

# Procedure file

## Basic information

### 2011/0282(COD)

COD - Ordinary legislative procedure (ex-codecision)

Regulation

European Agricultural Fund for Rural Development (EAFRD): support for rural development 2014-2020

See also 2011/0285(COD)

See also 2011/0286(COD)

See also 2011/0288(COD)

See also 2011/0280(COD)

See also 2011/0281(COD)

### Subject

3.10.01.02 Rural development, EAFRD

Awaiting Parliament 1st reading / single reading / budget 1st stage

## Key players

### European Parliament

#### Committee responsible

**AGRI** Agriculture and Rural Development

**Committee for opinion** Rapporteur for opinion

#### Rapporteur

**S&D** CAPOULAS SANTOS Luis Manuel  
Shadow rapporteur

#### Appointed

26/09/2011

#### Appointed

**DEVE**  
Development



07/11/2011

SCHNIEBER-JASTRAM Birgit

**ENVI**  
Environment,  
Public Health  
and Food  
Safety

**S&D** KADENBACH Karin

14/11/2011

**REGI**  
Regional  
Development

 SCHROEDTER Elisabeth

23/11/2011

**BUDG**  
Budgets



06/02/2012

LA VIA Giovanni

**CONT**  
Budgetary  
Control



24/11/2011

DEUTSCH Tamás

**EMPL**  
Employment  
and Social  
Affairs

The committee decided not to give an opinion.

## Key events

12/10/2011	Legislative proposal published	COM(2011)0627	Summary
20/10/2011	Debate in Council		Summary
25/10/2011	Committee referral announced in Parliament, 1st reading/single reading		
15/12/2011	Debate in Council		Summary
14/05/2012	Debate in Council		Summary
18/06/2012	Debate in Council		Summary
16/07/2012	Debate in Council		Summary
28/11/2012	Debate in Council		
18/12/2012	Debate in Council		

## Technical information

Procedure reference	2011/0282(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision)
Procedure subtype	Legislation
Legislative instrument	Regulation
	See also 2011/0285(COD)
	See also 2011/0286(COD)
	See also 2011/0288(COD)
	See also 2011/0280(COD)
	See also 2011/0281(COD)
Legal basis	Treaty on the Functioning of the EU TFEU 042-p1; Treaty on the Functioning of the EU TFEU 043
Stage reached in procedure	Awaiting Parliament 1st reading / single reading / budget 1st stage
Committee dossier	AGRI/7/07529

## Documentation gateway

Legislative proposal	COM(2011)0627	12/10/2011	Summary
Document attached to the procedure	SEC(2011)1153	12/10/2011	
Document attached to the procedure	SEC(2011)1154	12/10/2011	
Document attached to the procedure	N7-0044/2012		
	OJ C 035 09.02.2012, p. 0001	14/12/2011	Summary
Committee of the Regions: opinion	CDR0065/2012	04/05/2012	
Committee draft report	PE474.053	24/05/2012	
Amendments tabled in committee	PE489.640	20/07/2012	
Amendments tabled in committee	PE492.797	24/07/2012	
Amendments tabled in committee	PE492.949	24/07/2012	
Amendments tabled in committee	PE494.479	25/07/2012	
Amendments tabled in committee	PE494.480	25/07/2012	
Amendments tabled in committee	PE494.481	26/07/2012	
Amendments tabled in committee	PE494.602	26/07/2012	
Supplementary legislative basic document	COM(2012)0553	25/09/2012	Summary
Amendments tabled in committee	PE497.987	18/10/2012	
Economic and Social Committee: opinion, report	CES2436/2012	12/12/2012	
Amendments tabled in committee	PE501.948	18/12/2012	

## Links to other sites

National parliaments	IPEX
European Commission	PreLex

## 2011/0282(COD) - 12/10/2011 Legislative proposal

**PURPOSE:** to reform the Common Agricultural Policy (CAP) after 2013 (support for rural development by the European Agricultural Fund for Rural Development (EAFRD)).

**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 42 and Article 43 of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the proposed **rural development** Regulation builds on the strategic approach introduced in the current period, which has had a positive impact with Member States developing strategies and programmes on the basis of a SWOT (strengths, weaknesses, opportunities and threats) analysis to best tailor intervention to national and regional specificities. The new delivery mechanism aims at reinforcing the strategic approach - among other things by setting clearly defined common priorities for rural development at EU level (with associated common target indicators) as well as by making the necessary adjustments in light of experience gained to date.

The proposed Regulation also includes the **European Innovation Partnership on Agricultural Productivity and Sustainability** which is aimed at promoting resource efficiency, building bridges between research and practice and generally encouraging innovation. The partnership acts through operational groups responsible for innovative projects and is supported by a network.

In this context, rural development policy retains the long-term strategic objectives of contributing to the competitiveness of agriculture, the sustainable management of natural resources and climate action and the balanced territorial development of rural areas. In line with the Europe 2020 strategy, these broad objectives of rural development support for 2014-2020 are given more detailed expression through the following **six EU-wide priorities**:

- fostering knowledge transfer and innovation in agriculture, forestry and rural areas;
- enhancing competitiveness of all types of agriculture and enhancing farm viability;
- promoting food chain organization and risk management in agriculture;
- restoring, preserving and enhancing ecosystems dependent on agriculture and forestry;
- promoting resource efficiency and supporting the shift towards a low-carbon and climate-resilient economy in the agriculture, food and forestry sectors;
- promoting social inclusion, poverty reduction and economic development in rural areas.

Within the overall framework of the CAP, support for rural development shall contribute to achieving the following objectives:

- the competitiveness of agriculture;
- the sustainable management of natural resources, and climate action;
- a balanced territorial development of rural areas.

One should also note that the current cooperation measure is significantly reinforced and extended to support a wide range of types of cooperation (economic, environmental and social) between a wide range of potential beneficiaries. It now explicitly covers pilot projects as well as cooperation crossing regional and national borders. Leader and networking approaches will continue to play a key role, in particular for the development of rural areas and the spreading of innovation. Support through Leader will be consistent and coordinated with the support for local development from other EU shared management funds. A prize for local innovative co-operation projects will support transnational initiatives in favour of innovation.

Lastly, a risk management toolkit including **support to mutual funds** and a **new income stabilization tool** offers new possibilities to deal with the strong volatility in agricultural markets that is expected to continue in the medium term.

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.

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**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.

## 2011/0282(COD) - 20/10/2011 Debate in Council

Ministers held an **exchange of views** on the common agricultural policy (CAP) reform package thus launching within the Council the debate on the future of the CAP for the months ahead:

**Direct payments:** several Member States raised concerns or stated their opposition to the proposed redistribution of payments between Member States.

- On the proposed greening of the first pillar while they generally could agree with the introduction of "greening" measures in the first pillar, several questioned the compulsory character of the proposed measures or challenged the proposed 30% proportion of direct payment envelopes devoted to this "greening".
- In addition some delegations expressed their opposition to progressive reduction and capping of direct payments amounts.
- The proposed definition of "active farmer" also raised many questions.
- Actions proposed in favour of small farms and young farmers were generally well received.

Moreover, a vast majority of delegations raised concerns that the **direct payments and rural development** proposals seemed to run counter to the important objective of simplification of the CAP.

**Market management mechanisms:** most of the Member States acknowledged the measures proposed by the Commission. They noted in particular the importance of extending the existing possibilities to allow the Commission to take emergency measures.

- Some Member States regretted the Commission's intention to stick to the abolition of the sugar quota system for 2015, while others welcomed the confirmation that the sugar sector would be liberalised after 2015.
- Several delegations welcomed the proposals to strengthen the role of the farmer in the food supply chain with mandatory recognition of producers and interbranch organisations, while others were concerned that this would imply the risk of competition distortion.

The Council will hold **two more policy debates** on the CAP reform proposals before the end of the year: one on **direct payments in November and another on rural development in December 2011**.

It should be noted that the Commission prepared the CAP reform package following the interinstitutional debate initiated by its [communication](#) The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future and on the basis of impact assessments for the various policies. The new rules should enter into force on 1 January 2014.

In March 2011, the Council took note of the Presidency conclusions on the Commission communication supported by a very large number of Member States. These conclusions on the communication followed an initial exchange of views and three policy debates focusing on the three main objectives of the future CAP identified in the Commission communication, namely: (i) **viable food production**; (ii) **sustainable management of natural resources and climate action**, and (iii) **balanced territorial development**.

## 2011/0282(COD) - 15/12/2011 Debate in Council

Ministers held an **exchange of views** on the proposal for a regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (the rural development regulation) within the framework of the common agricultural policy (CAP).

The debate concentrated on the **actions envisaged to address new challenges within the second pillar** as well as the **instruments proposed** under rural development and their definition.

- Most delegations noted that the content of the proposal could only be correctly assessed when the breakdown by Member States of the envelope for the second pillar is known.
- As regards how to address new challenges within the second pillar, a number of Member States considered the proposal went in the right direction. However several Member States wished the proposal focused more on innovation and competitiveness. A number of delegations also stressed the need for adequate support the modernisation and restructuring of the sector in order to improve the competitiveness.
- In addition, a vast majority of delegations stressed the need to ensure that the common strategic framework bringing the EAFRD into line with the structural funds would be consistent with the objective of the simplification of the CAP.

The instruments proposed were **generally welcomed**, although some Member States considered that a better clarification of some aspects would be useful. These instruments should support the construction of efficient, modern and competitive agricultural sector and rural economy. **Flexibility** to take into account the specificity of each country at national or regional level and simplification of the procedures would be essential.

Most delegations considered that the risk management toolkit could be a useful instrument. Some countries felt that the **definition of less favoured areas** was not precise enough which meant that some areas normally covered could be excluded from this scheme.

Together with the proposals on direct payments, on the single common market organisation (CMO) and on the financing of the CAP, the proposal for a regulation on rural development is one of the four main proposals to be adopted by the Council and the European Parliament (ordinary legislative procedure).

Concerning the CAP reform, the Council had already held a policy debate on direct payments at the last Agriculture Council meeting in November and will hold one more policy debate on the Single CMO proposal in January 2012.

## 2011/0282(COD) - 14/05/2012 Debate in Council

Ministers held an **orientation debate on the greening of the common agricultural policy** (CAP) within the framework of the CAP reform. The debate covered provisions contained in three of the main proposals of the CAP reform package:

- [Regulation for direct payments](#) to farmers;
- [Regulation](#) on the financing, management and monitoring of the CAP (the "horizontal" regulation);
- **Regulation for rural development.**

While **broadly supporting the principle** of greening the CAP for the period 2014-2020 under the pillar I, delegations nonetheless made clear that, in order to achieve this ambition, an **adjustment of the modalities** proposed by the Commission was required.

Most delegations stressed that any additional greening measures had to be consistent with their specific objective circumstances be easy to apply and monitor, with the implementation costs remaining proportional and avoiding unnecessary red tape. A **more flexible approach** would help to take into account the diversity of agricultures in the EU and would avoid a "one size fits all" approach.

Many Member States considered that the scope of farming practices that are **"green by definition"** had to be widened to include pillar II agri-environment practices, as well as practices under national or regional environmental certification schemes. The Commission expressed openness to consider an adjustment of its proposal to take this into account.

On the **three mandatory greening measures**, a number of adjustments were suggested by delegations:

- **on crop diversification** : most delegations considered that there was a **need to increase the minimum threshold**, the minimal number of crops requested and to adjust the definition of crop. Moreover land predominantly covered by permanent grassland needed to be taken into account.
- **on the retention of permanent grassland**, and to maintain the management of these areas at regional or national level instead of farm level as

proposed by the Commission,

- **on the Ecological focus area (EFA) and the 7% requirement** : most delegations wanted more flexibility and suggested a minimum farm area threshold; , areas under pillar II agrienvironment schemes with high benefits for the environment and climate needed to be taken into account.

Instead of the three mandatory greening measures as proposed by the Commission (crop diversification, permanent grassland and EFAs), some delegations would prefer a "menu" approach where member states could choose from a list of measures.

Other Member States would prefer to build greening upon existing instruments, especially cross compliance in pillar I and agrienvironment schemes in pillar II.

Lastly, a large majority of delegations estimated that the **level of sanctions** applicable when the greening objectives are not met should not go beyond the level of the greening payment and therefore should not affect the basic payment itself.

**Timetable:**

- The Council already held policy debates on the proposals for regulation on direct payments, rural development and on the single common market organisation during the three last Agriculture Council meetings in November and December last year and in January this year.
- In March 2012, Ministers held a debate on the simplification of the CAP.
- During its last meeting in April 2012, the Council held an orientation debate on young farmers, small farmers, voluntary coupled support and top ups for farmers in areas with natural constraints, as well as on internal distribution, active farmer and capping of support to large farms.

In June, the Danish Presidency intends to organise an orientation debate on the proposal on rural development and to present a progress report on the CAP reform.

## 2011/0282(COD) - 18/06/2012 Debate in Council

Ministers held an orientation debate on the proposal for a regulation on support for rural development within the framework of the CAP reform.

Member states broadly support the principle that the CAP should significantly contribute to addressing the challenges concerning environment, **biodiversity and climate change mitigation and adaptation**. However, member states opinions were divided over setting a threshold in recital 28 of the rural development proposal, where the Commission suggests, as a guideline that member states spend a minimum of 25% of the total contribution from the EAFRD to each rural development programme on climate change mitigation and adaptation and land management. The Commission made it clear that this was not an obligation but an indication since there could be member states who would spend more and others who could spend less but still achieve the environmental objectives.

Some delegations opposed a minimum requirement while others welcomed the proposal and suggested that a binding obligation be set for all Member States. Some delegations requested even the percentage to be increased to 50%. A number of member states thought its scope should be extended to include, among other things, payments to Natura 2000, the water framework directive and forestry actions.

Co-financing rates for rural development support are part of the negotiating box for the MFF (2014-2020). Member states spoke in general terms of the need for a simple and targeted system for financing activities to meet the EU objectives for rural development.

In its proposal, the Commission envisages a **single maximum co-financing rate for most of the measures supported by the European agricultural fund for rural development (EAFRD)** with only a few exceptions which could benefit from higher co-financing rates. Some delegations expressed support for this proposal as it stands while others made a number of suggestions for a higher standard rate and higher rates for operations contributing to the objectives of environment and climate change mitigation and adaptation, as well as risk management and innovation.

**Many member states requested that there should be no national co-financing for all transfers from pillar I to pillar II.**

Many member states also pointed out that irrigation measures were an outstanding issue that the Council should still look at.

**Main issues raised as regards rural development:** in the Presidency text the **mission, the objectives and the priorities have been further defined and clarified**. The aim for a competitive Union agricultural sector is added to the mission, while food production and forestry is mentioned in relation to the objectives. In the priorities **animal welfare is added** and farms not facing major structural problems are included as eligible for support aimed at enhancing competitiveness.

**As regards programming**, a considerable number of aspects have been simplified, including a simpler programme amendment procedure. The Member States are on the basis of a SWOT analysis given the discretion to address only the most appropriate priorities under their national programmes, and to include additional EU focus areas. The application of ex-ante conditionalities are limited only to be applied when they are directly linked to the specific interventions of the programme.

**Concerning monitoring and evaluation**, the rules have been considerably simplified, reducing reporting requirements and data collection.

The scope of the provisions on **knowledge exchange, advisory services and quality schemes has been enlarged**. The scope of eligible beneficiaries has been widened, and support for **information and promotion activities for quality products has been reintroduced**.

**With regard to investments**, the provisions have been amended to allow greater flexibility for both Member States and beneficiaries and the obligation to limit the size of agricultural holdings eligible for investments for restructuring which has been deleted. Furthermore the requirements for reduction of water use in relation to investments in irrigation have been modified.

**On environment related actions**, support for permanent conversion of agricultural or forest area for environmental reasons has been introduced as a one-off payment (flat-rate). Many delegations support introducing the option of shorter agri-environment-climate commitments. Concerning the interplay between the "greening requirements" for Pillar I and the baseline of Pillar II measures, most delegations have taken the view that the greening requirements in pillar I should not affect the baseline of agri-environment-climate measures in Pillar II. A few delegations have expressed support for a raised baseline, referring to the need of avoiding double payments.

**On forestry**, many delegations supported the widening of the scope of eligible beneficiaries, to include public entities and tenants, while others were against.

**With regard to risk management**, many delegations supported the extension to cover adverse climatic events and pest infestations while others expressed reservations on whether it is opportune to **move risk management measures into Pillar II**.

**With regard to areas with natural constraints**, a broad majority of delegations recognise the need for a new common framework for their delimitation and to move away from the status quo, although many have requested more flexibility than envisaged in the proposal. In this respect, delegations generally welcomed the flexibility introduced by the Presidency to use an alternative local administrative unit for the designation of the areas with natural constraints to reduce of the threshold for area coverage per administrative unit (60%). However some delegations requested a further reduction (50%) while several delegations objected to the reduction as it will enlarge the scope of eligible areas. Also more national flexibility was introduced when performing the fine tuning. A number of delegations requested greater flexibility in this area. Lastly prolongation of the transition and phasing-out periods was proposed. Some delegations wish to take this proposal further, while others are concerned by the extension of the transition and phasing out periods.

As regards **financial provisions**, many delegations support that total eligible expenditure has been provided for as the basis for the calculation of EU contribution at the request of delegations. Furthermore, the revised text allows for full flexibility for Member States on the use of the funds generated by capping.

**The principles for distribution of rural development support and co-financing rates for rural development support** are included in the Negotiating Box for Heading 2 of the Multiannual Financial Framework (MFF). On the allocation of rural development support many delegations have requested more information about the criteria of past performance and objective criteria linked to the objectives of rural development as proposed by the Commission.

In general, delegations request more information on the respective allocation key and the precise objective criteria to be applied. Concerning co-financing rates, some delegations question the complexity of the proposal and ask for simplification. Higher co-financing rates are requested, especially concerning environment and climate, transition regions, risk management and innovation. Concerning funds transferred from Pillar 1 to Pillar 2 some delegations ask for these funds to have a co-financing rate at 100 %.

All delegations have, with the aim of simplification, requested the Commission to apply a single coordinated administrative procedure ("**one window approach**") for the approval of the Rural Development Programmes including the approval of state aid within the programme.

## 2011/0282(COD) - 16/07/2012 Debate in Council

Ministers held **two orientation debates** in the framework of the common agricultural policy (CAP) reform. The discussions focussed on specific issues in:

- the proposal for a regulation on support for rural development (rural development regulation);
- the proposal for a regulation establishing a [common organisation of the markets in agricultural products](#) (Single CMO regulation).

As regards **rural development**, the debate centred on the following issues:

**Risk management:** most of the delegations agreed that in light of the challenges modern agriculture faces due to climate change and price volatility, risk management has become **essential** for farmers.

- Many Member States also supported the Commission proposal on risk management through the second pillar, allowing flexibility to member states in its implementation, as well as the possibility of combining the measures with other actions under pillar II.
- However, some delegations were not convinced about support for risk management under the second pillar and oppose, in particular, the income stabilisation tool, as they were concerned that the measure would require a high level of funding, and therefore absorb a large portion of their national envelope at the expense of other measures, such as climate and environment actions. In their view, the provisions of Pillar I provide sufficient safety-nets for the farmer's income.

**Level of support:**

- the majority of delegations found the rates proposed by the Commission appropriate. Some of the delegations nevertheless expressed the wish to see the level of aid intensity increased, in order to match current levels of support.
- Several delegations also requested the reduction of the 30% threshold at which farmers qualify for support. This threshold is based on WTO rules.
- Some delegations requested flexibility to continue existing systems and tools such as indexing which was mentioned as valuable solution to simplify the loss of income calculations.

## **2011/0282(COD) - 25/09/2012 Supplementary legislative basic document**

**OBJECTIVE:** to amend the Commission proposal for a Regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

**CONTEXT:** on 12 October 2011 the Commission adopted its proposal for a Regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

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 in view of 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.

The adoption of Regulation (EU) No 671/2012 of the European Parliament and of the Council of 11 July 2012 amending Council Regulation (EC) No 73/2009 as regards the application of direct payments to farmers in respect of the year 2013 provides for voluntary adjustment for the United Kingdom whereby funds for direct payments for calendar year 2013 would be made available for the next rural development programming period.

As a consequence a relevant provision to allow transfer of the funds to the EAFRD should be made in the CAP reform proposal for rural development.

**IMPACT ASSESSMENT:** there was no need for consultation of interested parties or an impact assessment since these adjustments follow, in relation to Croatia, from the Act of Accession and, in relation to the voluntary adjustment for the United Kingdom, from the adoption of Regulation (EU) No 671/2012.

**CONTENT:** the adjustment will take the form of an amendment to the 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) in order to:

- introduce a temporary additional measure on financing complementary national direct payments;
- provide for specific conditions applicable to Croatia in relation to LEADER (minimum EAFRD contribution reserved for LEADER of 2.5% instead 5%) and investments for the implementation of Council Directive 91/676/EEC for a maximum period of four years (provision of a support rate of 75%);
- introduce an empowerment to the Commission to adopt transitional rules for the transition of Croatia from support under IPARD to support under the new Rural Development regime, also covering the ex-post evaluation;
- in relation to voluntary adjustment for the UK the adjustment consists in introducing a reference to the amounts to be transferred in application of the relevant provisions of Regulation (EC) No 73/2009.

**BUDGETARY IMPLICATION:** this amendment has no budgetary implications, apart from those already set out in the explanatory memorandum for the updated proposals for the Multi-Annual Financial Framework.