

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

2016/0282B(COD) - 13/12/2017 - Final act

**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.