



EUROPEAN PARLIAMENT

2009 - 2014

Committee on Budgets

2013/0087(COD)

24.5.2013

OPINION

of the Committee on Budgets

for the Committee on Agriculture and Rural Development

on the proposal for a regulation of the European Parliament and of the Council
on fixing an adjustment rate to direct payments provided for in Regulation
(EC) No 73/2009 in respect of calendar year 2013
(COM(2013)0159 – C7-0079/2013 – 2013/0087(COD))

Rapporteur: Giovanni La Via

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SHORT JUSTIFICATION

In drawing up the 2014 Draft Budget, the first budgetary estimates for direct payments and market related expenditure showed that the sub-ceiling under heading 2 for financial year 2014, after financial transfers between EAGF and EAFRD, is likely to be exceeded. As a consequence, the level of direct payments should be reduced in order to comply with the ceiling.

On this basis, the Commission presents a proposal for setting the adjustment rate for direct payments in respect of calendar year 2013, which is to be adopted by the European Parliament and the Council by 30 June 2013 in accordance with Article 11(1) of Regulation (EC) No 73/2009 as amended by Regulation (EU) No 671/2012 of the European Parliament and of the Council. However, if this adjustment rate has not been set by 30 June 2013, the Commission will set that rate pursuant to Article 18(4) of Council Regulation (EC) No 1290/2005 on the financing of the common agricultural policy.

The calculation of the financial discipline adjustment rate is part of the preparation of the 2014 Draft Budget in order to comply with the sub-ceiling for market related expenditure and direct payment under Heading 2 for financial year 2014, after financial transfers between EAGF and EAFRD, set out in the Conclusions of the European Council (7/8 February 2013) on the Multiannual Financial Frameworks. According to the Conclusions, the reserve for crises is included under Heading 2 and will be established by applying at the beginning of each year a reduction to direct payments with the financial discipline mechanism.

The first estimates of budget appropriations for direct aids and market related expenditure showed the need to reduce the total amount of direct payments that can be granted to farmers in respect of calendar year 2013 by EUR 1471.4 million through financial discipline in order to respect the sub-ceiling for financial year 2014 set out in the Conclusions of the European Council (7/8 February 2013) on the Multiannual Financial Framework, reduced by the amounts made available to EAFRD pursuant to Article 10(b) and 136 of Regulation (EC) No 73/2009 and Article 52 of Commission proposal for a Regulation (EU) establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy. The financial discipline reduction also includes EUR 424.5 million needed to establish the reserve for crises.

AMENDMENTS

The Committee on Budgets calls on the Committee on Agriculture and Rural Development, as the committee responsible, to incorporate the following amendments in its report:

Amendment 1 Proposal for a regulation

Recital 2

Text proposed by the Commission

(2) The forecasts for the direct payments and market related expenditure determined in the preparation of the 2014 Draft Budget show that the annual ceiling for the European Agricultural Guarantee Fund (EAGF) in respect of financial year 2014 is likely to be exceeded taking into account the need to establish the reserve for crises referred to in the Conclusions of the European Council (7/ 8 February 2013) on the Multiannual Financial Framework. An adjustment rate to the direct payments listed in Annex I to Regulation (EC) No 73/2009 should therefore be determined.

Amendment

(2) Pending the adoption of a regulation laying down the multiannual financial framework on the basis of Article 312(2) of the Treaty on the Functioning of the European Union, the level of the applicable ceiling for the year 2014 remains uncertain. Until there is clarity on the level of the applicable ceiling, it is not possible to determine whether an adjustment of the direct payments for 2013 is necessary and, if so, what the rate should be. The amount of financial discipline required shall be revised by the budget authority in the framework of the adoption of the Budget 2014 on the basis inter alia of the Amending letter to the Draft General Budget 2014 whereby the Commission provides updated estimated needs on market related expenditures and direct payments.

Amendment 2 Proposal for a regulation

Recital 4

Text proposed by the Commission

*(4) The mechanism of the financial discipline, **together with the modulation**, was introduced with the 2003 CAP reform. **Both instruments** provided for a linear reduction of the amount of direct payments to be granted to farmers. **Taking into***

Amendment

*(4) The mechanism of the financial discipline was introduced with the 2003 CAP reform. **The instrument** provided for a linear reduction of the amount of direct payments to be granted to farmers. The financial discipline should be applied in a*

*account the implications of the unequal distribution of direct payments between small and large beneficiaries, modulation has been applied to amounts in excess of EUR 5000 in order to achieve a more balanced distribution of payments. In respect of calendar year 2013, the adjustment of direct payments referred to in Article 10(a) of Regulation (EC) No 73/2009 continues to provide for the same exemption as the modulation. The financial discipline should be applied in a similar way to also contribute to achieving the objective of a more balanced distribution of payments; therefore, it is appropriate to provide for the application of the adjustment rate **only for** amounts **in excess of EUR 5000.***

*way that will ensure equal treatment of all farmers, therefore it is appropriate to provide for the application of the adjustment rate **to all** amounts.*

Amendment 3 Proposal for a regulation

Article 1 – paragraph 1

Text proposed by the Commission

1. The amounts of direct payments within the meaning of Article 2(d) of Regulation (EC) No 73/2009 to be granted to a farmer **in excess of EUR 5000** for an aid application submitted in respect of calendar year 2013 shall be reduced by **4.981759** %.

Amendment

1. The amounts of direct payments within the meaning of Article 2(d) of Regulation (EC) No 73/2009 to be granted to a farmer for an aid application submitted in respect of calendar year 2013 shall be reduced by **[xxx]** % ("**the adjustment rate**").

Justification

In compliance with the decision on the opening of, and mandate for, interinstitutional negotiations on direct payments to farmers under support schemes within the framework of the CAP - 2011/0280(COD), which provides a linear reduction on all direct payments by applying the financial discipline, and with view on an equal treatment of all beneficiaries and all Member States the financial discipline shall apply to all direct payments in claim year 2013. Thereby the applicable adjustment rate will be reduced accordingly and shall be fixed once a final agreement on the MFF has been reached between the European Council and the European Parliament.

Amendment 4 Proposal for a regulation

Article 1 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. The provisions of Articles 1 and 2 are adopted without prejudice to the subsequent adoption of the Regulation laying down the multiannual financial framework for the years 2014-2020 and the Interinstitutional agreement between the European Parliament, the Council and the Commission on cooperation in budgetary matters and sound financial management.

In the event that a correction to the adjustment rate defined in paragraph 1 is required as a consequence of the adoption of the aforementioned Regulation and Inter-institutional agreement, the Commission shall present a proposal to the European Parliament and the Council to fix a new adjustment rate.

The amount of financial discipline required shall be revised by the budgetary authority in the framework of the adoption of the Budget 2014 on the basis inter alia of the Amending letter to the Draft General Budget 2014 whereby the Commission provides updated estimated needs on market related expenditures and direct payments.

Amendment 5

Proposal for a regulation

Article 1 – paragraph 1 b (new)

Text proposed by the Commission

Amendment

1b. In the event of a non-agreement on the Multiannual Financial Framework 2014-2020, no financial discipline for the financial year 2014 shall apply, as the total amount shall be calculated on the basis of the 2013 ceiling plus 2% deflator.

PROCEDURE

Title	Adjustment rate to direct payments provided for in Regulation (EC) No 73/2009 in respect of calendar year 2013
References	COM(2013)0159 – C7-0079/2013 – 2013/0087(COD)
Committee responsible Date announced in plenary	AGRI 16.4.2013
Opinion by Date announced in plenary	BUDG 16.4.2013
Rapporteur Date appointed	Giovanni La Via 15.4.2013
Date adopted	16.5.2013
Result of final vote	+: 25 –: 1 0: 4
Members present for the final vote	Marta Andreasen, Zuzana Brzobohatá, Jean-Luc Dehaene, Göran Färm, José Manuel Fernandes, Eider Gardiazábal Rubial, Jens Geier, Lucas Hartong, Jutta Haug, Monika Hohlmeier, Sidonia Elżbieta Jędrzejewska, Anne E. Jensen, Ivailo Kalfin, Jan Kozłowski, Alain Lamassoure, George Lyon, Jan Mulder, László Surján, Angelika Werthmann, Jacek Włosowicz
Substitute(s) present for the final vote	María Muñoz De Urquiza, Paul Rübig, Peter Šťastný, Nils Torvalds
Substitute(s) under Rule 187(2) present for the final vote	Inés Ayala Sender, Albert Deß, Carlos José Iturgaiz Angulo, Andrey Kovatchev, Elisabeth Köstinger, Petri Sarvamaa