

COUNCIL REGULATION (EC) No 1783/2003**of 29 September 2003****amending Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF)**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 36 and 37 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament ⁽¹⁾,

Having regard to the opinion of the European Economic and Social Committee ⁽²⁾,

Having regard to the opinion of the Committee of the Regions ⁽³⁾,

Whereas:

- (1) In order to achieve the objectives of the common agricultural policy, as laid down in Article 33 of the Treaty, it is appropriate to reinforce the rural development policy by increasing the range of accompanying measures as provided for in Regulation (EC) No 1257/1999 ⁽⁴⁾.
- (2) Young farmers representing a key factor in the development of rural areas, support to this category of farmers should be considered as a priority. In order to facilitate the establishment of young farmers and the structural adjustment of their holdings, it is necessary to reinforce the specific support already granted.
- (3) A more rapid implementation in the agricultural sector of demanding standards based on Community legislation concerning the environment, public, animal and plant health, animal welfare and occupational safety should be promoted. Those standards may impose new obligations on farmers giving rise to a loss of income or additional costs. Temporary and degressive support should be provided to farmers to help cover partly the costs arising from the implementation of such standards.

(4) Following the introduction of the 'meeting standards' measure, support currently permitted under Regulation (EC) No 1257/1999 to farmers for limitations on agricultural use in areas with environmental restrictions should henceforth cover limitations arising from the implementation of Council Directive 79/409/EEC of 2 April 1979 on the conservation of wild birds ⁽⁵⁾ and Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora ⁽⁶⁾. Accordingly, a higher level of support may be proposed under certain circumstances and the area limitation of 10 % will be restricted to the measure concerning areas with specific handicaps.

(5) Farm advisory systems as provided for in Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers ⁽⁷⁾, are to identify and propose improvements in current performance with regard to statutory environmental, public, animal and plant health and animal welfare standards. Support should be provided to farmers towards the costs of such advisory services.

(6) Farmers should be encouraged to adopt high standards of animal welfare. The scope of the existing agri-environment Chapter of Regulation (EC) No 1257/1999 should be extended to provide for support to farmers who undertake to adopt standards of animal husbandry which go beyond statutory minima.

(7) Experience has shown that the range of instruments to promote food quality in rural development policy needs to be reinforced.

(8) Farmers should be encouraged to participate in Community or national food quality schemes. Participation in such schemes can give rise to additional

⁽¹⁾ Opinion delivered on 5 June 2003 (not yet published in the Official Journal).

⁽²⁾ OJ C 208, 3.9.2003, p. 64.

⁽³⁾ Opinion delivered on 2 July 2003 (not yet published in the Official Journal).

⁽⁴⁾ OJ L 160, 26.6.1999, p. 80.

⁽⁵⁾ OJ L 103, 25.4.1979, p. 1. Directive as last amended by Regulation (EC) No 807/2003 (OJ L 122, 16.5.2003, p. 36).

⁽⁶⁾ OJ L 206, 22.7.1992, p. 7. Directive as last amended by Directive 97/62/EC (OJ L 305, 8.11.1997, p. 42).

⁽⁷⁾ See page 1 of this Official Journal.

costs and obligations which are not fully rewarded by the marketplace. Temporary support should be provided to farmers who participate in such schemes.

- (9) There is a need to improve consumers' awareness of the existence and specifications of products produced under Community or national food quality schemes. Support should be provided to producer groups to inform consumers and promote products provided under schemes supported by Member States within their rural development plans.
- (10) The introduction of the new accompanying measures necessitates a clarification of certain existing provisions. Such clarifications concern mainly the investment in agricultural holdings and the financial provisions.
- (11) Given the importance of promoting innovation in the food processing sector, the scope of the existing Chapter of Regulation (EC) No 1257/1999 for improving processing and marketing of agricultural products should be extended to provide support for the development of innovative approaches in food processing.
- (12) The said Chapter lays down eligibility conditions for support for investments for improving the processing and marketing of agricultural products including the requirement for enterprises which receive such support to already comply with minimum standards regarding the environment, hygiene and animal welfare. Given that small processing units can sometimes experience difficulties in complying with such standards, Member States should be allowed to grant a period of grace with reference to the eligibility conditions for investments in small processing units made in order to comply with newly introduced standards relating to the environment, hygiene and animal welfare.
- (13) There is a need to improve the ecological and social value of State owned forests; investment support for these purposes should be allowed while excluding support for measures which improve the economic utilisation of such forests.
- (14) Experience to date in the implementation of rural development programming for the 2000 to 2006 period has shown a need to clarify and simplify certain provisions of Regulation (EC) No 1257/1999 and adapt certain aid levels. Such clarifications and adaptations concern mainly the scope and detailed content of support for less-favoured areas and areas with environmental restrictions, training, forestry and promoting the adaptation and development of rural areas.

- (15) Regulation (EC) No 1257/1999 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 1257/1999 is hereby amended as follows:

- 1) In Article 5, the existing text shall become paragraph 1 and the following paragraphs shall be added:
 - '2. The conditions for support for investment laid down in paragraph 1 must be fulfilled at the time when the individual decision to grant support is taken.
 3. Where investments are made in order to comply with newly introduced minimum standards relating to the environment, hygiene, and animal welfare, support may be granted in order to comply with the new standards. In such cases, a period of grace may be provided to farmers to meet these minimum standards where time is needed to solve specific problems involved in complying with such standards. The farmer shall comply with the relevant standards by the end of the investment period.'
- 2) Article 7 shall be amended as follows:
 - (a) The second paragraph of Article 7 shall be replaced by the following:

'The total amount of support, expressed as a percentage of the volume of eligible investment, is limited to a maximum of 40 % and 50 % in less-favoured areas.'
 - (b) The following paragraph shall be added:

'Where investments are undertaken by young farmers, as referred to in Chapter II, these percentages may reach a maximum of 50 % and 60 % in less-favoured areas during a period not exceeding five years from the setting up. The age condition laid down in the first indent of Article 8(1) must be met at the time of setting up.'
- 3) Article 8(2) shall be replaced by the following:
 - '2. The setting-up aid may comprise:
 - (a) a single premium up to the maximum eligible amount specified in the Annex, and
 - (b) an interest subsidy on loans taken on with a view to covering the costs arising from setting-up; the capitalised value of the interest subsidy may not exceed the value of the premium.

A support higher than the maximum amount referred to in point a) but not exceeding EUR 30 000 may be granted to young farmers who are using farm advisory services linked to the setting-up of their activity during a period of three years after setting-up.;

- 4) In the second paragraph of Article 9, the first indent shall be replaced by the following:

‘— to prepare farmers and other persons involved in agricultural activities for qualitative reorientation of production, the application of production practices compatible with the maintenance and enhancement of the landscape, the protection of the environment, hygiene standards and animal welfare and acquisition of the skills needed to enable them to manage an economically viable farm, and’;

- 5) In Article 15(3), the second subparagraph shall be replaced by the following:

‘Compensatory allowances higher than this maximum amount may be granted provided that the average amount of all compensatory allowances granted at the programming level concerned does not exceed this maximum amount. Member States may, for the purpose of calculating the average amount, present a combination of several regional programmes. However, in cases duly justified by objective circumstances, the average amount may be increased to the maximum average amount set out in the Annex.’

- 6) Article 16 shall be amended as follows:

- (a) Article 16(1) shall be replaced by the following:

‘1. Payments to compensate for costs incurred and income foregone may be made to farmers who are subject to restrictions on agricultural use in areas with environmental restrictions as a result of the implementation of Directives 79/409/EEC (*) and 92/43/EEC (**), if and in so far as such payments are necessary to solve the specific problems arising from the implementation of those Directives.

(*) OJ L 103, 25.4.1979, p. 1. Directive as last amended by Regulation (EC) No 807/2003 (OJ L 122, 6.5.2003, p. 36).

(**) OJ L 206, 22.7.1992, p. 7. Directive as last amended by Directive 97/62/EC (OJ L 305, 8.11.1997, p. 42).’

- (b) Article 16(3) shall be replaced by the following:

‘3. The maximum amount eligible for Community support is laid down in the Annex. This amount may be increased in duly justified cases to take account of specific problems.

A support higher than this maximum amount may be granted during a period not exceeding five years from the date the provision imposing new restrictions becomes mandatory in accordance with Community legislation. This support shall be granted annually on a degressive basis and shall not exceed the amount set out in the Annex.’;

- 7) In Article 20, the existing text shall become paragraph 1 and following paragraph shall be added:

‘2. Areas referred to in paragraph 1 may not exceed 10 % of the area of the Member State concerned.’;

- 8) Article 21 shall be deleted.

- 9) The following Chapter shall be inserted after Chapter V of Title II:

‘CHAPTER Va

MEETING STANDARDS

Article 21a

Support to help farmers to adapt to demanding standards based on Community legislation in the fields of the environment, public, animal and plant health, animal welfare and occupational safety shall contribute to the following objectives:

- (a) a more rapid implementation of demanding Community standards by Member States;
- (b) the respect of those standards by farmers;
- (c) the use of farm advisory services by farmers, as provided for in Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and support schemes for producers of certain crops (*), in assessing the performance of farm businesses and identifying improvements required with regard to the statutory management requirements as set out in that Regulation.

(*) OJ L 270, 21.10.2003, p. 1.

Article 21b

1. Temporary support intended to contribute partly to costs incurred and income foregone may be granted to farmers who have to apply demanding standards based on Community legislation and newly introduced in national legislation.

For Member States applying Article 16, support shall not be granted under this Chapter to a farmer to apply standards based on the Community legislation referred to in Article 16.

2. Support may be granted during a period not exceeding five years from the date the standard becomes mandatory in accordance with Community legislation.

To be eligible for support, the standard should impose new obligations or restrictions on farming practice which have a significant impact on typical farm operating costs and which concern a significant number of farmers.

For Directives for which the implementation deadline has been exceeded and which are not yet correctly implemented by the Member State, support may be granted during a period not exceeding five years from 25 October 2003.

3. Support shall not be payable where the non-application of a standard is due to the non-respect by the applicant farmer of a standard already transposed in national legislation.

Article 21c

1. Support shall be granted annually in the form of a flat rate aid and on a degressive basis, in equal instalments. Member States shall modulate the level of payment per standard with regard to the level of obligations resulting from the application of the standard. Payment shall be fixed at a level which prevents overcompensation. Costs related to investments shall not be taken into account when determining the level of annual support.

2. The maximum eligible annual amount, per holding, of support is set out in the Annex.

Article 21d

1. Support may be granted to farmers to help them meet costs arising from the use of the farm advisory services which identify and where necessary, propose improvements relating to the application by farmers of statutory environmental, public, animal and plant health and animal welfare standards.

2. Farm advisory services for which support may be granted shall be in accordance with Chapter III of Title II of Regulation (EC) No 1782/2003 and the provisions adopted in implementation thereof.

3. The total amount of support for the use of advisory services as referred to in paragraph 1, shall be limited to a maximum of 80 % of the eligible cost, without exceeding the maximum eligible amount as set out in the Annex.;

10) Chapter VI shall be replaced by the following:

'CHAPTER VI

AGRI-ENVIRONMENT AND ANIMAL WELFARE

Article 22

Support for agricultural methods designed to protect the environment, maintain the countryside (agri-environment) or improve animal welfare shall contribute to achieving the Community's policy objectives regarding agriculture, the environment and the welfare of farm animals.

Such support shall promote:

- (a) ways of using agricultural land which are compatible with the protection and improvement of the environment, the landscape and its features, natural resources, the soil and genetic diversity,
- (b) an environmentally-favourable extensification of farming and management of low-intensity pasture systems,
- (c) the conservation of high nature-value farmed environments which are under threat,
- (d) the upkeep of the landscape and historical features on agricultural land,
- (e) the use of environmental planning in farming practice,
- (f) the improvement of animal welfare.

Article 23

1. Support shall be granted to farmers who give agri-environmental or animal welfare commitments for at least five years. Where necessary, a longer period shall be determined for particular types of commitments in view of their effects on the environment or animal welfare.

2. Agri-environmental and animal welfare commitments shall involve more than the application of usual good farming practice including good animal husbandry practice.

They shall provide for services which are not provided for by other support measures, such as market support or compensatory allowances.

Article 24

1. Support in respect of an agri-environmental or animal welfare commitment shall be granted annually and be calculated on the basis of:

- (a) income foregone,
- (b) additional costs resulting from the commitment given, and
- (c) the need to provide an incentive.

Costs related to investments shall not be taken into account when calculating the level of annual support. Costs for non-remunerative investments which are necessary to comply with a commitment may be taken into account in calculating the level of annual support.

2. Maximum amounts per year eligible for Community support are laid down in the Annex. When support is calculated on an area basis, these amounts shall be based on that area of the holding to which agri-environmental commitments apply.;

11) The following Chapter is inserted after Chapter VI of Title II:

'CHAPTER VIa

FOOD QUALITY*Article 24a*

Support for agricultural production methods designed to improve the quality of agricultural products and for promotion of those products shall contribute to the following objectives:

- (a) to provide assurances to consumers on the quality of the product or of the production process used through the participation of farmers in food quality schemes as defined in Article 24b;
- (b) to achieve added value for agricultural primary products and to enhance market opportunities;
- (c) to improve consumer information on the availability and specifications of such products.

Article 24b

1. Support shall be granted to farmers who participate on a voluntary basis in Community or national food quality schemes, which impose specific production requirements on agricultural products listed in Annex I to the Treaty, except fishery products, and comply with paragraph 2 or 3 in this Article.

Support shall only cover products intended for human consumption.

2. Community quality schemes under the following Regulations and provisions shall be eligible for support:

- (a) Council Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs (*),
- (b) Council Regulation (EEC) No 2082/92 of 14 July 1992 on certificates of specific character for agricultural products and foodstuffs (**),
- (c) Council Regulation (EEC) No 2092/91 of 24 June 1991 on organic production of agricultural products and indications referring thereto on agricultural products and foodstuffs (***) ,
- (d) Title VI on quality wine produced in specified regions of Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organisation of the market in wine (****).

3. To be eligible for support, food quality schemes recognised by the Member States shall comply with the criteria set out in points (a) to (e):

- (a) the specificity of the final product produced under such schemes shall be derived from detailed obligations on farming methods that guarantee:
 - (i) specific characteristics including the production process, or
 - (ii) a quality of the final product that goes significantly beyond the commercial commodity standards as regards public, animal or plant health, animal welfare or environmental protection;
- (b) the schemes involve binding product specifications and compliance with those specifications shall be verified by an independent inspection body;
- (c) the schemes shall be open to all producers;
- (d) the schemes shall be transparent and assure complete traceability of the products;
- (e) the schemes shall respond to current or foreseeable market opportunities.

4. Schemes whose sole purpose is to provide a higher level of control of respect of obligatory standards under Community or national law shall not be eligible for support.

(*) OJ L 208, 24.7.1992, p. 1. Regulation as last amended by Regulation (EC) No 806/2003 (OJ L 122, 16.5.2003, p. 1).

(**) OJ L 208, 27.7.1992, p. 9. Regulation as last amended by Regulation (EC) No 806/2003.

(***) OJ L 198, 22.7.1991, p. 1. Regulation as last amended by Regulation (EC) No 806/2003.

(****) OJ L 179, 14.7.1999, p. 1. Regulation as last amended by Regulation (EC) No 806/2003.

Article 24c

1. Support shall be paid as an annual incentive payment up to the maximum eligible amount per holding as set out in the Annex. The level of payment amount shall be determined according to the level of the fixed costs arising from participation in supported schemes and be fixed at a level which prevents overcompensation.

2. The duration of such support shall not exceed a period of five years.

Article 24d

1. Support shall be granted to producer groups for activities intended to inform consumers about and promote agricultural products or foodstuffs designated under Community or national food quality schemes as described in Article 24b and selected for support by the Member State under the measure provided for in Articles 24a, 24b and 24c.

2. Support shall cover information, promotion and advertising activities.

3. The total amount of support shall be limited to a maximum of 70 % of the eligible costs of the action.;

12) In Article 25(2), the fourth indent shall be replaced by the following:

‘— to develop and apply new technologies.;

13) In Article 26(1), the following subparagraph shall be added:

‘Where investments are made in order to comply with newly introduced minimum standards relating to the environment, hygiene, and animal welfare, support may be granted in order to comply with the new standards. In such cases, a period of grace may be provided to small processing units to meet these minimum standards where time is needed to solve specific problems encountered in complying with such standards. The small processing units shall comply with the relevant standards by the end of the investment period.;

14) Article 29(3) shall be replaced by the following:

‘3. Such support, as provided for in Articles 30 and 32, shall be granted only for forests and areas owned by private owners or by their associations or by municipalities or their associations. This restriction shall not apply to the measures provided for in the second indent of Article 30(1) for investment in forests aimed at significantly improving their ecological and social value, and for the measures provided for in the sixth indent of Article 30(1).;

15) Article 29(5) shall be replaced by the following:

‘5. Measures proposed under this Chapter in areas classified as high or medium forest fire risk within the framework of the Community action on protection of forests against fire, must conform to the forest protection plans established by the Member States for these areas.;

16) In Article 30(1), the last indent shall be replaced by the following:

‘— restoring forestry production potential damaged by natural disasters and fire and introducing appropriate prevention actions.;

17) Article 31 shall be amended as follows:

(a) In paragraph 1, the second subparagraph shall be replaced by the following:

‘Such support may include in addition to establishment costs:

— an annual premium per hectare afforested to cover maintenance costs for a period of up to five years,

— an annual premium per hectare to cover loss of income resulting from afforestation for a maximum period of 20 years for farmers or associations thereof who worked the land before its afforestation or for any other private law person.’

(b) Paragraph 2 shall be replaced by the following:

‘2. Where support is granted for afforestation of agricultural land owned by public authorities, it shall cover only the cost of establishment. If the afforested land is rented by a private law person, the annual premia referred to in paragraph 1, second subparagraph, may be granted.’

(c) In paragraph 3, the second subparagraph shall be replaced by the following:

‘In the case of fast-growing species cultivated in the short term, support for afforestation shall be granted for establishment costs only.;

- 18) In Article 33, the second paragraph shall be amended as follows:
- (a) the third and the fourth indents shall be replaced by the following:
- ‘— setting up of farm advisory systems as referred to in Chapter III of Title II of Regulation (EC) No 1782/2003, as well as farm relief and farm management services,
- marketing of quality agricultural products, including the setting-up of quality schemes as referred to in Article 24b(2) and (3),’.
- (b) the following indent shall be added:
- ‘— management of integrated rural development strategies by local partnerships.’;
- 19) In the second subparagraph of Article 34, the following two indents shall be added:
- ‘— conditions governing meeting standards measures (Chapter Va)
- conditions governing food quality measures (Chapter VIa)’;
- 20) Article 35(1) shall be replaced by the following:
- ‘1. Community support for early retirement (Articles 10, 11 and 12), less-favoured areas and areas with environmental restrictions (Articles 13 to 21), meeting standards (Articles 21a to 21d), agri-environment and animal welfare (Articles 22, 23 and 24), food quality (Articles 24a to 24d) and afforestation (Article 31) shall be financed by the EAGGF Guarantee Section throughout the Community.’;
- 21) In the second paragraph of Article 37(3), the second indent shall be replaced by the following:
- ‘— measures to support research projects or measures eligible for Community funding under Council Decision 90/424/EEC of 26 June 1990 on expenditure in the veterinary field (*).
- (*) OJ L 224, 18.8.1990, p. 19. Decision as last amended by Regulation (EC) No 806/2003.’;
- 22) In the second subparagraph of Article 47(2), the last indent shall be replaced by the following:
- ‘— the Community contribution to the programming for measures laid down in Articles 22 to 24 of this Regulation shall not exceed 85 % in areas covered by Objective 1 and 60 % in the other areas.’;
- 23) In Article 51, the following paragraph shall be added:
- ‘5. State aid to support farmers who adapt to demanding standards based on Community legislation in the fields of the environment, public, animal and plant health, animal welfare and occupational safety shall be prohibited if it does not satisfy the conditions provided for in Articles 21a, 21b and 21c. However, additional aid exceeding the maximum amounts fixed in accordance with Article 21c may be granted to help farmers to comply with national legislation which exceeds Community standards.
- In the absence of Community legislation, state aid to support farmers who adapt to demanding standards based on national legislation in the fields of the environment, public, animal and plant health, animal welfare and occupational safety shall be prohibited if it does not satisfy the relevant conditions provided for in Articles 21a, 21b and 21c. Additional aid exceeding the maximum amounts fixed in accordance with Article 21c may be granted if justified under paragraph 1 of that Article.’;
- 24) The Annex shall be replaced by the text in the Annex to this Regulation.

Article 2

This Regulation shall enter into force on the seventh day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 29 September 2003.

For the Council
The President
G. ALEMANNIO

ANNEX

'ANNEX

TABLE OF AMOUNTS

Article	Subject	Euro	
8(2)	Setting-up aid	25 000	
12(1)	Early retirement	15 000 (*) 150 000 3 500 35 000	per transferor and year total amount per transferor per worker and year total amount per worker
15(3)	Minimum compensatory allowance Maximum average compensatory Maximum average compensatory allowance	25 (**) 200 250	per hectare of areas used for agriculture per hectare of areas used for agriculture per hectare of areas used for agriculture
16	Maximum payment Initial maximum payment Initial maximum payment	200 500	per hectare per hectare
21c	Maximum payment	10 000	per holding
21d	Farm advisory services	1 500	per advisory service
24(2)	Annual crops Specialised perennial crops Other lands uses Local breeds in danger being lost to farming Animal welfare	600 900 450 200 (***) 500	per hectare per hectare per hectare per livestock unit per livestock unit
24c	Maximum payment	3 000	per holding
31(4)	Maximum annual premium to cover loss of income from afforestation — für Landwirte for farmers of associations thereof oder deren Vereinigungen — for any other private-law person	725 185	per hectare per hectare
32(2)	Minimum payment Maximum payment	40 120	per hectare per hectare

(*) Subject to the total maximum per transferor, the maximum annual payments may be increased up to twofold taking account of the economic structure of holdings in territories and the objective of speeding up the adjustment of the agricultural structures.

(**) This amount may be reduced to take account of the particular geographical situation or economic structure of holdings in certain territories and in order to avoid overcompensation and in accordance with the second indent of Article 15(1).

(***) This amount may be increased in exceptional cases taking account of specific requirements of certain breeds, which should be justified in the rural developments plans.'