











Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision 2016/0282B(COD) procedure)</p>	<p>Procedure completed</p>
<p>Financial rules applicable to the general budget of the Union: agricultural provisions</p>	
<p>Amending Regulation (EU) No 1307/2013 2011/0280(COD) Amending Regulation (EU) No 1308/2013 2011/0281(COD) Amending Regulation (EU) No 1305/2013 2011/0282(COD) Amending Regulation (EU) No 1306/2013 2011/0288(COD) Amending Regulation (EU) No 652/2014 2013/0169(COD)</p>	
<p>Subject</p> <p>3.10.01.02 Rural development, European Agricultural Fund for Rural Development (EAFRD) 3.10.03 Marketing and trade of agricultural products and livestock 3.10.12 Agrimonetary policy, compensatory amounts 3.10.14 Support for producers and premiums 8.70 Budget of the Union</p>	

Key players			
<p>European Parliament</p>	<p>Committee responsible</p> <p> Agriculture and Rural Development</p>	<p>Rapporteur</p> <p> DESS Albert</p> <p>Shadow rapporteur</p> <p> DE CASTRO Paolo</p> <p> NICHOLSON James</p> <p> MÜLLER Ulrike</p> <p> HÄUSLING Martin</p> <p> ZULLO Marco</p> <p> LOISEAU Philippe</p>	<p>Appointed</p> <p>25/01/2017</p>
<p>Council of the European Union</p>	<p>Council configuration</p> <p>Agriculture and Fisheries</p>	<p>Meeting</p> <p>3586</p>	<p>Date</p> <p>12/12/2017</p>
<p>European Commission</p>	<p>Commission DG</p> <p>Budget</p>	<p>Commissioner</p> <p>OETTINGER Günther</p>	

Key events			
14/09/2016	Legislative proposal published	COM(2016)0605	Summary
16/11/2017	Committee referral announced in Parliament, 1st reading		
21/11/2017	Approval in committee of the text agreed	PE613.562 GEDA/A/(2017)010493	

	at 1st reading interinstitutional negotiations		
22/11/2017	Vote in committee, 1st reading		
28/11/2017	Committee report tabled for plenary, 1st reading	A8-0380/2017	Summary
11/12/2017	Debate in Parliament		
12/12/2017	Results of vote in Parliament		
12/12/2017	Decision by Parliament, 1st reading	T8-0476/2017	Summary
12/12/2017	Act adopted by Council after Parliament's 1st reading		
13/12/2017	Final act signed		
13/12/2017	End of procedure in Parliament		
29/12/2017	Final act published in Official Journal		

Technical information

Procedure reference	2016/0282B(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
	Amending Regulation (EU) No 1307/2013 2011/0280(COD) Amending Regulation (EU) No 1308/2013 2011/0281(COD) Amending Regulation (EU) No 1305/2013 2011/0282(COD) Amending Regulation (EU) No 1306/2013 2011/0288(COD) Amending Regulation (EU) No 652/2014 2013/0169(COD)
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/8/11566

Documentation gateway

Legislative proposal	COM(2016)0605	14/09/2016	EC	Summary
Coreper letter confirming interinstitutional agreement	GEDA/A/(2017)010493	15/11/2017	CSL	
Text agreed during interinstitutional negotiations	PE613.562	21/11/2017	EP	
Committee report tabled for plenary, 1st reading/single reading	A8-0380/2017	28/11/2017	EP	Summary
Text adopted by Parliament, 1st reading/single reading	T8-0476/2017	12/12/2017	EP	Summary
Draft final act	00056/2017/LEX	13/12/2017	CSL	
Commission response to text adopted in plenary	SP(2018)32	24/01/2018	EC	

Final act

[Regulation 2017/2393](#)
[OJ L 350 29.12.2017, p. 0015](#) Summary

Financial rules applicable to the general budget of the Union: agricultural provisions

PURPOSE: simplify the financial rules applicable to the general budget of the Union as regards the allocation of EU funds to the Member States and other beneficiaries.

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

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the proliferation of rules both at general and at sectoral level, their heterogeneity and their complexity due to the fact that they follow the architecture of the programme and multiple layers of controls, have all slowed down the implementation of EU funds, making it costly and prone to errors.

Whilst a first step towards more coherent and simpler financial rules was achieved in 2012 with the proposals for the programmes covered by the MFF 2014-2020, the Commission considers that there is room for further simplification. This is confirmed by the experience gained since 2014 and by the work of the High Level Group of independent experts on monitoring simplification for beneficiaries of the European Structural and Investment Funds. (ESI Funds).

The Commission wishes to continue efforts to remove bottlenecks, ensure synergies and complementarities between ESI Funds and the other EU funds and improve efficiency of delivery and control requirements. The simplification of the Union's financial rules should also help to reduce the costs and time involved in the implementation of EU funds, as well as the number of errors. It should also increase the impact of policies and improve their results on the ground.

CONTENT: the proposal forms an integral part of the mid-term review/revision of the multiannual financial framework (MFF) 2014-2020. It consists of an ambitious revision of the general financial rules accompanied by corresponding changes to the sectorial financial rules set out in 15 legislative acts concerning multiannual programmes.

The main thrusts of the simplification proposed by the Commission are:

- easier access for recipients of EU funds: measures relate to grants (removal of the non-cumulative award check for low-value grants and of the non-profit principle; simpler rules for "contribution in kind" valuation; recognition of volunteer work; grant awards without calls for proposal under specific conditions) and simplified forms of grants;
- encourage reliance as far as possible on one single audit, assessment or authorisation (conformity to State aids for instance), when the audit, assessment or authorisation meets the necessary conditions to be taken into account in the EU system;
- allowing the application of only one set of rules to hybrid actions or in the case of combination of measures or instruments;
- more effective use of financial instruments, reducing burdensome requirements related to publication of individual data of final recipients or to the exclusion criteria;
- the establishment of several ways to increase budgetary flexibility, through the creation of a "flexibility cushion" for unforeseen needs and new crises in the external actions geographic instruments budget, a more effective activation of the Solidarity Fund and the Globalisation Adjustment Fund and the extension of trust funds to internal policies and the creation of an EU crisis reserve based on the reuse of decommitted appropriations;
- a stronger focus on results through lump sums, prizes, payment based on output and results rather than on reimbursement of costs, payment against conditions to be fulfilled. Reports are regrouped around the draft budget and the integrated financial reporting package, in order to increase efficiency and transparency both towards the general public and the budgetary authority;
- a simpler and leaner Union administration, in particular through agreements or delegations between institutions or bodies with a view to pooling the execution of administrative appropriations in the European Offices or in the executive agencies;
- greater participation of citizens who could be consulted on the implementation of the Union budget by the Commission, the Member States and any other entity implementing the Union budget.

With regard to agricultural provisions in particular, the proposal aims, inter alia, at:

- ensuring legal certainty and harmonised and non-discriminatory implementation of support to young farmers; it is provided that the "date of setting up" is the date when the setting up process begins by means of an action to be performed by the applicant, and that the application for support is to be submitted within 24 months from that date;
- clarifying the rules on the joint setting up of young farmers and the thresholds for access to aid;
- providing that start-up support granted to young farmers under Article 19 of Regulation (EU) No 1305/2013 may also be provided in the form of financial instruments;
- providing for the possibility for Member States, in duly justified cases, to support farmers through sector-specific income stabilisation tools, in particular for sectors experiencing severe income drops;
- establishing that when the investment is linked to emergency measures following natural disasters, catastrophic events, adverse climatic events or a sudden and significant change in the socio-economic situation of the Member State or region, expenses incurred after the occurrence event in question would be eligible;
- reducing the administrative burden of implementing the three criteria to be met in order to be considered an active farmer;
- authorising the Commission to adopt delegated acts to continue to provide voluntary coupled support until 2020 on the basis of production units for which such support has been granted during a previous reference period.

Financial rules applicable to the general budget of the Union: agricultural provisions

The Committee on Agriculture and Rural Development adopted the report by Albert Deß (EPP, DE) on the proposal for a regulation of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union and amending Regulations (EU)

The committee recommended that the position of the European Parliament at first reading following the ordinary legislative procedure should amend the Commission proposal. The main amendments aim to do the following:

- ensure legal certainty and harmonised and non-discriminatory implementation of support to young farmers,
- facilitate implementation of advisory and training services by Member States' Managing Authorities;
- incentivise participation in quality schemes by farmers or groups of farmers;
- make the sector-specific income stabilisation tool more effective by allowing Member States to define, in their rural development programmes, the income to be taken into account for the activation of the tool, in a flexible manner. The drop in income should exceed a threshold of at least 20 %;
- provide effective assistance to emergency operations undertaken by Member States in response to catastrophic events and adverse climatic events;
- increase the maximum percentage of initial public support from 65 % to 70 %, with a view to increasing the use of crop, animal and plant insurance, and of mutual funds and the income stabilisation tool;
- increase the threshold below which Member States may decide not to pursue recovery of undue payments from EUR 150 to EUR 250 provided that the Member State applies an equal or higher threshold for not pursuing national debts;
- introduce a further derogation exempting small farmers from declaring parcels on which a payment application is not made;
- allow Member States to include certain shrubs or trees which produce animal feed in permanent grassland where the grasses and other herbaceous forage remain predominant, in the whole or in part of their territory;
- clarify the classification prior to 2018 of land lying fallow as arable land, where it had been in place for five years or more, and provide certainty to the farmers concerned, and allow Member States to maintain its classification as arable land in 2018;
- grant Member States the opportunity to consider areas suitable for pasture where grass and other herbaceous forage do not predominate as permanent grassland in all or part of their territory;
- allow Member States to review, on an annual basis, their decisions on the reduction of the part of the basic payment to be granted to farmers which is greater than EUR 150 000 provided that this does not lead to a reduction in the amounts available for rural development;
- enable Member States to tailor CAP assistance to their specific needs by giving them the opportunity to review their decision to transfer funds from their ceiling for direct payments to their rural development programmes and vice versa ;
- simplify the rules applicable to greening measures and improve their consistency;
- streamline the existing exemptions from the crop diversification obligation and the ecological focus area obligation in Regulation (EU) No 1307/2013;
- facilitate the access of young farmers to the full five years of payment for young farmers also in cases where young farmers have not applied for support immediately after setting up;
- grant Member States the possibility of deciding to increase the percentage applied to calculate the amount of the payment for young farmers in the range of 25 % to 50 % and irrespective of the calculation method applied;
- clarify the responsibilities of Member States regarding the production limiting character of voluntary coupled support and increase flexibility with regard to voluntary coupled support;
- incentivise the use of written contracts in the milk and milk products sector and improve contractual clarity with regard to contracts for the delivery of raw milk;
- clarify the role and tasks of producer organisations and associations of producer organisations and their relation to competition law;
- strengthen the role of interbranch organisations in view of the important role they can play in enabling dialogue between actors in the supply chain and promoting good practice and market transparency.

Financial rules applicable to the general budget of the Union: agricultural provisions

The European Parliament adopted by 503 votes to 87 with 13 abstentions, a resolution on the proposal for a regulation of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union and amending Regulations (EU) No 1305/2013, (EU) No 1306/2013, (EU) No 1307/2013, (EU) No 1308/2013 and (EU) No 652/2014 of the European Parliament and of the Council (agricultural provisions).

The position of the European Parliament at first reading following the ordinary legislative procedure amends the Commission proposal. The main amendments aim to do the following:

- ensure legal certainty and harmonised and non-discriminatory implementation of support to young farmers,
- facilitate implementation of advisory and training services by Member States' Managing Authorities;
- incentivise participation in quality schemes by farmers or groups of farmers;
- make the sector-specific income stabilisation tool more effective by allowing Member States to define, in their rural development programmes, the income to be taken into account for the activation of the tool, in a flexible manner. The drop in income should exceed a threshold of at least 20 %;
- provide effective assistance to emergency operations undertaken by Member States in response to catastrophic events and adverse climatic events;
- increase the maximum percentage of initial public support from 65 % to 70 %, with a view to increasing the use of crop, animal and plant insurance, and of mutual funds and the income stabilisation tool;
- increase the threshold below which Member States may decide not to pursue recovery of undue payments from EUR 150 to EUR 250 provided that the Member State applies an equal or higher threshold for not pursuing national debts;
- introduce a further derogation exempting small farmers from declaring parcels on which a payment application is not made;
- allow Member States to include certain shrubs or trees which produce animal feed in permanent grassland where the grasses and other herbaceous forage remain predominant, in the whole or in part of their territory;
- clarify the classification prior to 2018 of land lying fallow as arable land, where it had been in place for five years or more, and provide certainty to the farmers concerned, and allow Member States to maintain its classification as arable land in 2018;
- grant Member States the opportunity to consider areas suitable for pasture where grass and other herbaceous forage do not

- predominate as permanent grassland in all or part of their territory;
- allow Member States to review, on an annual basis, their decisions on the reduction of the part of the basic payment to be granted to farmers which is greater than EUR 150 000 provided that this does not lead to a reduction in the amounts available for rural development;
- enable Member States to tailor CAP assistance to their specific needs by giving them the opportunity to review their decision to transfer funds from their ceiling for direct payments to their rural development programmes and vice versa ;
- simplify the rules applicable to greening measures and improve their consistency;
- streamline the existing exemptions from the crop diversification obligation and the ecological focus area obligation in Regulation (EU) No 1307/2013;
- facilitate the access of young farmers to the full five years of payment for young farmers also in cases where young farmers have not applied for support immediately after setting up;
- grant Member States the possibility of deciding to increase the percentage applied to calculate the amount of the payment for young farmers in the range of 25 % to 50 % and irrespective of the calculation method applied;
- clarify the responsibilities of Member States regarding the production limiting character of voluntary coupled support and increase flexibility with regard to voluntary coupled support;
- provide for the right of producers, producer organisations or associations of producer organisations to require a written contract in the milk sector, even if the Member State concerned has not made the use of these contracts mandatory;
- clarify the role and tasks of producer organisations and associations of producer organisations: recognised producer organisations in all sectors for which Regulation (EU) No 1308/2013 establishes a common organisation of the market would be authorised to exercise, on behalf of their members, activities such as production planning, cost optimisation, placing producer members' products on the market and conducting contractual negotiations. Such activities should not exclude competition and competition authorities should have the right to intervene in such cases;
- strengthen the role of interbranch organisations in view of the important role they can play in enabling dialogue between actors in the supply chain and promoting good practice and market transparency. It is proposed to extend the list of objectives that can be pursued by these organisations for measures to prevent and manage risks to animal health, pest risks and environmental risks.

In an Annex to the legislative resolution is a statement by the European Parliament on the new rules on producer organisations and competition law (CMO): Parliament explains that the derogation provided for certain activities with regard to the application of EU competition law is not absolute: the competition authorities reserve the right to intervene if they believe that the activities in question risk excluding competition or compromising the objectives of the CAP.

A statement from the Commission confirms, inter alia:

- that expenditure relating to the 2014-2020 rural development programmes approved in accordance with Regulation (EU) No 1305/2013 will continue to be eligible for EAFRD contribution if paid to the beneficiaries by latest 31 December 2023. The Commission will address the continuation of support for rural development after 2020 in the context of its proposal for the next multi-annual financial framework (MFF);
- that the operation of the reserve for crisis in the agricultural sector and the reimbursement of appropriations in application of financial discipline will be reviewed as part of the preparation of the next MFF in order to allow an efficient and rapid intervention in the event of a market crisis;
- that it intends to review the supply and demand situation for plant proteins in the EU and to consider the possibility of developing a European plant protein strategy.

The Commission regretted that the issue of the very limited role for both the Commission and the National Competition authorities to act to preserve effective competition has not been addressed in a satisfactory manner by the co-legislators, and expresses concern with the possible implications of this limitation for farmers and consumers.

Financial rules applicable to the general budget of the Union: agricultural provisions

PURPOSE: amend the financial rules governing the implementation of the EU budget in the field of agriculture.

LEGISLATIVE ACT: Regulation (EU) 2017/2393 of the European Parliament and of the Council amending Regulations (EU) No 1305/2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), (EU) No 1306/2013 on the financing, management and monitoring of the common agricultural policy, (EU) No 1307/2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy, (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products and (EU) No 652/2014 laying down provisions for the management of expenditure relating to the food chain, animal health and animal welfare, and relating to plant health and plant reproductive material.

CONTENT: the Regulation aims to simplify the Common Agricultural Policy (CAP) through a series of technical improvements to the four CAP Regulations: i) direct payments, ii) rural development, iii) common organisation of markets and iv) horizontal regulation.

Direct payments:

- the distinction between active and non-active farmers will become voluntary, allowing Member States in which it causes excessive administrative burdens to remove it;
- some aspects of greening are simplified;
- the current rules are amended to give more flexibility to Member States for the implementation of the permanent grassland requirement: Member States will be allowed to include certain shrubs or trees that can produce animal feed in permanent grassland where grasses and other herbaceous forage remain predominant, in the whole or in part of their territory;
- Member States will have the possibility of reviewing, on an annual basis, their decisions on the reduction of the part of the basic payment to be granted to farmers which exceeds EUR 150 000, provided that such a review does not lead to a reduction of the amounts available for rural development;
- the list of types of areas of ecological interest is extended to cover areas on which plant varieties such as Miscanthus and Silphium perfoliatum are grown, as well as land lying fallow for melliferous plants;
- access to all five years of payments to young farmers will be facilitated even in cases where they have not applied for support

immediately after setting up. In addition, Member States will be able to apply payments to young farmers under the first pillar, up to 50% of existing ceilings;

- Member States' responsibilities regarding the production limiting character of voluntary coupled support are clarified and the flexibility with regard to voluntary coupled support is increased.

Common organisation of the markets:

- the role and tasks of producer organisations and their associations are clarified in order to strengthen the position of farmers in the supply chain: recognised producer organisations in all sectors for which a common organisation of the markets is established may carry out activities such as production planning, cost optimisation, placing producer members' products on the market and conducting contractual negotiations. Such activities, however, should not exclude competition and competition authorities should have the right to intervene in such cases;
- the list of objectives that can be pursued by interbranch organisations is extended to cover also measures to prevent and manage risks related to animal health, plant-protection and the environment.

Rural development:

- the sectoral income stabilisation tool will be made more effective by allowing Member States to define, in their rural development programs, the income to be taken into account for the activation of the instrument, with some flexibility. At the same time, aid relating to insurance contracts covering, inter alia, losses caused by adverse climatic events will be available when more than 20% of the average annual production of the farmer is destroyed;
- several changes are made to the rules that the financial instruments must observe in order to promote their use and to harmonise them with other EU structural and investment funds.

The Commission undertook in a statement to review the functioning of the crisis reserve as part of the preparation of the next multiannual financial framework, the aim being to allow an efficient and timely intervention in times of market crisis. The Commission will also address the continuation of support for rural development after 2020 in the context of its proposal for the next Multiannual Financial Framework (MFF).

ENTRY INTO FORCE: 30.12.2017.

APPLICATION: from 1.1.2018.