

Financial discipline as from financial year 2021 and flexibility between pillars in respect of calendar year 2020

2019/0253(COD) - 31/01/2020 - Final act

PURPOSE: to ensure the security and continuity of support for European farmers in 2020 and to guarantee compliance with the budgetary ceilings of the European Agricultural Guarantee Fund (EAGF) by adapting two legislative acts of the Common Agricultural Policy (CAP).

LEGISLATIVE ACT: Regulation (EU) 2020/127 of the European Parliament and of the Council amending Regulation (EU) No 1306/2013 as regards financial discipline as from financial year 2021 and Regulation (EU) No 1307/2013 as regards flexibility between pillars in respect of calendar year 2020.

CONTENT: the Regulation amends [Regulation \(EU\) No 1306/2013](#) on the financing, administration and monitoring of the common agricultural policy (horizontal Regulation) and [Regulation \(EU\) No 1307/2013](#) on direct payments to farmers under CAP support schemes in order to ensure the continuity of CAP support to European farmers and other beneficiaries in 2021, as the new strategic plans as they result from the [European Commission's proposal](#) shall not be applicable from January 2021.

Updating the reference for determining a financial discipline rate

In order to ensure that the ceiling set for the financing of market expenditure and direct payments shall also be respected after 2020, the Regulation amends the legal reference contained in Articles 16 and 26 of Regulation (EU) No 1306/2013 to include the Regulation to be adopted by the Council for the years 2021 to 2027.

Flexibility between pillars

Flexibility between pillars is an optional transfer of funds between direct payments and rural development. [Regulation \(EU\) 2019/288](#) of the European Parliament and of the Council extended flexibility between pillars to the calendar year 2020, that is to say financial year 2021.

Since the relevant Union legislation shall not be adopted by the time the Member States need to notify their decision to transfer, this Regulation ensures that the possibility for Member States to transfer funds between the two pillars is maintained and sets the maximum amount that can be transferred on the basis of a fixed amount and not a percentage.

Member States may decide to make available for calendar year 2020 as direct payments an amount not higher than the amount set out in Annex VIa. As a result, the corresponding amount shall no longer be available for support financed under the EAFRD for financial year 2021.

Member States may review, by 1 August 2019, the percentage of their national ceiling for direct payments that they allocate to voluntary coupled support (VCS). They only notify their decision on transfer from direct payments to rural development, if any, by 31 December 2019, and on transfer from rural development to direct payments, if any, shortly thereafter. However, such decision shall affect their national ceiling for direct payments for calendar year 2020.

ENTRY INTO FORCE: 1.2.2020.

