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Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	2019/0253(COD) Procedure completed
Financial discipline as from financial year 2021 and flexibility between pillars in respect of calendar year 2020  Amending Regulation 2013/1307 <a href="#">2011/0280(COD)</a> Amending Regulation 2013/1306 <a href="#">2011/0288(COD)</a>	
Subject 3.10 Agricultural policy and economies 3.10.12 Agrimonetary policy, compensatory amounts 3.10.14 Support for producers and premiums	

Key players			
European Parliament	Committee responsible  <a href="#">Agriculture and Rural Development</a>	Rapporteur  <a href="#">LINS Norbert</a>  Shadow rapporteur  <a href="#">KATAINEN Elsi</a>   <a href="#">VRECIANOVA Veronika</a>   <a href="#">DAVID Ivan</a>	Appointed 05/11/2019
	Committee for opinion  <a href="#">Budgets</a>	Rapporteur for opinion Chair on behalf of committee  <a href="#">VAN OVERTVELDT Johan</a>	Appointed 18/11/2019
Council of the European Union	Council configuration <a href="#">Agriculture and Fisheries</a>	Meeting <a href="#">3745</a>	Date 27/01/2020
European Commission	Commission DG <a href="#">Agriculture and Rural Development</a>	Commissioner HOGAN Phil	
European Economic and Social Committee			

Key events			
31/10/2019	Legislative proposal published	<a href="#">COM(2019)0580</a>	Summary

13/11/2019	Committee referral announced in Parliament, 1st reading		
04/12/2019	Vote in committee, 1st reading		
05/12/2019	Committee report tabled for plenary, 1st reading	<a href="#">A9-0042/2019</a>	Summary
18/12/2019	Results of vote in Parliament		
18/12/2019	Decision by Parliament, 1st reading	<a href="#">T9-0097/2019</a>	Summary
27/01/2020	Act adopted by Council after Parliament's 1st reading		
29/01/2020	Final act signed		
31/01/2020	Final act published in Official Journal		
04/02/2020	End of procedure in Parliament		

### Technical information

Procedure reference	2019/0253(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amending Regulation 2013/1307 <a href="#">2011/0280(COD)</a> Amending Regulation 2013/1306 <a href="#">2011/0288(COD)</a>
Legal basis	Treaty on the Functioning of the EU TFEU 043-p2
Other legal basis	Rules of Procedure EP 165
Mandatory consultation of other institutions	<a href="#">European Economic and Social Committee</a>
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/9/01801

### Documentation gateway

Legislative proposal		<a href="#">COM(2019)0580</a>	31/10/2019	EC	Summary
Specific opinion	<b>BUDG</b>	<a href="#">PE644.726</a>	22/11/2019	EP	
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A9-0042/2019</a>	05/12/2019	EP	Summary
Text adopted by Parliament, 1st reading/single reading		<a href="#">T9-0097/2019</a>	18/12/2019	EP	Summary
Draft final act		<a href="#">00095/2019/LEX</a>	29/01/2020	CSL	

### Final act

[Regulation 2020/127](#)  
[OJ L 027 31.01.2020, p. 0001](#) Summary

## calendar year 2020

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**PURPOSE:** to ensure certainty and continuity in the granting of support to European farmers in the year 2020 and ensuring the respect of budgetary ceilings for the EAGF by adapting two legislative acts of the Common Agricultural Policy (CAP).

**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:** in relation to the financing of the CAP, certain amendments of [Regulation \(EU\) 1306/2013](#) on the financing, management and monitoring of the common agricultural policy (Horizontal Regulation) are needed to ensure that the financial discipline mechanism that makes it possible to respect the maximum ceiling set by the Regulation on the multi-annual financial framework can still operate for financial years post 2020.

In relation to Direct Payments, [Regulation \(EU\) 2019/288](#) amended [Regulation \(EU\) No 1307/2013](#) establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy (Direct Payments Regulation) to extend the flexibility between pillars foreseen for calendar years 2015-2019 to calendar year 2020/financial year 2021. This regulation sets up the amounts to transfer from the rural development to direct payments envelope as a percentage of the amount allocated to support financed under the EAFRD in financial year 2021 by Union legislation adopted after the adoption by the Council of the relevant Regulation pursuant to Article 312(2) TFEU. The relevant Union legislation may not be in place by the time the Member States need to notify their decision to transfer. To make it possible to apply the flexibility from rural development to direct payments, it is appropriate to establish the maximum amount that can be transferred based on a fixed amount and not a percentage.

**CONTENT:** this proposal to amend Regulations (EU) No 1306/2013 and (EU) No 1307/2013 of the European Parliament and of the Council aims to ensure the continuity of certain elements of the Common Agricultural Policy (CAP) for a transitional period of one year from 2014-2020 until the rules on CAP strategic plans are applied, in line with the Commission's [proposal](#) on support for CAP strategic plans.

**Update of the reference for determining a financial discipline rate**

Expenditure under the EAGF within a given financial year shall respect the maximum ceiling set by the Regulation (EU) No 1306/2013. For that purpose, the said Regulation provides for the determination of a financial discipline adjustment rate. However, currently the relevant provisions refer to Regulation (EU, Euratom) No 1311/2013 which only sets the relevant ceilings for the period 2014-2020.

To ensure that the ceiling for the financing of market related expenditure and direct payments post 2020 will also be respected, the legal reference of Articles 16 and 26 should be amended to include the regulation to be adopted by the Council for financial year 2021 onwards.

**Change of the basis for notifying the transfer from rural development to direct payments**

To ensure continuity in the possibility for Member States to transfer funds between the two pillars, already decided by the legislators in Regulation (EU) 2019/288, the Commission proposed to replace the percentage of transfer by maximum absolute amounts based on the current maximum percentages.

Member States had the possibility to review by 1 August 2019 the percentage of their national ceiling for direct payments, which they want to allocate to Voluntary Coupled Support (VCS), as well as their detailed support decisions (i.e. list of support measures and their envelopes, targeting, etc.). This review, if any, will apply from claim year 2020.

In addition, Member States will have to notify only by 31 December 2019 or shortly thereafter their transfers between pillars affecting their national ceiling for direct payments for calendar year 2020.

**Budgetary implications**

The amounts included in the transitional proposal are in line with amounts proposed for the CAP under Heading 3 in the [proposal](#) covering the Multiannual financial framework for the period 2021-2027. For market-related expenditure financed by the EAGF, allocations under Regulation (EU) No 1308/2013 will be adjusted to the level which were proposed for the same sectors in the proposal on support for the CAP strategic plans, for financial year 2021.

The amendments of Regulation (EU) No 1306/2013 ensure that a financial discipline adjustment rate can be determined in financial years 2021 and onwards where the expenditure forecasts for the measures financed under the EAGF net ceiling for a given financial year indicate that the applicable annual ceilings would be exceeded. Thereby, the amendment potentially decreases expenditure under EAGF to the maximum level agreed for the fund in the multiannual financial framework.

The amendment of the flexibility provision for calendar year 2020 (financial year 2021) is a technical adjustment to ensure applicability of the provision and does not have any financial implications compared to those intended for the existing provision. The review option for the voluntary coupled support may lead to financial reallocations between measures within the Member States but these will remain within the national ceiling and as such do not require additional financing.

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

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The Committee on Agriculture and Rural Development adopted the report by Norbert LINS (EPP, DE) on the proposal for a regulation 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.

The committee recommended that the European Parliament adopt its position at first reading, taking over the Commission proposal.

As a reminder, the proposal to amend Regulations (EU) No 1306/2013 and (EU) No 1307/2013 of the European Parliament and of the Council aims to ensure the continuity of certain elements of the Common Agricultural Policy (CAP) for a transitional period of one year from 2014-2020

until the rules on CAP strategic plans are applied, in line with the Commission's [proposal](#) on support for CAP strategic plans.

In an opinion in the form of a letter, the Committee on Budgets expressed its support for the objectives of the Regulation on the flexibility instruments and called for its swift adoption in order to amend the necessary provisions in the current legislation. It expects these flexibility measures to be without prejudice to and not to lead to additional delays in the sectoral legislative process towards the reform of the Common Agricultural Policy.

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

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The European Parliament adopted by 637 votes to 27, with 20 abstentions, a resolution on the proposal for a regulation 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.

The proposal aims at ensuring the continuity of certain elements of the Common Agricultural Policy (CAP) for a transitional period of one year starting from the period 2014-2020 until the rules on CAP strategic plans are applied, in line with the Commission's [proposal](#) on support for CAP strategic plans.

The European Parliament adopted its position at first reading under the ordinary legislative procedure. Its main elements are as follows:

### Financial discipline

Amendments have been made to Regulation (EU) No 1306/2013 on the financing, administration and monitoring of the common agricultural policy (horizontal regulation) to ensure that the financial discipline mechanism for respecting the maximum ceiling set by the regulation on the multiannual financial framework remains operational in the years after 2020.

### Flexibility between pillars

Flexibility between pillars is an optional transfer of funds between direct payments and rural development. [Regulation \(EU\) 2019/288](#) amended Regulation (EU) No 1307/2013 establishing rules for direct payments to farmers under support schemes of the CAP to extend the flexibility between pillars for the calendar years 2015 to 2019 to the calendar year 2020/2021. This Regulation sets up the amounts to transfer from the rural development to direct payments envelope as a percentage of the amount allocated to support financed under the EAFRD in financial year 2021 by Union legislation adopted after the adoption by the Council of the relevant Regulation pursuant to Article 312(2) TFEU.

As the relevant Union legislation will not be adopted at the time when Member States have to notify their transfer decision, the amending Regulation would allow for the continued use of this flexibility and would set the maximum amount that can be transferred on the basis of a fixed amount and not a percentage. Thus, 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 had the option to review, by 1 August 2019, the percentage of their national ceiling for direct payments that they allocate to voluntary coupled support (VCS), as well as their detailed support decisions from calendar year 2020 (list of support measures and corresponding envelopes, targeting, etc.).

In addition, Member States should notify by 31 December 2019 or shortly thereafter only those transfers between pillars which have an impact on their national ceiling for direct payments for the calendar year 2020.

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

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**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.