

**Opinion of the Committee of the Regions on 'Legislative proposals on the reform of the common agricultural policy and rural development policy post-2013'**

(2012/C 225/14)

## THE COMMITTEE OF THE REGIONS

- considers that the Commission's proposals continue to fall far short of the thorough reform of the CAP which is needed to preserve Europe's agriculture and rural areas;
- considers that the Commission is making a strategic error by focusing on *a posteriori* crisis management in place of an upstream market regulation;
- asks the Commission to reconsider the proposal to end the various quota and production rights systems;
- considers that it is vital to redress the balance of power within the food production chain in favour of producers;
- considers that a review of the European Union's trade policy is vital for the agricultural sector;
- considers that the Commission's proposal to rebalance support is a vital step but feels that the Commission's proposal is insufficient for introducing greater competition at small and medium farms;
- urges the Commission to lower the degressivity threshold to EUR 100 000 of aid, with a cap of EUR 200 000 per farm;
- calls for full convergence at European level to be the subject of a provisional timetable;
- asks that the instrument for promoting areas with specific natural constraints be used by Member States at 10 % of the annual national ceiling;
- considers that it is crucial to reserve sufficient EAFRD funds for the development of local infrastructure in rural areas and to ensure that rural authorities have access to cohesion policy funds under the ERDF as part of a holistic rural development policy;
- recommends greater application of subsidiarity in the reform to ensure more flexibility for Member States and regions;
- hopes that the option of implementing payments for agricultural practises beneficial for the climate and the environment at regional level could lead to the introduction of territorial pacts signed between regional authorities and groups of farmers;
- urges the full involvement of representatives of rural regions in drafting partnership contracts.

<b>Rapporteur</b>	René SOUCHON (FR/PES), President of the Auvergne Regional Council
<b>Reference documents</b>	<p>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</p> <p>COM(2011) 625 final/2</p> <p>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)</p> <p>COM(2011) 626 final/2</p> <p>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)</p> <p>COM(2011) 627 final/2</p> <p>Proposal for a Regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy</p> <p>COM(2011) 628 final/2</p> <p>Proposal for a Council Regulation determining measures on fixing certain aids and refunds related to the common organisation of the markets in agricultural products</p> <p>COM(2011) 629 final</p> <p>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</p> <p>COM(2011) 630 final</p> <p>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</p> <p>COM(2011) 631 final</p>

## I. POLICY RECOMMENDATIONS

### THE COMMITTEE OF THE REGIONS

#### CAP priorities

1. endorses the objectives set out by the European Commission for the future Common Agricultural Policy in the area of the sustainable management of natural resources, food security, agricultural activity across Europe, balanced regional development, the competitiveness of European farming and the simplification of the CAP;

2. considers, nevertheless, that the Commission's proposals continue to fall far short of the thorough reform of the Common Agricultural Policy which is needed to preserve Europe's agriculture and rural areas and which must be shaped by the expectations of European farms, in accordance

with the provisions of the Treaty on the Functioning of the European Union, and ensure equal treatment of all European farmers;

3. considers that the Common Agricultural Policy, as provided for under the Treaty on the Functioning of the European Union, must enable the rural population to enjoy a fair standard of living that is comparable with that of the general population. This objective should be supported by market stabilisation measures to ensure regular prices for producers, while at the same time guaranteeing reasonable prices for consumers;

4. considers that the Commission's proposal to rebalance support is a vital step but feels that the Commission's proposal is insufficient for introducing greater competition at small and medium farms, areas facing specific natural constraints, island regions and certain fragile industries, and would like other criteria, especially employment, to be taken into account to ensure that support is rebalanced;

5. recommends greater application of subsidiarity in the reform to ensure more flexibility for Member States and regions;

6. considers it especially important for farmers that the administrative rules for implementing the Common Agricultural Policy be simplified, but does feel that such simplification should not be reflected in an excessive standardisation of the criteria to be taken into account, which could run counter to the preservation of specific local and regional features;

7. considers it vital that the Common Agricultural Policy should be able to promote the quality of its agricultural production more widely, in particular production that has an official agricultural quality label. Accordingly calls on the European Commission to ensure a closer link between the Common Agricultural Policy and agricultural product quality policy;

### Market regulation

8. considers that the market regulation measures put forward by the Commission are disappointing and represent a veritable step backwards for the development of the Common Agricultural Policy. While market stabilisation is enshrined in the Treaty of Lisbon, the European Commission has not put forward any effective mechanism for the public control of production;

9. considers that the Commission is making a strategic error by focusing on *a posteriori* crisis management in place of an upstream regulation that would enable price volatility to be tackled effectively and at a lower cost;

10. asks the Commission, when the results of the new impact assessments are known, to reconsider the proposal to end the various quota and production rights systems (for sugar, milk and vine plantation rights), particularly as regards less-favoured areas, specifically mountain areas;

11. calls on the Commission to safeguard Community Preference Mechanisms <sup>(1)</sup> and to focus on intervention and storage mechanisms (public and private);

12. considers that in order to achieve the food security objective established by the Commission for the future Common Agricultural Policy it is vital to redress the balance of power within the food production chain in favour of producers;

13. considers that a review of the European Union's trade policy is vital for the agricultural sector, which must not be used as a bargaining chip for the sole benefit of developing exports towards third countries in the industry and services sectors;

14. considers that the European Fund for Globalisation, which has some EUR 2,5 billion, is poorly adapted for

tackling the consequences of such trade agreements on the agricultural sector. In particular, it is not intended to cushion the foreseeable impact of the bilateral trade agreements currently under negotiation;

### Convergence

15. considers that local and regional authorities, with due respect for the institutional framework of each Member State, have every right to participate in the implementation of the CAP under the first pillar as the participation of regional government can allow support to be allocated more effectively, in line with the social, environmental, agronomic and local specificities of the type of agriculture in question and thus ensure the more efficient use of funds;

16. welcomes the fact that the Commission's proposal abandons the use of historical references which represented an unequal and unfair system for the distribution of support among farmers;

17. considers nonetheless that the distribution of support proposed by the Commission continues to be too unequal as regards the new Member States and particularly the Baltic countries, which receive the smallest direct payments in the European Union, and regrets that the Commission has not specified any deadline for full convergence between the Member States. The conditions and resulting timetable should take account of production costs in each Member State;

18. hopes that the convergence of the basic payments within each Member State will be carried out on a gradual basis but over a reasonable period which also takes account of the Member States' different starting points, and that full convergence at European level will be the subject of a provisional timetable;

### Degressivity and capping

19. urges the Commission to lower the degressivity threshold to EUR 100 000 of aid, with a cap of EUR 200 000 per farm, by subtracting the salaries effectively paid and declared, including remuneration for the work of the farmer;

20. calls on the Commission to enable the funds resulting from this degressivity to be directed at measures and actions determined by a Member States for its territory;

### Coupling

21. considers that it is vital to retain aid coupling for certain forms of production or in selected fragile regions in order to achieve an adequate level of production and added value;

<sup>(1)</sup> *The future of the CAP after 2013*, Committee of the Regions, René Souchon, 2010. CdR 127/2010 fin.

22. urges the Commission to ensure that the Member States may grant coupled support to farmers, deciding themselves which agricultural sectors are facing a certain number of difficulties and are of particular importance for economic, social or environmental reasons; also calls on the Commission to strengthen the rules on coupling in areas facing specific natural constraints and in island and the outermost regions by taking into account, in addition to the productions already mentioned in the draft regulation, agricultural productions subject to official agricultural product quality labels, including organic labels;

23. believes that to give substance to European agricultural market stabilisation strategies, without setting up artificial support systems under the second pillar, it would be worth implementing risk management measures, which should be removed from rural development;

#### **Agricultural practices beneficial for the climate and the environment**

24. considers the change in the European agricultural model advocated by the Commission as part of greening to be necessary but believes that the schedule of greening measures is too rigid to deliver tailor-made regional or local solutions and contribute optimally to achieving the Europe 2020 goals;

25. considers that the progress towards sustainable modes of production for European agriculture as well as its adaptation to climate change must be accompanied by increased support for innovative agricultural applications. The European Union's mission to create an innovative and sustainable economy requires more synergies between sustainable agricultural and fisheries policy, climate and energy policy, regional policy and research policy. The CoR draws attention here to the value of food research and the potential of innovative applications in the bio-based sector;

26. considers that the measures proposed by the Commission are poorly adapted as they are too general in nature and therefore urges a greater degree of subsidiarity so that these measures may be rolled out as closely as possible to local agronomic, environmental and socio-economic realities on the ground, by conferring on local and regional authorities the power to initiate and manage targeted environmental measures and allowing them to introduce territorial contracts which are signed jointly with farmers or their representatives. The Committee would also argue that it must be made possible for all farms to have access, by means of a broad review of the categories of measure available;

27. considers that farmers who have obtained agro-environmental labels recognised by the Member States should be able to fully benefit from support for greening, provided that the specifications for such procedures are stringent and officially recognised by the European Commission, in order to ensure an equivalent basis in terms of requirements throughout all Member States;

28. considers that the 7 % threshold for agricultural land that is to be transformed into ecological focus areas, land which is effectively rendered non-productive, may be too high in certain cases, calls on the Commission to introduce some flexibility and requests that regions be allowed to set this rate based on local circumstances and to consider including permanent grazing areas;

29. calls on the Commission to propose, using suitable instruments, the implementation of a 'protein plan' at European level to support the development of protein and legume crops, in order to ensure protein autonomy for European livestock farmers, reduce the use of nitrogen fertilizers and improve soil fertility;

30. calls on the Commission to modify the proposal's definition of permanent grassland and to maintain the definition in force, without the requirement for grasses to predominate;

#### **Areas facing specific natural constraints**

31. asks that the instrument for promoting areas with specific natural constraints be made mandatory for all Member States. This provision would thus constitute a separate third level of aid that could complement the basic payment and greening payment;

32. asks that the instrument for promoting areas with specific natural constraints be used by Member States at 10 % of the annual national ceiling;

33. calls for the definition of areas with natural and specific constraints to be widened to include territorial cohesion and land-planning criteria so as to take into account factors such as isolation, access to infrastructure and the fragility of particular ecosystems, in accordance with previous recommendations issued by the Committee of the Regions <sup>(2)</sup>;

#### **Installation**

34. considers that the Commission's proposal for an additional special form of aid for young farmers that will top up the basic payments is a step in the right direction but that it does not go far enough, and should be made a voluntary measure;

35. calls on the Commission to adopt a more determined approach to encourage installation;

36. considers that the problem of installation is above all linked to difficulties with access to land or bank loans and therefore calls for the Member States to be encouraged to provide land and bank guarantee measures, with due regard for the subsidiarity principle;

<sup>(2)</sup> *Aid to farmers in areas with natural handicaps*, Committee of the Regions, Luis Durnwalder, 2010. CdR 314/2009 fin.

### Active Farmers and Small Farmers

37. calls on the Commission to be more specific when defining the concept of active farmer in order to prevent direct payments being granted to natural or legal persons who do not participate directly in the management and work at a farm;

38. considers that the Commission's proposal to recognise the specific status of small farmers is important since agricultural accounts for a significant percentage of rural employment in several EU Member States and considers that this scheme will help simplify the Common Agricultural Policy but asks that the minimum support threshold be raised to EUR 1 000;

### Rural Development

39. welcomes the proposal for a Common Strategic Framework for all structural funds, including the EAFRD;

40. considers that implementation of the Common Strategic Framework may provide an opportunity to extend the zoning arrangements applied in cohesion policy to cover rural development policy. Such an extension would be along the lines of improved harmonisation of co-financing levels; therefore urges the Commission to examine the consequences of such an extension;

41. considers that the Commission's intention to incorporate rural development within the Europe 2020 strategy and to integrate it as part of the new Common Strategic Framework alongside the ERDF, ESF, CF and EMFF represents an opportunity to ensure the harmonious and integrated development of rural areas. In many European Union Member States, rural areas are not synonymous with agriculture, but are also home to small business operations and housing;

42. therefore considers that it is crucial to reserve sufficient EAFRD funds for the development of local infrastructure in rural areas and to ensure that rural authorities have access to cohesion policy funds under the ERDF as part of a holistic rural development policy;

43. considers that, when defining disadvantaged areas, EU-wide, common and comparable objective criteria should be used; considers that in order to achieve this, the new definition of such areas should be used, although this definition should incorporate other criteria to cater for the needs and specific characteristics of rural areas across the EU;

44. notes that the six priorities outlined seem to be only very loosely related to one another, and with the eleven thematic objectives of the Common Provisions Regulation, and that this new structure neither matches the current Regulation, which is structured around four axes, nor facilitates an integrated approach with the other funds under a Common Strategic Framework;

45. accordingly urges the Commission to establish a European regional development strategy, which may be adapted by each Member State within the framework of the partnership contracts at regional level;

46. supports the possibility of transferring up to 10 % of the funds from the first to the second pillar;

47. welcomes the fact that the new Common Provisions Regulation provides common rules to be shared between EAFRD with ERDF, ESF, CF and EMFF and sees this as a crucial breakthrough to ensure integrated territorial approaches delivered jointly across these funds;

48. considers that it is vital for the Rural Development Regulation to participate in introducing more dynamism into non-agricultural employment in rural areas but also considers it equally important that all structural funds take account of rural issues, and is concerned by the developments regarding the support that the European Union has earmarked for rural areas which have not been mentioned in the new ERDF Regulation;

49. feels that it is not advisable to include a mechanism for the management of rural development risks and, accordingly, urges the Commission to withdraw this measure from the Regulation by giving preference to regulatory measures in the first pillar;

50. strongly welcomes the fact that the LEADER provisions have now been enlarged to cover the other funds through a new community-led Local Development approach, which will ensure integrated delivery of local development strategies and be supported by the most suitable funds;

51. draws attention to the particular role played by farmers and rural areas in peri-urban areas in promoting solutions that meet the Europe 2020 objectives and considers that peri-urban agricultural areas have specific advantages and constraints justifying the implementation of thematic sub-programmes under the second pillar;

### Governance

52. considers that it is vital for local and regional authorities – in their capacity as co-financers – to play a central role in implementing the Regulation on Rural Development, and believes that an approach based on local and regional projects can ensure the more effective and efficient use of EU funds;

53. considers that the implementation of a framework of multi-level governance – European, national and regional – is a vital condition for the successful reformulation of the Common Agricultural Policy after 2013;

54. urges the full involvement of representatives of rural regions in drafting partnership contracts;

55. considers that the introduction of sub-programmes for specific zones such as mountain areas and island regions, or for individual sectors represents an interesting proposal but that it will only provide genuine added value if these sub-programmes are also provided for in the Structural Funds Regulations – in order to extend the range of regional development measures to all EU funding instruments – and are followed up by local and regional authorities;

56. calls for a representative of the local and regional authorities to sit on the Committee for Rural Development that will assist the Commission with the adoption of delegated acts. More generally, calls for a review of the composition of the consultative groups at the Directorate-General for Agriculture and Rural Development in order to ensure that these groups are more representative of rural areas;

### Budget

57. considers that for the 2014-2020 period, the budget of EUR 435,6 billion provided in the multiannual financial framework for the CAP as an integrated policy area should be maintained in real terms, under both the first pillar and the second pillar, given the major challenges facing the agri-food sector in coming years;

58. is concerned, however, about the context of the public debt crisis at European level and the possible resulting threat to the budget of the future Common Agricultural Policy and considers that this makes it all the more necessary to maintain an ambitious level of funding for the future CAP.

## II. RECOMMENDATIONS FOR AMENDMENTS

COM(2011) 626 final/2

### Amendment 1

Amendment of Article 21(3)

Text proposed by the Commission	CoR amendment
<p>3. When drawing up their strategies, Member States shall draw up a list of products of the fruit and vegetables, processed fruit and vegetables, and bananas sectors that will be eligible under their respective schemes. This list, however, shall not include products excluded by the measures adopted by the Commission by means of delegated acts pursuant to point (a) of Article 22(2). Member States shall choose their products on the basis of objective criteria which may include seasonality, availability of produce or environmental concerns. In this connection, Member States may give preference to products originating in the Union.</p>	<p>3. When drawing up their strategies, Member States shall draw up a list of products of the fruit and vegetables, processed fruit and vegetables, and bananas sectors that will be eligible under their respective schemes. This list, however, shall not include products excluded by the measures adopted by the Commission by means of delegated acts pursuant to point (a) of Article 22(2). Member States shall choose their products on the basis of objective criteria which may include seasonality, availability of produce or environmental concerns. In this connection, <del>Member States may give preference to products originating in the Union</del> <u>products included in the School Fruit Scheme must be obtained exclusively from within the Union.</u></p>

### Reason

The intention is to apply the system of Community preference for EU products compared to those originating from non-EU countries.

### Amendment 2

Insert new point before Article 101

Text proposed by the Commission	CoR amendment
	<p><u>Based on the results of the impact assessments expected on 31 December 2012 concerning the end of the milk quota system and the removal of planting rights in viticulture, the Commission will submit a proposal prior to 30 June 2013 on the continuation or review of the procedures aimed at bringing an end to quotas and planting rights for the milk, viticulture and beet sectors.</u></p>

**Reason**

Several expert reports suggest that the removal of planting rights (*Study of the impact of the relaxation of planting rights in the wine sector*, AREV-MOISA, March 2012) and quotas is synonymous with the concentration of production in certain regions, which entails economic, territorial and environmental effects that have been incorrectly assessed by the Commission.

**Amendment 3**

## Amendment of Article 108(1)

Text proposed by the Commission	CoR amendment
<p><b>Interbranch organisations</b></p> <p>1. Member States shall recognise, on request, inter-branch organisations in any of the sectors listed in Article 1(2) which:</p> <p>(a) are constituted of representatives of economic activities linked to the production of, trade in, and/or processing of products in one or more sectors;</p> <p>(b) are formed on the initiative of all or some of the organisations or associations which constitute them;</p> <p>(c) pursue a specific aim, which may include at least one of the following objectives:</p> <p>(i) improving knowledge and the transparency of production and the market, including by publication of statistical data on the prices, volumes and duration of contracts which have been previously concluded, and by providing analyses of potential future market developments at regional or national level;</p> <p>(ii) helping to better coordinate the way the products are placed on the market, in particular by means of research and market studies;</p> <p>(iii) drawing up standard forms of contract compatible with Union rules;</p> <p>(iv) exploiting to a fuller extent the potential of the products;</p> <p>(v) providing the information and carrying out the research necessary to rationalise, improve and adjust production towards products more suited to market requirements and consumer tastes and expectations, in particular with regard to product quality, including the particular characteristics of products with a protected designation of origin or a protected geographical indication, and protection of the environment;</p> <p>(vi) seeking ways of restricting the use of animal-health or plant protection products and other inputs and ensuring product quality and soil and water conservation;</p>	<p><b>Interbranch organisations</b></p> <p>1. Member States shall recognise, on request, inter-branch organisations in any of the sectors listed in Article 1(2) which:</p> <p>(a) are constituted of representatives of economic activities linked to the production of, trade in, and/or processing of products in one or more sectors;</p> <p>(b) are formed on the initiative of all or some of the organisations or associations which constitute them;</p> <p>(c) pursue a specific aim, which may include at least one of the following objectives:</p> <p>(i) improving knowledge and the transparency of production and the market, including by publication of statistical data on the prices, volumes and duration of contracts which have been previously concluded, and by providing analyses of potential future market developments at regional or national level;</p> <p>(ii) helping to better coordinate the way the products are placed on the market, in particular by means of research and market studies, <u>including indices for costs and market trends</u>;</p> <p>(iii) drawing up standard forms of contract compatible with Union rules;</p> <p>(iv) exploiting to a fuller extent the potential of the products;</p> <p>(v) providing the information and carrying out the research necessary to rationalise, improve and adjust production towards products more suited to market requirements and consumer tastes and expectations, in particular with regard to product quality, including the particular characteristics of products with a protected designation of origin or a protected geographical indication, and protection of the environment;</p> <p>(vi) seeking ways of restricting the use of animal-health or plant protection products and other inputs and ensuring product quality and soil and water conservation;</p>

Text proposed by the Commission	CoR amendment
(vii) developing methods and instruments for improving product quality at all stages of production and marketing;	(vii) developing methods and instruments for improving product quality at all stages of production and marketing;
(viii) exploiting the potential of organic farming and protecting and promoting such farming as well as designations of origin, quality labels and geographical indications;	(viii) exploiting the potential of organic farming and protecting and promoting such farming as well as designations of origin, quality labels and geographical indications;
(ix) promoting and carrying out research into integrated, sustainable production or other environmentally sound production methods;	(ix) promoting and carrying out research into integrated, sustainable production or other environmentally sound production methods;
(x) encouraging healthy consumption of the products and informing about the harm linked to hazardous consumption patterns;	(x) encouraging healthy consumption of the products and informing about the harm linked to hazardous consumption patterns;
(xi) carrying out promotion actions, especially in third countries.	(xi) carrying out promotion actions, <del>especially in third countries.</del>

### Reason

It is essential that the market has a price reference made up of different factors, although it need not be mandatory of course. The promotion of agricultural products of EU origin should not be prioritised in third countries, since it is also essential within the internal market, where the pressure from the supply of imported third-country products is felt.

### Amendment 4

#### Amendment of Article 112

Text proposed by the Commission	CoR amendment
<b>Measures to facilitate the adjustment of supply to market requirements</b>	<b>Measures to facilitate the adjustment of supply to market requirements</b>
Taking into account the need to encourage action by the organisations referred to in Articles 106 to 108 to facilitate the adjustment of supply to market requirements, with the exception of action relating to withdrawal from the market, the Commission shall be empowered to adopt delegated acts in accordance with Article 160, concerning the live plants, beef and veal, pigmeat, sheepmeat and goatmeat, eggs and poultrymeat sectors on measures:	Taking into account the need to encourage action by the organisations referred to in Articles 106 to 108 to facilitate the adjustment of supply to market requirements, with the exception of action relating to withdrawal from the market, the Commission shall be empowered to adopt delegated acts in accordance with Article 160, concerning <del>the live plants, beef and veal, pigmeat, sheepmeat and goatmeat, eggs and poultrymeat sectors</del> <u>all sectors listed in Article 1(2)</u> on measures:
(a) to improve quality;	(a) to improve quality;
(b) to promote better organisation of production, processing and marketing;	(b) to promote better organisation of production, processing and marketing;
(c) to facilitate the recording of market price trends;	(c) to facilitate the recording of market price trends;
d) to permit the establishment of short and long-term forecasts on the basis of the means of production used.	d) to permit the establishment of short and long-term forecasts on the basis of the means of production used.

### Reason

EU legislation must allow for all possible instruments so that all sectors are subject to these measures, since these issues affect all sectors and not just a particular group of them, and are a fundamental aspect of the functions of producers' organisations, associations of producers' organisations and interbranch organisations in any sector.



**Amendment 5**

## Amendment of Article 117

Text proposed by the Commission	CoR amendment
<p><b>General rules</b></p> <p>1. Without prejudice to cases where import or export licences are required in accordance with this Regulation, the import for release into free circulation or the export of one or more agricultural products into or from the Union may be made subject to the presentation of a licence, taking into account the need for licences for the management of the markets concerned and, in particular, for monitoring trade in the products concerned.</p> <p>2. Licences shall be issued by Member States to any applicant, irrespective of their place of establishment in the Union, unless an act adopted in accordance with Article 43(2) of the Treaty provides otherwise, and without prejudice to measures adopted for the application of this Chapter.</p> <p>3. Licences shall be valid throughout the Union.</p>	<p><b>General rules</b></p> <p>1. Without prejudice to cases where import or export licences are required in accordance with this Regulation, the import for release into free circulation or the export of one or more agricultural products into or from the Union may be made subject to the presentation of a licence, taking into account the need for licences for the management of the markets concerned and, in particular, for monitoring trade in the products concerned.</p> <p>2. Licences shall be issued by Member States to any applicant, irrespective of their place of establishment in the Union, unless an act adopted in accordance with Article 43(2) of the Treaty provides otherwise, and without prejudice to measures adopted for the application of this Chapter.</p> <p>3. Licences shall be valid throughout the Union.</p> <p>4. <u>The marketing provisions applicable to EU products, including those adopted in the veterinary, plant health and food product sectors to ensure that products comply with hygiene and health standards and protect human health, plant health and animal health and welfare, as well as environmental protection standards, are also applicable to imported products. Import licenses shall not be issued for products imported by the European Union which do not comply with these provisions.</u></p>

**Reason**

European products marketed must comply with quality rules and must therefore meet the conditions relating to food safety, traceability and health, plant health, environmental and animal welfare which are obligatory for EU products. These standards must be applied to external policy in general and to agreements with third countries in particular.

**Amendment 6**

## Amendment of Article 131

Text proposed by the Commission	CoR amendment
<p><b>Safeguard measures</b></p> <p>1. Safeguard measures against imports into the Union shall be taken by the Commission, subject to paragraph 3 of this Article, in accordance with Council Regulations (EC) No 260/2009 of 26 February 2009 on the common rules for imports <sup>(1)</sup> and (EC) No 625/2009 of 7 July 2009 on common rules for imports from certain third countries <sup>(2)</sup>.</p> <p>2. Save as otherwise provided for pursuant to any other act of the European Parliament and the Council and any other act of the Council, safeguard measures against imports into the Union provided for in international agreements concluded in accordance with Article 218 of the Treaty shall be taken by the Commission in accordance with paragraph 3 of this Article.</p> <p>3. The Commission may, by means of implementing acts, take measures referred to in paragraphs 1 and 2 of this Article at the request of a Member State or on its own initiative. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 162(2).</p>	<p><b>Safeguard measures</b></p> <p>1. Safeguard measures against imports into the Union shall be taken by the Commission, subject to paragraph 3 of this Article, in accordance with Council Regulations (EC) No 260/2009 of 26 February 2009 on the common rules for imports <sup>(1)</sup> and (EC) No 625/2009 of 7 July 2009 on common rules for imports from certain third countries <sup>(2)</sup>.</p> <p>2. Save as otherwise provided for pursuant to any other act of the European Parliament and the Council and any other act of the Council, safeguard measures against imports into the Union provided for in international agreements concluded in accordance with Article 218 of the Treaty shall be taken by the Commission in accordance with paragraph 3 of this Article.</p> <p>3. The Commission may, by means of implementing acts, take measures referred to in paragraphs 1 and 2 of this Article at the request of a Member State or on its own initiative. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 162(2).</p>

Text proposed by the Commission	CoR amendment
<p>Where the Commission receives a request from a Member State, it shall, by means of implementing acts, take a decision thereon within five working days following receipt of the request. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 162(2).</p>	<p>Where the Commission receives a request from a Member State, it shall, by means of implementing acts, take a decision thereon within five working days following receipt of the request. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 162(2).</p>
<p>On duly justified grounds of urgency, the Commission shall adopt immediately applicable implementing acts in accordance with the procedure referred to in Article 162(3).</p>	<p>On duly justified grounds of urgency, the Commission shall adopt immediately applicable implementing acts in accordance with the procedure referred to in Article 162(3).</p>
<p>The measures adopted shall be communicated to the Members States and shall take effect immediately.</p>	<p>The measures adopted shall be communicated to the Members States and shall take effect immediately.</p>
<p>4. The Commission may, by means of implementing acts, revoke or amend Union safeguard measures adopted pursuant to paragraph 3 of this Article. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 162(2).</p>	<p>4. The Commission may, by means of implementing acts, revoke or amend Union safeguard measures adopted pursuant to paragraph 3 of this Article. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 162(2).</p>
<p>On duly justified grounds of urgency, the Commission shall adopt immediately applicable implementing acts in accordance with the procedure referred to in Article 162(3).</p>	<p>On duly justified grounds of urgency, the Commission shall adopt immediately applicable implementing acts in accordance with the procedure referred to in Article 162(3).</p>
	<p><u>5. Safeguard measures should be adopted, particularly where agricultural products imported from third countries do not guarantee food safety and traceability or meet all health, environmental and animal welfare conditions laid down for the internal market, in situations of crisis on the markets or where breaches of the conditions set in import licences regarding prices, quantities or timeframes are detected. This monitoring of conditions for the import of agricultural products should be carried out under an integrated real-time system for monitoring EU imports.</u></p>
<p><sup>(1)</sup> OJ L 84, 31.3.2009, p. 1. <sup>(2)</sup> OJ L 185, 17.7.2009, p. 1.</p>	<p><sup>(1)</sup> OJ L 84, 31.3.2009, p. 1. <sup>(2)</sup> OJ L 185, 17.7.2009, p. 1.</p>

### Reason

Flexible procedures should be established for controls at Community borders to make it easier to detect and prevent as swiftly as possible imports of agricultural products that could give rise to unfair competition with Community produce or imbalances on the internal market.

### Amendment 7

#### Amendment of Article 144

Text proposed by the Commission	CoR amendment
<p><b>Exceptions for the objectives of the CAP and farmers and their associations</b></p>	<p><b>Exceptions for the objectives of the CAP and farmers and their associations</b></p>
<p>1. Article 101(1) of the Treaty shall not apply to the agreements, decisions and practices referred to in Article 143 of this Regulation necessary for the attainment of the objectives set out in Article 39 of the Treaty.</p>	<p>1. Article 101(1) of the Treaty shall not apply to the agreements, decisions and practices referred to in Article 143 of this Regulation necessary for the attainment of the objectives set out in Article 39 of the Treaty.</p>

Text proposed by the Commission	CoR amendment
<p>In particular, Article 101(1) of the Treaty shall not apply to agreements, decisions and practices of farmers, farmers' associations, or associations of such associations, or producer organisations recognised under Article 106 of this Regulation, or associations of producer organisations recognised under Article 107 of this Regulation, which concern the production or sale of agricultural products or the use of joint facilities for the storage, treatment or processing of agricultural products, and under which there is no obligation to charge identical prices, unless competition is thereby excluded or the objectives of Article 39 of the Treaty are jeopardised.</p> <p>2. After consulting the Member States and hearing the undertakings or associations of undertakings concerned and any other natural or legal person that it considers appropriate, the Commission shall have sole power, subject to review by the Court of Justice, to determine, by adopting, by means of implementing acts, a Decision which shall be published, which agreements, decisions and practices fulfil the conditions specified in paragraph 1.</p> <p>The Commission shall undertake such determination either on its own initiative or at the request of a competent authority of a Member State or of an interested undertaking or association of undertakings.</p> <p>3. The publication of the Decision referred to in the first subparagraph of paragraph 2 shall state the names of the parties and the main content of the decision. It shall have regard to the legitimate interest of undertakings in the protection of their business secrets.</p>	<p>In particular, Article 101(1) of the Treaty shall not apply to</p> <p>a) agreements, decisions and practices of farmers, farmers' associations, or associations of such associations, or producer organisations recognised under Article 106 of this Regulation, or associations of producer organisations recognised under Article 107 of this Regulation, which concern the production or sale of agricultural products or the use of joint facilities for the storage, treatment or processing of agricultural products, and under which there is no obligation to charge identical prices, unless competition is thereby excluded or the objectives of Article 39 of the Treaty are jeopardised: ;</p> <p>b) <u>agreements, decisions and concerted practices carried out in accordance with the provisions of the third and fourth sections of Title II, Chapter II of this Regulation;</u></p> <p>c) <u>agreements, decisions and practices intended to set reference levels to ensure that producers are able to meet their costs.</u></p> <p>2. After consulting the Member States and hearing the undertakings or associations of undertakings concerned and any other natural or legal person that it considers appropriate, the Commission shall have sole power, subject to review by the Court of Justice, to determine, by adopting, by means of implementing acts, a Decision which shall be published, which agreements, decisions and practices fulfil the conditions specified in paragraph 1.</p> <p>The Commission shall undertake such determination either on its own initiative or at the request of a competent authority of a Member State or of an interested undertaking or association of undertakings.</p> <p>3. The publication of the Decision referred to in the first subparagraph of paragraph 2 shall state the names of the parties and the main content of the decision. It shall have regard to the legitimate interest of undertakings in the protection of their business secrets.</p>

### Reason

Contractual relations and negotiations conducted in the first phase of the food chain should be exempt from the rules of competition. This is all the more important given that the milk and milk products and fruits and vegetables sectors (the latter as a result of the amendments to Article 105(2) and (3) of document COM 626) are regulated by the same single CMO. We believe this exception to be fully justified, in view of the possible exemptions listed in Article 101(3) of the Treaty and the safeguards provided for in Article 144(1)(b) and (c) as amended. On the other hand, it must be permissible, under certain conditions, to set reference levels for market prices, to be factored into the marketing process. Account needs to be taken of production costs, supply, demand, price movements and other historical, structural or cyclical factors affecting prices. The aim of setting price levels is not to impose conditions but to ensure that operators take these levels into consideration when making decisions related to buying and selling.

### Amendment 8

#### Amendment of Article 155(5)

Text proposed by the Commission	CoR amendment
<p>5. The Union shall provide part-financing equivalent to 50 % of the expenditure borne by Member States for the measures provided for in paragraph 1.</p>	<p>5. The Union shall provide part-financing equivalent to 50 % of the expenditure borne by Member States for the measures provided for in paragraph 1.</p>

Text proposed by the Commission	CoR amendment
However, with regard to the beef and veal, milk and milk products, pigmeat and sheepmeat and goatmeat sectors, the Union shall provide part-financing equivalent to 60 % of such expenditure when combating foot-and-mouth disease.	However, with regard to the beef and veal, milk and milk products, pigmeat and sheepmeat and goatmeat sectors, the Union shall provide part-financing equivalent to 60 % of such expenditure when combating foot-and-mouth disease <u>and eradicating diseases covered by the programmes approved for each Member State.</u>

### Reason

We consider that programmes in place in the Member States to combat, prevent and eradicate recognised animal diseases should be treated on a par with anti-foot-and-mouth measures and receive 60 % Community funding.

COM(2011) 625 final/2

### Amendment 9

Amendment of Article 9(1)

Text proposed by the Commission	CoR amendment
<p>No direct payments shall be granted to natural or legal persons, or to groups of natural or legal persons, where one of the following applies:</p> <p>(a) the annual amount of direct payments is less than 5 % of the total receipts they obtained from non-agricultural activities in the most recent fiscal year; or</p> <p>(b) their agricultural areas are mainly areas naturally kept in a state suitable for grazing or cultivation and they do not carry out on those areas the minimum activity established by Member States in accordance with Article 4(1)(c).</p>	<p>No direct payments shall be granted <u>or transferred</u> to natural or legal persons, or to groups of natural or legal persons, where one of the following applies:</p> <p>(a) <del>the annual amount of direct payments is less than 5 % of the total receipts they obtained from non agricultural activities in the most recent fiscal year; or</del> <u>individuals who do not participate regularly in the management or work at a farm, the criteria for defining such participation being left to the discretion of the Member States;</u></p> <p>(b) <u>for individuals whose revenue from outside farming amounts to more than 75 % of their total revenue, no direct payments exceeding EUR 10 000 shall be made;</u></p> <p>(c) their agricultural areas are mainly areas naturally kept in a state suitable for grazing or cultivation and they do not carry out on those areas the minimum activity established by Member States in accordance with Article 4(1)(c).</p>

### Amendment 10

Amendment of Article 11(1)

Text proposed by the Commission	CoR amendment
The amount of direct payments to be granted to a farmer under this Regulation in a given calendar year shall be reduced as follows:	The amount of direct payments to be granted to a farmer under this Regulation in a given calendar year, <u>and including payments for practises beneficial for the climate and the environment in accordance with Article 29,</u> shall be reduced as follows:

### Reason

As the payment for agricultural practices beneficial for the climate and the environment is linked to production, their inclusion in degressivity and capping measures is also justified by the need to ensure a fairer distribution of support.

**Amendment 11**

## Amendment of Article 14(1)

Text proposed by the Commission	CoR amendment
<p><b><i>Flexibility between pillars</i></b></p> <p>1. Before 1 August 2013, Member States may decide to make available as additional support for measures under rural development programming financed under the EAFRD as specified under Regulation (EU) No [...] [RDR], up to 10 % of their annual national ceilings for calendar years 2014 to 2019 as set out in Annex II to this Regulation. As a result, the corresponding amount shall no longer be available for granting direct payments.</p> <p>The decision referred to in the first subparagraph shall be notified to the Commission by the date referred to in that subparagraph.</p> <p>The percentage notified in accordance with the second subparagraph shall be the same for the years referred to in the first subparagraph.</p>	<p><b><i>Flexibility between pillars</i></b></p> <p>1. Before 1 August 2013, Member States may decide to make available as additional support for measures under rural development programming financed under the EAFRD as specified under Regulation (EU) No [...] [RDR], up to 10 % of their annual national ceilings for calendar years 2014 to 2019 as set out in Annex II to this Regulation. <del>As a result, the corresponding amount shall no longer be available for granting direct payments.</del></p> <p><del>The decision referred to in the first subparagraph shall be notified to the Commission by the date referred to in that subparagraph.</del></p> <p><del>The percentage notified in accordance with the second subparagraph shall be the same for the years referred to in the first subparagraph. Should Article 20 of the present regulation apply, Member States may make sums available to regions in accordance with the objective, non-discriminatory criteria set out for the distribution of the EAFRD ceiling.</del></p>

**Reason**

When resources are to be earmarked for rural development, it makes sense for them to be shared out in accordance with the distribution criteria established under the second pillar. The system ought to be flexible. For instance, if a 'Lombardy plains' region is established with a national ceiling, the regions covered might find it worthwhile putting a share of resources into their respective rural development programmes for sector-based policies.

**Amendment 12**

## Amendment of Article 22(3)

Text proposed by the Commission	CoR amendment
<p>3. Member States making use of the possibility provided for in paragraph 2 shall use the part of the ceiling which remains after the application of that paragraph to increase the value of payment entitlements in cases where the total value of payment entitlements held by a farmers under the basic payment scheme calculated according to paragraph 2 is lower than the total value of payment entitlements, including special entitlements, he held on 31 December 2013 under the single payment scheme in accordance with Regulation (EC) No 73/2009.</p> <p>To this end, the national or regional unit value of each of the payment entitlement of the farmer concerned shall be increased by a share of the difference between the total value of the payment entitlements under the basic payment scheme calculated according to paragraph 2 and the total value of payment entitlements, including special entitlements, which the farmer held on 31 December 2013 under the single payment scheme in accordance with Regulation (EC) No 73/2009.</p>	<p>3. Member States making use of the possibility provided for in paragraph 2 shall use the part of the ceiling which remains after the application of that paragraph to increase the value of payment entitlements in cases where the total value of payment entitlements held by a farmers under the basic payment scheme calculated according to paragraph 2 is lower than the total value of payment entitlements, including special entitlements, <del>he held</del> <u>and used for payment of the single claim in on 31 December 2013</u> under the single payment scheme in accordance with Regulation (EC) No 73/2009.</p> <p>To this end, the national or regional unit value of each of the payment entitlement of the farmer concerned shall be increased by a share of the difference between the total value of the payment entitlements under the basic payment scheme calculated according to paragraph 2 and the total value of payment entitlements, including special entitlements, which the farmer held on 31 December 2013 under the single payment scheme in accordance with Regulation (EC) No 73/2009.</p>

Text proposed by the Commission	CoR amendment
<p>For the calculation of the increase, a Member State may also take into account the support granted in calendar year 2013 pursuant to Articles 52, 53(1), and 68(1)(b), of Regulation (EC) No 73/2009 provided that the Member State has decided not to apply the voluntary coupled support pursuant to Title IV of this Regulation to the relevant sectors.</p>	<p>For the calculation of the increase, a Member State may also take into account the support granted in calendar year 2013 pursuant to Articles 52, 53(1), and 68(1)(b), of Regulation (EC) No 73/2009 provided that the Member State has decided not to apply the voluntary coupled support pursuant to Title IV of this Regulation to the relevant sectors.</p>
<p>For the purpose of the first subparagraph, a farmer is considered to hold payment entitlements on 31 December 2013 where payment entitlements were allocated or definitively transferred to him by that date.</p>	<p>For the purpose of the first subparagraph, a farmer is considered to hold payment entitlements on 31 December 2013 where payment entitlements were allocated or definitively transferred to him by that date.</p>

### Reason

Amendment to Article 22(3) (final paragraph). When the 2014 entitlements are set, there will be mechanisms for transferring the entitlements from inactive to active farmers. The 31 December date could lend itself to fraud. Entitlements should be determined on the basis of the set of entitlements used for the payment of the 2013 single claim.

### Amendment 13

#### Amendment of Article 22(5)

Text proposed by the Commission	CoR amendment
<p>As of claim year 2019 at the latest, all payment entitlements in a Member State or, in case of application of Article 20, in a region, shall have a uniform unit value.</p>	<p>As of claim year 2019 at the latest, all payment entitlements in a Member State or, in case of application of Article 20, in a region, shall have a uniform unit value. <u>The Commission proposes, within a period of three years of the implementation of the reform, a provisional timetable for the convergence of rights to single payment within the EU of 27.</u></p>

### Reason

The Commission proposes convergence within individual Member States, but does not specify any deadline or other measures for ensuring convergence between Member States.

### Amendment 14

#### Insert new point before Article 29

Text proposed by the Commission	CoR amendment
	<p><u>The option of implementing payments for agricultural practices beneficial for the climate and the environment at regional level, as provided for under Articles 20 and 29, could lead to the introduction of territorial pacts signed between regional authorities and groups of farmers, subject to the ceiling of 30 % stipulated in Article 33. Territorial pacts may lead to the implementation of major specific incentive based measures, carried out collectively on eligible agricultural land and which aim to improve the state of water resources, to develop biodiversity or to improve soils, subject to local specificities and based on shared and measurable objectives.</u></p>

**Amendment 15**

Insert new point before Article 29

Text proposed by the Commission	CoR amendment
	<u>The Member States shall introduce a 'protein plan' to support oilseed crops which are the best suited to local soil and climate conditions, subject to the ceiling of 30 % stipulated in Article 33.</u>

**Amendment 16**

Amendment of Article 29(1)

Text proposed by the Commission	CoR amendment
<p><b>General rules</b></p> <p>1. Farmers entitled to a payment under the basic payment scheme referred to in Chapter 1 shall observe on their eligible hectares as defined in Article 25(2) the following agricultural practises beneficial for the climate and the environment:</p> <p>(a) to have three different crops on their arable land where the arable land of the farmer covers more than 3 hectares and is not entirely used for grass production (sown or natural), entirely left fallow or entirely cultivated with crops under water for a significant part of the year;</p> <p>(b) to maintain existing permanent grassland on their holding; and</p> <p>(c) to have ecological focus area on their agricultural area.</p>	<p><b>General rules</b></p> <p>1. Farmers entitled to a payment under the basic payment scheme referred to in Chapter 1 shall observe on their eligible hectares as defined in Article 25(2) the following agricultural practises beneficial for the climate and the environment:</p> <p>(a) to have three different crops on their arable land where the arable land of the farmer covers more than 3 hectares and is not entirely used for grass production (sown or natural), entirely left fallow or entirely cultivated with crops under water for a significant part of the year;</p> <p>(b) to maintain existing permanent grassland on their holding; and</p> <p>(c) to have ecological focus area on their agricultural area.</p> <p><u>2. By derogation from point 1, these provisions may be adapted for farmers who have signed a territorial contract as referred to in Article 29, making it possible to reduce the use of inputs (fertiliser, plant protection products, etc.) and the quantity of water used for irrigation, to improve carbon farming and to lessen the danger of soil erosion and salinisation.</u></p>

**Amendment 17**

Amendment of Article 29(4)

Text proposed by the Commission	CoR amendment
<p>4. Farmers complying with the requirements laid down in Article 29(1) of Regulation (EC) No 834/2007 as regards organic farming shall be entitled <i>ipso facto</i> to the payment referred to in this Chapter.</p> <p>The first subparagraph shall apply only to the units of a holding that are used for organic production in accordance with Article 11 of Regulation (EC) No 834/2007.</p>	<p>4. Farmers complying with the requirements laid down in Article 29(1) of Regulation (EC) No 834/2007 as regards organic farming shall be entitled <i>ipso facto</i> to the payment referred to in this Chapter.</p> <p><u>This entitlement shall also apply to farmers whose agricultural area is located in environmental protection areas recognised by Member States, at national or regional level, and to agricultural areas receiving agri-environmental commitments under rural development programmes.</u></p> <p>The first subparagraph shall apply only to the units of a holding that are used for organic production in accordance with Article 11 of Regulation (EC) No 834/2007.</p>

**Amendment 18**

## Amendment of Article 30

Text proposed by the Commission	CoR amendment
<p><b>Crop diversification</b></p> <p>1. Where the arable land of the farmer covers more than 3 hectares and is not entirely used for grass production (sown or natural), entirely left fallow or entirely cultivated with crops under water for a significant part of the year, cultivation on the arable land shall consist of at least three different crops. None of those three crops shall cover less than 5 % of the arable land and the main one shall not exceed 70 % of the arable land.</p> <p>2. The Commission shall be empowered to adopt delegated acts in accordance with Article 55 laying down the definition of 'crop' and the rules concerning the application of the precise calculation of shares of different crops.</p>	<p><b>Crop diversification</b></p> <p>1. Where the arable land of the farmer covers more than 3 hectares and is not entirely used for grass production (sown or natural), entirely left fallow or entirely cultivated with crops under water for a significant part of the year, cultivation on the arable land shall consist of at least three different crops. None of those three crops shall cover less than 5 % of the arable land and the main one shall not exceed 70 % of the arable land.</p> <p>2. The Commission shall be empowered to adopt delegated acts in accordance with Article 55 laying down the definition of 'crop' and the rules concerning the application of the precise calculation of shares of different crops.</p> <p>3. <u>By derogation from point 1, these provisions may be adapted for farmers who have signed a territorial contract as referred to in Article 29.</u></p>

**Amendment 19**

## Amendment of Article 32(1)

Text proposed by the Commission	CoR amendment
<p>Farmers shall ensure that at least 7 % of their eligible hectares as defined in Article 25(2), excluding areas under permanent grassland, is ecological focus area such as land left fallow, terraces, landscape features, buffer strips and afforested areas as referred to in article 25(2)(b)(ii).</p>	<p>Farmers shall ensure that at least 7 % of their eligible hectares <del>as defined in Article 25(2), excluding areas under permanent grassland,</del> is ecological focus area such as land left fallow, terraces, landscape features, buffer strips, <u>permanent pastures</u> and afforested areas <del>as referred to in article 25(2)(b)(ii).</del></p> <p><u>Once a territorial contract, as referred to in Article 29, has been established between local authorities and a group of farmers, the maximum level of 7 % may be applied in respect of all land covered by the contract. This could involve farms pooling together their resources.</u></p>

**Reason**

From an agricultural and environmental perspective, the farm is not the right level for establishing the percentage of land to be turned into ecological focus areas and will have a stifling effect on farmers. This level should be fixed for a group of farms or for small agricultural regions through a provision that pools together resources, enabling the application of an average rate.

**Amendment 20**

## Amendment of Article 33(1)

Text proposed by the Commission	CoR amendment
<p>Article 33 <b>Financial provisions</b></p> <p>1. In order to finance the payment referred to in this Chapter, Member States shall use 30 % of the annual national ceiling set out in Annex II.</p>	<p>Article 33 <b>Financial provisions</b></p> <p>1. In order to finance the payment referred to in this Chapter, Member States shall use 30 % of the annual national ceiling set out in Annex II.</p> <p>2. <u>When applying Article 20, Member States may set different levels of funding for regions defined in accordance with that Article.</u></p>



**Reason**

Providing for different levels of funding for greening would ensure greater flexibility and subsidiarity in implementation.

**Amendment 21**

## Amendment of Article 34

Text proposed by the Commission	CoR amendment
<p><b>General rules</b></p> <p>1. Member States may grant a payment to farmers entitled to a payment under the basic payment scheme referred to in Chapter 1 and whose holdings are fully or partly situated in areas with natural constraints designated by Member States in accordance with Article 33(1) of Regulation (EU) No [...] [RDR].</p> <p>2. Member States may decide to grant the payment referred to in paragraph 1 to all areas falling within the scope of that paragraph or, alternatively, and on the basis of objective and non-discriminatory criteria, to restrict the payment to some of the areas referred to in Article 33(1) of Regulation (EU) No [...] [RDR].</p> <p>3. Without prejudice to paragraph 2 and to the application of financial discipline, progressive reduction and capping, linear reduction as referred in Article 7, and any reductions and exclusions imposed pursuant to Article 65 of Regulation (EU) No [...] [HZR], the payment referred to in paragraph 1 shall be granted annually per eligible hectare situated in the areas to which Member States decided to grant a payment in accordance with paragraph 2 of this Article and shall be paid upon activation of payment entitlements on those hectares held by the farmer concerned.</p> <p>4. The payment per hectare referred to in paragraph 1 shall be calculated by dividing the amount resulting from the application of Article 35 by the number of eligible hectares declared according to Article 26(1) which are situated in the areas to which Member States decided to grant a payment in accordance with paragraph 2 of this Article.</p> <p>5. Member States may apply the payment referred to in this Chapter at regional level under the conditions laid down in this paragraph.</p> <p>In that case, Member States shall define the regions in accordance with objective and non-discriminatory criteria such as their natural constraint characteristics and agronomic conditions.</p> <p>Member State shall divide the national ceiling referred to in Article 35(1) between the regions in accordance with objective and non-discriminatory criteria.</p> <p>The payment at regional level shall be calculated by dividing the regional ceiling calculated in accordance with the third subparagraph by the number of eligible hectares declared according to Article 26(1) which are situated in the areas to which Member States decided to grant a payment in accordance with paragraph 2 of this Article.</p>	<p><b>General rules</b></p> <p>1. Member States may grant a payment to farmers entitled to a payment under the basic payment scheme referred to in Chapter 1 and whose holdings are fully or partly situated in areas with natural constraints designated by Member States in accordance with Article 33(1) of Regulation (EU) No [...] [RDR].</p> <p>2. Member States may decide to grant the payment referred to in paragraph 1 to all areas falling within the scope of that paragraph or, alternatively, and on the basis of objective and non-discriminatory criteria, to restrict the payment to some of the areas referred to in Article 33(1) of Regulation (EU) No [...] [RDR].</p> <p>3. Without prejudice to paragraph 2 and to the application of financial discipline, progressive reduction and capping, linear reduction as referred in Article 7, and any reductions and exclusions imposed pursuant to Article 65 of Regulation (EU) No [...] [HZR], the payment referred to in paragraph 1 shall be granted annually per eligible hectare situated in the areas to which Member States decided to grant a payment in accordance with paragraph 2 of this Article and shall be paid upon activation of payment entitlements on those hectares held by the farmer concerned.</p> <p>4. The payment per hectare referred to in paragraph 1 shall be calculated by dividing the amount resulting from the application of Article 35 by the number of eligible hectares declared according to Article 26(1) which are situated in the areas to which Member States decided to grant a payment in accordance with paragraph 2 of this Article.</p> <p>5. <u>Should Article 20 of the present regulation apply,</u> Member States may apply the payment referred to in this Chapter at regional level under the conditions laid down in this paragraph.</p> <p>In that case, Member States shall define the regions in accordance with objective and non-discriminatory criteria such as their natural constraint characteristics and agronomic conditions.</p> <p>Member State shall divide the national ceiling referred to in Article 35(1) between the regions in accordance with objective and non-discriminatory criteria.</p> <p>The payment at regional level shall be calculated by dividing the regional ceiling calculated in accordance with the third subparagraph by the number of eligible hectares declared according to Article 26(1) which are situated in the areas to which Member States decided to grant a payment in accordance with paragraph 2 of this Article.</p>

**Reason**

Enables application on a regional basis under Article 20.

**Amendment 22**

## Amendment of Article 35(1)

Text proposed by the Commission	CoR amendment
In order to finance the payment referred to in Article 34, Member States may decide, by 1 August 2013, to use up to 5 % of their annual national ceiling set out in Annex II.	In order to finance the payment referred to in Article 34, Member States may decide, by 1 August 2013, to use up to <u>10.5</u> % of their annual national ceiling set out in Annex II.

**Reason**

For the 2007-2013 period, support for less favoured areas has amounted to EUR 12,6 billion. Doubling the proposed envelope to 10 % of national envelopes, i.e. EUR 31,7 billion, would secure significant re-balancing to the benefit of less favoured areas and areas with natural constraints.

**Amendment 23**

## Amendment of Article 36(1) and (2)

Text proposed by the Commission	CoR amendment
1. Member States shall grant an annual payment to young farmers who are entitled to a payment under the basic payment scheme referred to in Chapter 1.	1. Member States shall grant an annual payment to <del>young farmers</del> <u>newly installed farmers</u> who are entitled to a payment under the basic payment scheme referred to in Chapter 1.
2. For the purposes of this Chapter, 'young farmers', shall mean:	2. For the purposes of this Chapter, <del>young</del> <u>newly installed</u> farmers', shall mean:
(a) natural persons who are setting up for the first time an agricultural holding as head of the holding, or who have already set up such a holding during the five years preceding the first submission of an application to the basic payment scheme as referred in Article 73(1) of Regulation (EU) No [...] [HZR], and	(a) natural persons who are setting up for the first time an agricultural holding as head of the holding, or who have already set up such a holding during the five years preceding the first submission of an application to the basic payment scheme as referred in Article 73(1) of Regulation (EU) No [...] [HZR].
(b) who are less than 40 years of age at the moment of submitting the application referred to in point (a).	(b) <del>who are less than 40 years of age at the moment of submitting the application referred to in point (a).</del>

**Amendment 24**

## Amendment of Article 38(1)

Text proposed by the Commission	CoR amendment
(1) Member States may grant coupled support to farmers under the conditions laid down in this Chapter. Coupled support may be granted to the following sectors and productions: cereals, oilseeds, protein crops, grain legumes, flax, hemp, rice, nuts, starch potato, milk and milk products, seeds, sheepmeat and goatmeat, beef and veal, olive oil, silk worms, dried fodder, hops, sugar beet, cane and chicory, fruit and vegetables and short rotation coppice. (...)	(1) Member States may grant coupled support <del>to farmers under the conditions laid down in this Chapter.</del> <u>Coupled support may be granted to the following sectors and productions: agricultural productions subject to official agricultural product quality labels, cereals, oilseeds, protein crops, grain legumes, flax, hemp, rice, nuts, starch potato, milk and milk products, seeds, sheepmeat and goatmeat, beef and veal, olive oil, silk worms, dried fodder, hops, sugar beet, cane and chicory, fruit and vegetables and short rotation coppice, agricultural productions subject to official agricultural product quality labels, including organic farming. Where appropriate, they may identify further sectors that may receive coupled support.(...)</u>

**Reason**

Coupled support is necessary for both economic and territorial reasons in order to ensure levels of production in the areas concerned.

**Amendment 25**

## Amendment of Article 38(4)

Text proposed by the Commission	CoR amendment
4. Coupled support may only be granted to the extent necessary to create an incentive to maintain current levels of production in the regions concerned.	4. Coupled support may only be granted to the extent necessary to create an incentive to maintain current levels of production in the regions concerned, <u>especially areas facing natural constraints, such as island regions, and in the outermost regions, as well as for the benefit of productive sectors that generate employment.</u>

**Reason**

Coupled support is necessary for both economic and territorial reasons in order to ensure levels of production in the areas concerned.

**Amendment 26**

## Amendment of Article 38(5)

Text proposed by the Commission	CoR amendment
<b>General rules</b>	<b>General rules</b>
1. Member States may grant coupled support to farmers under the conditions laid down in this Chapter.	1. Member States may grant coupled support to farmers under the conditions laid down in this Chapter.
Coupled support may be granted to the following sectors and productions: cereals, oilseeds, protein crops, grain legumes, flax, hemp, rice, nuts, starch potato, milk and milk products, seeds, sheepmeat and goatmeat, beef and veal, olive oil, silk worms, dried fodder, hops, sugar beet, cane and chicory, fruit and vegetables and short rotation coppice.	Coupled support may be granted to the following sectors and productions: cereals, oilseeds, protein crops, grain legumes, flax, hemp, rice, nuts, starch potato, milk and milk products, seeds, sheepmeat and goatmeat, beef and veal, olive oil, silk worms, dried fodder, hops, sugar beet, cane and chicory, fruit and vegetables and short rotation coppice.
2. Coupled support may only be granted to sectors or to regions of a Member State where specific types of farming or specific agricultural sectors undergo certain difficulties and are particularly important for economic and/or social and/or environmental reasons.	2. Coupled support may only be granted to sectors or to regions of a Member State where specific types of farming or specific agricultural sectors undergo certain difficulties and are particularly important for economic and/or social and/or environmental reasons.
3. By way of derogation from paragraph 2, coupled support may also be granted to farmers who held, on 31 December 2013, payment entitlements granted in accordance with Section 2 of Chapter 3 of Title III and Article 71 m of Regulation (EC) No 1782/2003 and in accordance with Article 60 and the fourth subparagraph of Article 65 of Regulation (EC) No 73/2009; and who are without eligible hectares for the activation of payment entitlements under the basic payment scheme as referred to in Chapter 1 of Title III of this Regulation.	3. By way of derogation from paragraph 2, coupled support may also be granted to farmers who held, on 31 December 2013, payment entitlements granted in accordance with Section 2 of Chapter 3 of Title III and Article 71 m of Regulation (EC) No 1782/2003 and in accordance with Article 60 and the fourth subparagraph of Article 65 of Regulation (EC) No 73/2009; and who are without eligible hectares for the activation of payment entitlements under the basic payment scheme as referred to in Chapter 1 of Title III of this Regulation.
4. Coupled support may only be granted to the extent necessary to create an incentive to maintain current levels of production in the regions concerned.	4. Coupled support may only be granted to the extent necessary to create an incentive to maintain current levels of production in the regions concerned.
5. Coupled support shall take the form of an annual payment and shall be granted within defined quantitative limits and based on fixed areas and yields or on a fixed number of animals.	5. <u>When applying Article 20, Member States may set different levels of funding for regions defined in accordance with that Article.</u>
6. Any coupled support granted under this Article shall be consistent with other Union measures and policies.	<del>5.6.</del> Coupled support shall take the form of an annual payment and shall be granted within defined quantitative limits and based on fixed areas and yields or on a fixed number of animals.
	<del>6. 7.</del> Any coupled support granted under this Article shall be consistent with other Union measures and policies.

Text proposed by the Commission	CoR amendment
7. The Commission shall be empowered to adopt delegated acts in accordance with Article 55 concerning:	<del>7.</del> <u>8.</u> The Commission shall be empowered to adopt delegated acts in accordance with Article 55 concerning:
(a) the conditions for granting the support referred to in this Chapter,	(a) the conditions for granting the support referred to in this Chapter,
(b) rules on consistency with other Union measures and on the cumulation of support.	(b) rules on consistency with other Union measures and on the cumulation of support.

**Reason**

Enables application on a regional basis under Article 20.

**Amendment 27**

## Amendment of Article 47

Text proposed by the Commission	CoR amendment
<b>General rules</b>	<b>General rules</b>
1. Farmers holding payment entitlements allocated in 2014 pursuant to Article 21 and fulfilling the minimum requirements provided for in Article 10(1) may opt for participation in a simplified scheme under the conditions laid down in this Title, hereinafter referred to as 'small farmers scheme'.	1. Farmers holding payment entitlements allocated in 2014 pursuant to Article 21 and fulfilling the minimum requirements provided for in Article 10(1) may opt for participation in a simplified scheme under the conditions laid down in this Title, hereinafter referred to as 'small farmers scheme'.
2. Payments under the small farmers scheme shall replace the payments to be granted pursuant to Titles III and IV.	2. Payments under the small farmers scheme shall replace the payments to be granted pursuant to Titles III and IV.
3. Farmers participating in the small farmers scheme shall be exempted from the agricultural practises provided for in Chapter 2 of Title III.	3. Farmers participating in the small farmers scheme shall be exempted from the agricultural practises provided for in Chapter 2 of Title III.
4. Member States shall ensure that no payment is made to farmers for whom it is established that, as from the date of publication of the Commission proposal for this Regulation, they divide their holding with the sole purpose of benefiting from the small farmers scheme. This shall also apply to farmers whose holdings result from that division.	4. Member States shall ensure that no payment is made to farmers for whom it is established that, as from the date of publication of the Commission proposal for this Regulation, they divide their holding with the sole purpose of benefiting from the small farmers scheme. This shall also apply to farmers whose holdings result from that division.
	<u>5. When applying Article 20, Member States may set different levels of funding for regions defined in accordance with that Article.</u>

**Reason**

Enables application on a regional basis under Article 20.

**Amendment 28**

## Amendment of Article 48

Text proposed by the Commission	CoR amendment
Farmers wishing to participate in the small farmers scheme shall submit an application by 15 October 2014.	Farmers wishing to participate in the small farmers scheme shall submit an application by 15 October 2014.

Text proposed by the Commission	CoR amendment
Farmers not having applied for participation in the small farmers scheme by 15 October 2014 or deciding to withdraw from it after that date or selected for support under Article 20(1)(c) of Regulation (EU) No [...] [RDR] shall no longer have the right to participate in that scheme.	Farmers not having applied for participation in the small farmers scheme by 15 October 2014 <u>may change their mind in the course of 2016, by 15 October. Those who have not joined the small farmers scheme by 15 October 2016</u> or deciding to withdraw from it after <del>that date</del> <u>the respective 2014 and 2016 deadlines</u> or selected for support under Article 20(1)(c) of Regulation (EU) No [...] [RDR] shall no longer have the right to participate in that scheme.

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**Amendment 29**

Amendment of Article 3

Text proposed by the Commission	CoR amendment
The EAFRD shall contribute to the Europe 2020 Strategy by promoting sustainable rural development throughout the Union in a complementary manner to the other instruments of the common agricultural policy (hereinafter 'CAP'), to cohesion policy and to the common fisheries policy. It shall contribute to a more territorially and environmentally balanced, climate-friendly and resilient and innovative Union agricultural sector.	The EAFRD shall contribute to the Europe 2020 Strategy <u>as part of a European rural development strategy</u> by promoting sustainable rural development throughout the Union in a complementary manner to the other instruments of the common agricultural policy (hereinafter 'CAP') and <u>in a coordinated and complementary manner with cohesion policy and the common fisheries policy</u> . It shall contribute to a more territorially and environmentally balanced, climate-friendly and resilient and innovative Union agricultural sector.

**Reason**

There is a need for a genuine rural development strategy at European Union level. This strategy is missing from the Commission's proposals. It should be implemented by each Member State within the framework of partnership contracts and founded on the requirement to ensure balanced regional development.

**Amendment 30**

Amendment of Article 5(1)

Text proposed by the Commission	CoR amendment
(1) fostering knowledge transfer and innovation in agriculture, forestry, and rural areas with a focus on the following areas:	(1) fostering knowledge transfer and innovation in agriculture, forestry, and rural areas with a focus on the following areas, <u>on which each Member State will be required to spend a minimum of 10 % of the total contribution from the EAFRD:</u>
(a) fostering innovation and the knowledge base in rural areas;	(a) fostering <u>sector-specific</u> innovation and the knowledge base in rural areas;
(b) strengthening the links between agriculture and forestry and research and innovation;	(b) strengthening the links between agriculture and forestry and research and innovation;
(c) fostering lifelong learning and vocational training in the agricultural and forestry sectors.	(c) fostering lifelong learning and vocational training in the agricultural and forestry sectors.

**Reason**

This move to boost agricultural research goes towards improving the competitiveness of European farming in the long term, from both an economic and an ecological viewpoint. These efforts come in response to high expectations on the part of farmers and the European public, who want healthy, quality foodstuffs and

want to keep the environment in a good state. In order to take better account of natural resources and climate change, 10 % allocated to innovation translates into EUR 1,45 billion per annum across the EU. By way of comparison, the 30 % allocated to greening under the first pillar amounts to EUR 13,6 billion. Responding to the challenge posed by environmental issues requires more research into agricultural innovation. Such additional efforts are especially necessary to meet the challenge of climate change, the consequences of which will lead to shifts in traditional production areas in the long term.

### Amendment 31

#### Amendment of Article 5(2)

Text proposed by the Commission	CoR amendment
(2) enhancing competitiveness of all types of agriculture and enhancing farm viability, with a focus on the following areas:	(2) enhancing competitiveness of all types of agriculture and enhancing farm viability, with a focus on the following areas:
(a) facilitating restructuring of farms facing major structural problems, notably farms with a low degree of market participation, market-oriented farms in particular sectors and farms in need of agricultural diversification;	(a) <del>facilitating restructuring of farms facing major structural problems, notably farms with a low degree of market participation, market-oriented farms in particular sectors and</del> <u>and modernisation of farms in need of agricultural diversification;</u>
(b) facilitating generational renewal in the agricultural sector.	(b) facilitating generational renewal in the agricultural sector.

### Amendment 32

#### Amendment of Article 5(6)

Text proposed by the Commission	CoR amendment
(6) promoting social inclusion poverty reduction and economic development in rural areas, with a focus on the following areas:	(6) promoting social inclusion poverty reduction and economic development in rural areas, with a focus on the following areas:
(a) facilitating diversification, creation of new small enterprises and job creation;	(a) <del>facilitating encouraging economic diversification, creation of new small enterprises and job creation;</del>
(b) fostering local development in rural areas;	(b) fostering local development in rural areas;
(c) enhancing accessibility to, use and quality of information and communication technologies (ICT) in rural areas.	(c) enhancing accessibility to, use and quality of <u>new technologies and</u> information and communication technologies <del>(ICT)</del> ;
	(d) <u>making it easier for young people, especially women, to settle in rural areas by encouraging activities that encourage a better balance between work and family life.</u>

### Amendment 33

#### Amendment of Article 7

Text proposed by the Commission	CoR amendment
<i>Rural development programmes</i>	<i>Rural development programmes</i>
1. The EAFRD shall act in the Member States through rural development programmes. These programmes shall implement a strategy to meet the Union priorities for rural development through a set of measures defined in Title III, for the achievement of which aid from the EAFRD will be sought.	1. The EAFRD shall act in the Member States through rural development programmes. These programmes shall implement a strategy to meet the Union priorities for rural development through a set of measures defined in Title III, for the achievement of which aid from the EAFRD will be sought.

Text proposed by the Commission	CoR amendment
<p>2. A Member State may submit either a single programme for its entire territory or a set of regional programmes.</p> <p>3. Member States with regional programmes may also submit for approval a national framework containing common elements for these programmes without a separate budgetary allocation.</p>	<p>2. A Member State may submit either a single programme for its entire territory or a set of regional programmes. <u>A Member State that opts for regional programmes may however set aside specific measures for programming and implementation under national programmes; in this case, the regional programmes shall not include the national programme measures.</u></p> <p>3. Member States with regional programmes may also submit for approval a national framework containing common elements for these programmes without a separate budgetary allocation.</p>

### Reason

This amendment maintains direct regional programming for rural development while also enabling certain measures to be effected at national level, such as those set out in the risk management package (Article 37), so as to ensure their more effective implementation given the need for sufficiently sizeable resources and uniform implementation procedures that do not distort competition. Ensuring that measures implemented through national and regional programmes are mutually exclusive provides the Commission with a guarantee that measures and funding will not overlap.

### Amendment 34

#### Amendment of Article 8(1)

Text proposed by the Commission	CoR amendment
<p>1. Member States may include within their rural development programmes thematic sub-programmes, contributing to the Union priorities for rural development, aimed to address specific needs identified, in particular in relation to:</p> <p>(a) young farmers;</p> <p>(b) small farms as referred to in the third subparagraph of Article 20(2);</p> <p>(c) mountain areas as referred to in Article 33(2);</p> <p>(d) short supply chains.</p> <p>An indicative list of measures and types of operations of particular relevance to each thematic sub-programme is set out in Annex III.</p>	<p>1. Member States may include within their rural development programmes thematic sub-programmes, contributing to the Union priorities for rural development, aimed to address specific needs identified, in particular in relation to:</p> <p>(a) young farmers;</p> <p>(b) small farms as referred to in the third subparagraph of Article 20(2);</p> <p>(c) mountain areas as referred to in Article 33(2);</p> <p>(d) short supply chains.</p> <p><u>(e) the development and promotion of agricultural productions subject to official agricultural product quality labels, including organic farming;</u></p> <p><u>(f) agriculture in peri-urban areas.</u></p> <p>An indicative list of measures and types of operations of particular relevance to each thematic sub-programme is set out in Annex III.</p>

**Amendment 35**

## Amendment of Article 21(3)

Text proposed by the Commission	CoR amendment
Investments under paragraph 1 shall be eligible for support where the relevant operations are implemented in accordance with plans for the development of municipalities in rural areas and their basic services, where such plans exist and shall be consistent with any local development strategy where one exists.	Investments under paragraph 1 shall be eligible for support where the relevant operations are implemented in accordance with plans for the development of municipalities in rural areas and their basic services, <del>where such plans exist and</del> or shall be consistent with any <u>other</u> local development strategy <del>where one exists</del> .

**Reason**

These investments must be compatible with the plans for the development of municipalities in rural areas and their basic services, in order to ensure that they are used effectively and integrated into the development of municipalities.

**Amendment 36**

## Amendment of Article 29(2)

Text proposed by the Commission	CoR amendment
Agri-environment-climate payments shall be granted to farmers, groups of farmers or groups of farmers and other land-managers who undertake, on a voluntary basis, to carry out operations consisting of one or more agri-environment-climate commitments on agricultural land. Where duly justified to achieve environmental objectives, agri-environment-climate payments may be granted to other land-managers or groups of other land-managers.	Agri-environment-climate payments shall be granted to farmers, groups of farmers or groups of farmers and other land-managers who undertake, on a voluntary basis, to carry out operations <del>consisting of</del> <u>complying with</u> one or more agri-environment-climate commitments <del>on agricultural land</del> . Where duly justified to achieve environmental objectives, agri-environment-climate payments may be granted to other land-managers or groups of other land-managers.

**Reason**

The restriction to measures 'on agricultural land' should be deleted, as it presents a serious risk to key environmental and climate objectives. This applies, for example, to the use of areas not regarded as agricultural land for grazing, and the use of agri-environmental measures on ponds, peat bogs and riparian zones.

**Amendment 37**

## Amendment of Article 46(2)

Text proposed by the Commission	CoR amendment
Eligible expenditure shall be limited to: (a) the construction, acquisition, including leasing, or improvement of immovable property; (b) the purchase or lease purchase of new machinery and equipment including computing software up to the market value of the asset; (c) general costs linked to expenditure referred to in points (a), and (b), such as fees of architects and engineers and consultation fees, feasibility studies, the acquisition of patent rights and licences.	Eligible expenditure shall be limited to: (a) the construction, acquisition, including leasing, or improvement of immovable property; (b) the purchase or lease purchase of new machinery and equipment including computing software up to the market value of the asset; (c) <u>investments in modernising or constructing irrigation installations that are included in the plans or programmes of the Member States or regions and the exhaustive environmental assessment of which gives results that are considered to be favourable from the point of view of both the quality and the quantity of water;</u> (d) general costs linked to expenditure referred to in points (a), and (b), such as fees of architects and engineers and consultation fees, feasibility studies, the acquisition of patent rights and licences.



**Amendment 38**

## Amendment of Article 64(4)

Text proposed by the Commission	CoR amendment
<p>The Commission shall, by means of an implementing act, make an annual breakdown by Member State of the amounts referred to in paragraph 1, after deduction of the amount referred to in paragraph 2 and taking into account the transfer of funds referred to in Article 14(2) of Regulation (EU) No DP/2012. In making the annual breakdown the Commission shall take into account:</p> <p>(a) objective criteria linked to the objectives referred to in Article 4;</p> <p>(b) past performance.</p>	<p>The Commission shall, by means of an implementing act, make an annual breakdown by Member State of the amounts referred to in paragraph 1, after deduction of the amount referred to in paragraph 2 and taking into account the transfer of funds referred to in Article 14(2) of Regulation (EU) No DP/2012. In making the annual breakdown the Commission shall take into account:</p> <p>(a) objective criteria linked to the objectives referred to in Article 4;</p> <p>(b) past performance; ;</p> <p>(c) <u>population density;</u></p> <p>(d) <u>the size of high nature value areas.</u></p>

**Amendment 39**

## Amendment of Article 64(6)

Text proposed by the Commission	CoR amendment
<p>For the purposes of the allocation of the performance reserve referred to in Article 20(2) of Regulation (EU) No [CSF/2012], available assigned revenue collected in accordance with Article 45 of Regulation (EU) No HR/2012 for the EAFRD shall be added to the amounts referred to in Article 18 of Regulation (EU) No [CSF/2012]. It shall be allocated to Member States proportionally to their share of the total amount of support from the EAFRD.</p>	<p><del>For the purposes of the allocation of the performance reserve referred to in Article 20(2) of Regulation (EU) No [CSF/2012], available assigned revenue collected in accordance with Article 45 of Regulation (EU) No HR/2012 for the EAFRD shall be added to the amounts referred to in Article 18 of Regulation (EU) No [CSF/2012]. It shall be allocated to Member States proportionally to their share of the total amount of support from the EAFRD.</del></p>

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**Amendment 40**

## Amendment of Article 34(1)

Text proposed by the Commission	CoR amendment
<p>Following the Commission decision approving the programme, an initial prefinancing amount for the whole programming period shall be paid by the Commission. This initial pre-financing amount shall represent 4 % of the EAFRD contribution to the programme concerned. It may be split into a maximum of three instalments depending on budget availability. The first instalment shall represent 2 % of the EAFRD contribution to the programme concerned.</p>	<p>Following the Commission decision approving the programme, an initial prefinancing amount for the whole programming period shall be paid by the Commission. This initial pre-financing amount shall represent <del>4</del>7% of the EAFRD contribution to the programme concerned. It may be split into a maximum of three instalments depending on budget availability. The first instalment shall represent 2 % of the EAFRD contribution to the programme concerned.</p>

**Reason**

Given the major significance and wide-ranging impact of measures for rural areas (ERDF), the prefinancing amount for the participation of the ERDF in the relevant rural development programme should be maintained at the current level of 7 %. Article 34(1) of the proposal for a financial regulation provides only for a prefinancing amount of 4 %. This significant deterioration of liquidity at programme level would lead to unintended delays in the implementation of programmes for rural areas and/or to significant extra prefinancing costs.

**Amendment 41**

## Amendment of Article 43(4)

Text proposed by the Commission	CoR amendment
<p>Reductions and suspensions under this Article shall be without prejudice to Articles 17, 20 and 21 of Regulation (EU) No CR/xxx.</p> <p>The suspensions referred to in Articles 17 and 20 of Regulation (EU) No CR/xxx shall be applied following the procedure laid down in paragraph 2 of this Article.</p>	<p>Reductions and suspensions under this Article shall be without prejudice to Articles 17, <del>20 and 21</del> of Regulation (EU) No CR/xxx. The suspensions referred to in Articles 17 <del>and 20</del> of Regulation (EU) No CR/xxx shall be applied following the procedure laid down in paragraph 2 of this Article.</p>

**Reason**

The Common Strategic Framework (CSR) for the Structural Funds, including the ERDF and EMFF (fisheries fund), stipulates that reductions are possible if ex-ante conditionalities are not met (Article 17). Furthermore, a performance reserve of 5 % is set aside, the allocation of which is conditional upon the reaching of the milestones set (Articles 18, 20 and 21). These arrangements are to be rejected, as they mean an enormous increase in bureaucracy without achieving any progress. This rejection is also in line with the CoR's position in the draft opinion on the Common Strategic Framework (CSR) for the Structural Funds.

Brussels, 4 May 2012.

*The President*  
of the Committee of the Regions  
Mercedes BRESSO