

# Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	2010/0266(COD) Procedure lapsed or withdrawn
Rural development: support by the European Agricultural Fund for Rural Development (EAFRD)	
Subject 3.10.01.02 Rural development, European Agricultural Fund for Rural Development (EAFRD)	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>AGRI</b> Agriculture and Rural Development	S&D <a href="#">DE CASTRO Paolo</a>	27/10/2010
		Shadow rapporteur	
		PPE <a href="#">MAYER Hans-Peter</a>	
		ALDE <a href="#">LYON George</a>	
Council of the European Union	Committee for opinion	Rapporteur for opinion	Appointed
	<b>REGI</b> Regional Development	PPE <a href="#">MATULA Iosif</a>	28/10/2010
European Commission	Council configuration	Meeting	Date
	<a href="#">Agriculture and Fisheries</a>	<a href="#">3042</a>	26/10/2010
European Commission	Commission DG	Commissioner	
	<a href="#">Agriculture and Rural Development</a>	CIOLOȘ Dacian	

Key events			
30/09/2010	Legislative proposal published	<a href="#">COM(2010)0537</a>	Summary
19/10/2010	Committee referral announced in Parliament, 1st reading		
26/10/2010	Debate in Council	<a href="#">3042</a>	Summary
12/04/2011	Vote in committee, 1st reading		
20/04/2011	Committee report tabled for plenary, 1st reading	<a href="#">A7-0161/2011</a>	Summary
03/07/2012	Debate in Parliament		
04/07/2012	Results of vote in Parliament		

04/07/2012	Decision by Parliament, 1st reading	<a href="#">T7-0279/2012</a>	Summary
07/03/2015	Proposal withdrawn by Commission		

### Technical information

Procedure reference	2010/0266(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure lapsed or withdrawn
Committee dossier	AGRI/7/04097

### Documentation gateway

Legislative proposal		<a href="#">COM(2010)0537</a>	30/09/2010	EC	Summary
Economic and Social Committee: opinion, report		<a href="#">CES0357/2011</a>	16/02/2011	ESC	
Committee draft report		<a href="#">PE456.747</a>	23/02/2011	EP	
Committee opinion	<b>REGI</b>	<a href="#">PE458.633</a>	22/03/2011	EP	
Amendments tabled in committee		<a href="#">PE462.527</a>	24/03/2011	EP	
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A7-0161/2011</a>	20/04/2011	EP	Summary
Text adopted by Parliament, 1st reading/single reading		<a href="#">T7-0279/2012</a>	04/07/2012	EP	Summary
Commission response to text adopted in plenary		<a href="#">SP(2012)627</a>	19/09/2012	EC	

### Additional information

National parliaments	<a href="#">IPEX</a>
European Commission	<a href="#">EUR-Lex</a>

## Rural development: support by the European Agricultural Fund for Rural Development (EAFRD)

**PURPOSE:** to amend Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) in order to align it with the Lisbon Treaty and to implement a number simplification proposals as part of the simplification exercise of the CAP.

**PROPOSED ACT:** Regulation of the European Parliament and of the Council

**BACKGROUND:** Council Regulation (EC) No 1698/2005 confers powers on the Commission in order to implement some of the provisions of that Regulation. As a consequence of the entry into force of the Lisbon Treaty, the powers conferred under Regulation (EC) No 1698/2005 upon the Commission need to be aligned to Articles 290 (delegated acts) and 291 (implementing acts) of the Treaty on the Functioning of the European Union (TFEU).

**IMPACT ASSESSMENT:** no impact assessment was carried out.

**LEGAL BASE:** Article 43 of the TFEU.

**CONTENT:** this proposal aims to identify the delegated and implementing powers of the Commission in Council Regulation (EC) No 1698/2005 and establish the corresponding procedure for adoption of these acts.

Pursuant to Article 290 of the Treaty, the proposal allows the Commission to adopt delegated acts in order to:

- adopt exceptions to the rule that no rural development support should be granted to schemes eligible for support under common market organisations;
- adopt detailed conditions concerning all the measures and technical assistance in order to ensure their coherent application in line with the requirements of EU policy, priorities and law;
- make detailed rules for reductions and exclusions;
- define a flexibility threshold for each axis;
- define detailed rules for forms of support other than non-repayable direct assistance;

The Commission shall fix detailed control rules and adopt specific transitional measures.

In accordance with Article 291 of the Treaty Member States are responsible for implementing the regime established by the Legislator. However, it seems necessary to ensure uniform implementation of the scheme in Member States in order to avoid distortions of competition or discrimination between operators. Therefore, the Legislator gives the Commission powers of enforcement as regards:

- the uniform conditions for the presentation of rural development programmes;
- programme approval;
- approval of revision of programmes;
- determination of changes requiring approval by Commission decision;
- longer commitment periods;
- specific provisions on designation of areas;
- the establishment and operation of the national rural network;
- presentation of specific annual reports;
- a general framework of controls and a common monitoring and evaluation framework that Member states Shall implement.

Additionally, some elements of simplification are introduced:

Reduction of the number of summary reports and simplification of their content under strategic monitoring: as part of the simplification exercise of the CAP Member States wanted a reduction in the number of reports to the Commission. In addition to annual progress reports, Member States are required to submit to the Commission summary reports setting out the progress made in implementing their national strategy plans and objectives and their contribution to the achievement of the Community strategic guidelines. Under the current rules, these summary reports are to be submitted each second year, starting from 2010 and ending in 2014, i.e. altogether three reports. The proposal will limit the number of reports to two, the first one to be submitted in 2010 and the second one in 2015, the former in the context of mid-term evaluation and the latter of ex post evaluation.

In addition, the report is required to summarise the previous year's annual progress reports. This requirement should be dropped, as it duplicates work. The number of Commission reports summarising the main developments, trends and challenges relating to the implementation of the national strategy plans and the Community strategic guidelines will be reduced to two, one in 2011 and the second one in 2016.

Extension of the coverage of the measure for producer groups: the current provision on support for producer groups, which is already available for all sectors in the new Member States, should be extended to also cover EU-15. However, there will be support for producer groups in the fruit and vegetable sector as their activities may be supported under the single CMO.

Facilitating more tailor-made use of the advisory services: Member States had proposed changing the rules for use of advisory services. Currently the rules require that, as a minimum, the advisory service to farmers should cover the statutory management requirements and the good agricultural and environmental conditions under cross-compliance as well as the occupational safety standards based on Union legislation.

In order to facilitate more tailor-made use of the advisory services and to reflect the individual needs of the beneficiary, the advisory service provided will not need to cover all the aspects listed, but one or more of them.

Continuous linear features and stepping stones: according to Article 10 of the Habitats Directive, Member States shall endeavour, with a view to improving the ecological coherence of the Natura 2000 network, to encourage the management of features of the landscape which are of major importance for wild fauna and flora. Such features are those which, by virtue of their linear and continuous structure (such as rivers with their banks or the traditional systems for marking field boundaries) or their function as stepping stones (such as ponds or small woods), are essential for the migration, dispersal and genetic exchange of wild species.

These areas can play an important role for the coherence of Natura 2000 areas and relevant provisions should be included in order to allow Natura 2000 payments for these nationally delimited nature protection areas if sufficient justification is provided linking them to Article 10 of the Habitats Directive. In order to ensure that payments continue to be primarily used for the designated Natura 2000 sites, it is proposed to limit their proportion compared to the Natura 2000 areas. However, this provision is without prejudice to the endeavours of Member States under the Habitats Directive related to encouraging the management of landscape features which are of major importance for wild fauna and flora and does not prejudice the question of what constitutes an adequate implementation of Article 10 of the Habitats Directive.

Follow up of non-compliances of the cross-compliance: Member State can decide to consider a case of non-compliance as minor or not to apply a reduction or exclusion where the amount concerned is less than EUR 100. Currently, the competent control authority should ensure that the farmer remedies the findings of the non-compliance concerned. However, with a view to simplification and in order to ease the administrative burden, consideration should be given to simplifying the follow-up checks system.

Introducing incentive element for measures falling under Article 43 of the Treaty: in order to be compatible with the common market, any aid measure must contain some incentive element or require some counterpart on the part of the beneficiary. Aid which is granted retroactively in respect of activities which have already been undertaken by the beneficiary cannot be considered to contain the necessary incentive element. However, for co-financed Rural Development measures approved under Article 43 of the Treaty, there is currently no requirement for an incentive effect laid down in the Union legislation, except in the case of top-ups to which agricultural state aid rules apply. Therefore, retroactive granting of aid should also be prohibited for co-financed agricultural measures and a starting date of eligibility should be provided.

FINANCIAL IMPLICATIONS: this measure does not involve any additional Union expenditure.

## Rural development: support by the European Agricultural Fund for Rural Development (EAFRD)

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The Council was briefed on the two following proposals in the light of the adaptation to the Lisbon Treaty:

- A proposal amending Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD);
- [A proposal amending Regulation \(EC\) No 73/2009 on direct support schemes for farmers under the CAP.](#)

These proposals also contain a number of simplification provisions, which follow up on the assessment by the Commission services of the 39 simplification proposals presented by Member States in 2009.

Many delegations expressed the view that alignment of agricultural legislation with the Lisbon Treaty was a complex issue, which required further clarification by the Commission and an in-depth analysis by Member States' experts. As regards the proposed simplification provisions, those were generally welcomed. Several delegations, however, were disappointed that the proposals did not go far enough. They reiterated suggestions for further simplification and urged the Commission to continue its efforts.

These Commission proposals intend to reshape Commission implementing powers in CAP-related legislation and bring them into line with the provisions of the Lisbon Treaty (49 basic acts are concerned). The proposed amendments classify the Commission's existing powers as either delegated or implementing powers.

As regards simplification, the proposal amending regulation (EC) n° 1698/2005 includes provisions seeking to reduce the number of summary reports from Member States, more targeted use of advisory services, the alignment of non-compliance rules for cross-compliance with those in Regulation 73/2009 and the extension of provisions on support for producer groups to the 'old' Member States.

These proposals will be examined by the Council preparatory bodies.

## Rural development: support by the European Agricultural Fund for Rural Development (EAFRD)

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The Committee on Agriculture and Rural Development adopted the report drafted by Paolo DE CASTRO (S&D, IT) on the proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

It recommends that the European Parliaments position adopted at first reading, under the ordinary legislative procedure, should amend the Commission proposal as follows:

Delegated and implementing powers of the Commission: the amendments introduced by the MEPs aim to take into account:

- the "Common Understanding" on practical arrangements for the use of delegated acts (Article 290 TFUE) to be formally agreed on by the Council and the Parliament;
- the "Regulation on implementing powers" (Regulation of the European Parliament and the Council laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers) entering into force on 1 March 2011.

The power to adopt the delegated acts is conferred on the Commission subject to certain conditions. The delegation of power shall be conferred on the Commission for a period of five years from the date of entry into force of this Regulation. A delegated act shall enter into force only if no objection has been expressed either by the Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council. That period shall be extended by two months at the initiative of the European Parliament or the Council.

Advisory services: the advisory service to farmers (including the provision of technical advice) shall in all cases cover more than one of the statutory management requirements and good agricultural and environmental conditions provided for in Regulation (EC) No 73/2009 and, where relevant, one or more of the occupational safety standards based on Union legislation.

Improving the environment and rural development: the aid to which this article refers shall only apply to farmers or farmers associations that devote an essential part of their working time to agricultural activities and derive from them a significant part of their income according to criteria to be defined by the Member State.

Financial participation of the EAFRD (breakdown of resources): notwithstanding the provisions of Regulation (EC) No 1290/2005, for Member States that have opted for regional programmes, the calculation of the automatic cancellation of financial resources may be made at the level of the Member State.

Eligibility of expenditure (costs excluded from EAFRD cofinancing): it is clarified that VAT should be excluded from the cofinancing, except non-recoverable VAT when it is genuinely and definitively borne by beneficiaries.

On the other hand, work carried out on a time and materials basis as part of rural development measures by the ultimate beneficiaries using the manpower, materials and equipment which a firm has to hand shall be eligible for an EAFRD contribution; in such cases, the amount of expenditure eligible for a EAFRD contribution shall be calculated on the basis of a price list for the various works performed.

## Rural development: support by the European Agricultural Fund for Rural Development (EAFRD)

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The European Parliament adopted by 645 votes to 25, with 18 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Parliaments position adopted at first reading, under the ordinary legislative procedure, amends the Commission proposal as follows:

Delegated and implementing powers of the Commission: the amendments introduced by the MEPs aim to take into account:

- the "Common Understanding" on practical arrangements for the use of delegated acts (Article 290 TFUE) to be formally agreed on by the Council and the Parliament;
- the "Regulation (EU) No 182/2011 on implementing powers" (Regulation of the European Parliament and the Council laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers) which entered into force on 1 March 2011.

The power to adopt the delegated acts is conferred on the Commission subject to certain conditions. The delegation of power shall be conferred on the Commission for a period of five years from the date of entry into force of this Regulation. A delegated act shall enter into force only if no objection has been expressed either by the Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council. That period shall be extended by two months at the initiative of the European Parliament or the Council.

Advisory services: the advisory service to farmers (including the provision of technical advice) shall in all cases cover more than one of the statutory management requirements and good agricultural and environmental conditions provided for in Regulation (EC) No 73/2009 and, where relevant, one or more of the occupational safety standards based on Union legislation.

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