


Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) 2011/0280(COD) Regulation</p>	Procedure completed
<p>Common agricultural policy (CAP): direct payments to farmers under support schemes 2014-2020</p> <p>Repealing Regulation (EC) No 637/2008 2007/0242(CNS) Repealing Regulation (EC) No 73/2009 2008/0103(CNS) See also 2011/0282(COD) See also 2011/0285(COD) See also 2011/0286(COD) See also 2011/0288(COD) Amended by 2013/0117(COD) See also 2013/2528(RSP) Amended by 2016/0282B(COD) Amended by 2018/0414(COD) Amended by 2019/0253(COD) Amended by 2019/0254(COD)</p> <p>Subject 3.10.14 Support for producers and premiums</p>	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	AGRI Agriculture and Rural Development		26/09/2011
		S&D CAPOULAS SANTOS Luis Manuel	
		Shadow rapporteur	
		PPE MCGUINNESS Mairead	
		ALDE LYON George	
		Verts/ALE HÄUSLING Martin	
		ECR WOJCIECHOWSKI Janusz	
		EFD AGNEW John Stuart	
	Committee for opinion	Rapporteur for opinion	Appointed
DEVE Development		07/11/2011	
	PPE SCHNIEBER-JASTRAM Birgit		
BUDG Budgets		06/02/2012	
	PPE LA VIA Giovanni		
CONT Budgetary Control		24/11/2011	
	PPE HOHLMEIER Monika		
EMPL Employment and Social Affairs	The committee decided not to give an opinion.		
ENVI Environment, Public Health and Food Safety		23/11/2011	
	S&D JØRGENSEN Dan		
REGI Regional Development		23/11/2011	

Council of the European Union		Verts/ALE GRÈZE Catherine
Council configuration	Meeting	Date
Agriculture and Fisheries	3285	16/12/2013
Agriculture and Fisheries	3257	23/09/2013
Agriculture and Fisheries	3253	15/07/2013
Agriculture and Fisheries	3249	24/06/2013
Agriculture and Fisheries	3237	13/05/2013
Agriculture and Fisheries	3234	22/04/2013
Agriculture and Fisheries	3232	19/03/2013
Agriculture and Fisheries	3225	25/02/2013
Agriculture and Fisheries	3212	18/12/2012
Agriculture and Fisheries	3202	28/11/2012
Agriculture and Fisheries	3193	22/10/2012
Agriculture and Fisheries	3176	18/06/2012
Agriculture and Fisheries	3165	14/05/2012
Agriculture and Fisheries	3161	26/04/2012
Agriculture and Fisheries	3123	14/11/2011
Agriculture and Fisheries	3120	20/10/2011
European Commission	Commission DG	Commissioner
	Agriculture and Rural Development	CIOLOȘ Dacian
European Economic and Social Committee		

Key events			
20/10/2011	Debate in Council	3120	Summary
25/10/2011	Committee referral announced in Parliament, 1st reading		
14/11/2011	Debate in Council	3123	
26/04/2012	Debate in Council	3161	Summary
14/05/2012	Debate in Council	3165	Summary
18/06/2012	Debate in Council	3176	Summary
22/10/2012	Debate in Council	3193	Summary
28/11/2012	Debate in Council	3202	
18/12/2012	Debate in Council	3212	
25/02/2013	Debate in Council	3225	Summary
19/03/2013	Debate in Council	3232	
22/04/2013	Debate in Council	3234	
13/05/2013	Debate in Council	3237	
24/06/2013	Debate in Council	3249	
15/07/2013	Debate in Council	3253	

23/09/2013	Debate in Council	3257	
30/09/2013	Vote in committee, 1st reading		
05/11/2013	Committee report tabled for plenary, 1st reading	A7-0362/2013	Summary
20/11/2013	Results of vote in Parliament		
20/11/2013	Debate in Parliament		
20/11/2013	Decision by Parliament, 1st reading	T7-0493/2013	Summary
16/12/2013	Act adopted by Council after Parliament's 1st reading		
17/12/2013	Final act signed		
17/12/2013	End of procedure in Parliament		
20/12/2013	Final act published in Official Journal		

Technical information

Procedure reference	2011/0280(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
	<p>Repealing Regulation (EC) No 637/2008 2007/0242(CNS)</p> <p>Repealing Regulation (EC) No 73/2009 2008/0103(CNS)</p> <p>See also 2011/0282(COD)</p> <p>See also 2011/0285(COD)</p> <p>See also 2011/0286(COD)</p> <p>See also 2011/0288(COD)</p> <p>Amended by 2013/0117(COD)</p> <p>See also 2013/2528(RSP)</p> <p>Amended by 2016/0282B(COD)</p> <p>Amended by 2018/0414(COD)</p> <p>Amended by 2019/0253(COD)</p> <p>Amended by 2019/0254(COD)</p>
Legal basis	Treaty on the Functioning of the EU TFEU 043-p2; Treaty on the Functioning of the EU TFEU 042-p1
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/7/07515

Documentation gateway

Legislative proposal	COM(2011)0625	12/10/2011	EC	Summary
Document attached to the procedure	SEC(2011)1153	12/10/2011	EC	
Document attached to the procedure	SEC(2011)1154	12/10/2011	EC	

Document attached to the procedure		N7-0044/2012 OJ C 035 09.02.2012, p. 0001	14/12/2011	EDPS	Summary
Committee of the Regions: opinion		CDR0065/2012	04/05/2012	CofR	
Committee draft report		PE474.052	30/05/2012	EP	
Committee opinion	DEVE	PE485.891	25/06/2012	EP	
Amendments tabled in committee		PE491.238	18/07/2012	EP	
Amendments tabled in committee		PE492.791	19/07/2012	EP	
Amendments tabled in committee		PE492.792	19/07/2012	EP	
Amendments tabled in committee		PE492.793	20/07/2012	EP	
Amendments tabled in committee		PE494.483	23/07/2012	EP	
Amendments tabled in committee		PE494.487	24/07/2012	EP	
Amendments tabled in committee		PE494.491	24/07/2012	EP	
Amendments tabled in committee		PE494.604	25/07/2012	EP	
Committee opinion	ENVI	PE483.719	24/09/2012	EP	
Supplementary legislative basic document		COM(2012)0552	25/09/2012	EC	Summary
Committee opinion	CONT	PE480.659	10/10/2012	EP	
Committee opinion	BUDG	PE491.199	16/10/2012	EP	
Committee opinion	REGI	PE494.613	17/10/2012	EP	
Amendments tabled in committee		PE497.986	18/10/2012	EP	
Economic and Social Committee: opinion, report		CES2435/2012	12/12/2012	ESC	
Amendments tabled in committee		PE500.765	18/12/2012	EP	
Committee report tabled for plenary, 1st reading/single reading		A7-0362/2013	05/11/2013	EP	Summary
Text adopted by Parliament, 1st reading/single reading		T7-0493/2013	20/11/2013	EP	Summary
Draft final act		00095/2013/LEX	17/12/2013	CSL	
Commission response to text adopted in plenary		SP(2014)87	30/01/2014	EC	
Follow-up document		SWD(2016)0218	23/06/2016	EC	Summary
Follow-up document		COM(2017)0152	29/03/2017	EC	Summary
Follow-up document		SWD(2017)0121	29/03/2017	EC	
Follow-up document		SWD(2018)0478	23/11/2018	EC	
Follow-up document		SWD(2018)0479	23/11/2018	EC	

Additional information

National parliaments

[IPEX](#)

European Commission

[EUR-Lex](#)

Final act

[Regulation 2013/1307](#)

[OJ L 347 20.12.2013, p. 0608](#) Summary

[Corrigendum to final act 32013R1307R\(01\)](#)

[OJ L 130 19.05.2016, p. 0008](#)

Final legislative act with provisions for delegated acts

Delegated acts

2014/2658(DEA)	Examination of delegated act
2015/2640(DEA)	Examination of delegated act
2015/2726(DEA)	Examination of delegated act
2014/2909(DEA)	Examination of delegated act
2015/3002(DEA)	Examination of delegated act
2015/3009(DEA)	Examination of delegated act
2014/2770(DEA)	Examination of delegated act
2017/2571(DEA)	Examination of delegated act
2018/2798(DEA)	Examination of delegated act
2020/2618(DEA)	Examination of delegated act
2018/2933(DEA)	Examination of delegated act
2018/2608(DEA)	Examination of delegated act
2017/2987(DEA)	Examination of delegated act
2020/2716(DEA)	Examination of delegated act

Common agricultural policy (CAP): direct payments to farmers under support schemes 2014-2020

PURPOSE: to reform the Common Agricultural Policy (CAP) after 2013 (direct payments).

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

BACKGROUND: the Commission presents a set of regulations laying down the legislative framework for the CAP in the period 2014-2020. The current reform proposals are based on the [Communication on the CAP towards 2020](#) that outlined broad policy options in order to respond to the future challenges for agriculture and rural areas and to meet the objectives set for the CAP, namely (1) viable food production; (2) sustainable management of natural resources and climate action; and (3) balanced territorial development.

A common theme that has emerged throughout this process is the need to promote resource efficiency with a view to smart, sustainable and inclusive growth for EU agriculture and rural areas in line with the Europe 2020 strategy, keeping the structure of the CAP around two pillars that use complementary instruments in pursuit of the same objectives.

- Pillar I covers direct payments and market measures providing a basic annual income support to EU farmers and support in case of specific market disturbances.
- Pillar II covers rural development where Member States draw up and co-finance multiannual programmes under a common framework.

The framework set out in the [Commission proposal for the multiannual financial framework for the years 2014-2020 \(MFF\)](#) proposal foresees that the CAP should maintain its two-pillar structure with the budget for each pillar maintained in nominal terms at its 2013 level and with a clear focus on delivering results on the key EU priorities.

- Direct payments should promote sustainable production by assigning 30% of their budgetary envelope to mandatory measures that are beneficial to climate and the environment.
- Payment levels should progressively converge and payments to large beneficiaries be subject to progressive capping.
- Rural development should be included in a Common Strategic Framework with other EU shared management funds with a reinforced

outcome-orientated approach and subject to clearer, improved ex-ante conditionalities.

- Finally, on market measures the financing of the CAP should be reinforced with two instruments outside the MFF: (1) an emergency reserve to react to crisis situations; and (2) the extension of the scope of the European Globalization Adjustment Fund.

On this basis, the main elements of the legislative framework for the CAP during the period 2014-2020 are set out in the following regulations:

- [Proposal for a Regulation](#) of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy ('the direct payments regulation');
- [Proposal for a Regulation](#) of the European Parliament and of the Council establishing a common organisation of the markets in agricultural products (Single CMO Regulation) ('the Single CMO regulation');
- [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) ('the rural development regulation');
- [Proposal for a Regulation](#) of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy ('the horizontal regulation');
- [Proposal for a Council Regulation](#) determining measures on fixing certain aids and refunds related to the common organisation of the markets in agricultural products;
- [Proposal for a Regulation](#) of the European Parliament and of the Council amending Council Regulation (EC) No 73/2009 as regards the application of direct payments to farmers in respect of the year 2013;
- Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1234/2007 as regards the regime of the single payment scheme and support to vine-growers.

The rural development regulation builds on the proposal presented by the [Commission on 6 October 2011](#) that sets out common rules for all funds operating under a Common Strategic Framework. A regulation will follow on the scheme for most deprived persons, for which funding is now placed under a different heading of the MFF.

In addition, new rules on the publication of information on beneficiaries taking account of the objections expressed by the Court of Justice of the European Union are also under preparation with a view to finding the most appropriate way to reconcile beneficiaries' right to protection of personal data with the principle of transparency.

IMPACT ASSESSMENT: the three scenarios elaborated in the impact assessment are:

- an adjustment scenario that continues with the current policy framework while addressing its most important shortcomings, such as the distribution of direct payments;
- an integration scenario that entails major policy changes in the form of enhanced targeting and greening of direct payments and reinforced strategic targeting for rural development policy in better coordination with other EU policies, as well as extending the legal base for a broader scope of producer cooperation; and
- a refocus scenario that reorients the policy exclusively towards the environment with a progressive phasing out of direct payments, assuming that productive capacity can be maintained without support and that the socio-economic needs of rural areas can be served by other policies.

The impact assessment concludes that the integration scenario is the most balanced in progressively aligning the CAP with the EU's strategic objectives. It will also be essential to develop an evaluation framework to measure the performance of the CAP with a common set of indicators linked to policy objectives.

LEGAL BASIS: Article 43(2) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the proposed Regulation lays down common rules for the basic payment scheme and related payments. It seeks to better target support to certain actions, areas or beneficiaries as well as to pave the way for convergence of the level of support within and across Member States. The regulation also includes a section on coupled support.

(1) A single scheme across the EU, the basic payment scheme, replaces the Single Payment Scheme and the Single Area Payment Scheme as from 2014. The scheme will operate on the basis of payment entitlements allocated at national or regional level to all farmers according to their eligible hectares in the first year of application.

(2) The definition of active farmer further enhances targeting on farmers genuinely engaged in agricultural activities, and thus legitimizes support. In addition, the progressive reduction and capping of support for large beneficiaries is foreseen while taking due account of employment.

(3) The following payments are also provided:

- a payment (30% of annual national ceiling) for farmers following agricultural practices beneficial for the climate and the environment: crop diversification, maintenance of permanent pastures and ecological focus areas. Organic farming automatically benefits from this payment, while farmers in Natura 2000 areas will have to comply with the relevant requirements to the extent that they are consistent with the Natura 2000 legislation;
- a voluntary payment (up to 5% of annual national ceiling) for farmers in areas facing specific natural constraints (areas delimited in the same manner as for rural development purposes); this payment recognizes the need for income support to maintain presence in areas facing specific natural constraints and complements existing support under rural development;
- a payment (up to 2% of annual national ceiling) for young farmers in their installation, which may be complemented by setting up aid under rural development.

At the same time, the Regulation:

- lays down a simplified scheme for small farmers (up to 10% of annual national ceiling), who may thus receive a lump sum payment replacing all direct payments and producing administrative simplification with an easing of such farmers' obligations related to greening, cross compliance and controls;
- provides a voluntary coupled support scheme for specific types of farming or specific agricultural systems which are experiencing certain difficulties and which are particularly important for economic and/or social reasons; support is provided to the extent necessary to maintain current levels of production (up to 5% of annual national ceiling with the possibility to go beyond this in particular cases);

- maintain the possibility for Complementary National Direct Payments for Bulgaria and Romania and includes a specific payment for cotton.

In terms of simplification, the new direct payments system will be based on a single type of payment entitlements and streamline transfer rules, thereby simplifying its management.

BUDGETARY IMPLICATION: in current prices, it is proposed that the CAP should focus on its core activities with EUR 317.2 billion allocated to Pillar I and EUR 101.2 billion to Pillar II over the 2014-2020 period.

The Pillar I and Pillar II funding is complemented by additional funding of EUR 17.1 billion consisting of:

- EUR 5.1 billion for research and innovation,
- EUR 2.5 billion for food safety and
- EUR 2.8 billion for food support for the most deprived persons in other headings of the MFF,
- EUR 3.9 billion in a new reserve for crises in the agricultural sector,
- up to EUR 2.8 billion in the European Globalization Adjustment Fund outside the MFF, thus bringing the total budget to EUR 435.6 billion over the 2014-2020 period.

The total budget to EUR 435.6 billion over the 2014-2020 period.

Distribution of support among Member States: it is proposed that all Member States with direct payments below 90% of the EU average will see one third of this gap closed. The national ceilings in the direct payments regulation are calculated on this basis.

Rural development aid: this is based on objective criteria linked to the policy objectives taking into account the current distribution. As is the case today, less developed regions should continue to benefit from higher co-financing rates, which will also apply to certain measures such as knowledge transfer, producer groups, cooperation and Leader.

Lastly, some flexibility for transfers between pillars is introduced (up to 5% of direct payments): from Pillar I to Pillar II to allow Member States to reinforce their rural development policy, and from Pillar II to Pillar I for those Member States where the level of direct payments remains below 90% of the EU average.

DELEGATED ACTS: the proposal contains provisions empowering the Commission to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union.

Common agricultural policy (CAP): direct payments to farmers under support schemes 2014-2020

PURPOSE: to amend the Commission proposal for a regulation establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy.

BACKGROUND: on 19 October 2011, the Commission adopted its proposal for a regulation establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy.

The accession of Croatia to the EU is scheduled for 1 July 2013. Although the Act of Accession has not yet been ratified by all Member States, the Commission has recently updated its [Multi-Annual Financial Framework proposals](#) to take into account Croatia's accession. A similar adjustment exercise should be prepared for the CAP reform proposals to ensure that once they are adopted, Croatia will be fully covered as a new Member State.

IMPACT ASSESSMENT: there was no need for consultation of interested parties or an impact assessment since these adjustments follow from the Act of Accession, in the case of Croatia, and for what concerns the voluntary modulation for the UK, the adoption of Regulation (EU) No. 671/2012.

CONTENT: the adjustment will take the form of an amendment to the proposal for a regulation establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy, to include in the proposal those provisions specific to Croatia which are already in the Accession Treaty. The main changes relate to the inclusion of provisions on:

- the gradual introduction of direct payments in Croatia (phasing-in);
- the possibility of granting complementary national direct payments (CNDPs) to complement those support schemes listed in Annex I which Croatia will implement following the reform;
- certain financial aspects (national envelopes in Annex II, net amounts after capping in Annex III, maximum amount of CNDPs that may be granted in Annex V); and
- the implementation of the special national de-mining reserve in Croatia. That de-mining reserve relates to de-mined land which has returned to use for agricultural areas.

BUDGETARY IMPLICATIONS: the amendment has no budgetary implications, apart from those already set out in the explanatory memorandum for the updated proposals for the [Multiannual Financial Framework](#).

Common agricultural policy (CAP): direct payments to farmers under support schemes 2014-2020

The Committee on Agriculture and Rural Development adopted the report by Luis Manuel CAPOULAS SANTOS (S&D, PT) on the proposal for a regulation of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy.

The committee recommended that the Parliament's position adopted at first reading, following the ordinary legislative procedure, should amend the Commission proposal. The main amendments were as follows:

Scope: specific rules should concern: (i) 'the basic payment scheme' and a transitional simplified scheme ('the single area payment scheme'); (ii) a voluntary redistributive payment ('the redistributive payment'); (iii) voluntary transitional national aid for farmers.

Active farmer: direct payments should only be granted to active farmers. Member States may decide that no direct payments are to be granted to natural or legal persons, or to groups of natural or legal persons: whose agricultural activities form only an insignificant part of their overall economic activities, and/or whose principal activity or company objects do not consist of exercising an agricultural activity. No direct payments shall be granted to natural or legal persons, or to groups of natural or legal persons, who operate airports, railway services, waterworks, real estate services, permanent sport and recreational grounds.

The power to adopt certain acts should be delegated to the Commission in respect of establishing the minimum activities to be carried out on areas naturally kept in a state suitable for grazing or cultivation.

Payment reductions: Member States should reduce the part of the basic payment/single area payment to be granted to farmers which exceeds EUR 150 000 by at least 5 %. Member States may decide to take into account salaried labour intensity when applying the mechanism.

Flexibility between pillars: with a view to strengthening their rural development policy, Member States may decide to make available as additional support for measures under rural development programming financed under the EAFRD, up to 15 % of their annual national ceilings for calendar years 2014 to 2019. At the same time, Member States should be given the possibility to transfer funds from their support assigned for rural development to their direct payments ceiling.

Transitional period: Member States applying in 2014 the single area payment scheme may, under the conditions set out in this Regulation, continue the application of that scheme until 31 December 2020 at the latest. The Member States applying the single area payment scheme may decide to grant transitional national aid in 2015-2020.

Specific provisions are provided for the first allocation of payment entitlements and the calculation of the value of payment entitlements.

Taking into account that the unitary support to farmers with smaller holdings has to be sufficient in order to achieve the objective of income support effectively, Member States should be allowed to redistribute direct support between farmers by granting them an extra payment for the first hectares on which they activate payment entitlements.

Greening: besides the three greening measures established in the present Regulation, practices covered by agri-environment-climate measures or certification schemes that are similar to greening and that yield an equivalent or higher level of benefit for the climate and the environment. These practices should be laid down in an Annex to this Regulation.

Permanent grassland: for the sake of environmental protection of permanent grassland and in particular carbon sequestration, provisions should be made for the maintenance of permanent grassland. This protection should consist of a ban on ploughing and conversion on environmentally most sensitive areas in "Natura 2000" areas, and of a more general safeguard, based on a ratio of permanent grassland, against conversion to other uses.

Ecological focus areas: these should be established, in particular, in order to safeguard and improve biodiversity on farms. These areas should therefore consist of areas directly affecting biodiversity such as land lying fallow, landscape features, terraces, buffer strips, afforested areas and agro-forestry areas or indirectly affecting biodiversity through a reduced use of inputs on the farm.

Payment for young farmers: a compulsory European mechanism is provided in order to grant farmers who are no more than 40 years of age an addition payment of 25% for their first 25 90 hectares.

Member States shall set the amount of the annual payment for each farmer participating in the small farmers scheme. The amount shall not be higher than an amount fixed by the Member State between EUR 500 and EUR 1 250.

Coupled support: Member States should be allowed to use part of their national ceilings for direct payments for coupled support in certain sectors or regions in clearly defined cases. The resources that may be used for any coupled support should be limited to an appropriate level, while allowing such support to be granted in Member States in their specific sectors or regions facing particular situations where specific types of farming or specific agricultural sectors are particularly important for economic, environmental and/or social reasons. Member States should be allowed to use up to 8 % of their national ceilings for this support, or 13 % in case their level of coupled support in at least one of the years of the period 2010- 2014 exceeded 5 %.

Common agricultural policy (CAP): direct payments to farmers under support schemes 2014-2020

The European Parliament adopted by 440 votes to 238 with 10 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy (CAP).

Parliament adopted its position in first reading following the ordinary legislative procedure. The amendments adopted in plenary were the result of a compromise between Parliament and Council. They amend the Commission proposal as follows:

Scope: specific rules should concern: (i) 'the basic payment scheme' and a transitional simplified scheme ('the single area payment scheme'); (ii) a voluntary redistributive payment ('the redistributive payment'); (iii) voluntary transitional national aid for farmers.

Active farmer: direct payments should only be granted to active farmers. To ensure that support is better targeted, no direct payments shall be granted to natural or legal persons, or to groups of natural or legal persons, who operate airports, railway services, waterworks, real estate services, permanent sport and recreational grounds, unless such persons can demonstrate that their agricultural activity is not marginal. Member States should also have the option of not granting direct payments to other natural and legal persons whose agricultural activity is marginal.

Payment reductions: the amount of direct payments to be granted to a farmer will be reduced by at least 5 % for the part of the amount exceeding EUR 150 000. Before applying this provision, Member States may subtract the salaries linked to an agricultural activity actually paid and declared by the farmer in the previous year, from the amount of payments to be granted to a farmer in a given calendar year.

Flexibility between pillars: with a view to strengthening their rural development policy, Member States may decide to make available as

additional support for measures under rural development programming financed under the EAFRD, up to 15 % of their annual national ceilings for calendar years 2014 to 2019. At the same time, Member States should be given the possibility to transfer funds from their support assigned for rural development to their direct payments ceiling.

Member States will be given the opportunity to review their initial decision once with effect as from claim year 2018 provided such review does not entail any decrease in the amounts assigned for rural development.

Transitional period: Member States applying in 2014 the single area payment scheme may, under the conditions set out in this Regulation, continue the application of that scheme until 31 December 2020 at the latest. The Member States applying the single area payment scheme may decide to grant transitional national aid in 2015-2020.

Specific provisions are provided for the first allocation of payment entitlements and the calculation of the value of payment entitlements.

Support for smaller holdings: to support to farmers with smaller holdings, Member States should be allowed to redistribute direct support between farmers by granting them an extra payment for the first hectares on which they activate payment entitlements.

A greener CAP: besides the three greening measures established in the Regulation, there were provisions recognizing practices covered by agri-environment-climate measures that yield an equivalent or higher level of benefit for the climate and the environment.

The agricultural practices beneficial for the climate and the environment shall be:

- crop diversification: obligations under this measure should be applied in a way that takes into account the difficulty of diversifying for smaller farms, while still leading to an enhanced environmental protection, and in particular the improvement of soil quality;
- maintaining existing permanent grassland: for the sake of environmental protection of permanent grassland and in particular carbon sequestration, provisions should be made for the maintenance of permanent grassland. This protection should consist of a ban on ploughing and conversion on environmentally most sensitive areas in "Natura 2000" areas, and of a more general safeguard, based on a ratio of permanent grassland, against conversion to other uses;
- having ecological focus area on the agricultural area: these should be established, in particular, in order to safeguard and improve biodiversity on farms. These areas should therefore consist of areas directly affecting biodiversity such as land lying fallow, landscape features, terraces, buffer strips, afforested areas and agro-forestry areas or indirectly affecting biodiversity through a reduced use of inputs on the farm.

Payment for young farmers: a compulsory European mechanism is provided in order to grant farmers who are no more than 40 years of age an addition payment of 25% for their first 25 90 hectares.

Member States shall set the amount of the annual payment for each farmer participating in the small farmers scheme. The amount shall not be higher than an amount fixed by the Member State between EUR 500 and EUR 1 250.

Coupled support: Member States should be allowed to use part of their national ceilings for direct payments for coupled support in certain sectors or regions in clearly defined cases. The resources that may be used for any coupled support should be limited to an appropriate level, while allowing such support to be granted in Member States in their specific sectors or regions facing particular situations where specific types of farming or specific agricultural sectors are particularly important for economic, environmental and/or social reasons. Member States should be allowed to use up to 8 % of their national ceilings for this support, or 13 % in case their level of coupled support in at least one of the years of the period 2010- 2014 exceeded 5 %.

Common agricultural policy (CAP): direct payments to farmers under support schemes 2014-2020

PURPOSE: to lay down new rules on the Common Agricultural Policy (CAP) for the period 2014-2020 (direct payments).

LEGISLATIVE ACT: Regulation (EU) n° 1307/2013 of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009.

CONTENT: this Regulation is part of a series of measures aiming to reform the Common Agricultural Policy (CAP). The CAP reform package contains four main legal texts:

- this Regulation establishing rules for direct payments to farmers;
- [the Regulation](#) on the common organisation of the market in agricultural products;
- [the Regulation](#) on support for rural development;
- [the Regulation](#) on the financing, management and monitoring of the CAP (horizontal Regulation.)

The package also includes a [transitional Regulation](#) for 2014.

The main objectives of the reform are to make the CAP greener, more equitable and better targeted. The reformed CAP remains a strong common policy structured around its two complementary pillars: direct payments and market management (first pillar) and rural development (second pillar).

This Regulation provides the basic rules for granting direct income support to farmers in order to reward them for the provision of public goods and services. It also contains a number of specific support schemes and rules for granting a limited amount of coupled support (linked to production).

The main points are as follows :

Greening of the CAP : a new payment linked to a greening component is established : in future, 30% of direct income support for farmers will be granted only if they observe certain farming practices that are beneficial for the environment and the climate, and in particular :

- crop diversification (growing at least three different crops on arable land);

- maintaining a minimum area of permanent grassland; and
- keeping an ecological focus area, corresponding to at least 5 % of the arable land of the holding where the arable land of a holding covers more than 15 hectares, (e.g land lying fallow, terraces, landscape features, buffer strips, afforested areas).

Reduction of payments for large farms: in order to allocate direct payments in favour of farmers who have the greater need, the Regulation provides for a mandatory reduction of 5% of the part of the basic payment to be granted to farmers which exceeds EUR 150 000.

Redistributive payment: in order to increase the support received by smaller farmers, Member States may use up to 30 % of the annual national ceiling to increase the support received by smaller farmers by granting them a higher amount on the first hectares activated by the farmer (not to be higher than 30 hectares or the average size of agricultural holdings if that average size exceeds 30 hectares in the Member State concerned.)

Progressive adjustment of direct support: to ensure a more equal distribution of direct support, and to reduce the link with historical references, the levels of direct support per hectare shall be progressively adjusted. Member States that have direct payments below the level of 90 % of the Union average should close one third of the gap between their current level and this level, with all Member States arriving at a minimum level by financial year 2020. All Member States that have direct payment levels above the Union average level should finance this convergence, called external convergence proportionally.

At the same time, there will be a progressive rebalancing of direct payments levels at national or regional level by 2019 (internal convergence).

Coupled support: Member States will also be able to grant a greater portion of their direct payments envelopes in the form of coupled support (linked to production) to farmers in sectors or regions which face particular difficulties and where farming activity is important for economic, environmental and/or social reasons.

Member States will be allowed to use up to 8 % (2 % for protein crops) of their national ceilings for this support, or 13 % where their level of coupled support exceeds 5 % in at least one of the years of the period 2010-2014.

Financial discipline: the existing mechanism (which provides for the possibility of making linear cuts to the direct payments received by farmers) will be maintained in order to ensure that the CAP budget does not exceed the established budgetary ceiling. However, farmers whose direct income support does not exceed EUR 2000 will be exempt.

Single area payment scheme (transitional period): Member States applying in 2014 the single area payment scheme may decide to continue to apply that scheme until 31 December 2020 at the latest. Member States applying the single area payment scheme may decide to grant transitional national aid in the period 2015-2020.

Active farmer: in order to ensure better targeting of support, direct payments will only be made to active farmers whose main business is agriculture. No direct payments shall be granted to natural or legal persons, or to groups of natural or legal persons, who operate airports, railway services, waterworks, real estate services, permanent sport and recreational grounds, unless they can show that their agricultural activity is not marginal.

Support for young farmers : the new CAP also contains a mandatory support scheme in favour of young farmers (for which Member States may use up to 2% of their direct payments envelopes).

A supplementary payment will be made to farmers below the age of 41 of 25% for 25 to 90 hectares.

Member States may also put in place a simplified regime for small farmers whose support is not less than EUR 500 and does not exceed EUR 1250.

Flexibility between pillars: in order to strengthen their rural development policy, Member States may decide to make available, as additional support for measures under rural development programming financed under the EAFRD as specified under Regulation (EU) No 1305/2013, up to 15 % of their annual national ceilings for calendar years 2015 to 2019.

ENTRY INTO FORCE: 20.12.2013. The Regulation is applicable from 01.01.2015 (with the exception of certain provisions that are applicable from the date of entry into force of the Regulation).

DELEGATED ACTS: the Commission may adopt delegated acts in order to supplement or amend certain non-essential elements of this Regulation. The power to adopt such acts is conferred on the Commission for a period of seven years from 1 January 2014. The European Parliament or the Council may raise objections with regard to a delegated act within two months of the date of notification (which may be extended by two months). If Parliament or Council raise objections, the delegated act will not enter into force.

Common agricultural policy (CAP): direct payments to farmers under support schemes 2014-2020

The Commission presents a staff working document reviewing the green direct payment scheme under the reformed common agricultural policy (CAP), implementation of which began in 2015. The review aims at assessing how the system was applied in the first year and adjusting where necessary regulatory arrangements governing green direct payments in secondary legislation.

When the reform was adopted, the Commission committed itself in [a declaration to](#) review one feature of the green direct payment scheme ecological focus areas (EFA) in the light of the experience gained after the first year of its implementation. This review covers issues of policy efficiency and administrative simplification, and also covers all aspects of green direct payments.

To recall, the objective of the green direct payment is to enhance the environmental performance of the CAP through payments for practices beneficial for the environment and climate change, including: (a) ecological focus area (EFA) covering 5 % of arable area, with a view to improving biodiversity on farms; (b) crop diversification; and (c) maintenance of permanent grassland.

Main findings: obligations under the green direct payment scheme cover most of the agricultural area in the EU: agricultural land subject to at least one green direct payment obligation amounts to 72 % of the total EU agricultural area. This wide coverage demonstrates the potential of green direct payments in delivering environmental and climate benefits on a large share of EU farmland, including areas that are not covered by agri-environmental and climate measures under rural development programmes.

However, the actual impact on environmental outcomes depends for certain aspects on the choices made by Member States and farmers. This is the case particularly for ecological focus areas where nitrogen-fixing and catch crops are the predominant declared EFA types (the requirements for crop diversification and maintenance of permanent grassland are fixed at EU level). When corrected by their weighting factors, the share and order of each declared EFA type are: nitrogen-fixing crops (39.4 % of the weighted area), land lying fallow (38 %), catch crops (15 %), landscape features (4.8 %) and buffer strips (less than 2 %). While nitrogen-fixing crops remain the most common declared EFA type in the EU, the share of fallow land ranks second.

Few Member States made use of the possibilities of limiting the use of pesticides and fertilisers in these areas. Landscape features, which are particularly important for the protection of biodiversity, were not among the most declared EFA types. Thus, the current pattern of EFA types tends to limit the intended contribution of this instrument as regards the improvement of biodiversity on farms. In contrast, the expansion of land lying fallow represents a positive development in this context.

The review shows the implementation of the green direct payment scheme was achieved not only with very limited impact on production levels and markets, but also with no significant impact on the level playing field for farmers across Member States. However, some specific weaknesses have been identified that prevent full exploitation of the potential of the scheme. Many of these issues can be addressed by regulatory changes in secondary legislation:

- better specification or clarification of what is required from farmers and national administrations, especially as regards landscape features;
- eliminating some burdensome technical requirements without lowering environmental benefits: revisions of certain aspects (e.g. species to be used, allowing more mixtures) could be considered in order to make some EFA types more attractive and increase environmental benefits;
- providing more flexibility or alternative options where this increases the environmental and climate benefits of greening: certain eligibility rules for landscape features have been shown to be too restrictive for ecological focus areas, in particular as regards their size and their location in the parcel of land;
- additional harmonisation of some requirements and conditions, including the modification of weighting factors could and the harmonisation of some management requirements.

The Commission will make a more in-depth assessment of the environmental achievements of green direct payments once new information on the state of natural resources becomes available.

Common agricultural policy (CAP): direct payments to farmers under support schemes 2014-2020

In accordance with Regulation (EU) No 1307/2013, the Commission presents a report on the implementation of the ecological focus area obligation under the green direct payment scheme.

The 2013 reform of the common agricultural policy (CAP) introduced a green direct payment scheme (greening). The greening of the CAP requires farmers to reserve 5% of their arable land for ecological focus areas (EFAs). The EFA requirements objective is to safeguard and improve biodiversity on farms.

Focusing on 2015 and 2016, this report fulfils a legal requirement for the Commission to examine progress in implementing the EFA obligation.

Analysis of implementation: the EFA obligation covers the vast majority of EU arable land (70%). Land coverage seems to be stable between 2015 and 2016 (69% in 2016.)

2016 was the second year of application of the EFA obligation. The data collected so far from 19 Member States suggests that there was little change in the second year in the proportion of land under EFA, the overall areas that farmers declared as EFA and the share of different EFA types in these areas.

The overall percentage of declared EFAs on arable land is nearly double the 5% required at farm level. In 2015, 8 million ha of land was declared as EFA, which accounted for 13% of the arable land falling under the obligation. In 2016 the figure was 15%, with a slight increase of 130 000 ha. This has been achieved by relying mostly on productive and potentially productive EFAs: nitrogen-fixing crops, catch crops and land lying fallow. Other EFAs, including landscape features, contributed only slightly to the overall declared EFAs.

Analysis of EFA composition at Member State level and at NUTS-3 region level reveals several patterns:

- a substantial share of landscape features and buffer strips is found only in Ireland, the United Kingdom and Malta;
- land lying fallow is more present in Mediterranean countries like Spain, Portugal and Cyprus and in Member States located in the boreal biogeographical region, like Finland and Latvia;
- nitrogen-fixing crops are prevalent in Croatia, the Czech Republic, Italy, Poland and Romania;
- catch crops are more widespread in Belgium, Denmark, Germany, Luxembourg and the Netherlands.

EFAs potential environmental and climatic effects: the assessment shows that landscape features and land lying fallow seem to be the most beneficial for biodiversity. Landscape features provide best results in terms of their potential positive impact on ecosystem services.

Other EFA types may have some positive impact on some ecosystem services, (catch crops, land lying fallow, nitrogen-fixing crops) especially if certain management rules are put in place and if the choice of species sown meets specific requirements.

From a climate adaptation perspective, the introduction of EFA could help farms climate resilience, for example, through the increased provision of landscape features.

Way forward: the Commission put forward several changes to [secondary greening legislation](#), focusing mostly on ecological focus areas. These aimed to streamline and clarify the relevant rules while increasing their environmental effect. They should become applicable at the latest in 2018.

This report should contribute to the wider evaluation of greening, including the environmental benefits of EFAs, due for completion by the end of 2017 or early 2018. The evaluation will then feed into the next phase of modernising and simplifying the CAP.

On the basis of the above considerations, the Commission does not propose to amend Regulation (EU) No 1307/2013 by increasing the percentage of EFA.