



EUROPEAN PARLIAMENT

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*Committee on Budgets*

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**2013/0117(COD)**

27.9.2013

## **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 laying down certain transitional provisions on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and amending Regulation (EU) No [RD] as regards resources and their distribution in respect of the year 2014 and amending Council Regulation (EC) No 73/2009 and Regulations (EU) No [DP], (EU) No [HZ] and (EU) No [sCMO] as regards their application in the year 2014

(COM(2013)0226 – C7-0104/2013 – 2013/0117(COD))

Rapporteur: Giovanni La Via

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## SHORT JUSTIFICATION

The European Parliament is working intensively, in line with the other EU institutions, to allow the reform of the Common Agricultural Policy (CAP) to enter into force on 1 January 2014. This requires, however, that an agreement between the institutions on the Multiannual Financial Framework (MFF) 2014-2020, as well as on the reform in the CAP is achieved in the autumn of 2013 so that the legal bases for the reformed CAP come into force on January 1, 2014.

It seems however unlikely, that all aspects of the CAP can be implemented on January 1, 2014. Hence, transition rules are needed to determine the technical modalities enabling a smooth adaptation to the new conditions, and at the same time ensuring a continuity of the various funding opportunities within the framework of the CAP. For direct payments the Member States, the paying agents and farmers must have sufficient time, to prepare well and to be informed early enough on the details of the reform. The main elements of the existing regulations are therefore to be extended or adapted for the application year 2014 by the transitional regime. Subject to the consent of the European Parliament to the MFF, the transitional rules include a procedure of the external convergence and flexibility mechanism between the two pillars. The introduction of transitional measures implies that some of the data contained in the Commission's proposal for direct payments after 2013 must be adjusted accordingly, to ensure coherence with the present draft of the regulation.

Concerning Rural Development transition rules are a common practice, to lay down rules for the transition between the two programming periods, but also to determine how the activities continue in the new programming period, including their funding with a new budget. It is necessary to establish a link between two successive programming periods. Because rural areas facing new challenges some special transitional arrangements are required. In particular, to respond to the effect a delay of the new direct payment system will bring for certain support measures for rural areas with regard to the reference values for agri-environment and climate response measures and the application of the cross compliance rules. Transitional provisions are also necessary to ensure that Member States can enter new commitments in 2014, despite the appropriation for the current period is exhausted. These new obligations, as well as ongoing obligations can be funded out of the new budget for support for rural areas for the next programming period.

These transitional rules include a flexibility mechanism, whereby Member States can transfer funds between the two pillars. It is proposed, to limit these transfers to 15% for transfers from the first to the second pillar, as well as to 10% for transfers from the second to the first pillar, while the latter should only be allowed for those Member States with average direct payments below 90% of the EU average. In order not to prejudice a final decision on this specific point, the parts contained in the transitional measures laid down in the Articles, which deviate from Article 14 of the Commission proposal for direct payments after 2013, are enclosed in square brackets.

In the light of the above observations, the Council and the European Parliament must adopt before the end of the year the specific transitional rules and, if necessary, to change the current basic legal acts of the CAP.

## 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 Article 1 – paragraph 1

##### *Text proposed by the Commission*

By way of derogation from Article 94 of Regulation (EU) No [...] [RD], for the measures of Article 36(a)(i) to (v) and (b)(iv) and (v) of Regulation (EC) No 1698/2005, Member States may continue to undertake new legal commitments to beneficiaries in 2014 pursuant to the rural development programmes adopted on the basis of Regulation (EC) No 1698/2005 even after the financial resources of the 2007-2013 programming period have been used up, until the adoption of the respective rural development programme for the 2014-2020 programming period. The expenditure incurred on the basis of these commitments shall be eligible in accordance with Article 3 of this Regulation.

##### *Amendment*

By way of derogation from Article 94 of Regulation (EU) No [...] [RD], Member states may continue to undertake new legal commitments to beneficiaries in 2014, in relation to the measures referred to in Articles 20, 36, 52 and 63 of Regulation (EC) No 1698/2005, pursuant to the rural development programmes adopted on the basis of Regulation (EC) No 1698/2005 even after the financial resources of the 2007-2013 programming period have been used up, until the adoption of the respective rural development programme for the 2014-2020 programming period or until the end of 2014, by financing it from the funds from the 2014-2020 period. The expenditure incurred on the basis of these commitments shall be eligible in accordance with Article 3 of this Regulation.

### Amendment 2

#### Proposal for a regulation Article 1 – paragraph 2

##### *Text proposed by the Commission*

2. The condition *of* the second indent of Article 14(2) of Council Regulation (EC) No 1257/1999 shall not apply to new legal commitments undertaken by Member

##### *Amendment*

2. The condition *set out in* the second indent of Article 14(2) of Council Regulation (EC) No 1257/1999 shall not apply to new legal commitments

States under Article 36(a)(i) and (ii) of Regulation (EC) No 1698/2005 in 2014.

undertaken by Member States under Article 36(a)(i) and (ii) of Regulation (EC) No 1698/2005 in 2014.

### Amendment 3

#### Proposal for a regulation Article 3 – paragraph 1 – introductory part

##### *Text proposed by the Commission*

1. By way of derogation from Article 7(1) of Regulation (EU) No [...] [RD], expenditure relating to legal commitments to beneficiaries, undertaken under the measures *of Article 36(a)(i) to (v) and (b)(iv) and (v) of Regulation (EC) No 1698/2005 and of Article 36(b)(i) and (iii) of that Regulation in relation to the annual premium*, shall be eligible for an EAFRD contribution in the 2014-2020 programming period in the following cases:

##### *Amendment*

1. By way of derogation from Article 7(1) of Regulation (EU) No [...] [RD], expenditure relating to legal commitments to beneficiaries, undertaken under the measures *referred to in Articles 20 , 36, 52 and 63 of Regulation 1698/2005*, shall be eligible for an EAFRD contribution in the 2014-2020 programming period in the following cases:

### Amendment 4

#### Proposal for a regulation Article 3 – paragraph 1 – point b

##### *Text proposed by the Commission*

(b) for payments to be made after 31 December 2015.

##### *Amendment*

(b) for payments to be made after 31 December 2015 *for all commitments undertaken pursuant to Article 36 of Regulation (EU) No [...] [RD]*.

## Amendment 5

### Proposal for a regulation

#### Article 5 - paragraph 1 - subparagraph 2 - point 3

Regulation (EC) No 73/2009

Article 40 - paragraph 3

#### *Text proposed by the Commission*

Without prejudice to Article 25 of Regulation (EU) No [HZ] of the European Parliament and of the Council\*, the amounts of direct payments which may be granted in a Member State in respect of calendar year 2014 under Articles 34, 52, 53 and 68 of this Regulation and for the aid to silkworm rearers under Article 111 of Regulation (EC) No 1234/2007 shall not be higher than the ceilings set out in Annex VIII to this Regulation for that year. Where necessary, and in order to comply with the ceilings set out in Annex VIII, Member States shall make a linear reduction in the amounts of direct payments in respect of calendar year 2014.

#### *Amendment*

Without prejudice to Article 25 of Regulation (EU) No [HZ] of the European Parliament and of the Council\*, the amounts of direct payments which may be granted in a Member State in respect of calendar year 2014 under Articles 34, 52, 53 and 68 of this Regulation and for the aid to silkworm rearers under Article 111 of Regulation (EC) No 1234/2007 shall not be higher than the ceilings set out in Annex VIII to this Regulation for that year ***reduced by the amounts resulting from the application of Article 136 for the budget year 2015.*** Where necessary, and in order to comply with the ceilings set out in Annex VIII, ***reduced by the amounts resulting from the application of Article 136 for the budget year 2015.*** Member States shall make a linear reduction in the amounts of direct payments in respect of calendar year 2014.

## PROCEDURE

<b>Title</b>	Transitional provisions regarding the regulations on Direct payments, Rural development and Financing, monitoring and management of the CAP
<b>References</b>	COM(2013)0226 – C7-0104/2013 – 2013/0117(COD)
<b>Committee responsible</b> Date announced in plenary	AGRI 21.5.2013
<b>Opinion by</b> Date announced in plenary	BUDG 21.5.2013
<b>Rapporteur</b> Date appointed	Giovanni La Via 7.5.2013
<b>Date adopted</b>	26.9.2013
<b>Result of final vote</b>	+: 32 –: 0 0: 0
<b>Members present for the final vote</b>	Marta Andreasen, Zuzana Brzobohatá, Isabelle Durant, James Elles, Eider Gardiazábal Rubial, Ingeborg Gräßle, Jutta Haug, Monika Hohlmeier, Sidonia Elżbieta Jędrzejewska, Anne E. Jensen, Ivailo Kalfin, Jan Kozłowski, Alain Lamassoure, Giovanni La Via, George Lyon, Claudio Morganti, Jan Mulder, Andrej Plenković, Dominique Riquet, Oleg Valjalo, Jacek Włosowicz
<b>Substitute(s) present for the final vote</b>	Alexander Alvaro, Maria Da Graça Carvalho, Lidia Joanna Geringer de Oedenberg, Edit Herczog, Jürgen Klute, Peter Šťastný, Catherine Trautmann
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Jean-Pierre Audy, Elisabeth Jeggle, Maurice Ponga, Sabine Verheyen