



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 24.5.2006
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Proposal for a

COUNCIL DECISION

laying down the amount of Community support to rural development for the period from 1 January 2007 to 31 December 2013, its annual breakdown and the minimum amount to be concentrated in regions eligible under the Convergence Objective

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. Article 69(1) of Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)¹ states that the amount for Community support to rural development under this Regulation for the period from 1 January 2007 to 31 December 2013, its annual breakdown and the minimum amount to be concentrated in regions eligible under the Convergence Objective shall be fixed by the Council, acting by a qualified majority on a proposal from the Commission, in accordance with the financial framework for the period 2007 to 2013 and the Interinstitutional Agreement on budgetary discipline and sound financial management for the same period. The Interinstitutional Agreement was signed on ... Its Annex I establishing the Financial Framework for 2007–2013, sets down the commitment appropriations also for Heading 2 which includes the amount for rural development.
2. Point 63 of the December 2005 European Council agreement on the Financial Perspective 2007–2013 reads as follows: “The allocation for the new Rural Development instrument, consisting essentially of amounts transferred from the funds supporting the regional component of the Convergence objective and amounts currently disbursed under the guarantee section of the EAGGF, will be €69.75 billion before modulation, of which €41.23 billion is currently disbursed under the guarantee section of the EAGGF. The Commission will allocate total Rural Development expenditure, including transfers from the EAGGF, and will ensure that at least €33.01 billion is allocated to the EU-10, Bulgaria and Romania. Of the remaining €36.74 billion, €18.91 billion shall be allocated to the EU-15 *according to a key to be proposed by the Commission and agreed by the Council* in line with the Rural Development Regulation (1698/2005) adopted on 20 September 2005 and the other €4.07 billion will be allocated to Austria (€1.35 billion), Finland (€0.46 billion), Ireland (€0.50 billion), Italy (€0.5 billion), Luxembourg (€20 million), France (€0.1 billion) Sweden (€0.82 billion), and Portugal (€0.32 billion) which owing on the specific difficulties of the Portuguese agriculture outlined in the European Council conclusions on the Commission's report on Portuguese agriculture (doc. 10859/03) shall not be subject to the national co-financing requirement.”
3. Article 69(4) of Regulation (EC) No 1698/2005 provides for the following:

The Commission shall make the annual breakdown per MS of Community support for rural development (after deducting the 0.25% for Commission technical assistance) taking into account:

 - (a) the amounts reserved for regions eligible under the Convergence Objective,
 - (b) past performance, and
 - (c) particular situations and needs based on objective criteria.
4. The amounts reserved for regions eligible under the Convergence Objective [criterion (a)] are calculated for each Member State from its Convergence envelope, i.e. the EAGGF Guidance origin money transferred from heading 1b to rural development under heading 2 of the 2007–2013 Financial Framework. This amount

¹ OJ L 277, 21.10.2005, p. 1.

must be net of the 0.25% Commission's technical assistance according to Article 69(2) of Regulation (EC) No 1698/2005 and of the part of the EAGGF Guidance origin amount for Leader+. The December 2005 European Council decided on criterion (c) by allocating specific amounts to eight Member States. Criterion (b) will be applied by the Commission to the amounts not yet distributed. Past performance [criterion (b)] in this context means use of the historical shares of Member States in the EAGGF Guarantee envelop for rural development in the period 2000/2006 (2004/2006 for the new Member States) and in Leader+.

5. The amount for rural development according to Article 69(1) of the Regulation and its annual breakdown (including the minimum amount reserved for the Convergence regions) is in annex to the Council Decision. This amount should also take into account Bulgaria and Romania insofar as they will be members of the Community on 1 January 2007. However, in case where one or both of these countries do not become member(s) of the Community at that date this Decision should be adapted accordingly.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)¹, and in particular Article 69(1) thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) The amount of commitment appropriations for Community support to rural development under Regulation (EC) No 1698/2005, for the period from 1 January 2007 to 31 December 2013, its annual breakdown and the minimum amount to be concentrated in regions eligible under the Convergence Objective should be fixed in accordance with the Interinstitutional Agreement between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management of [...]².
- (2) The total amount should include the amount for Bulgaria and Romania provided that the Treaty of Accession of those countries enters into force on 1 January 2007. If the Treaty of Accession does not enter into force on 1 January 2007 for one or both of those countries the total amount should be adapted accordingly,

HAS DECIDED AS FOLLOWS:

Sole Article

The total amount of commitment appropriations for Community support to rural development for the period from 1 January 2007 to 31 December 2013 under Regulation (EC) No 1698/2005, its annual breakdown and the minimum amount to be concentrated in regions eligible under the Convergence Objective referred to in Article 2(j) of that Regulation, are set out in the Annex to this Decision.

¹ OJ L 277, 21.10.2005, p. 1. [Regulation as amended by Regulation (EC) No / (OJ L)]
² OJ C ..., ..., p.

Done at Brussels,

For the Council
The President

ANNEX

Total amount of commitment appropriations for 2007–2013, its annual breakdown and the minimum amount to be concentrated in the regions eligible under the Convergence Objective and its annual breakdown*

<i>EUR million, 2004 prices**</i>	2007	2008	2009	2010	2011	2012	2013	Total
Total amount EU-25, plus Bulgaria and Romania	10 710	10 447	10 185	9 955	9 717	9 483	9 253	69 750
Minimum amount for regions eligible under the Convergence Objective								27 699

* Before compulsory modulation and other transfers from market-related expenditure and direct payments of the common agricultural policy to rural development

** The amounts stated are rounded to the nearest million, while programming will be done to the nearest euro.

FINANCIAL STATEMENT							
1. BUDGET HEADING: 05 04 05 01				APPROPRIATIONS PDB 2007: CA: EUR 12 343 028 111 (including modulation and transfers R 1782/2003) PA: EUR 6 182 000 000			
2. TITLE: Council Decision laying down the amount of Community support to rural development for the period from 1 January 2007 to 31 December 2013, its annual breakdown and the minimum amount to be concentrated in regions eligible under the Convergence Objective							
3. LEGAL BASIS: Art. 69(1) of Council Regulation (EC) No 1698/2005							
4. AIMS: To lay down the amount of Community support to rural development for the period 2007–2013, its annual breakdown and the minimum amount to be concentrated in regions eligible under the Convergence Objective							
5. FINANCIAL IMPLICATIONS (1)				FOLLOWING FINANCIAL YEAR 2007 (EUR million)			
5.0 EXPENDITURE (2004 prices) (2) – CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS) – NATIONAL AUTHORITIES – OTHER				CA: 10 710 PA: 4 973			
5.1 REVENUE – OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) – NATIONAL				–			
		2008	2009	2010	2011	2012	2013
5.0.1 ESTIMATED EXPENDITURE (2004 prices) CA (2) PA		10 447 6 231	10 185 6 761	9 955 7 919	9 717 9 150	9 483 9 664	9 253 9 861
5.1.1 ESTIMATED REVENUE		–	–	–	–	–	–
5.2 METHOD OF CALCULATION: –							
6.0 CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET?				YES-NO			
6.1 CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?				YES-NO			
6.2 WILL A SUPPLEMENTARY BUDGET BE NECESSARY?				YES-NO			
6.3 WILL APPROPRIATIONS NEED TO BE ENTERED IN FUTURE BUDGETS?				YES-NO			
OBSERVATIONS:							
(1) The 2007–2013 financial envelop for rural development has been fixed in the agreement of the European Council on the Financial Perspective 2007–2013 as far as commitment appropriations are concerned.							
(2) The figures mentioned are excluding compulsory modulation and other 1st pillar transfers.							