

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

2016/0282B(COD) - 12/12/2017 - Text adopted by Parliament, 1st reading/single reading

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.