ shall mean a scheme accredited by the Member State in accordance with its national law for affiliated farmers to insure themselves, whereby compensation payments are made to affiliated farmers affected by economic

losses caused by the outbreak of an animal or plant disease or an environmental incident or experiencing a severe drop in their income.

losses caused by the outbreak of an animal or plant disease, an environmental incident ***or adverse climatic events*** or experiencing a severe drop in their income.

Or. en

Amendment 56

Proposal for a regulation

Article 37 – paragraph 4a (new)

Text proposed by the Commission

Amendment

4a. The Commission shall submit to the European Parliament and the Council a mid-term review concerning the implementation of the risk management measure and propose, if necessary, appropriate legislative proposals for improvement.

Or. en

Amendment 57

Proposal for a regulation

Article 38 – paragraph 1

Text proposed by the Commission

Amendment

1. Support under Article 37(1)(a) shall only be granted for insurance contracts which cover ***for*** loss caused by an adverse climatic event or by an animal or plant disease or a pest infestation or a measure adopted in accordance with Directive 2000/29/EC to eradicate or contain a plant disease or pest which destroys more than 30 % of the average annual production of the farmer in the preceding three-year period or a three-year average based on the preceding five-year period, excluding the highest and lowest entry.

1. Support under Article 37(1)(a) shall only be granted for insurance contracts which cover loss caused by an adverse climatic event or by an animal or plant disease or a pest infestation or ***for*** a measure adopted in accordance with Directive 2000/29/EC to eradicate or contain a plant disease or pest which ***results in a reduction of annual production of*** more than 30 % ***as compared to*** the average annual production of the farmer. ***That average annual production shall be calculated by taking the figures for the preceding three years*** or

*for the preceding five years **and** excluding the highest and lowest **figures, or, in duly justified exceptional circumstances, by taking the figures for a specific year in the preceding five years.***

The measurement of the extent of the loss caused may be tailored to the specific characteristics of each type of product using

(a) biological indexes (quantity of biomass loss) or equivalent yield loss indexes established at farm, local, regional or national level, or

(b) weather indexes (quantity of rainfall, temperature, etc) established at local, regional or national level.

Or. en

Amendment 58

Proposal for a regulation Article 39 – Title

Text proposed by the Commission

Amendment

Mutual funds for animal and plant diseases, environmental incidents

Mutual funds for animal and plant diseases, environmental incidents **and adverse climatic events**

Or. en

Justification

The article covers also adverse climatic events, including draughts. Therefore the title of the article should be reformulated.

Amendment 59

Proposal for a regulation Article 39 – paragraph 2

Text proposed by the Commission

2. Member States shall define the rules for the constitution and management of the mutual funds, in particular for the granting of compensation payments to farmers in the event of crisis and for the administration and monitoring of compliance with these rules.

Amendment

2. Member States shall define the rules for the constitution and management of the mutual funds, in particular for the granting of compensation payments to farmers in the event of crisis and for the administration and monitoring of compliance with these rules. ***Member States may decide to complement mutual funds by insurance systems.***

Or. en

Justification

In certain cases, complementing mutual funds by insurance systems can provide more effective risk management systems. Member States should thus have this option.

Amendment 60

Proposal for a regulation Article 39 – paragraph 4

Text proposed by the Commission

4. As regards animal diseases, financial compensation under Article 37(1)(b) may only be granted in respect of diseases mentioned in the list of animal diseases established by the World Organisation for Animal Health and/or in the Annex to Decision 90/424/EEC.

Amendment

4. As regards animal diseases, financial compensation under Article 37(1)(b) may only be granted in respect of diseases mentioned in the list of animal diseases established by the World Organisation for Animal Health and/or in the Annex to Decision 90/424/EEC ***and bee diseases.***

Or. en

Amendment 61

Proposal for a regulation Article 40 – paragraph 1

Text proposed by the Commission

1. Support under Article 37(1)(c) may only be granted where the drop of income exceeds 30 % of the average annual income of the individual farmer in the preceding three-year period or a three-year average based on the preceding five-year period excluding the highest and lowest entry. Income for the purposes of Article 37(1)(c) shall refer to the sum of revenues the farmer receives from the market, including any form of public support, deducting input costs. Payments by the mutual fund to farmers shall compensate for not more than 70 % of the income lost.

Amendment

1. Support under Article 37(1)(c) may only be granted where the drop of income exceeds 30 % of the average annual income of the individual farmer in the preceding three-year period or a three-year average based on the preceding five-year period excluding the highest and lowest entry. Income for the purposes of Article 37(1)(c) shall refer to the sum of revenues the farmer receives from the market, including any form of public support, deducting input costs. Payments by the mutual fund **or insurance** to farmers shall compensate for not more than 70 % of the income lost.

Or. en

Amendment 62

Proposal for a regulation Article 46 – paragraph 3

Text proposed by the Commission

3. In the case of irrigation, ***only*** investments ***that lead to a reduction of previous water use by at least 25%*** shall be considered as eligible expenditure. ***By way of derogation, in the Member States that adhered to the Union from 2004 onwards investments in new irrigation installations can be considered eligible expenditure in cases where an environmental analysis provides evidence that the investment concerned is sustainable and has no negative environmental impact.***

Amendment

3. In the case of irrigation, ***new*** investments, ***including the modernisation of existing systems for the improvement of water use efficiency,*** shall be considered as eligible expenditure. ***The Commission shall be empowered to adopt delegated acts, in accordance with Article 90, establishing minimum standards for water use efficiency and environmental performance of irrigation equipment.***

Or. en

Justification

The proposed discrimination between old and new Member States is not justified. New irrigation equipment as well as investments in modernised, more efficient equipment should be considered eligible expenditure as soon as they respect specific performance criteria with regard to water use efficiency and environmental impact, to be further defined by the Commission by means of a delegated act.

Amendment 63

Proposal for a regulation Article 64 – paragraph 4

Text proposed by the Commission

4. The Commission shall, by means of an implementing act, make an annual breakdown by Member State of the amounts referred to in paragraph 1, after deduction of the amount referred to in paragraph 2 and taking into account the transfer of funds referred to in Article 14(2) of Regulation (EU) No DP/2012. In making the annual breakdown the Commission shall take into account:

- (a) objective criteria linked to the objectives referred to in Article 4; and**
- (b) past performance.**

Amendment

4. The annual breakdown by Member State of the amounts referred to in paragraph 1, after deduction of the amount referred to in paragraph 2 and taking into account the transfer of funds referred to in Article 14(2) of Regulation (EU) No DP/2012 is set out in Annex Ia.

Or. en

Justification

The financial breakdown by Member State shall be fixed in an Annex of the legal act. Necessary modifications to this Annex can be undertaken by the Commission by means of delegated acts.

Amendment 64

Proposal for a regulation Article 64 – paragraph 5

Text proposed by the Commission

5. In addition to the amounts referred to

Amendment

5. The Commission shall be empowered to

in paragraph 4, the implementing act referred to in the same paragraph shall also include the funds transferred to the EAFRD in application of Articles 7(2) and 14(I) of Regulation (EU) No DP/2012.

adopt delegated acts, in accordance with Article 90, modifying Annex Ia where necessary in order to include the funds transferred to the EAFRD in application of Articles 7(2) and 14 of Regulation (EU) No DP/2012.

Or. en

Justification

Necessary modifications to Annex Ia can be undertaken by the Commission in delegated acts. Such modifications concern in particular the amounts transferred from the application of capping and flexibility between pillars as well as the transfer of unused funds from the Greening provision, which shall be allocated to AEM.

Amendment 65

Proposal for a regulation Article 64 – paragraph 6

Text proposed by the Commission

6. For the purposes of the allocation of the performance reserve referred to in Article 20(2) of Regulation (EU) No [CSF/2012], available assigned revenue collected in accordance with Article 45 of Regulation (EU) No HR/2012 for the EAFRD shall be added to the amounts referred to in Article 18 of Regulation (EU) No [CSF/2012]. It shall be allocated to Member States proportionally to their share of the total amount of support from the EAFRD.

Amendment

6. Available assigned revenue collected in accordance with Article 45 of Regulation (EU) No HR/2012 for the EAFRD shall be allocated to Member States proportionally to their share of the total amount of support from the EAFRD.

Or. en

Justification

The performance reserve referred to in Article 18 of Regulation (EU) No [CSF/2012] shall be deleted (See corresponding AM in the opinion drafted by Mr. Caronna).

Amendment 66

Proposal for a regulation

Article 65 – paragraph 4 – point aa (new)

Text proposed by the Commission

Amendment

(aa) 60 % for the agri-environment-climate measures referred to in Article 29. It may be increased to 90 % for the programmes of less developed regions, outermost regions and smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93;

Or. en

Justification

Many Member States make use of the currently provided increased cofinancing rate for Axis 2. An increased community support of agri-environment-climate measures should also be possible in the new regulation.

Amendment 67

Proposal for a regulation

Article 65 – paragraph 4a (new)

Text proposed by the Commission

Amendment

4a. By way of derogation from paragraph 3, the funds transferred to the EAFRD in application of Article 14 of Regulation (EU) No DP/2012 shall be subject to a 100 % EAFRD contribution rate.

The funds derived from the application of Article 14(1a) of Regulation (EU) No DP/2012 shall be reserved for measures under Article 29.

Or. en

Justification

No cofinancing shall be required for funds transferred voluntarily from the first to the second pillar under the flexibility provision in the regulation on direct payments, nor for unspent greening funds transferred to the EAFRD, which shall be used exclusively for support of agri-environment-climate measures.

Amendment 68

Proposal for a regulation

Article 65 – paragraph 5a (new)

Text proposed by the Commission

Amendment

5a. At least 30 % of the total EAFRD contribution to the rural development programme shall be reserved for measures under Articles 29, 30 and 31.

Or. en

Justification

In view of the most effective delivery of public goods through targeted payments, a provision of mandatory minimum percentage for agro-environment-climate measures should be foreseen not only in a recital, but in the corresponding article. Given the proposed transfer of unused "greening" funds to AEM, the current provision of attributing at least 25 % to "Axis 2" measures should be slightly increased. Support for LFA should not be included in this provision, as it is a compensation for natural disadvantages, which is not linked to any additional (environmental) requirements.

Amendment 69

Proposal for a regulation

Article 65 – paragraph 6a (new)

Text proposed by the Commission

Amendment

6a. The national contribution to the eligible public expenditure may be replaced by private contributions.

Or. en

Justification

Despite the increased Community financing rates provided for by Regulation (EU) No 1312/2011 of the European Parliament and of the Council of 19 December 2011, many Member States lost programmed EAFRD support due to severe budgetary constraints and lack of funds for national contributions to RD expenditure. Member States should therefore be enabled to replace their financial contribution by private funds (e.g. from foundations or private contributions from the beneficiary)

Amendment 70

Proposal for a regulation

Article 74

Text proposed by the Commission

In accordance with this Title, a common monitoring and evaluation system shall be drawn up in co-operation between the Commission and the Member States and shall be adopted by the Commission by means of **implementing** acts adopted in accordance with the **examination** procedure referred to in Article **91**.

Amendment

In accordance with this Title, a common monitoring and evaluation system shall be drawn up in co-operation between the Commission and the Member States. **The Commission shall adopt delegated acts in accordance with Article 90, laying down the working method and indicators to be used by that system.**

Or. en

Justification

The choice of the right indicators is vital not only for the monitoring and evaluation of the rural development programmes, but also for the coordination with other programmes under the Common Strategic Framework as well as the common monitoring with regard to the common objectives. It is a decision of general scope, which should be taken by means of delegated acts.

Amendment 71

Proposal for a regulation

Annex I – Row 5 – Column 3 and 4

Text proposed by the Commission

70.000 - Per young farmer under 33(1)(a)(i)
70.000 - Per enterprise under 33(1)(a)(ii)

Amendment

70.000 - Per young farmer under 20(1)(a)(i)
70.000 - Per enterprise under 20(1)(a)(ii)
15.000 - Per small farm under 20(1)(a)(iii)

15.000 - Per small farm under 33(1)(a)(iii)

35.000 - Per retirement under 20(1)(ca)

Or. en

Justification

The current early retirement scheme should be maintained and not restricted to small farmers only. It should however be adapted to a higher retirement age and transformed into of flat rate payment, limited to a maximum amount of 35.000 EUR (corresponding to half of the current maximum amount and half of the maximum amount made available for the installation of young farmers).

Amendment 72

**Proposal for a regulation
Annex Ia (new)**

Text proposed by the Commission

Amendment

ANNEX Ia

National envelopes referred to in Article 64

(in million EUR)

	2014	2015	2016	2017	2018	2019	2020
Belgium	73.838	73.838	73.838	73.838	73.838	73.838	73.838
Bulgaria	400.215	400.215	400.215	400.215	400.215	400.215	400.215
Czech Republic	432.820	432.820	432.820	432.820	432.820	432.820	432.820
Denmark	87.536	87.536	87.536	87.536	87.536	87.536	87.536
Germany	1.355.922	1.355.922	1.355.922	1.355.922	1.355.922	1.355.922	1.355.922
Estonia	109.623	109.623	109.623	109.623	109.623	109.623	109.623
Ireland	377.842	377.842	377.842	377.842	377.842	377.842	377.842
Greece	595.667	595.667	595.667	595.667	595.667	595.667	595.667
Spain	1.219.781	1.219.781	1.219.781	1.219.781	1.219.781	1.219.781	1.219.781
France	1.148.806	1.148.806	1.148.806	1.148.806	1.148.806	1.148.806	1.148.806
Italy	1.361.055	1.361.055	1.361.055	1.361.055	1.361.055	1.361.055	1.361.055
Cyprus	24.926	24.926	24.926	24.926	24.926	24.926	24.926
Latvia	159.703	159.703	159.703	159.703	159.703	159.703	159.703
Lithuania	267.461	267.461	267.461	267.461	267.461	267.461	267.461

<i>Luxembourg</i>	<i>14.383</i>	<i>14.383</i>	<i>14.383</i>	<i>14.383</i>	<i>14.383</i>	<i>14.383</i>	<i>14.383</i>
<i>Hungary</i>	<i>584.679</i>	<i>584.679</i>	<i>584.679</i>	<i>584.679</i>	<i>584.679</i>	<i>584.679</i>	<i>584.679</i>
<i>Malta</i>	<i>11.762</i>	<i>11.762</i>	<i>11.762</i>	<i>11.762</i>	<i>11.762</i>	<i>11.762</i>	<i>11.762</i>
<i>Netherlands</i>	<i>89.850</i>	<i>89.850</i>	<i>89.850</i>	<i>89.850</i>	<i>89.850</i>	<i>89.850</i>	<i>89.850</i>
<i>Austria</i>	<i>609.744</i>	<i>609.744</i>	<i>609.744</i>	<i>609.744</i>	<i>609.744</i>	<i>609.744</i>	<i>609.744</i>
<i>Poland</i>	<i>2.029.504</i>	<i>2.029.504</i>	<i>2.029.504</i>	<i>2.029.504</i>	<i>2.029.504</i>	<i>2.029.504</i>	<i>2.029.504</i>
<i>Portugal</i>	<i>614.811</i>	<i>614.811</i>	<i>614.811</i>	<i>614.811</i>	<i>614.811</i>	<i>614.811</i>	<i>614.811</i>
<i>Romania</i>	<i>1.435.645</i>	<i>1.435.645</i>	<i>1.435.645</i>	<i>1.435.645</i>	<i>1.435.645</i>	<i>1.435.645</i>	<i>1.435.645</i>
<i>Slovenia</i>	<i>138.743</i>	<i>138.743</i>	<i>138.743</i>	<i>138.743</i>	<i>138.743</i>	<i>138.743</i>	<i>138.743</i>
<i>Slovakia</i>	<i>302.467</i>	<i>302.467</i>	<i>302.467</i>	<i>302.467</i>	<i>302.467</i>	<i>302.467</i>	<i>302.467</i>
<i>Finland</i>	<i>326.416</i>	<i>326.416</i>	<i>326.416</i>	<i>326.416</i>	<i>326.416</i>	<i>326.416</i>	<i>326.416</i>
<i>Sweden</i>	<i>291.736</i>	<i>291.736</i>	<i>291.736</i>	<i>291.736</i>	<i>291.736</i>	<i>291.736</i>	<i>291.736</i>
<i>United-Kingdom</i>	<i>362.465</i>	<i>362.465</i>	<i>362.465</i>	<i>362.465</i>	<i>362.465</i>	<i>362.465</i>	<i>362.465</i>

Or. en

Justification

The distribution of funds between Member States should not be decided by an implementing act, but should be part of the legal act (see amendments to Article 64). The distribution key applied over the period 2007-2013 is used as a basis for defining the financial resources by Member State. The amounts have been adjusted to the proposed overall figures for rural development as suggested by the Commission proposal for the future Multiannual Financial Framework.

Amendment 73

Proposal for a regulation Annex II – Title

Text proposed by the Commission

Biophysical criteria for the delimitation of areas facing natural constraints

Amendment

Indicative biophysical criteria for the delimitation of areas facing natural constraints

Or. en

Justification

The Commission shall present a separate legislative proposal on mandatory biophysical criteria for the delimitation of areas with significant natural constraints, once all data

necessary for the impact assessment for such criteria and appropriate thresholds are available. In the meantime, the criteria set out in this Annex shall be of indicative nature.

EXPLANATORY STATEMENT

Europe is living in an exceptional economic, financial, and environmental context that demands a political response at all levels. That point also applies to agriculture and the rural world: a bold reworking is needed if the common policies in question are to respond to present and future challenges.

European farmers must continue to have the means of ensuring that citizens can enjoy the necessary degree of self-sufficiency and hence obtain enough foodstuffs and commodities of acceptable quality at affordable prices.

This implies a need to reconcile farming with sustainable production and shape European agriculture according to a vision for the future, in which competitiveness must go hand in hand with sustainability, and, moreover, to the idea that sustainability does not boil down solely to the environmental component, but also has to do with the long-term economic and social viability of agriculture as such. To that extent, the transition to more environment-friendly agriculture in Europe is a *sine qua non* for the sector's viability.

European agriculture also has to remain competitive with Europe's main trading partners, which are highly subsidised and/or subject to less stringent production rules.

The agricultural sector can and must have a significant role to play in translating the new 'Europe 2020' strategy into practice as regards climate change mitigation, innovation, and job creation. Special attention must therefore be focused on rural areas, especially those which are less favoured, with a view to revitalising them socially and economically on a footing of sustainability.

The new policy for agriculture and the rural world in Europe has to be based on the three-pronged approach of 'legitimacy, fairness, and efficiency', that is to say, resources must be assigned to ends recognised to be good by taxpayers and society, shared out as fairly as possible among farmers, regions, and Member States, and put to the most effective use in terms of achieving the desired results.

Taking into account the great diversity of European agriculture, which should be preserved, and the need to maintain a common legislative framework within which to implement agricultural and rural development policy, subsidiarity has to embody the right balance between these two dynamics. Furthermore, and without detracting from the imperatives of rigour in the use of public money, simplification must be reflected as fully as possible in all the regulations.

Last year, when it was dealing with the Lyon and Dess reports, Parliament, acting by a large majority in each instance, endorsed a set of general policy guidelines which have been duly appreciated.

Now that the Commission has submitted its legislative proposals, the EP is called upon to state its view on the main measures and policy tools to be employed to pursue the aims laid

down, in this case as regards the proposal for a regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), which is to complement, and be dovetailed with, Pillar I of the common agricultural policy (CAP).

The rapporteur is proposing to clarify, and give more precise definitions of, the goals and priorities relating to human resources, forests, innovation, with particular reference to the competitiveness of rural areas and agricultural holdings, animal welfare, polluting gases, and carbon.

Young farmers

The rapporteur shares the view that the dynamism of farming has a decisive bearing on the development of rural areas. One priority, therefore, should be to introduce fresh blood into the farming community, be it through the replacement of one generation by the next or as a result of first-time start-ups.

To make it easier and more attractive for young farmers to set up in farming, and to complement the measures proposed in the report on the 'Direct Payment' Regulation, the rapporteur is proposing incentives to overcome what he believes to be the greatest hurdle, namely access to land, and hence that support be granted to help meet loan interest costs or in the form of bank guarantees for land leases.

Cessation of farming

The rapporteur believes that the arrangements for the cessation of farming should be made much simpler and less costly than has been the case to date. Under his proposal, a one-off payment not exceeding 50% of the start-up aid granted to a young farmer would be made to farmers over 65 who transfer their holding and the related payment entitlements to other farmers.

Restructuring of farms

To encourage and facilitate farm restructuring, the replacement of one generation by the next, and the entry of new farmers, the rapporteur is proposing an improvement whereby the Commission's proposed arrangement, an annual payment, up to 2020, equal to 120% of the maximum support granted to farmers who join the young farmers' scheme established by the 'Direct Payment' Regulation, would be converted into a one-off payment, thus increasing the incentive effect and reducing red tape.

Investment

The rapporteur considers that a wider range of areas should be considered eligible for the purposes of investment in farms, businesses, non-agricultural activities, and other facilities.

The above provisions should, in particular, cover investment in the modernisation necessitated by new health requirements or to help promote energy efficiency or reduce or counteract agro-climatic constraints, one specific example being investment in new irrigation systems or to modernise existing systems in order to achieve more efficient water or energy consumption, with the proviso that the end effect, in every case, should be to create jobs and combat rural depopulation.

Agri-environmental measures

As regards agri-environmental measures, the rapporteur believes that they should be financed by a mandatory minimum allocation of 30%, an amount which should also include organic farming and payments related to the Natura 2000 network and the Water Framework Directive.

He is introducing the principle that all agri-environmental measures to be encompassed within the Member States' future rural development programmes should, in terms of environmental value, go beyond the Pillar I 'greening' measures, that is to say, beyond the measures supported under the 'direct payment' arrangements because they constitute agricultural practices beneficial for the climate and the environment: this will bring the two CAP pillars into a complementary relationship.

Forests

The rapporteur is proposing that the range of beneficiaries under forestry support measures be widened to include managers of EU forests that are neither publicly nor privately owned. He is also proposing that support for afforestation and the creation of woodland be extended from 10 to 15 years and support for the establishment of agro-forestry systems, from three to five years.

Areas facing significant natural constraints

As regards the delimitation of 'areas, other than mountain areas, facing significant natural constraints', the approach proposed by the rapporteur is different from the one outlined by the Commission, bearing in mind that, up to the time of drafting of this report, it was not possible to obtain figures serving to gauge the practical consequences that might ensue if the Commission's proposed criteria were applied.

The rapporteur accordingly proposes that Member States delimit such areas according to criteria reflecting significant natural constraints and compatible with the recommendations of the Court of Auditors and the commitments that the EU has entered into within the World Trade Organisation. The list of biophysical reference criteria in Annex II could, to that end, be used for guidance.

Risk management

Regarding the risk management system, the rapporteur believes that the insurance arrangement should be extended to cover other tools, and is providing, by way of exception, for local, regional, or national biological and weather indexes to be used to calculate losses that would be impossible to prove at farm level. Drought, as an adverse climatic event, is made eligible for the purposes of mutual fund support to compensate for environmental incidents. Mutual funds can be used to compensate for losses resulting from not only from animal diseases, but also from bee diseases.

Co-financing rates

As regards EAFRD contribution rates to finance agri-environmental measures, the rapporteur proposes that the Commission figures, 50% and 85%, be raised to 60% and 90%, respectively, for the majority of regions and for less developed regions, the outermost regions, and smaller Aegean islands.

The rapporteur proposes that unused funds falling under the 'greening' component of direct

payments be transferred to Pillar II to finance agri-environmental measures, without national co-financing. He is also proposing that funds which Member States are authorised to transfer from Pillar I to Pillar II, in accordance with Article 14 of the 'Direct Payment' Regulation, should likewise be exempt from national co-financing.

The rapporteur is, in addition, providing for the possibility for national co-financing to come entirely from private sources.

National financial envelopes

Finally, given that the Commission has not submitted any quantified proposal specifying how the rural development budget is to be shared out among the Member States in the period from 2014 to 2020, the rapporteur is seeking to fill that gap by submitting a proposal based on the Commission's budget proposal for the 2014-2020 Multiannual Financial Framework and on the distribution scale used in the preceding period, as he does not consider the premisses to have significantly altered.

This report has been based on the aggregate financial amount for the CAP proposed by the Commission within the future Multiannual Financial Framework. Should fundamental changes be made to that proposal, the substance of the report will need to be revised.